



# Annual and Sustainability Report 2025



Seventh AP Fund  
**+4.2%**

AP7 Equity Fund  
**+4.3%**

AP7 Fixed Income Fund  
**+3.2%**

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Seventh AP Fund and  
the premium pension  
2000–2025

**Text:** Seventh AP Fund

**Project management:** Mikael Lindh Hök and Emma Sjöström, AP7

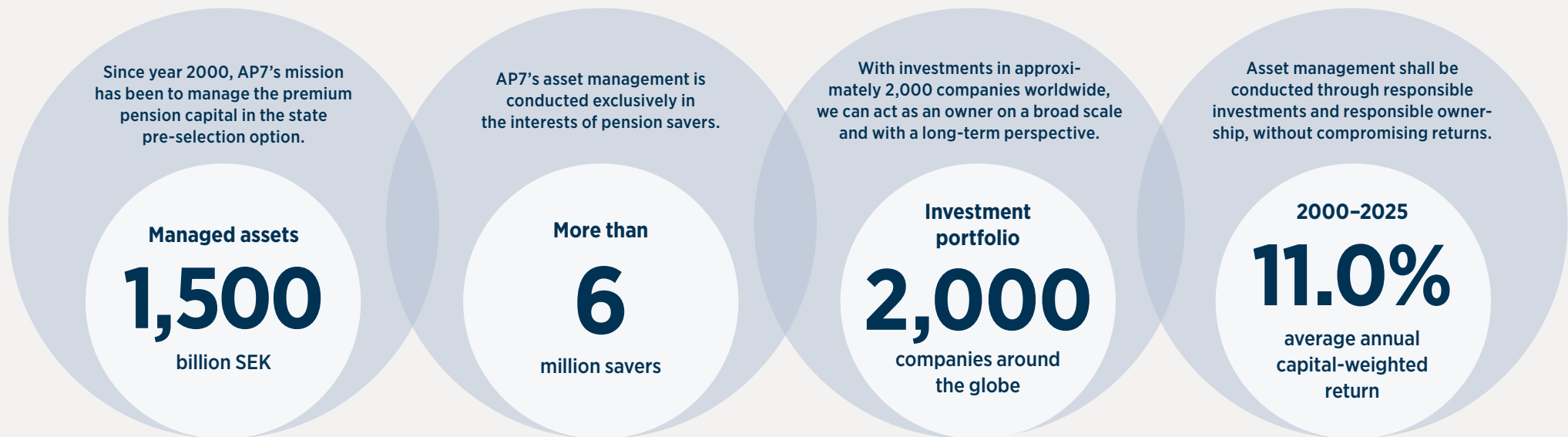
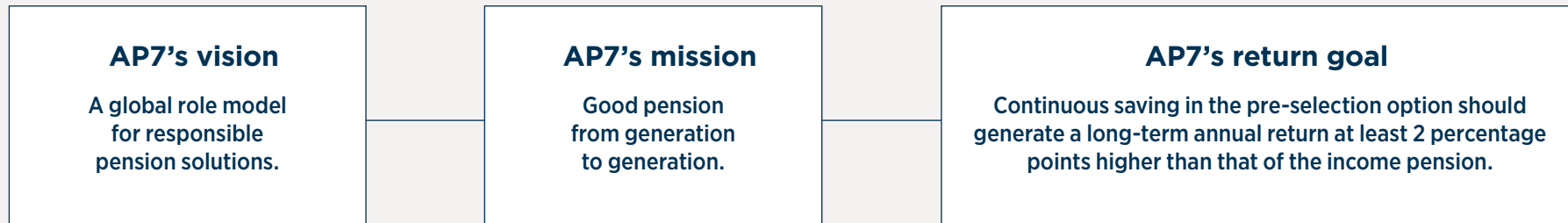
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# AP7 manages the premium pension for more than six million Swedes



All figures at December 31, 2025

# Letter from the CEO

## Keeping savers in focus in an uncertain world

**In 2025, we celebrated 25 years of the premium pension system and AP7 as the default option serving savers. The anniversary provided an opportunity for both pride and reflection, unfolding against a backdrop of geopolitical uncertainty and turbulent financial markets.**

### A turbulent environment

Developments in the United States largely set the tone for global markets in 2025. The year began with hopes of an economic recovery but was soon marked by increasing uncertainty surrounding trade policy and global relations. At the same time, markets were driven by expectations of declining inflation, lower interest rates and continued rapid technological progress.

Despite significant fluctuations, the year was characterised by strong equity markets. However, the strengthening of the Swedish krona materially dampened returns in our equity fund. Overall, AP7 Equity Fund closed the year with a positive return of 4.3 percent. The fixed income market was also volatile, with clear shifts between concern and relief, resulting in a return of 3.2 percent for the Fixed Income Fund.

### 25 years of continuity and development

2025 also marked an important milestone: AP7 and the premium pension system celebrated 25 years. Over this period, markets, regulation and technology have changed fundamentally. Our mission, however, has remained the same – to serve as a secure, efficient and long-term default option for pension savers.

For me personally, the anniversary year has been a reminder that AP7's strength lies not only in continuity, but in our ability to evolve. To stand firm, but not stand still. Celebrating our first 25 years was therefore not only a moment to look back, but also a clear starting point for the next phase of our journey. A phase in which we deepen our efforts to understand savers' needs, including during the payout phase, as the premium pension system continues to mature and grow in importance.

### Deepening our understanding of savers

For those of us responsible for the default option, it is essential to understand savers' circumstances throughout the entire lifecycle – from the first contribution to the final payout. AP7 Såfa is built on a long-term risk approach tailored to savers' individual conditions, which requires thorough and forward-looking analysis.

During the year, we intensified our work to analyse how the portfolio should be structured at different stages of life. This includes asset allocation, as well as scenario analyses and stress tests to assess how different market events affect different cohorts. In this way, AP7 can continue to evolve in line with savers' needs – and with the growing importance of the premium pension within the overall pension system.

### An organisation in development

Balancing high ambitions with a sustainable work environment is essential to fulfilling our mission over the long term. During the year, I have had the privilege of welcoming many new colleagues who, together with our existing team, are strengthening AP7 for the future.

We continue to build on our ability to manage equities in-house, thereby increasing our flexibility and capacity to act. In the fixed income portfolio, new instruments and asset classes have been introduced to enhance risk management, return potential and flexibility – always with savers' need for a balance between security and returns in mind.





Above all, I look forward to continuing to develop our operations together with my colleagues at AP7, always with the best interests of savers in mind – at a time that calls for both long-term perspective and decisive action.

### Responsibility that comes with our size

AP7 carries a particular responsibility as Sweden's largest pension fund. During the year, we strengthened our capacity to contribute to the climate transition by adding new resources and further integrating active ownership into our asset management.

The development of AP7's transition portfolio is a clear example. Here, we combine ownership with active management in companies with significant climate impact and clear need for a transition, as well as in companies that contribute to the transition. Initial investments have been made and will be expanded in the coming years.

In parallel, we have further refined our climate exclusion process to sharpen our focus and direct our resources where they have the greatest impact. At the same time, I want to emphasise that we continue to see strong value in active ownership in collaboration with other like-minded, long-term investors. Our enhanced process aims to deliver even more focused and effective engagement – without compromising savers' long-term returns.

