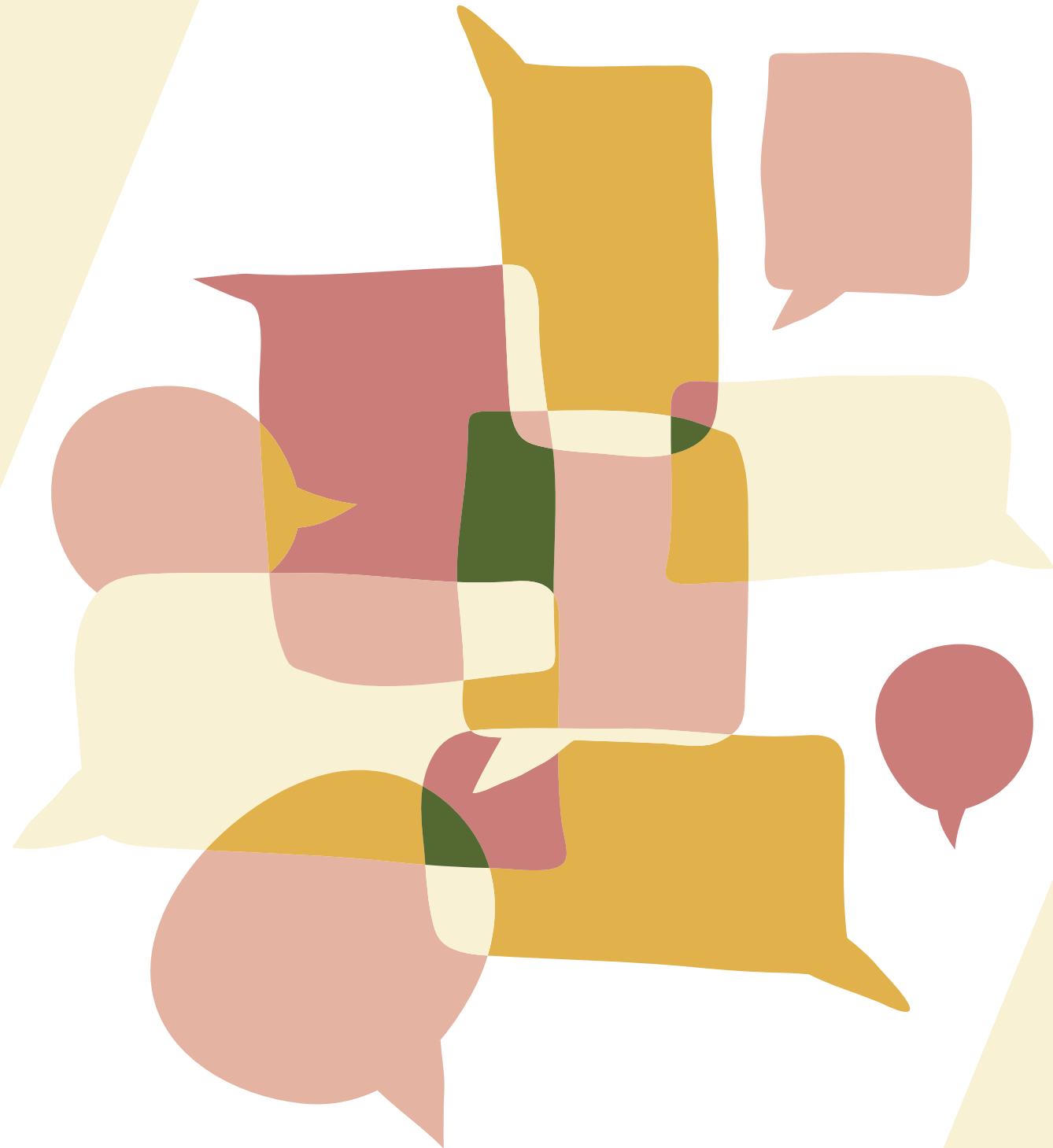


Active Ownership through Engagement and Influence

Stewardship Report 2026



AP3

Contents

p.3

Active Ownership in
a Changing World

p.5

Responsible
Stewardship

p.8



Human
rights

p.11



Climate

p.13



Biodiversity

p.15



Corporate
Governance

p.17

Voting

About the Stewardship Report

AP3’s Stewardship Report provides an overview of the Fund’s stewardship activities and outcomes during the period July 2025 to June 2026. The report is published annually and aims to increase transparency and understanding of how AP3 exercises its role as an owner.

Contact

AP3, Box 1176, SE-111 91
Stockholm, Sweden
info@ap3.se | +46 (0)8 555 17 100

Text and production

AP3 and Narva Communications.

Photography

Peter Phillips, Adobe stock

Active ownership in a changing world

Over the past year, AP3 has engaged with hundreds of companies in our focus areas through our own stewardship activities and through the Council on Ethics of the AP Funds. By sharing expertise and resources, we strengthen our ability to navigate complex sustainability issues, act with clarity, and achieve impact. At the same time, we operate in an environment marked by rising levels of conflict, increasing polarization around key sustainability issues, and rapid technological development. This places significant demands on analysis and a long-term ownership perspective, both of which have clearly shaped our engagements during the year.

From July 1, 2025, to June 30, 2026, AP3 engaged with 550 companies across our four focus areas, both directly and through the Council on Ethics of the AP Funds: Human Rights, Climate, Biodiversity, and Corporate Governance. Engagement is an important tool for communicating our expectations as an investor and contributing to more sustainable, long-term practices at companies. During the year, the engagements covered 111 companies on human rights, 338 on climate, 174 on biodiversity, and 55 on corporate governance.

A more challenging environment for active ownership

In conflict-affected and high-risk areas, there is a heightened risk of serious human rights violations and breaches of international humanitarian law. Companies whose operations may be linked to such areas therefore have a particular responsibility to ensure that their activities are conducted in accordance with international standards. In light of the current conflict landscape, combined with companies' often

global value chains and business relationships, the Council on Ethics updated a joint position during the year setting out clear expectations for companies with links to conflict-affected areas.

In the United States, it has become increasingly clear that the balance between companies and shareholders is changing. Developments are moving in a direction that weakens the ability of shareholders, particularly minority shareholders, to exercise influence.

One notable change is the stricter ownership and holding-period requirements for submitting shareholder proposals at general meetings. These risks are making it more difficult for issues that investors have previously been able to build support for, such as executive remuneration structures, transparency, and climate-related risks, to reach a general meeting.

In addition, the interpretation of what is considered relevant to a company has become narrower, and companies may use this as a basis for excluding shareholder proposals. In several

Engagement Activity at a Glance

Direct and indirect engagements with companies in AP3's focus areas, July 2025–June 2026:

Human rights

111

companies

Climate

338

companies

Biodiversity

174

companies

Corporate Governance

55

engagements

cases, this applies to issues related to climate, human rights, or political influence, areas that many long-term investors regard as central to value creation and risk management. The effects are already evident. The number of sustainability-related shareholder proposals put to a vote has declined significantly, by as much as 40 percent according to some analyses.¹

Energy security challenges the climate transition

In recent years, engagement and broader efforts related to the global climate transition have undergone a clear shift, from a long-term focus on climate to more immediate priorities related to energy security. The energy crisis that followed the blockade of the Strait of Hormuz has reinforced this trend and demonstrated how quickly disruptions to oil and gas flows can affect energy prices and availability worldwide. In this environment, many companies and governments have prioritized stable energy supply and cost control, even when this means

that investments and decisions supporting net-zero targets and the Paris Agreement's 1.5°C target take a back seat.

At the same time, lobbying activity has increased, both among actors seeking to slow climate regulation or align it with short-term priorities and among those seeking to ensure that the level of ambition is not eroded.

