

## AP2's framework for not investing in certain countries

*AP2 is a global asset manager, but does not invest everywhere. The Fund has developed a framework that identifies countries where there are financial, operational or sustainability reasons not to invest. The framework and process of the Fund are designed to manage conflicts of interests in affected countries on the basis of AP2's mission.*

This framework is based, among other things, on the UN Guiding Principles on Business and Human Rights and the Fund's Human Rights Policy. In terms of sustainability, the Fund currently focuses on human rights violations as a reason not to include countries in the benchmark indices. The Fund may decide not to include listed assets of a country in its portfolios if there are strong government-related sustainability reasons such as human rights abuses. In countries where the state violates the UN Convention on Human Rights, often with poorly functioning legal systems and widespread corruption, the risk of companies contributing to negative impacts on people is high.

The Fund uses an external data provider to analyse and identify countries where there is risk of human rights violations is very high. The assessment takes into account the quality of the legal protection of human rights, how well the judicial and police system implements this legal protection, and the extent to which human rights violations actually occur. In countries at very high risk, the Fund conducts an in-depth analysis of the situation in order to, among other things, understand in greater detail which rights are violated, how often and in what way they are violated and how human rights have evolved over time in the country.

For the countries highlighted in this analysis, an assessment is also made of the potential for the Fund to influence the development towards the better in the country, and whether it is preferable for the people affected if the Fund invests in the country or not. The Fund considers whether it is possible to arrange meetings with decision-makers, whether the government listens to investors' views or whether it is possible to influence developments more indirectly, for example through counterparties such as local external managers. If the Fund assesses that it is not realistic to expect that it will be able to contribute to the improvement of a country that violates human rights, it is likely that the country will not be included in the Fund's portfolios for sustainability reasons.