### Continued development for savers

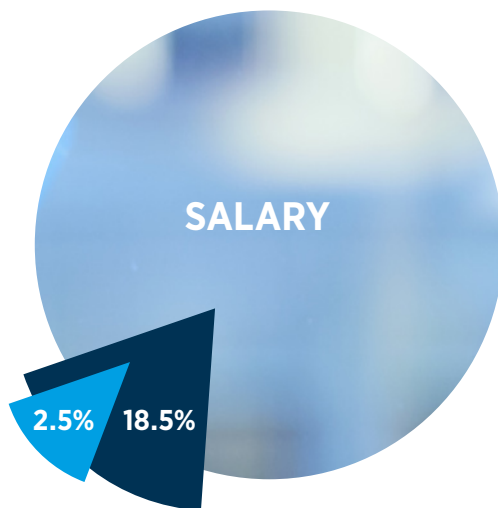
As we enter the next phase of AP7's development, I look forward to deepening our analysis of savers' needs, particularly during the payout phase, and to advancing our work on the climate transition within an increasingly focused equity portfolio. Above all, I look forward to continuing to develop our operations together with my colleagues at AP7, always with savers' best interests in mind – in a time that calls for both long-term perspective and decisive action.

Pål Bergström,  
CEO AP7



# About AP7

In the public pension system, part of the pension contributions is allocated to the premium pension. The premium pension system is administered by the Swedish Pensions Agency, which in this context acts as a fund platform. The Seventh AP Fund (AP7) manages the default option, AP7 Såfa, for savers who do not make an active fund choice.



## The public pension

Each month, employers pay **18.5 percent of an individual's salary** (up to 7.5 times the income base amount) to the public pension system. Of this contribution, **2.5 percentage points go into the premium pension** while the remaining 16 percentage points go to the income pension.

## OUR MISSION

AP7 is a government agency tasked, since the introduction of the premium pension system in 2000, with managing premium pension capital in the state default option. As the default option in the premium pension system, we provide a cost-efficient and responsible solution that increases their pension, while contributing to a well-functioning financial market and sustainable development. AP7 shall be an asset manager that savers can trust, regardless of income, education or level of financial interest.

## OUR VALUES

AP7's operations shall be conducted in a professional and impartial manner, in accordance with applicable law. In line with the requirements of the AP Funds Act for exemplary management, we coordinate our work with the other AP funds through shared governing documents covering our shared values and sustainability reporting. Together with the other AP funds, AP7 has established a common set of principles for the management of fund assets. In addition, AP7 seeks to contribute to the development of norms and active ownership practices, particularly in the areas of climate and biodiversity.

AP7's responsible investment activities are based on the norms and international conventions endorsed by Sweden in the areas of human rights, labour rights, the environment, and anti-corruption. These norms are consistent with our role as a government agency and can reasonably be assumed to reflect the values of the broad group of savers we represent.

## OUR ROLE AS OWNERS

AP7 is a universal owner with a long-term investment horizon that invests broadly across global equity markets. With more than SEK 1,300 billion invested in approximately 2,000 companies worldwide, AP7 is able to exercise active ownership on a broad scale and with a long-term perspective, always with the best interests of savers in mind. The combination of broad diversification and low fees creates value that makes a significant difference for our savers, both in the short and the long term.

Our asset management strategy also shapes our active ownership. We use all relevant tools in a transparent manner to guide our investments in a sustainable direction, while continuously developing new knowledge and methods.





## AP7 Såfa is a pension solution that combines AP7 Equity Fund and AP7 Fixed Income Fund, with the allocation adjusted according to the saver's age.

### Building block funds as the foundation

In 2010, the Premium Savings Fund and the Premium Choice Fund were discontinued and replaced by AP7 Equity Fund and AP7 Fixed Income Fund. Based on these two building block funds, AP7 provides six investment alternatives, including AP7 Såfa, which serves as the default option. In addition, three portfolios are available: AP7 Offensive, AP7 Balanced, and AP7 Cautious. These combine the building block funds to suit savers who wish to choose their own risk level. The funds can be selected individually on the fund platform or combined with other funds within the premium pension system.

**AP7 Equity Fund** The majority of AP7's assets under management is invested in AP7 Equity Fund – a diversified global fund with return-enhancing elements and a clear sustainability profile. The global equity portfolio forms the core of the fund, with broad geographic and sector diversification across approximately 2,000 holdings, combined with financial instruments that increase both risk and expected return. In addition to geographic and sector diversification, the portfolio is further diversified through investments in complementary assets alongside the global equity portfolio. Read more on pages 15–16.

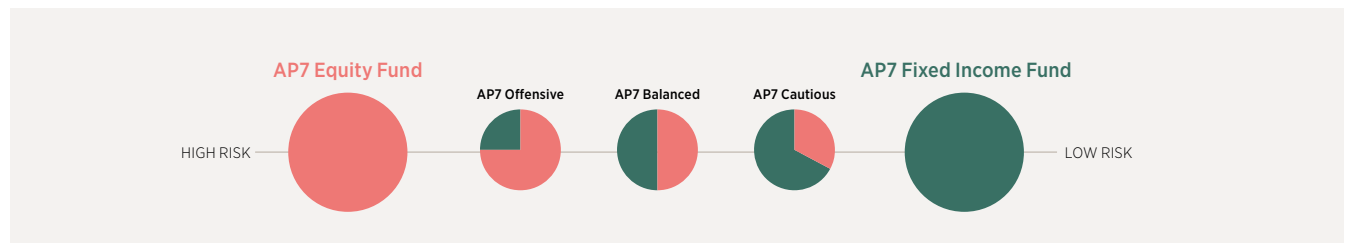
**AP7 Fixed Income Fund** A rapidly growing share of AP7's managed capital is invested in fixed income securities. AP7 Fixed Income Fund is a low-risk fund that invests in corporate and covered bonds, as well as bonds issued by supranational organisations, primarily sustainable bonds. All holdings are currency-hedged to Swedish kronor. As the pension system matures, and supported by strong global equity markets, assets under management in AP7 Fixed Income Fund have increased significantly in recent years. During the year, further development of the fund continued. In addition to the ability to invest in foreign securities, the fund can now also invest in corporate bonds. Read more on pages 17–18.

**AP7 Såfa** is a pension solution that combines AP7 Equity Fund and AP7 Fixed Income Fund, with the allocation adjusted according to the saver's age. AP7 Såfa is intended for those who do not wish,

or are unable, to choose funds themselves. Savers who do not make an active choice have their premium pension automatically invested in AP7 Såfa. The objective is that continuous saving in AP7 Såfa throughout a working life will generate a long-term return at least 2 percentage points per year higher than the income pension.

By combining the building block funds according to the saver's age, AP7 Såfa has a risk profile aligned with the time remaining until retirement. In practice, this means that savings are invested in AP7 Equity Fund up to age 55. Between ages 56 and 75, 3–4 percent of

the capital is gradually transferred each year to AP7 Fixed Income Fund. After age 75, two-thirds of the capital remains invested in the Fixed Income Fund for the rest of the saver's lifetime.



### AP7 Såfa is the pre-selection option in the premium pension system

Those who do not themselves choose a fund automatically save in AP7 Såfa.