Accelerating transitions, but at different rates

Differences in political commitment, energy policy, and regulatory frameworks across regions have become increasingly apparent, affecting companies' incentives to invest in the transition. In some countries, the focus has shifted toward energy security and industrial policy, while others continue to pursue ambitious climate regulation. Overall, this is contributing to a more fragmented global transition in which the pace and direction vary, and the interplay between geopolitics, market dynamics, and policy has become increasingly important.

¹ Morningstar Sustainalytics



Our investment decisions are never only about financial returns. They are about people.

Nevertheless, there are reasons for optimism. Global data show that the climate transition continues to accelerate: investment is at record levels, renewable energy capacity is expanding at a historically rapid pace, and large parts of the global economy are covered by net-zero targets.

At the same time, sustainability is becoming more deeply integrated into asset management and is emerging as a central component of risk and return assessments. This also applies to AP3, where sustainability and stewardship were integrated with portfolio strategy in a new function during the year. For us, this change means integrating sustainability considerations into key investment processes and putting them into practice across the Fund’s asset classes.

When ownership responsibility becomes tangible

In closing, I would like to share a personal reflection from my trip to Brazil in November, which you can read more about on page 10. During the trip, we visited the memorial to the catastrophic dam collapse that occurred in Brumadinho on January 25, 2019, claiming 272 lives.



Fredric Nyström
Senior Analyst, Sustainability
and Stewardship

It was the most emotional day of my professional life. We met people who had lost family members and friends in the disaster, and as I listened to their stories, it became painfully clear that our investment decisions are never solely about returns. They are about people. At the same time, hearing how our work as investors can genuinely help save lives gives both weight and meaning to our role as an owner. It reminds me why stewardship is so important: to help ensure that companies not only deliver strong performance but also demonstrate responsibility. It reinforces my conviction that our work makes a real difference.

The Council on Ethics’ Engagement Activities in 2025

The Council on Ethics observed several positive developments in its reactive engagement activities during 2025. Engagements with seven companies were concluded after the objectives had been achieved, and a total of 30 interim milestones were met during the year. As part of its reactive work, the Council on Ethics also carried out extensive analysis and engagement related to companies operating in conflict-affected and high-risk areas.

Throughout the year, the Council on Ethics engaged with companies regarding potential links to serious incidents and human rights violations, while further developing its work on broader systemic issues. Particular attention was given to responsible mining practices and the impact of major technology companies on human rights. Work related to companies with links to conflicts was especially extensive and required significant in-depth analysis and prioritization.

Through company engagement, the Council on Ethics monitored risks, verified relevant facts and communicated the AP Funds’ expectations. In parallel, the AP Funds, through the Council on Ethics, updated a joint position statement outlining clear expectations for companies with operations, business relationships or other links to conflict-affected areas. During the year, proactive work within the Council’s focus areas also continued to evolve. For example, the Mining 2030 initiative resulted in concrete recommendations for the mining industry, while a previous project addressing child labor in the cocoa sector was followed up and further assessed.

For more information, please see the [Council on Ethics Annual Report](#)



155

In 2025, the Council on Ethics conducted proactive and reactive engagements with a total of 155 companies.

Responsible Stewardship

As a responsible investor and long-term owner, AP3 actively seeks to ensure that the companies in which it invest operate in accordance with internationally recognized principles and standards. The Fund's stewardship activities are carried out as part of its mandate and are aimed at creating long-term value, both for the Fund's investments and for sustainable long-term societal development.

AP3's Stewardship Strategy

The AP Funds operate under the National Pension Funds Act, which governs the management of the buffer capital within Sweden's public pension system. Among other things, the Act requires the AP Funds to manage assets in an exemplary manner through responsible investment and responsible ownership.

AP3 applies different ownership strategies depending on the nature of its holdings. In wholly owned or majority-owned companies, such as unlisted real estate companies, the Fund exercises influence directly through board representation. In Swedish listed companies, active ownership is primarily exercised through company engagement, voting at general meetings and participation in nomination committees. In international listed companies, ownership influence is exercised both directly and through collaboration within the AP Funds' Council on Ethics, helping to maximize impact.

AP3 Votes at All General Meetings

Voting at general meetings is one of AP3's most important

stewardship tools, and the Fund aims to vote at every general meeting where it has voting rights.

Given the broad geographic diversification of the international equity portfolio, it is not practical for the Fund to attend and vote in person at meetings of foreign companies. Voting is therefore conducted through a digital proxy voting platform provided by an external service provider. AP3 performs its own analysis and independently determines how the Fund will vote. Information on how AP3 votes in international companies is published continuously on ap3.se

For Swedish holdings, AP3 manages voting directly through physical attendance, postal voting or digital voting platforms.

Four Focus Areas with Clear Objectives

AP3's sustainability work focuses on four areas: Human Rights, Climate, Biodiversity and Corporate Governance. The purpose is to concentrate efforts on the areas where the Fund believes it can make the greatest contribution and exert the greatest influence.

AP3's internal stewardship activities, combined with the work of the Council on Ethics, strengthen the Fund's ability to achieve its objectives. Strategies, targets, key performance indicators and activities undertaken within each focus area are presented on page 7 and in the action plans available on ap3.se

AP3's Responsible Investment Policy sets out the overarching framework for sustainability and stewardship. The policy establishes the Fund's core corporate governance principles and describes its approach to environmental and social responsibility in portfolio companies.

Together with supporting instructions and action plans, the policy aims to clarify AP3's mandate, values and role as a responsible investor. These documents describe the sustainability and stewardship objectives that AP3 has established, the rationale behind them, how the work is carried out and the impact it is intended to achieve.

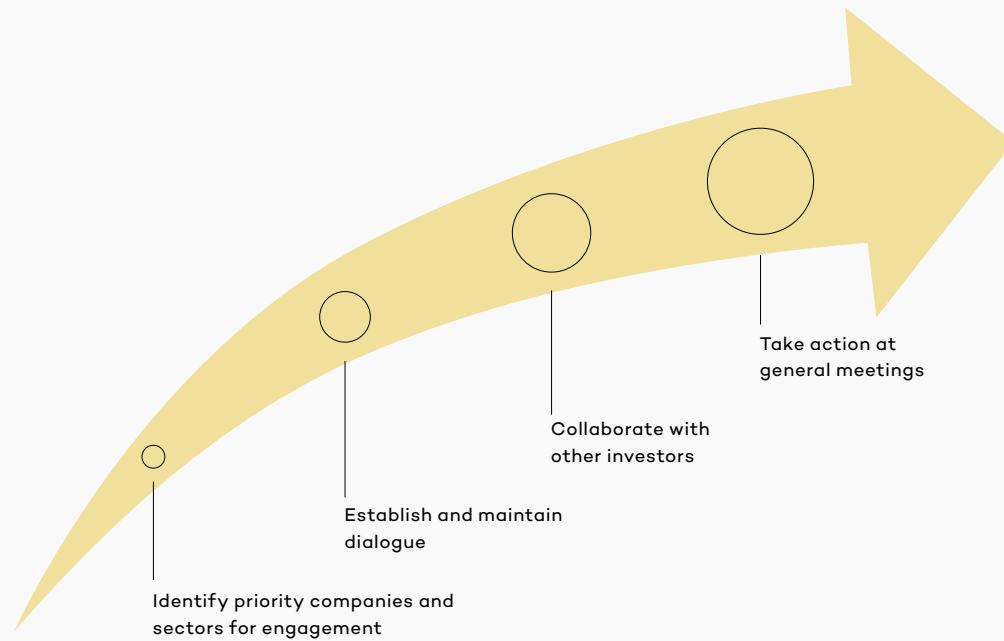
Further information on AP3's Responsible Investment Policy, focus areas, objectives and action plans is available at ap3.se

International Conventions as a Framework for Responsible Business Conduct

AP3's work is guided by international conventions and agreements that Sweden has signed and supports, including those relating to human rights and the environment. The Fund's expectations of portfolio companies are based on established international frameworks and guidelines for responsible business conduct:

- **FN:s Global Compact** consists of ten principles for businesses based on the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption.
- **The UN Guiding Principles on Business and Human Rights (UNGPs)** clarify how companies should identify, manage and prevent risks related to human rights violations. The principles cover impacts arising from a company's own operations, business relationships and value chain, and emphasize the importance of ensuring access to remedy for affected stakeholders.
- **The OECD Guidelines for Multinational Enterprises** provide recommendations on responsible business conduct and due diligence. The Guidelines also include recommendations on governance structures and processes for managing sustainability risks, as well as mechanisms for addressing complaints through National Contact Points.

AP3's Escalation Process



AP3's Investments in Companies Facing Sustainability Challenges

AP3's primary tool for contributing to sustainable societal development within its focus areas is active ownership. Through engagement, the Fund seeks to encourage companies to deliver sustainable long-term value creation.

The Fund does not invest in all types of companies. This applies in particular to companies whose business models are not considered sustainable over the long term, or which fail to develop in line with the Fund's expectations. AP3 has processes in place to screen its portfolio and continuously assesses which companies should not be held on sustainability-related grounds.

The portfolio inevitably includes companies that currently face sustainability challenges. In such cases, the Fund

works to ensure that companies accelerate their transition efforts, particularly where significant climate-related risks are involved. AP3 has an escalation process through which it progressively increases pressure on companies that are not considered to be acting in accordance with the Fund's expectations. Expectations communicated through company engagement become more demanding, while the Fund's actions at general meetings become clearer.

The Council on Ethics: The AP Funds' Collaborative Engagement Efforts

As part of its stewardship activities, AP3 collaborates with the other AP Funds through the Council on Ethics. Through the Council on Ethics, the AP Funds jointly address issues relating to foreign listed companies and complex sustainability

AP3 and the Council on Ethics Work Together to Drive Effective Stewardship

Norm-Based Screening

Ensures that companies in which AP3 invests do not violate international conventions.

Voting

AP3 votes at all general meetings across its listed equity portfolio.

Reactive Engagement

Active engagement with companies where there is a risk of non-compliance with international conventions.

Proactive engagement

AP3's and the Council on Ethics' proactive work addresses complex sustainability challenges and systemic risks with the aim of driving positive change. Activities are organized across the Fund's focus areas.

Integrating Sustainability into the Investment Process

ESG risks and opportunities are continuously considered in investment decisions, portfolio monitoring and company engagement.

Positions statement

Where appropriate, the Council on Ethics, in collaboration with the AP Funds, develops overarching position statements to clarify the AP Funds' stance on specific sustainability issues.

■ Conducted by the Council on Ethics □ Conducted jointly by AP3 and the Council on Ethics ■ Conducted by AP3

challenges. Through collective analysis and coordinated engagement, the Council on Ethics seeks to promote positive developments in the areas of human rights, environmental issues and broader societal matters.

Proactive work

The Council on Ethics' proactive work focuses on complex sustainability challenges and systemic risks with the aim of driving positive change. Through its priority focus areas, the Council on Ethics can focus its efforts and drive positive development at company, industry and system levels. The selection and prioritization of focus areas are based on an assessment of the external environment, taking into account factors such as the risk of adverse impacts on people and

the environment, the AP Funds' financial exposure, and the Council on Ethics' ability to contribute to positive change.

Reactive work

The Council on Ethics' reactive work aims to identify, analyze and respond to indications of serious violations linked to companies in the AP Funds' portfolios. The objective of reactive engagements is to ensure that companies take appropriate corrective action and prevent similar incidents from recurring. The Council on Ethics may recommend that the AP Funds exclude companies where sufficient improvements are not achieved or where the potential for effective engagement is considered limited.

AP3's focus areas for long-term sustainable value creation

Through its ownership governance activities, AP3 uses its influence as an investor to contribute to the development of its portfolio companies. The focus areas below guide the Fund's efforts to monitor, influence and promote sustainable long-term value creation.

Human rights

AP3 will work to ensure that human rights, as they relate to the companies' operations, are respected, upheld and strengthened.



Targets	2025 result
---------	-------------

Human rights policy

The proportion of companies in the portfolio in high-risk sectors with a human rights policy in place must be **100%** by 2030.

94% (97%)

94% of companies have a human rights policy.

Greater transparency in risk sectors

The proportion of companies in the portfolio in sectors with exposure to vulnerable groups that have a due diligence process must be **100%** by 2030.

75% (57%)

75% of companies have a due diligence process in place.

Climate

AP3 aims to help mitigate climate change and achieve net zero emissions in its portfolio by 2045, in line with the Paris Agreement and the 1.5°C scenarios.



Targets	2025 result
---------	-------------

Carbon footprint

The carbon footprint of the equity portfolio should be **halved** in the period 2019–2025.

36% (43%)

Total emissions were reduced by 36% and the relative carbon footprint was reduced by 65%.

Companies in line with the 1.5 degree target

The proportion of companies in the portfolio in line with the 1.5-degree target should be **100%** by 2040.

25% (20%)

A quarter of companies in material sectors are deemed to be in line with the target.

Engagement dialogue

Dialogue with companies accounting for 70% of emissions in 2023 and **90%** in 2030.

Dialogue

is ongoing with companies accounting for 70% of emissions.

Sustainable bonds

25% of the fixed income portfolio in 2025 must be investments in sustainable bonds.

26% (27%)

AP3 has **achieved its target** of investing in sustainable bonds.

Biodiversity

AP3 will contribute to both the conservation and positive development of biodiversity by 2030.



Targets	2025 result
---------	-------------

Biodiversity policy

The proportion of companies in the portfolio in priority sectors with a biodiversity policy in place must be **100%** by 2030.

75% (59%)

75% of companies have a biodiversity policy.

TNFD recommendations

The proportion of companies in the portfolio in priority sectors that follow TNFD recommendations must be **100%** by 2030.

18% (22%)

18 of the companies follow TNFD recommendations.

Corporate governance

Through active stewardship, AP3 will work to ensure that the companies in which it invests are well managed and well governed.



Targets	2026 result
---------	-------------

Gender equality

All Swedish companies in the portfolio should have **at least 40%** of the underrepresented gender on the Board by 2026.

42% (43%)

On average, the proportion of female directors in large companies is 42%.

Sustainability criteria in incentive plans

The proportion of Swedish companies in the portfolio with sustainability criteria in incentive plans must be doubled from 20% to **40%** by 2025.

44% (41%)

The proportion of companies in the portfolio with sustainability criteria in incentive plans is 44%.

AP3's Work on Human Rights



The long-term objective of AP3's human rights work is to ensure that, as a responsible owner and investor, the Fund promotes respect for human rights in connection with the operations of its portfolio companies and contributes to maintaining and, where necessary, strengthening those rights.

Investors' most significant risk of adverse human rights impacts is linked to their investments in companies. Through these investments, investors may be directly or indirectly associated with serious human rights violations.

AP3's work is guided by the UN Guiding Principles on Business and Human Rights (UNGPs), an internationally recognized framework that was unanimously endorsed by the United Nations in 2011.

AP3 has developed a screening process to identify salient human rights risks and strengthen the Fund's stewardship activities. The process comprises four elements:

Country risk

Countries are assessed based on factors such as democratic governance, respect for human rights, freedom of expression, the rule of law and corruption.

Company Exposure Analysis

AP3 assesses whether a company operates in sectors or regions where the risk of human rights violations is elevated.