Up until 55 years of age, the saver's pension is invested solely in the AP7 Equity Fund.



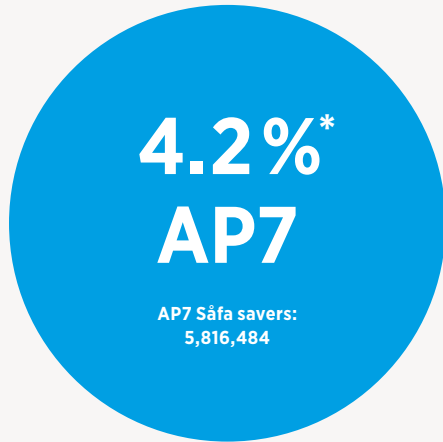
From 56 years of age, 3–4 percent of the savings is annually transferred to the lower-risk Fixed Income Fund.

After 75 years of age two-thirds of the capital is kept in AP7 Fixed Income Fund for the rest of the saver's life.

The saver's age —————> 55 years 56 years —————> 75 years —————>

AP7 Såfa gradually adapts the level of risk according to the saver's age from the age of 56. After that, the proportion in the Fixed Income Fund increases, and the proportion in the Equity Fund decreases.

**Return 2025**



**4.3%**  
AP7 Equity Fund  
165,144 savers



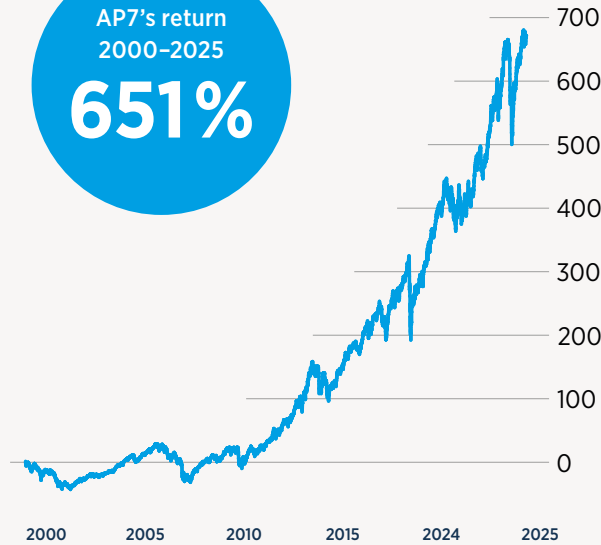
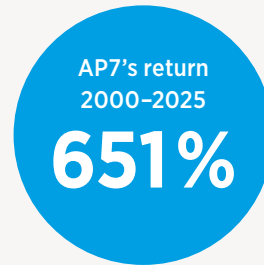
**3.2%**  
AP7 Fixed Income Fund  
28,890 savers

**AP7 Offensive**  
4.0%  
16,531 savers

**AP7 Balanced**  
3.7%  
17,968 savers

**AP7 Cautious**  
3.6%  
10,738 savers

\* The return for the average AP7 saver in 2025 was 4.2 percent, with the majority of savers in AP7 Såfa. In the same period, the average return for the private premium pension funds was 3.4 percent.



Since the start in the fall of 2000 until the end of 2025, the return on AP7's managed capital was 651 percent, corresponding to an average of 8.4 percent per year in time-weighted return.

**Average return 2000-2025**

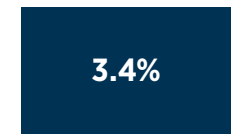
Capital-weighted return



**11.0%**

**AP7**

AP7's long-term goal is to generate a return that is at least 2 percentage points higher per year than the income pension.



**3.4%**

**Income pension**

For savers who remain in the default option AP7 Såfa throughout their entire saving period, the returns should exceed those of the income pension by at least 2 percentage points per year, on average. To date, this objective has been exceeded. Since 2000, the capital-weighted average return has been 11.0 percent per year for AP7, compared with 3.4 percent for the income pension. More detailed return data by cohort can be found on page 10.

**The National Pension Insurance Funds Act**

AP7 manages funds for the purposes set out in the provisions on premium pensions in the Social Insurance Code. The asset management should be focused solely on the interests of the pension savers. The funds that the Seventh AP Fund manages must be invested so that a high long-term return is achieved at the chosen risk level. The capital in the funds should also be managed in an exemplary way through responsible investments and responsible ownership. AP7 must pay particular attention to promoting a sustainable development without renouncing the goal of achieving long-term high returns at the chosen risk level.

Read more at riksdagen.se



**Annual return 2010-2025 in percent**

The table shows annual returns since AP7 Såfa was launched in 2010. AP7's total return and the return in the respective building block funds AP7 Equity Fund and AP7 Fixed Income Fund.

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010*
AP7	4.2	27.3	18.4	-9.5	31.5	4.4	32.2	-2.7	16.4	15.1	6.2	29.1	31.8	17.5	-10.5	13.3
AP7 Equity Fund	4.3	29.8	19.9	-9.9	34.1	4.7	36.2	-3.0	17.7	16.5	6.6	31.1	34.0	18.5	-11.5	14.3
AP7 Fixed Income Fund	3.2	3.1	5.3	-5.9	-0.7	1.0	-0.2	-0.1	-0.1	0.6	0.8	2.8	1.8	2.8	3.4	-0.5

\* Start May 21, 2010.

# Savers in focus

**As the premium pension system matures and a larger share of the capital belongs to retired savers, the need for deeper insights into savers' pension capital at AP7 increases.**

For AP7, it is essential that younger savers have the opportunity to take on a higher level of risk and thereby benefit from the long-term returns that equities can generate, while security and stability become increasingly important as savers approach retirement. As both the system and the population of savers mature, the need increases for more advanced asset management and a deeper understanding of the differing circumstances of each cohort.

### The premium pension system fully phased in by 2040–2050

In 2000, savers were given the opportunity to choose premium pension funds for the first time, and AP7 was established as the

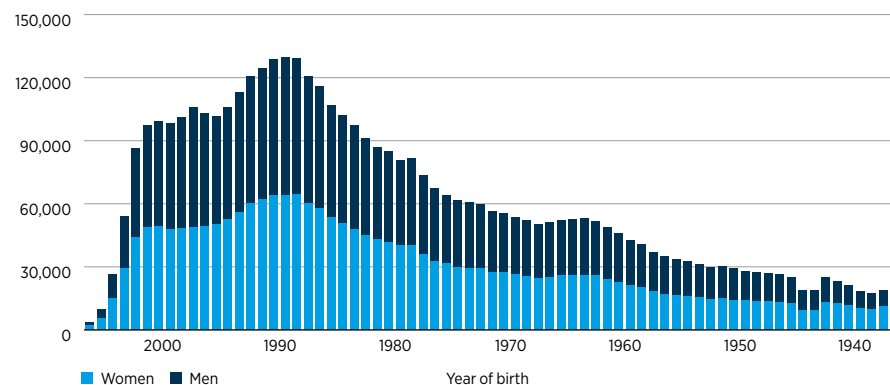
default option. Today, 25 years later, those receiving pensions from the system have not yet completed a full working life with contributions to the premium pension. For example, individuals born in 1970 were only 25 when the system was introduced. It will not be until around 2035–2040 that the first cohorts retire after having earned premium pension rights throughout their entire working lives. The phasing-in will continue until 2040–2050, and by around 2060 all pensioners will be fully covered by the system. As the system matures, premium pension payouts will increase. This also applies to AP7 S afa, where an increasing share of capital will be transferred to AP7 Fixed Income Fund as more savers approach retirement.

### The growing importance of the premium pension

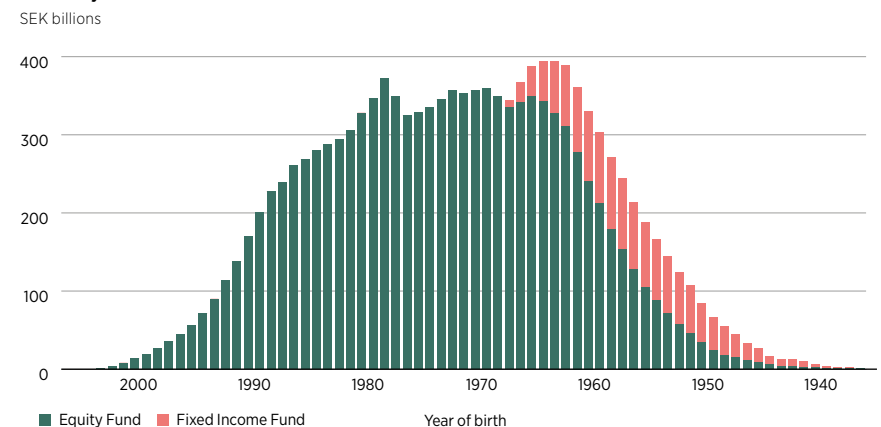
Given the strong performance of the premium pension during its first 25 years, in which AP7 S afa has played a central role, its importance is expected to increase further. Today, 13.5 percent of contributions to the public pension are allocated to the premium pension. Once the system is fully phased in, the premium pension could account for 35–40 percent of the public pension for AP7 S afa savers. This means that the premium pension will become an increasingly important part of savers' future pension payments.

**The majority of AP7's savers are younger individuals** and therefore have most of their saving horizon and premium pension contributions ahead of them. As a result, AP7 S afa primarily consists of holdings in AP7 Equity Fund. As the saver collective within AP7 S afa ages, an increasing share of capital will gradually be reallocated to AP7 Fixed Income Fund.

Number of savers by cohort



Assets by cohort



Savers in focus, cont'd.

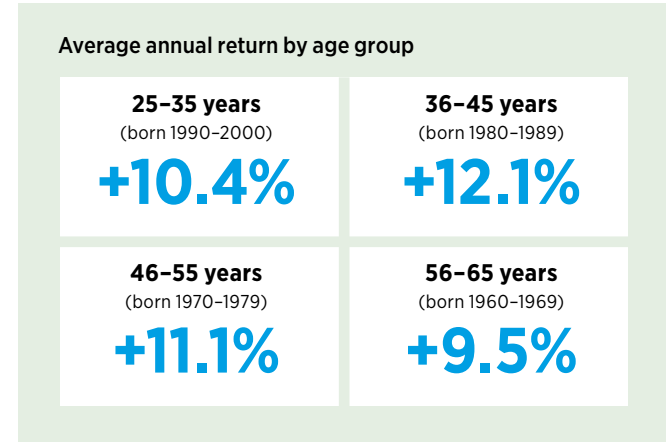
Increased analytical requirements for AP7

A long-term approach to risk based on savers' individual circumstances is the foundation of high-quality and secure pension savings. The long investment horizon in the premium pension system, combined with a holistic view of the public pension, enables a substantial allocation to equities, which is essential for achieving strong returns. As savers approach and enter the payout phase, the asset mix is adjusted, primarily through increased fixed income exposure, to ensure that the risk level at each age is aligned with AP7's mandate to contribute to a secure, high-quality pension.

This requires careful analysis and a holistic assessment of which asset classes should be included in the portfolios of AP7 S fa savers at different stages of life. Proactive scenario analysis and stress testing are central components of this process, including modelling the

effects of severe market shocks on different cohorts. Savers' capital in AP7 S fa is typically at its highest shortly after retirement, which also makes exposure to adverse outcomes greatest at that point. A gradual reduction of risk within AP7 S fa is the primary tool for managing this exposure.

As the premium pension system matures and pension payouts increase, it becomes increasingly important to provide sound planning conditions for the organisation through analysis. Demographics and choice patterns evolve over time, and a strong understanding of how different scenarios may affect the organisation is essential for robust planning and risk management. Therefore, AP7 must continue to evolve in line with savers' needs and the growing role of the premium pension within the pension system.



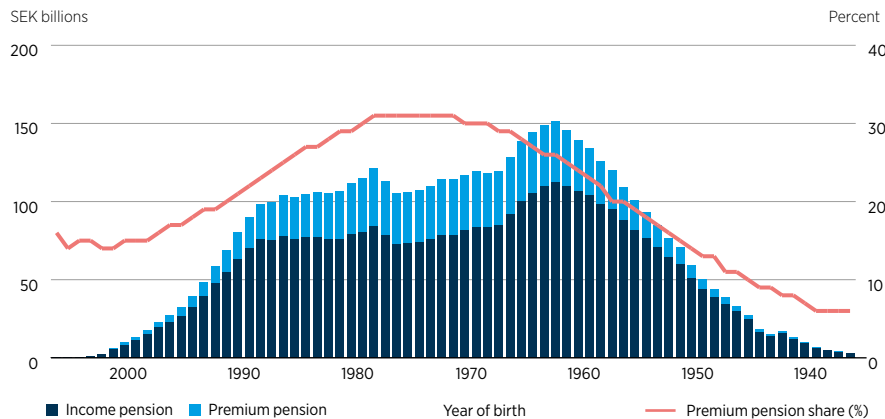
**The premium pension accounts for an increasing share of the public pension.** The average pension capital is highest shortly after retirement. This reflects the gradual implementation of the premium pension system and the fact that older pensioners have already begun receiving payouts. Individuals born in the 1970s are the first

generation with the opportunity to contribute to the premium pension throughout their entire working lives. For pensioners, the age at which withdrawals begin also plays a significant role. Those who start drawing their pension at age 63 will have less remaining compared with those who begin withdrawals at age 68.

**Target achievement by age group.** All age groups have to date met AP7's long-term return target: that the return for those who remain in the default option, AP7 S fa, throughout their entire saving period should exceed the return of the income pension by an average of at least 2 percentage points per year.