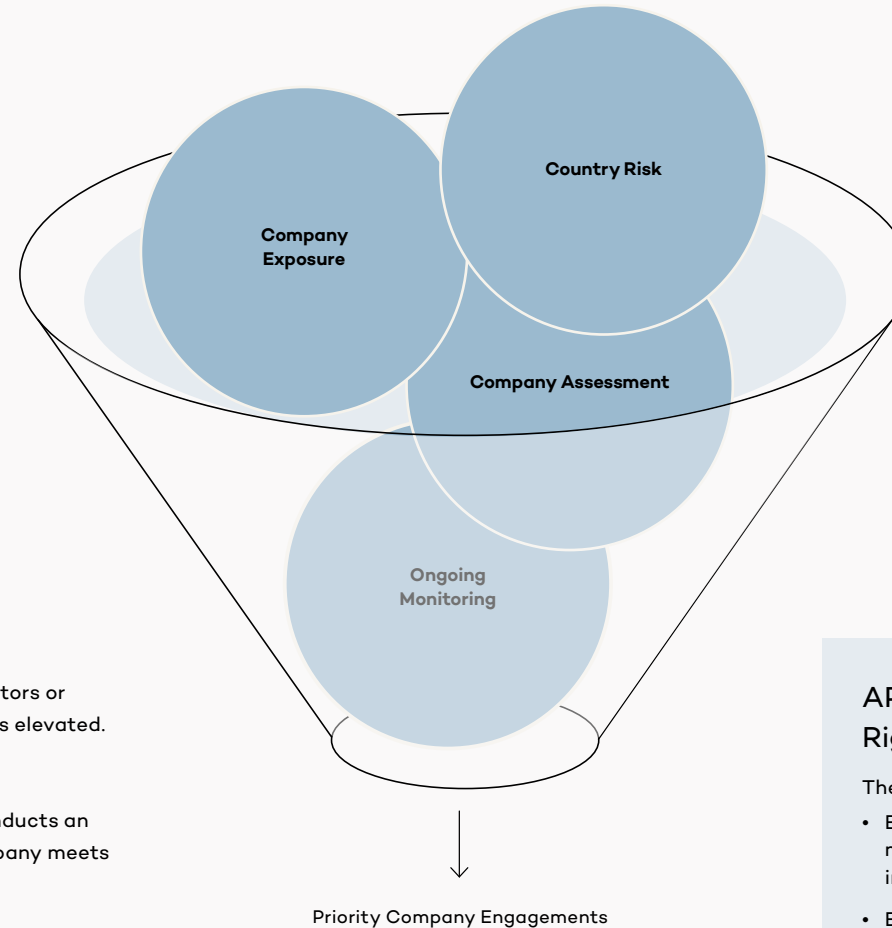
In-depth Company Assessment

When investing in higher-risk companies, AP3 conducts an in-depth assessment to assess how well the company meets the Fund's expectations.

Ongoing Monitoring

Through the Council on Ethics' recurring reviews of the AP Funds' global equity and credit portfolios, potential breaches of international conventions are identified and assessed.

Overall, this process strengthens AP3's ability to work in a more systematic, risk-based and effective manner on human rights issues across its investment activities.



AP3 Drives Change on Key Human Rights Issues

The key human rights issues that AP3 focuses on are:

- Ensuring that companies publish a policy commitment to respect human rights in accordance with internationally recognized standards.
- Ensuring that companies continuously identify, prevent and manage human rights risks.
- Ensuring that companies report openly and transparently on their efforts and their impacts.
- Ensuring that companies have processes in place to address adverse impacts and provide access to remedy.

Collaboration Through the Investor Alliance for Human Rights

AP3 is a member of the Investor Alliance for Human Rights (IAHR), a U.S.-based investor-led organization that coordinates engagement with multinational companies on human rights issues.

Since 2019, IAHR, in collaboration with the Corporate Human Rights Benchmark, has led a coordinated engagement initiative targeting companies where human rights performance needs to be strengthened in line with the UN Guiding Principles on Business and Human Rights (UNGPs). Today, the initiative brings together 267 institutional investors from 18 countries, representing more than USD 7 trillion in assets under management. Engagement efforts focus on approximately 40 companies across five sectors: food and beverage, apparel, extractives and mining, ICT manufacturing, and the automotive industry.

Investors encourage companies to demonstrate respect for human rights in line with internationally recognized frameworks. This includes identifying, preventing, mitigating and reporting on how they address the most severe risks to people associated with their operations. AP3 serves on the initiative’s steering committee and leads engagement with seven companies.

Overall, the engagements show that companies are at different stages of development but share a common challenge: translating policies and frameworks into effective implementation. Two examples are highlighted below.

Company 1: The company is further advanced in its work and has begun to establish a structured approach to managing human rights risks. The work is led by a dedicated team and has gradually been expanded across different parts of the business. The company focuses on the risks assessed as most severe and works actively through supplier engagement, monitoring of corrective actions and benchmarking against industry peers. At the same time, challenges remain, including the clarity of supplier requirements and engagement with affected stakeholders outside its home market.

Company 2: The company is at an earlier stage of development. Its approach to human rights is still insufficiently developed and transparency remains limited. The company currently faces challenges in determining which areas should be prioritized. Processes for managing risks have only been partially implemented outside its home market, and knowledge of established human rights due diligence practices remains limited. At the same time, the company is aware of investor expectations and has indicated that additional disclosures and information are planned going forward.

VISIT TO BRAZIL

Investor Collaboration for Responsible Mining – Mining 2030

After two years of work, the Global Investor Commission on Mining 2030 presented its ten-year vision and accompanying recommendations for a more responsible mining sector in December 2025 at the global investor conference PRI in Person in São Paulo, Brazil.

The vision highlights the mining sector’s critical role in the energy transition and sets out a direction in which investment, governance and market incentives can support higher environmental and social standards and long-term value creation

Through the Council on Ethics, AP3 has been actively involved in this work and contributed to the development of the investor expectations outlined in the report. During the first half of 2026, the focus has been on translating the vision into concrete priorities, including identifying relevant portfolio companies, contributing to the development of an assessment framework for evaluating companies’ how well companies meet these expectations, and preparing a collaborative investor engagement initiative.

Ahead of the publication of the vision, AP3 participated in an investor delegation that met with Brazilian President Luiz Inácio Lula da Silva, among others. During the meeting, which was also attended by government ministers, companies and other investors, the vision and its significance for Brazil as one of the world’s most important suppliers of critical minerals were presented.

The dialogue resulted in the Brazilian government establishing a working group tasked with developing a national agenda to support responsible and sustainable mining.



The President’s response was clear: developing a mining sector that meets the highest global standards while creating long-term value for communities is a priority. At the same time, the need to address historical challenges and links to conflict was emphasized.

Overall, the work carried out through Mining 2030 illustrates how investors, by working together, can help drive system-level change in a sector that is critical to both the transition and the global economy.

LABOR RIGHTS

The Council on Ethics Engages with LVMH on Labor Rights

LVMH Moët Hennessy Louis Vuitton (LVMH) is a global producer and distributor of luxury goods. The Council on Ethics initiated engagement with LVMH in September 2024 following allegations of labor rights violations in the supply chain of its subsidiary, Christian Dior Italia.

A court in Milan placed Dior's Italian subsidiary under judicial administration for one year following reports that workers, including some undocumented workers, had been exploited and exposed to unsafe working conditions at a supplier's factory in Italy. While Dior was not found criminally liable, the court determined that the company had not exercised sufficient oversight of its suppliers.



The Council on Ethics is seeking to ensure that LVMH implements a robust human rights due diligence programme across its supply chain, addresses the root causes of labor rights violations, and establishes effective grievance mechanisms that are accessible to workers.