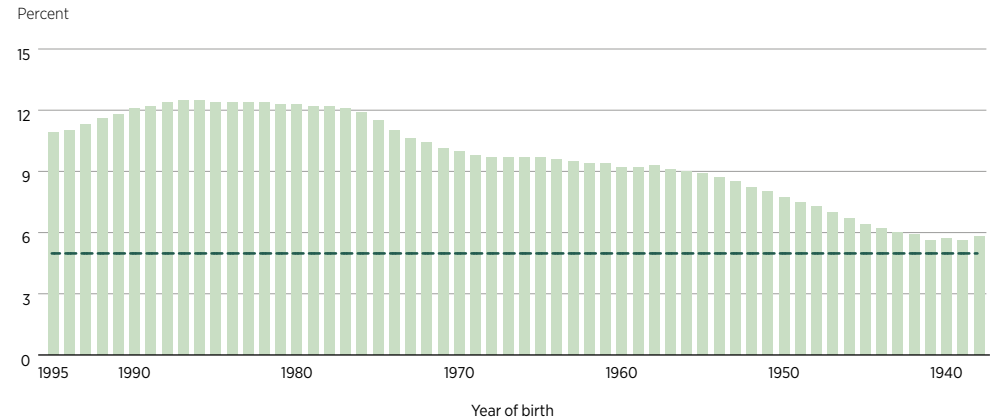
National public pension by cohort – Income pension and premium pension

Premium pension, % of public pension



Average return 2000-2025 by cohort

Capital-weighted return



# Sharing knowledge with our savers

**AP7 has more than six million savers. It is therefore important to provide accessible, educational information about pensions and saving, tailored to their circumstances.**

The pension system is designed so that savers are responsible for choosing how their premium pension is invested through the Swedish Pensions Agency, and they are offered a broad range of funds – a range currently being procured by the Fund Selection Committee. Savers who do not make an active choice have their premium pension automatically invested in AP7 Såfa.

## Public education and communication

Through information and educational initiatives on personal finance, the pension system and AP7 Såfa, AP7 aims to provide as many people as possible with a sound basis for making informed decisions about their premium pension. In line with our mandate, we also communicate about sustainability and responsible investment.

AP7 conducts regular surveys to better understand the public's knowledge, interest and attitudes towards premium pension saving. The 2025 survey showed, among other things, that a majority of savers have a positive view of the premium pension and of AP7, while the share with a negative perception is very small.

## The Förvalt blog and podcast series

Digital channels are the most resource-efficient way to reach AP7's savers. Through the Förvalt blog and the podcast series Ägarpodden, PoddSåfan and Tänkonomi, AP7 communicates in an accessible and nuanced way about pension saving, behavioural economics and sustainability. AP7's reports and discussions on our sustainability themes are also an important part of our knowledge-sharing efforts, such as this year's discussion on Universal Ownership (see page 29).

## Celebrating 25 years

In 2025, we celebrated the 25th anniversary of AP7 and the premium pension system through a series of discussions and seminars.

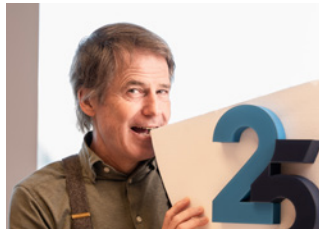
Across 13 episodes of the Jubilee Podcast, we explored multiple perspectives on the premium pension system – from its origins and the challenges addressed along the way, to its current status and future development. Given the strong international interest in the Swedish pension system, we also placed it in a broader global context. A key takeaway from the podcast discussions is that the system has proven resilient, thanks to the capital market's ability to generate returns and the broad political consensus that has characterised the premium pension.

## READ AND LISTEN :

→ 25th anniversary

→ Tänkonomi podcast

→ Ägarpodden



Top, from left: Richard Gröttheim, Katarina Romberg, Claes Hemberg, Anna Pettersson Westerberg, Bo Könberg, Martin Werding, Pål Bergström, and Peter Norman.



Panel discussion at Almedalen featuring Anna Tenje, Anders Ygeman, Anna Pettersson Westerberg, Erik Fransson and Lena Fahlén, moderated by Mikael Lindh Hök.

# AP7's asset management

2025 began with optimism in the global financial markets. However, conditions changed in early April when the United States announced significant tariff increases, leading to sharp stock market declines and downward revisions of growth forecasts. The spring was highly turbulent, but developments stabilised during the autumn. AP7's asset management is characterised by a long-term perspective, and efforts to diversify the portfolio and strengthen internal management resources have been further intensified.



**Return 2010-2025**

- AP7 Equity Fund 736.5%
- AP7 Fixed Income Fund 18.2%

# A turbulent spring followed by a strong recovery

**2025 began in a positive market environment. The global economy appeared relatively stable, inflation was declining, and sentiment in the equity markets remained strong. However, during the spring, concerns about U.S. tariff policy weighed heavily on the markets.**



“The beginning of the year was marked by optimism about an economic recovery, and investors viewed the outlook positively. Gradually, however, concerns about U.S. trade policy emerged, contributing to increased uncertainty in the markets toward the end of the first quarter,” says Lena Fahlén, Chief Investment Officer at AP7.

The United States’ announcement in early April that it would impose new tariffs on the rest of the world led to sharp stock market declines. Investors had anticipated such measures, but the level of the tariffs was more aggressive than expected, and a significant escalation of the trade war with China became evident. The market reacted strongly, falling nearly 10 percent within two days.

“We saw a rapid shift in market sentiment, with increased uncertainty regarding both growth and inflation, and discussions even raised the risk of stagflation,” says Lena Fahlén.

Gradually, however, it became clear that the effects would not be as far-reaching as many had feared. New trade agreements were concluded step by step, and the average tariff levels settled at around 15 percent. Although historically high, these levels were significantly lower than those announced in the spring. The fact that many countries refrained from retaliatory measures also helped ease market concerns.

During the summer, sentiment turned positive again. Once more, the major U.S. technology companies led much of the stock market rally. Investment in AI equipment and infrastructure increased during the autumn, which, combined with strong quarterly reports, supported the market’s performance.

As a result, concentration in the global equity indices increased further, which also affects the AP7 Equity Fund, as it follows the global market.

“This is a trend that has strengthened during 2025. The largest companies have continued to outperform the broader market by a significant margin, while small-cap stocks have struggled. This development increases concentration risk, both in the market as a whole and in our portfolio,” says Lena Fahlén.

During the autumn, the U.S. central bank, the Federal Reserve, ultimately decided to cut its policy rate, providing further support for the markets. The GDP forecasts that had been revised downward in the spring were adjusted upward again, and market sentiment gradually became more stable.

For Swedish savers, however, the upswing was less noticeable, as the Swedish krona strengthened significantly against the U.S. dollar during the year, dampening returns on the foreign portion of the portfolio.

“It was an unusual market dynamic, with the U.S. dollar weakening at the same time as equity markets declined. The dollar is typically viewed as a safe-haven currency in times of uncertainty and would therefore be expected to strengthen. The weakness may reflect lower confidence in the U.S. economy and dollar-denominated assets,” says Lena Fahlén.

## Outlook – long-term focus

Looking ahead to 2026, global uncertainty remains significant. However, AP7’s portfolio managers assess it as somewhat lower than a year

## Our broad portfolio, together with a growing share of alternative assets, creates resilience and supports strong long-term returns for our savers.

Lena Fahlén, Chief Investment Officer at AP7



ago and emphasise companies' strong ability to adapt to a changing environment. Inflation has declined, the U.S. economy and labour market have proven relatively resilient, and the Federal Reserve is expected to deliver a further couple of rate cuts over the coming year.

"We believe several factors are moving in the right direction, from inflation and interest rates to households' financial situation. At the same time, there are areas that continue to require our close attention, such as an ageing population, weak public finances and elevated geopolitical risks. The U.S. midterm elections may also create market uncertainty. With the rapid development of AI,

it will also be important for companies to meet the high expectations reflected in current valuations," says Lena Fahlén.

### Long-term perspective and diversification

AP7 maintains a long-term focus in the management of pension assets, with a broad and well-diversified portfolio forming the foundation.