Since the engagement began, LVMH has taken a number of measures and demonstrated progress. The company has established a governance structure, appointed a responsible executive and involved senior management in overseeing the work. It has also strengthened its supplier and business partner codes of conduct, enhanced its audit and monitoring systems, and cooperated with the Italian authorities.

In 2025, the Milan court announced the early termination of the judicial administration. Dior also committed to paying EUR 2 million to support victims of forced labor.

The Council on Ethics will continue to monitor LVMH's efforts to address labor rights risks in its supply chains, with a particular focus on risk assessments, preventive measures and the development of effective monitoring systems. The engagement will also focus on evaluating grievance mechanisms, policy alignment and how the company addresses incidents.

Children's Rights in the Digital Environment

In 2025, AP3 participated, together with other Swedish institutional investors, in a collaborative initiative focused on children's rights in the digital environment.

The initiative, supported by UNICEF Sweden, aimed to strengthen investors' understanding of children's rights in digital business models, increase corporate awareness of risks related to children's mental health and well-being, and drive improvements in companies' governance, processes and transparency. The engagement covered seven Swedish companies in the telecommunications, gaming and social media sectors, all of which have a significant impact on children's digital lives.

As a foundation for the engagements, a common framework was developed covering areas such as governance, due diligence, transparency, integration into business operations, product safety, protection measures, stakeholder engagement, access to remedy and collaboration. UNICEF Sweden provided expertise, analysis and methodological support, and also organized reference groups with children aged 11 to 13 from different parts of Sweden.

The children's input highlighted that digital services are used from an early age and play a significant role in their daily lives. At the same time, many children reported exposure to inappropriate content, manipulative design features and online environments characterized by exclusionary behavior or a harsh tone. One important finding was that children called for more structure, clearer moderation, age verification and stronger protection rather than fewer safeguards.

By the end of the year, all participating companies had taken part in investor engagements. The assessment showed that levels of maturity varied across both sectors and companies. Within the telecommunications sector, one company demonstrated a more advanced and proactive approach, while others showed clear areas for improvement, particularly in relation to transparency, protective measures and governance oversight.

Within the social media and gaming sectors, efforts remained at an earlier stage of development in several cases, although some progress was observed, including strengthened internal governance, updated policies and increased collaboration with children's rights organizations. During the year, joint roundtable discussions were also held to facilitate knowledge sharing and deeper dialogue.

The initiative demonstrates how collaborative investor engagement can help elevate children's rights as a relevant stewardship issue in sectors that have a significant influence on children's digital environment. For AP3, the initiative has provided deeper insight into both risks and stakeholder expectations, while also creating a platform for continued engagement.

In 2026, the focus will be on building the identified areas for improvement, particularly with regard to incident reporting, access to effective grievance and remedy mechanisms, and enhanced collaboration between companies, investors, civil society organizations and other relevant stakeholders.

AP3's Climate Work



AP3's long-term objective is to contribute to efforts to address climate change and limit its impacts in line with the goals of the Paris Agreement. The Fund's portfolio is to achieve net-zero greenhouse gas emissions no later than 2045. Engagement with companies is one of AP3's most important stewardship tools and is conducted both directly, in collaboration with other investors and through international investor initiatives.

The global climate transition is taking place in an increasingly complex and uncertain environment. In many markets, long-term climate goals are being weighed against short-term priorities related to energy security, cost control and geopolitical uncertainty. Disruptions to global energy flows and a more polarized political landscape have contributed to some companies and governments delaying or reconsidering their climate commitments. At the same time, regulatory frameworks, incentives and the pace of transition are diverging across regions and sectors. Global emissions remain at high levels, investment in fossil fuels continues in many parts of the world, and the impacts of climate change are becoming increasingly evident.

At the same time, the transition continues across large parts of the economy. Renewable energy capacity is

expanding rapidly, the cost of solar and wind power has fallen significantly, and global sales of electric vehicles continue to grow. Companies, investors and governments are making substantial investments in electrification, energy efficiency, batteries and emerging climate technologies. Although progress is not happening quickly enough, these developments demonstrate that the transition is underway and that long-term trends continue to point towards a fossil-free energy system and a more sustainable economy.

For AP3, this underscores the importance of continued stewardship activities focused on science-based targets, credible transition and investment plans, and policy engagement that supports the development of regulatory frameworks necessary for the transition.

AP3 Focuses on the Portfolio's Largest Emitters

AP3 seeks to contribute to a responsible transition and therefore promotes science-based targets and credible climate plans through engagement with portfolio companies. The companies in AP3's portfolio operate across a wide range of industries and geographies. As a result, they differ significantly both in terms of their impact on the climate through their operations and value chains, and in their exposure to climate-related risks. AP3's climate-related stewardship work focuses on portfolio companies with the highest greenhouse gas emissions and insufficient progress in their transition efforts. Twice a year, AP3 assesses the portfolio companies with the largest emissions footprint and engages with those that lack credible transition plans.

AP3 Drives Change on Key Climate Issues

The key issues that AP3 prioritizes within its climate-related stewardship work are:

- Ensuring that companies assess and manage climate-related risks and opportunities.
- Ensuring that companies set science-based targets aligned with the Paris Agreement, develop credible transition plans and establish investment plans that support those transition plans.
- Ensuring that companies conduct advocacy and engagement activities in line with their climate ambitions, both across their value chain and in their lobbying of policymakers and regulators.
- Ensuring that companies report their climate-related work in accordance with applicable reporting requirements and relevant frameworks.

More Priority Companies Are Moving in the Right Direction

SBTi-Validated Climate Targets

48%

The Science Based Targets initiative (SBTi) helps companies set science-based climate targets aligned with the goals of the Paris Agreement.

ITR below 2 OC

25%

Implied Temperature Rise (ITR) measures the level of global warming a company's emissions trajectory and climate targets are aligned with.

Number of Companies Representing 70% of the Equity Portfolio's Financed Scope 1, 2 and 3 Emissions

99

AP3's ambition is to actively engage with the companies that account for 70% of the portfolio's emissions and that are not yet aligned with net zero and the goals of the Paris Agreement.

Collaboration and Investor-Led Initiatives

AP3 believes that investors and owners who collaborate, share experiences and engage collectively can play an important role in driving long-term change. The Fund is therefore a member of and supports several climate-related initiatives and forums, including:

- Institutional Investors Group on Climate Change (IIGCC)
- Paris Aligned Asset Owners (PAAO)
- Transition Pathway Initiative (TPI)

The Fund also participates in investor-led climate engagement initiatives, including:

- Climate Action 100+ (CA100+), where AP3 joins more than 700 investors in engaging with approximately 170 global companies with significant climate impacts. Most of the companies responsible for the largest emissions in AP3's portfolio are major global emitters covered by CA100+.
- Net Zero Engagement Initiative, an investor-led initiative coordinated by IIGCC. AP3 participates in engagements with six companies, five Swedish and one UK-based, all of which are among the highest emitters in AP3's equity portfolio.

Further information about how AP3 puts its climate work into practice, as well as its short-term objectives and ambitions, is available in the action plan at [ap3.se](#)

The Steel Value Chain and the Extraction of Critical Minerals and Metals

The Council on Ethics prioritizes two areas that complement the AP Funds' climate-related work. The focus is on the transition of emissions-intensive industries, particularly steel production, and on sustainability challenges within the mining sector. In these areas, the Council on Ethics collaborates with capital market participants through two initiatives: Steel Value Chain Engagement and the Global Investor Commission on Mining 2030.

The transition of emissions-intensive industries is particularly important for reducing climate impacts and supporting the goals of the Paris Agreement. At the same time, it is challenging for individual companies to transform their operations independently, as they often depend on decisions and actions taken by other stakeholders. In many cases, the transition also relies on innovation and technologies that are still under development. This creates a need for investors, companies, suppliers and customers across the value chain to work together to identify measures that can enable the transition.