"Periods of strong performance and phases of increased volatility alternate, as we have clearly seen during the year. Our broad portfolio, together with a growing share of alternative assets, creates resilience and supports strong long-term returns for our savers," concludes Lena Fahlén.

### Long-term perspective and diversification

A long-term perspective and diversification are two cornerstones of AP7's asset management strategy. Diversification involves spreading risk across multiple dimensions, partly by investing in some 2,000 companies with broad geographic and sector diversification. These holdings are complemented by further investments in asset classes such as private equity. Since 1 January 2023, AP7 has also been permitted to invest in alternative asset classes such as real estate and infrastructure.

Diversification also has a time dimension, as new premium pension capital is allocated each year, spreading investments – and thereby risk – over the saver's entire working life. The risk level in AP7 Såfa is adjusted according to the saver's age, with a higher allocation to equities – and thus higher risk – at younger ages, gradually shifting towards a larger share of bonds as retirement approaches.

# Equity management

**The core of AP7's equity management is the global index portfolio, with holdings in around 2,000 companies worldwide, providing broad diversification and efficient risk management.**

The global equity market performed relatively strongly during the year, but the fund's return was dampened by the strengthening of the Swedish krona against the U.S. dollar. The Equity Fund delivered a return of 4.3 percent, after having been negative at mid-year.

Among the fund's diversifying components, emerging markets performed strongly, supported in part by a high allocation to technology companies and a weaker U.S. dollar. The so-called risk-premium strategies also delivered strong returns. Small-cap stocks, however, showed weak performance. The private equity portfolio generated a negative return, mainly as a result of its substantial

U.S. dollar-denominated holdings, as the dollar weakened sharply against the Swedish krona. The real estate portfolio made a neutral contribution. Read more about alternative assets on page 17.

## Increased internal management

Assets under management in the Equity Fund have grown significantly, while rapid global developments place higher demands on AP7's ability to adapt the portfolio. To meet the needs of a maturing pension system and an increasingly complex environment, AP7 must be able to manage assets both passively and actively, internally as well as externally. Work is underway to increase the share

of the global equity portfolio that is managed in-house. The aim is both to enhance efficiency and to strengthen control over holdings.

"The first steps toward expanding internal management have already been taken. During the year, we strengthened our internal management resources and further developed our processes. Our internal transition portfolio has served as a pilot, where we have built systems, expertise and analytical capabilities that are now being applied in the broader equity management. This lays the foundation for more robust and flexible asset management going forward," says Jessica Eskilsson Frank, Head of Equities at AP7.



**Equity management, cont'd.**

**The transition portfolio**

AP7's transition portfolio is a central part of the fund's efforts to contribute to global net-zero emissions by 2050. Its purpose is to accelerate the climate transition in portfolio companies while achieving positive value development through a combination of active management and active ownership. Investments are made in companies with significant climate impact or in companies that provide solutions enabling the climate transition. The portfolio was established in 2023 through an external mandate with Legal & General Investment Management.

Work is now underway to build an internally managed transition portfolio, in which AP7 has so far invested in companies in energy and power supply, cement, and waste management. What these companies have in common is both the ambition and the potential to reduce their emissions, but they require support in the transition.

"Here, we can make a difference as owners by maintaining an ongoing dialogue with the companies, combined with an annual follow-up where we assess the impact of their transition efforts as well as financial returns. To ensure a constructive dialogue, we carefully analyse the ownership structure and governance model before investing," says Jessica Eskilsson Frank.

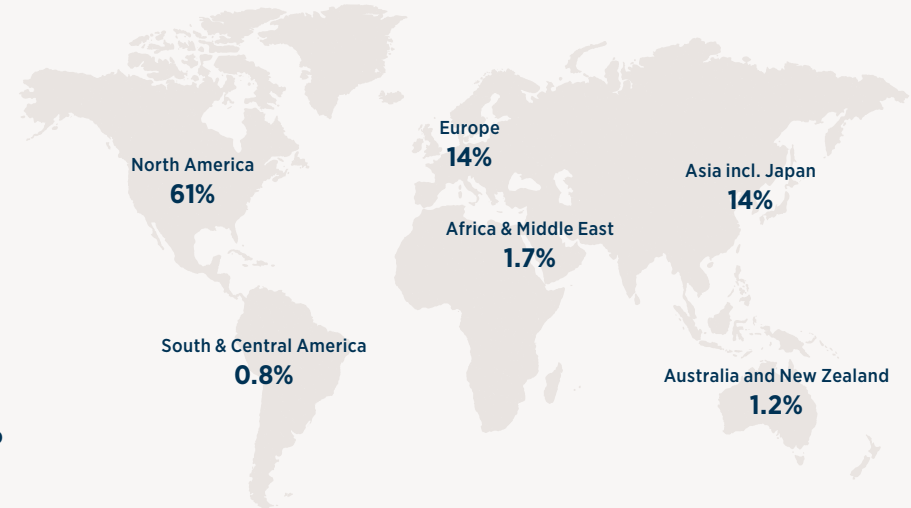
**Strengthened exclusion process**

The work on the transition portfolio has also influenced AP7's exclusion process, which was tightened during the autumn (see page 28). The aim is to enable more focused active ownership and ensure that climate-related exclusions are aligned with the transition portfolio strategy.

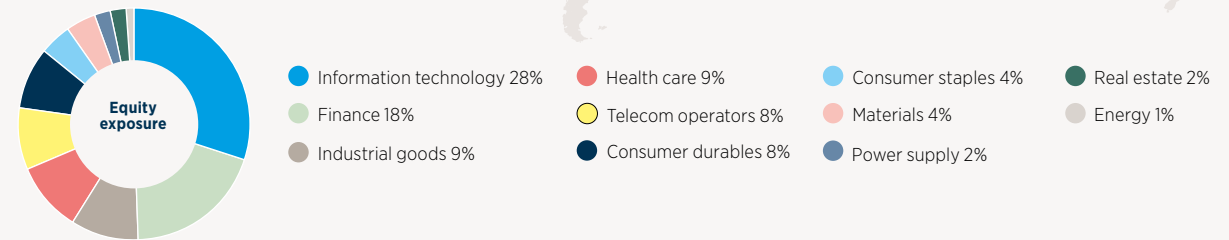
"Our ambition is to own in order to make a difference, but we need to prioritise our efforts. Through our enhanced climate exclusion process, we exclude companies where we assess that the potential for transition is limited. This allows us to free up resources and direct them where they can have the greatest impact," says Jessica Eskilsson Frank.

**REGIONS IN THE AP7 EQUITY FUND**

The dominating sectors and regions in the AP7 Equity Fund depend on their global market weighting. The US is the Equity Fund's biggest market, due to the size of the market value in global indexes. For the same reason, information technology is the dominating sector. Seven percent of the fund's capital is allocated to illiquid assets and cash.

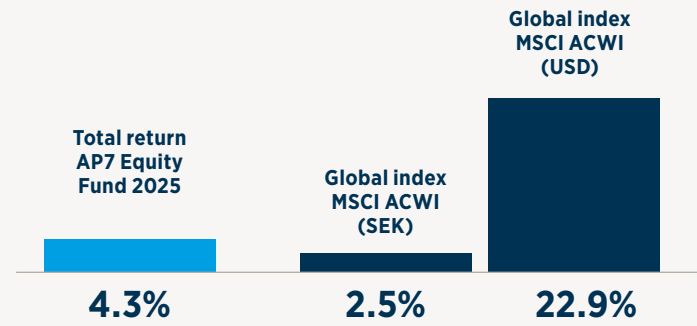


**SECTORS IN THE AP7 EQUITY FUND**



**CONTRIBUTIONS TO RETURN IN THE AP7 EQUITY FUND**

The return of the Equity Fund was 4.3 percent in 2025. The majority of the fund's capital is invested with global equity exposure, with a smaller share allocated to illiquid assets in private equity and real estate. During the year, the strengthening of the Swedish krona against the US dollar had a negative currency effect, but AP7 Equity Fund outperformed the global index measured in Swedish kronor. Read more about the performance of the diversifying elements on page 15.



# Alternative investments

**Since 2023, AP7 has been permitted to invest in illiquid assets, including private equity and real estate. The objective is to increase diversification and enhance risk-adjusted returns. The work to build up the portfolio has started. During the year, the management team has grown, and the investment process continues to be refined.**

## New focus on directly owned private equity funds

Within private equity (PE), AP7 has evolved from working exclusively with externally managed mandates. A portfolio of directly owned private equity funds is now being developed, focusing on mature companies in the United States and Europe.

“The private equity market has been affected by market uncertainty, which has made company valuations more challenging. In general, funds have divested portfolio companies at a significantly slower pace, and raising new capital from investors has taken longer. At the same time, competition among investors has

increased for the most successful funds, which have demonstrated strong returns combined with the ability to exit portfolio companies. We believe AP7 is well positioned to identify and build long-term relationships with successful funds, and in 2025 we initiated these investments,” says Maria Björklund, Head of Alternative Investments at AP7.

To contribute to value creation and strengthen the resilience of the PE portfolio, AP7 integrates sustainability into its private equity management. This is achieved through a combination of comprehensive sustainability due diligence prior to investment and ongoing dialogue and monitoring of managers during the ownership phase, enabling a structured approach to influencing sustainability and transparency issues.

## Recovery in real estate

AP7’s real estate portfolio includes the Urban Escape block in central Stockholm – an investment that has developed according to plan. The property is co-owned with AMF.

“After a few turbulent years, confidence in the Swedish real estate market has returned, partly due to falling interest rates and narrower credit spreads. We are seeing an increasing number of property transactions, and companies have good access to capital,” says Maria Björklund.

Sustainability is also central to the management of the real estate portfolio. The goal is for the entire portfolio to have credible, science-based climate transition plans by 2030, aligned with the Paris Agreement’s 1.5°C target.

“Swedish real estate companies are at the forefront, and sustainability is largely integrated into their operations. As responsible owners, we can contribute through a structured process for monitoring progress and engaging in dialogue on climate targets, energy efficiency, climate risks and continuous improvement,” says Maria Björklund.



# Fixed income management

**AP7’s bond portfolio is intended to stabilise risk and safeguard returns in AP7 Såfa. In 2025, the fund made its first investments in corporate bonds without government ownership.**

In 2025, the fixed income market was characterised by high volatility. Periods of concern and relief alternated, with political developments, worries about U.S. and French public finances, and inflation expectations driving yields in different directions.

Inflation gradually eased over the year. The Riksbank, like the ECB, cut interest rates on several occasions. The U.S. Federal Reserve began its rate cuts in the autumn and is expected to deliver a couple of additional cuts in 2026.

“The developments were highly volatile throughout the year. To manage the fluctuations, we actively adjusted duration positions. This contributed positively to returns, although the rapid rise in long-term yields during the second half of the year somewhat weighed on overall performance,” says Charlotte Sillén, Head of Fixed Income at AP7.

Overall, the AP7 Fixed Income Fund delivered a return of 3.2 percent.

## Expanded investment opportunities

Assets under management in AP7 Fixed Income Fund have grown significantly in recent years. To capitalise on the opportunities created by this growth, AP7 continued to modernise its fixed income management in 2025 and strengthened its resources to enable more efficient portfolio management.

Having previously invested only in Swedish bonds, AP7 began trading in bonds denominated in euros and US dollars toward the end of 2024, always currency-hedged to Swedish kronor. During the spring, development of the Fixed Income Fund continued, meaning it can now invest in a broader range of fixed income instruments. The active risk mandate may now be used for investments in corporate bonds with high credit quality (investment grade) subject to rating limits. During the year, the first investments were made in corporate bonds without government ownership.

## Fixed income management, cont'd.

“Diversifying the portfolio with a broader range of instruments creates better conditions for higher returns and increased risk diversification,” says Charlotte Sillén.

The corporate bond portfolio will be built up gradually and currently accounts for approximately 11 percent of the Fixed Income Fund. Of the total 19 corporate bond investments made during the year, ten were green bonds, spread across sectors including real estate, banking, energy, and industry.

“By broadening our investment universe, we gain access to a wider range of sustainable bonds, enabling us to accelerate progress on our sustainability agenda,” says Charlotte Sillén.

### Sustainable bonds continue to increase

In recent years, AP7 has increased the share of green bonds in AP7 Fixed Income Fund – bonds where the proceeds are earmarked for environmental projects (see fact box). The previous goal of 50 percent green bonds was achieved in 2024, one year ahead of schedule. AP7 has also invested in blue bonds, where the proceeds are directed to projects aimed at protecting oceans and marine environments.

AP7 is gradually expanding its investment universe to include additional formats of sustainable bonds. We will continue to invest in green bonds where appropriate, with the objective of increasing the capital allocated to sustainable bonds. We are also broadening our investments to include other types

of transition-financing instruments, including sustainability-linked bonds.

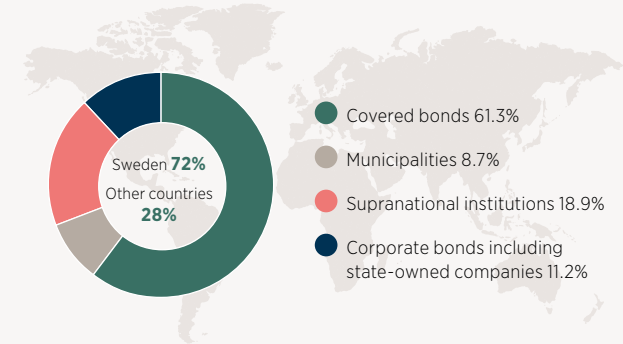
During the autumn, AP7 invested in two bonds issued to finance sustainability-linked loans (SLLBs) from the Nordic Investment Bank (NIB) and Nordea. The bonds aim to contribute to climate change mitigation and to support companies in their climate transition. AP7 also invested in a social bond issued by the City of Malmö, where the proceeds are earmarked for social initiatives, see page 26.

“NIB’s bond is a valuable addition that enables a balanced level of risk while strengthening AP7’s contribution to the climate transition,” says Charlotte Sillén.



### ISSUERS IN AP7 FIXED INCOME FUND

AP7 Fixed Income Fund is a low-risk fund that invests in corporate and covered bonds, as well as bonds issued by supranational organisations, primarily sustainable bonds. All holdings are currency-hedged to Swedish kronor.