The mining industry faces significant sustainability-related risks. At the same time, it is a critical sector and plays an essential role in the transition. The growing demand for critical minerals and metals is being driven by developments ranging from electric vehicle batteries to renewable energy generation. The Council on Ethics works to ensure that the mining industry meets this demand responsibly.

CLIMATE LOBBYING

Responsible Climate Lobbying: An Increasingly Important Part of the Transition

A critical element in limiting global warming is ensuring that public policy, regulation and legislation support the transition. Investors' climate-related engagement with companies, including that of AP3, has traditionally focused on climate targets, emissions reductions, transition plans and transparent reporting. In recent years, however, increasing attention has been paid to how companies influence climate policy. Investors increasingly expect companies to act consistently and support the policy frameworks required to deliver the transition implied by their own climate ambitions.

Setting long-term climate targets aligned with the Paris Agreement is an important starting point. How-

ever, targets and transition plans risk losing credibility if a company simultaneously seeks to weaken or obstruct climate-related policy and regulation. This may occur directly through a company's own public policy engagement or indirectly through membership of industry associations and other interest groups. As a result, investors have increasingly begun to assess whether companies' climate lobbying activities are aligned with their publicly stated commitments and transition strategies. Credible and responsible climate lobbying is becoming an increasingly important component of corporate transition efforts and helps strengthen trust among investors and other stakeholders.

The issue was highlighted, among other things, through a shareholder proposal at Volvo AB's 2026 Annual General Meeting, which called for greater transparency regarding the company's climate-related policy engagement. The proposal covered both direct lobbying activities and engagement through industry associations and requested an assessment of how these activities align with the goals of the Paris Agreement.

Although AP3 considers Volvo AB to have made significant progress in its climate work, with SBTi-validated climate targets and a clear transition plan, we chose to support the shareholder proposal. We view greater transparency around climate-related policy engagement as an important area for development in strengthening the credibility of companies' targets and transition plans.



AP3's Biodiversity Work



AP3 works to protect and promote biodiversity through ownership, governance and collaboration with other stakeholders. Halting and reversing the loss of biodiversity and ecosystems is essential to preserving prosperity and well-being.

AP3 focuses on portfolio companies operating in sectors with significant impacts on biodiversity. Biodiversity is one of AP3's four focus areas, and as a responsible owner and investor, the Fund seeks to address how its investments affect material portfolio and societal risks related to biodiversity and ecosystems. AP3's ambition is for the portfolio to

contribute to both the protection and restoration of biodiversity by 2030.

AP3's biodiversity work is primarily carried out through stewardship and collaboration with other investors and organizations. The Fund has conducted a review of its equity portfolio to identify sectors with the greatest impacts on, and dependencies on, biodiversity. Within its stewardship activities, AP3 places particular focus on companies operating in these sectors, including pharmaceutical and industrial companies.

Nature Action 100+: Engagement to Help Reverse Biodiversity Loss

Nature Action 100+ is a global investor-led initiative that aims to increase corporate ambition and action to help halt and reverse biodiversity loss. The initiative focuses on engaging with companies in key sectors that are considered critical to achieving this objective by 2030. Nature Action 100+ targets 100 companies across eight sectors identified as having significant impacts on, and dependencies on, biodiversity and ecosystems.

AP3 participates in engagement with four companies within the pharmaceutical sector, one of the industries identified in the Fund's initial assessment as particularly significant within the portfolio. During autumn 2026, the Nature Action 100+ Company Benchmark is expected to be published for the second time, assessing company performance against the initiative's core expectations.

Spring: Investor Collaboration for Nature

Spring is PRI's investor-led nature initiative, established to support the global goal of halting and reversing biodiversity loss by 2030. The initiative focuses on deforestation and land degradation and brings together investors to engage with companies that have significant opportunities to influence outcomes through their business models, value chains and policy engagement activities. AP3 has endorsed Spring and thereby expresses its support for the initiative's objectives and strategy.

Engagement to Reduce the Use of Hazardous Chemicals

The Investor Initiative on Hazardous Chemicals (IIHC) is a collaboration between around 80 international investors representing USD 2.3 trillion in assets under management, in which both AP3 and the Council on Ethics participate. Through IIHC, investors engage with chemical companies to increase transparency regarding their exposure to hazardous chemicals and to promote the phase-out of these substances.

ChemSec, the non-profit organization coordinating IIHC, publishes an annual ranking of the chemical companies covered by the initiative. Companies are assessed based on their efforts to phase out hazardous chemicals and transition to safer alternatives.

The latest ranking shows that more companies have committed not to develop new substances of very high concern (SVHCs), with four of 40 companies making such commitments in 2025, compared with two of 51 companies in 2024. At the same time, 15 of 40 companies reported revenues linked to SVHCs, compared with 11 of 51 companies in the 2024 ranking. Two companies, BASF and Ecolab, have committed to fully phase out PFAS. However, only six companies currently provide comprehensive reporting on their hazardous chemicals.



AP3's biodiversity work is primarily carried out through stewardship and in collaboration with other investors and organizations.

Most of the companies with which the Council on Ethics and the AP Funds engage receive low scores in the categories Phase-out of Forever Chemicals and Safer Alternatives. Results in the categories Transparency and Product Portfolio are somewhat stronger, but significant room for improvement remains.

For each company included in the ranking, ChemSec identifies specific action points across the four assessment categories. These are followed up through company engagement and evaluated in the following year's ranking.

Further information about how AP3 puts its biodiversity work into practice, as well as its short-term objectives and ambitions, is available in the action plan at ap3.se

AP3 drives change on key issues

The key issues that AP3 focuses on in relation to biodiversity are:

- Companies assess nature-related impacts, dependencies, risks and opportunities.
- Companies set targets and develop action plans for achieving those targets.
- Companies report in accordance with applicable reporting requirements and relevant frameworks, such as the TNFD recommendations.

THE AP FUNDS THROUGH THE COUNCIL ON ETHICS

The Council on Ethics Engages on Responsible Water Stewardship

Water is one of the Council on Ethics’ focus areas for proactive engagement. Access to sufficient quantities of clean water is essential for everything from health and sanitation to food production and energy generation. Water is also closely linked to global challenges and risks such as biodiversity loss, climate change and human rights.

Valuing Water Finance Initiative (VWFI)

The Valuing Water Finance Initiative (VWFI) is a global collaboration of more than 100 institutional investors aimed at promoting more responsible water stewardship. The initiative, coordinated by the US-based network Ceres, seeks to improve companies’ efforts to secure water availability in water-stressed areas and reduce negative impacts on water quality.

Companies are expected to identify and manage water-related risks throughout their value chains and take responsibility for their impacts on both the environment and local communities. Boards and senior management are expected to oversee water management, and companies’ policy engagement activities should be aligned with responsible water stewardship.

The Council on Ethics plays an active role in engagements with two of the 71 companies in particularly water-intensive sectors that are covered by the initiative.

Every second year, Ceres publishes the VWFI Benchmark, which measures companies’ progress against the initiative’s objectives. The most recent assessment, published in November 2025, shows improve-

ments in how companies manage water quantity, including more ambitious targets, clearer strategies and stronger follow-up processes.

Despite these improvements, only half of the companies address high-risk areas in their work on water quantity. The assessment, however, shows no significant improvement in companies’ management of water quality since 2023.

Engagements will continue with a focus on the areas for development identified in the latest assessment.



AP3's Corporate Governance Work



For companies to generate strong long-term returns, they need a sound business model, a sustainable strategy, a competent board of directors and the right incentives for management and employees to deliver on that strategy.

Active Owners Contribute to Better Companies

AP3 is an active owner in both Swedish and international companies. The Fund engages with boards, management teams and other shareholders, and participates in and votes at general meetings. In Swedish companies, AP3 also serves on nomination committees when the opportunity arises. The corporate governance issues on which AP3 engages vary

over time. In some cases, the focus is on addressing systemic risks within a specific market, sector or sustainability area. AP3's Corporate Governance Action Plan sets out seven fundamental principles of corporate governance. These principles apply to both Swedish and international companies and are intended for listed companies and, where relevant, unlisted companies. While the principles are broadly formulated, AP3 always considers the specific circumstances and challenges facing each company.

Diversity Strengthens Board Decision-Making

There is a broad expectation among shareholders that boards of directors and management teams should reflect society as a whole. AP3's view is that companies should have board compositions that are appropriate to their business and stage

of development, while reflecting diversity in terms of directors' skills, experience and backgrounds.

Companies with diverse management teams and boards are better positioned to make well-informed decisions and create long-term value. This is because organizations characterized by diversity are often better equipped to manage crises and respond to changes in the external environment that may affect their operations, leading to stronger decision-making. Greater diversity also contributes to enhance innovation and can make companies more attractive in the labor market.

Board composition can be influenced in different ways. In some cases, AP3 has greater influence through significant ownership stakes and participation in nomination committees. In other cases, AP3 exerts influence more indirectly through company engagement.

In the Fund's wholly owned and majority-owned unlisted companies, AP3 has significant influence over board composition. The proportion of women on the boards of the Fund's unlisted real estate and infrastructure companies ranges from 30 to 45 percent, with an average of close to 40 percent.

Within the listed equity portfolio, AP3 primarily focuses on influencing board composition in Swedish companies. The Fund maintains an ongoing dialogue with nomination committees and other shareholders and exercises direct influence through the nomination committees on which it serves.

At Hanza AB and Enity Holding AB, AP3 has had the opportunity to directly influence board composition and notes that both companies have a relatively balanced gender distribution, with women accounting for 40 percent of board members.

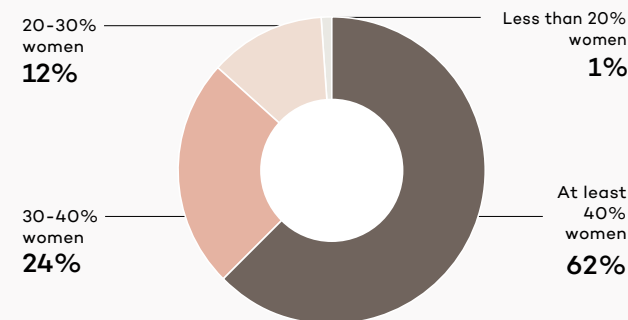
AP3 Drives Change on Key Issues

The key issues that AP3 prioritizes within corporate governance are:

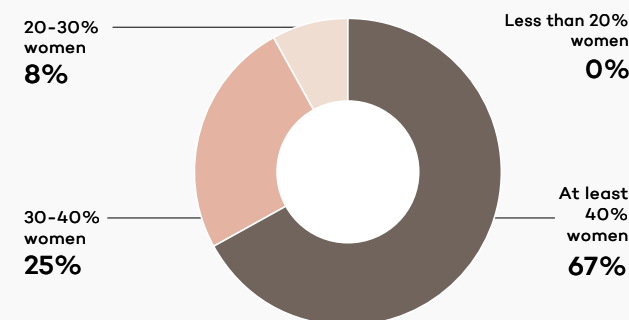
- **Capital structure** – AP3 prioritizes issues relating to dividends, share buybacks and share issuances.
- **Boards of directors** – AP3 promotes greater diversity, particularly through increased female representation on boards.
- **Executive remuneration** – AP3 encourages companies to incorporate sustainability criteria into incentive programmes.
- **Corporate sustainability practices** – AP3 encourages companies to adopt a systematic and structured approach to sustainability, with particular focus on the Fund's priority areas.

Board Composition, Share of Female Directors

Share of women on boards, AP3's equity portfolio

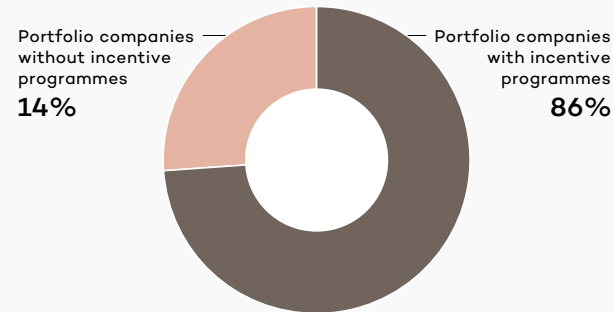


Share of women on boards, AP3's larger holdings



Sustainability Criteria in Incentive Programmes

Incentive programmes across AP3's equity portfolio



AP3's long-term objective is for all portfolio companies to have at least 40 percent representation of the underrepresented gender on their boards. To support this objective, the Fund has set a target for all large Swedish companies to reach at least 40 percent representation by 2026.

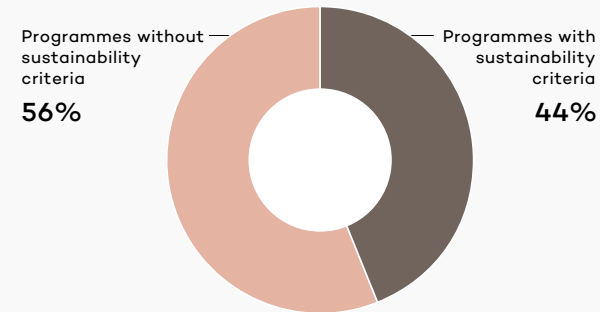
Over time, board composition across the Fund's portfolio companies has become more gender balanced and AP3's objective has largely been achieved. Women currently account for an average of 41 percent of board members, while the corresponding figure for larger companies is 42 percent.

There are still around 20 portfolio companies that have not yet reached the target, and AP3 continues its engagement efforts to increase the proportion of women on these boards.

Well-Designed Incentives Support Long-Term Value Creation

Attracting and retaining the right employees, particularly senior executives, is a key factor in a company's development and success. The design of remuneration systems can have a significant impact on value creation, particularly for companies operating in globally competitive markets.

Sustainability criteria in incentive programmes



Designing remuneration systems and determining the right financial incentives is the responsibility of the board. Boards need to find the right balance between fixed and variable remuneration, combine short-term and long-term incentives, and determine how performance criteria should be structured. While boards develop and propose remuneration arrangements, it is shareholders who approve long-term incentive programmes involving shares, options, convertible instruments or other share-based incentives. This means that shareholders also need to have a clear view of how remuneration systems should be designed.

Variable remuneration programmes in Swedish listed companies are generally well designed, and AP3 rarely has any major objections to proposals presented at annual general meetings. For several years, however, the Fund has encouraged companies to link sustainability and remuneration by incorporating relevant sustainability targets into short-term or long-term incentive programmes.

AP3 has set a target for at least 40 percent of Swedish companies to include sustainability criteria in their incentive programmes by 2025.

In recent years, companies have made significant progress in complementing financial performance measures with sustainability-related criteria. Most commonly, companies choose climate-related measures, with emissions reduction targets being the most frequently used. Some companies have also begun to include targets relating to other areas, such as sustainability requirements in their supply chains.

Of the Fund's 142 portfolio companies, 122 have implemented some form of incentive programme, corresponding to 86 percent of the portfolio. Of these companies, 44 percent have incorporated sustainability criteria into their incentive programmes. This represents a modest increase compared with the previous year and a substantial increase over a three-year period, when the figure stood at 25 percent. The Fund's target has therefore been achieved.

Swedish Investors Often Share Common Views on Corporate Governance

Sweden has a long history of developing successful companies that have generated strong long-term returns, and Swedish corporate governance has contributed to this

142

Total portfolio companies

122

Companies have implemented incentive programmes

54

companies have incorporated sustainability criteria

44%

increase over three years, from 25 to 44 percent

positive development. The Swedish equity market is attractive for new listings, benefits from strong liquidity and is characterized by a diverse ownership structure that brings a range of perspectives and helps address the challenges and opportunities that arise.

Ahead of this year's Swedish AGM season, AP3 contacted the boards of all portfolio companies to communicate the Fund's views on selected corporate governance issues. These discussions focused partly on variable remuneration and AP3's views on the design of share-based incentive programmes, and partly on the need for greater transparency in the reporting of AGM voting outcomes.

Compared with many international markets, Swedish companies are less transparent in their reporting of voting results following general meetings and therefore risk attracting criticism from proxy advisers and international investors.

Voting Rights: A Key Tool for Active Ownership

General meetings are one of shareholders’ most important tools for exercising ownership rights and influencing how companies are governed. In the Swedish market, there is a long-standing tradition in which the physical meeting between company representatives and shareholders plays a central role.

In recent years, a growing number of companies have introduced proxy voting, postal voting and digital general meetings. AP3 supports hybrid meetings, where shareholders can choose to participate either digitally or in person. This approach can help ensure strong shareholder participation while preserving the benefits of face-to-face interaction.

The consolidation of the buffer funds has increased the number of portfolio companies since the beginning of the year. As of 30 June 2026, AP3 held investments in 1,276 listed companies, of which 142 were Swedish. AP3’s ambition is to vote at every general meeting of companies in which the Fund holds shares.

Swedish Annual General Meetings

AP3 manages its corporate governance activities in Swedish companies directly. This includes meetings with companies to discuss relevant corporate governance issues, analyzing proposals submitted to annual general meetings and voting on meeting resolutions.

During 2026, the Fund voted on close to 4,000 resolutions at 136 annual general meetings, corresponding to all portfolio companies that held meetings during the first half of the year. A few companies in the portfolio hold annual general meetings during the second half of the year, and the Fund intends to vote at these meetings as well. In addition, a number of extraordinary general meetings are typically held during the year.

Swedish Annual General Meetings

	2026	2025	2024	2023	2022
Number of AGMs	136	142	154	170	158
Percentage of companies out of total number of holdings	96%	94%	95%	95%	86%
Number of agenda items	3,900	4,000	4,300	4,700	4,500
Number of nomination committees	2	3	6	5	5

In Swedish companies, AP3 rarely disagrees with management and board proposals to the extent that it votes against them at general meetings. This is largely because the Fund is able to communicate its views and influence the design of proposals through ongoing company engagement ahead of the meetings.

In advance of the AGM season, AP3 participated in around 50 shareholder meetings, where the Fund discussed the companies’ operations, strategy, capital structure and sustainability challenges, and provided input on proposals relating to share-based incentive programmes.

AP3 also met with many nomination committees and, through participation in the nomination committees of Hanza AB and Enity Holding AB, was able to influence board composition. Both companies have a relatively balanced gender distribution, with women accounting for 40 percent of board members.

At around ten annual general meetings, shareholders submitted proposals for consideration. AP3 assessed that these proposals would not benefit either the companies or their shareholders and therefore voted against them.

International General Meetings

The Fund’s global equity portfolio is broadly diversified across geographies and, unlike the concentrated Swedish AGM season, international general meetings take place throughout the year. It is not practical for the Fund to attend and vote at these meetings in person, and voting is therefore conducted through an electronic voting platform.

During the 12-month period from July 2025 to June 2026, AP3 voted on more than 17,000 resolutions at 1,264 international general meetings. A number of meetings remain to be held during the second half of 2026. The Fund intends to vote at these meetings as well, with the objective of voting at all annual general meetings across the equity portfolio.

Unlike in Swedish companies, where AP3’s views rarely differ from those of the board, it is more common for the Fund to reach different conclusions from the boards and management teams of international companies. This applies particularly to the pace and scale of corporate transition efforts in response to climate change, as well as how companies address issues related to diversity, equity and inclusion.

Foreign Annual General Meetings

	2026	2025	2024	2023	2022
Number of general shareholder meetings in foreign investees	1,264	924	959	1,050	980
Percentage of companies out of total number of holdings	100%	100%	100%	100%	91%
Number of agenda items	17,118	11,734	12,135	13,379	12,016
Percentage of votes in support of board proposals	78%	77%	77%	71%	72%
Percentage of abstentions or votes against board proposals	22%	23%	23%	29%	28%

AP3 abstained or voted against board recommendations on 22 percent of resolutions. While this represents a slightly lower proportion than last year, many proposals still fall short of the Fund’s expectations.

In international companies, shareholders frequently submit their own proposals for consideration at general meetings, something that is less common in Sweden. These shareholder proposals are often well developed and reasonable from both a company and shareholder perspective.

AP3 voted in favor of a large proportion of shareholder proposals and supported more than half of those submitted. Examples include proposals calling for improved disclosure of political donations, the separation of the roles of Chief Executive Officer and Chair of the Board, and greater board independence through the appointment of additional independent directors.

AP3 also supported proposals within the Fund’s focus areas that were aligned with its own action plans. Examples of shareholder proposals supported by AP3 include:

Climate and Environment

- Shell – The company should disclose its strategy for creating shareholder value in scenarios involving declining demand for oil and gas.
- Lundin Mining – The company should disclose a strategy for reducing greenhouse gas emissions.
- Amazon.com, Meta Platforms and Alphabet – The companies should assess and report on how artificial intelligence and the expansion of data centres may affect their climate commitments.

Biodiversity

- Home Depot – The company should publish a biodiversity impact assessment.
- Procter & Gamble, Lowe’s and Target Corporation – The companies should report on the measures they are taking to reduce the use of plastics.
- National Australia Bank and ANZ Group – The companies should adopt policies to prevent financing activities linked to deforestation.

Human rights

- Microsoft and Meta Platforms – The companies should conduct human rights risk assessments and publish reports describing how human rights are taken into consideration.
- General Motors Company – The company should publish a report on how it respects indigenous peoples’ rights.
- Tesla – The company should publish a report on the occurrence of child labor in its supply chain related to electric vehicle production.

Read more about how we voted in Sweden and internationally. The appendix is available on the Fund’s website [ap3.se](#)

Issues Where AP3 Frequently Voted Against Board Recommendations

Auditor Appointments

AP3 voted against nearly half of all proposals relating to auditor appointments, representing 49 percent of such proposals. In these cases, companies had often retained the same auditor for an extended period of time. While continuity is important, companies should regularly rotate auditors to ensure an independent review of their accounts and management.

49%

of auditor appointment proposals received a vote against from AP3

Executive Remuneration

In many markets, shareholder votes on remuneration matters are advisory. AP3 voted against four out of ten remuneration proposals at international general meetings. The reasons vary, but often relate to share-based remuneration programmes with insufficient performance criteria or no performance criteria at all.

4 out of 10

remuneration proposals at international general meetings received a vote against from AP3

Election of Directors

AP3 voted against more than one in ten director election proposals, often to signal that committee chairs, for example, had not done enough to drive changes considered necessary. This may relate to shortcomings in areas such as audit matters, remuneration practices or companies’ climate transition plans.

>10%

of director election proposals received a vote against from AP3

Share Issuance Authorities

In Sweden, AP3 generally accepts share issuance authorities of up to 10 percent of outstanding shares. In international companies, however, proposals for significantly larger authorities are not uncommon. AP3 voted against three out of ten proposals for larger share issuance authorities that could result in excessive dilution of existing shareholders.

3 out of 10

proposals for larger share issuance authorities received a vote against from AP3