### AP7 FIXED INCOME FUND

## SEK 83 billion in sustainable bonds

#### Examples of bonds held in AP7’s portfolio include:

- **Länsförsäkringar’s** green bond. The loan categories within the green framework include, among others, mortgages for customers with energy-efficient homes, loans for sustainable forestry and agriculture, loans for renewable energy production, and financing for low-carbon transport solutions.
- **Castellum’s** green property bond, which enables financing of specific projects and properties that meet sustainability requirements and contribute to reduced climate impact. The criteria include energy-efficiency improvements, high energy performance standards, and property certification.
- **Nederlandse Waterschapsbank (NWB)’s** blue bond, the proceeds of which finance critical water-related environmental projects in the Netherlands. The majority of investments support flood protection, coastal defence, and pumping stations, while the green framework also funds projects related to water quality and wastewater treatment, waterway management, and remediation of waterbeds.
- **SSAB’s** green bond linked, to the company’s transition to fossil-free steel production. SSAB aims to lead the steel industry’s green transition, and under its green financing framework funds environmentally efficient products, production technologies and processes, as well as renewable energy to reduce emissions. The long-term objective is to virtually eliminate carbon dioxide emissions from its own operations.
- **International Finance Corporation (IFC)’s** green bond, whose framework supports projects in areas such as renewable energy, energy efficiency, clean transportation, as well as climate adaptation and biodiversity.
- **Asian Development Bank (ADB)’s** blue bond, which finances a range of projects, from sustainable transport to coastal protection against extreme weather events that already threaten parts of Asia and the Pacific region.

# AP7's role in sustainable development

AP7's promise to savers is to generate strong returns in a responsible way. We have a duty to manage savers' pension capital in a way that contributes to a good world to retire in – especially for our youngest savers.

All capital is subject to requirements for responsible asset management, based on standards for human rights, labour conditions, the environment, and anti-corruption.

As a long-term global investor, AP7 can contribute to solutions through financing and active ownership that create real-world impact, reduce financial risks, and improve quality of life.

Based on AP7's mandate and investment philosophy, we contribute to sustainable development in our role as an active owner, enabler, and knowledge provider.

## AP7 as active owner

With a diversified global portfolio, AP7 can act as an active owner through voting, collaborations, and dialogue to promote sustainable development from a long-term perspective. As a bondholder, AP7 can also finance green projects while setting requirements for issuers.

**Read more on pages 23–28.**

## AP7 as enabler

AP7 invests in bonds and in companies whose operations contribute to solutions to sustainability challenges, for example climate innovation. AP7's transition portfolio enables investments in companies with significant climate impact that, with the support of active ownership, can transition in line with the Paris Agreement.

**Read more on pages 15–18 and 26.**

## AP7 as knowledge provider

AP7 works to develop and disseminate knowledge and to bring together policymakers, businesses, experts, and investors in a constructive public dialogue on sustainability. AP7 also aims to bridge the gap between academic research and practical application in sustainable investing.

**Read more on page 29.**

# AP7 aims to drive the climate transition

## AP7's climate work aims to drive the transition of the economy through active ownership and investments in businesses that contribute to reduced climate risks.

AP7's long-term mission – to generate strong returns for our savers – depends on the implementation of the Paris Agreement, and on global markets developing in a sustainable direction over time. The economic value at risk, as a result of climate change, is substantial. AP7 is also exposed to risks related to the necessary transition to a low-carbon society, including changing attitudes and consumption patterns, the replacement of old products with new ones, and tighter climate policies. With broad and global ownership, AP7 cannot avoid these risks; instead, we must monitor and manage them, primarily through active ownership and investments, but also through the development of norms and standards.

### AP7's climate action plan

To help achieve net-zero emissions by 2050, AP7 has a climate action plan that is updated annually. The plan outlines how we integrate climate considerations into active ownership, investments, and norms development, as well as our goals in these areas.



Read more in our climate action plan

### Responsible ownership

Climate change is one of AP7's focus areas, and we actively promote implementation of the Paris Agreement across all our active ownership activities. We are convinced that we create the greatest impact by encouraging companies to transition their operations and reduce emissions. AP7 uses the ownership tools at our disposal, including bilateral company dialogues, engagement linked to voting, and investor collaborations. Since 2025, we have also gained exposure to companies through corporate bonds, providing additional opportunities to communicate our climate expectations.

The goals we set for 2025, regarding enhanced active ownership and transition efforts among the portfolio companies with the highest carbon footprint, have now been completed, and we have adopted new goals for 2030. Read more in AP7's climate action plan.

### Responsible investments

AP7 invests in climate solutions through so-called green mandates across all asset classes: equities, fixed income, and unlisted assets. At the same time as these investments contribute to the climate transition, we increase our exposure to businesses that can benefit from the shift to a fossil-free economy.

In recent years, AP7 has increased the share of green bonds in the Fixed Income Fund. In 2025, the fund also invested in bonds financing sustainability-linked loans aimed, among other things, at supporting the climate transition. Investments in sustainable bonds rose in 2025 to SEK 83 billion, corresponding to 51 percent of the AP7 Fixed Income Fund. Read more about green bonds on page 18.

As of 1 January 2023, AP7's investment mandate has been expanded, allowing us to invest up to 20 percent of capital in unlisted assets, thereby enabling additional climate-related investments. In 2025, AP7 also adopted climate-related goals for real estate and private equity investments (unlisted companies).

### Transparency and policy dialogue

As a long-term universal owner, AP7 seeks to support systemic change and promote a capital market that is sustainable over time. We do so by advancing the development of norms and standards that influence a large number of companies. AP7 actively participates in investor initiatives, such as the Net Zero Investment Framework, to develop methods and frameworks for investors. One example of climate-related standards is the Global Standard on Responsible Climate Lobbying, which AP7 helped develop in 2022.

As part of AP7's climate work, we measure and report the total carbon footprint of the companies in AP7 Equity Fund. The footprint provides an indication of portfolio companies' emissions and serves as one of several inputs when prioritising companies for intensified active ownership. In 2025, emissions from companies in AP7's portfolio decreased, mainly due to expanded exclusions. Read more on page 40.

### The transition portfolio

In AP7's transition portfolio, we include companies with significant climate impact and sufficient transition potential, as well as companies that provide solutions enabling the climate transition. The transition portfolio is based on close collaboration between asset management and active ownership, with the aim of maximising both impact and financial value creation, as we work to accelerate the transition within portfolio companies. The goal is for the transition portfolio to account for 10 percent of the AP7 Equity Fund by 2027.

Read more on page 16.

Companies with significant climate impact and transition potential

Companies that contribute solutions to the climate transition

# Nature and biodiversity

**Nature and biodiversity have rapidly risen to the top of the sustainability agenda. Investors need to be able to understand and compare companies' dependencies on and impacts on these life-supporting systems. With TNFD, there is a global framework to support such assessments.**

Nature-related dependencies have become central to business and a strategic risk management issue alongside climate change. The launch of the Taskforce on Nature-related Financial Disclosures (TNFD) has therefore been a milestone, supporting investors in assessing these risks and strengthening their active ownership.

## Transition risks and physical risks

To gain a comprehensive view of nature-related risks, AP7 sees clear advantages in applying a double materiality perspective, taking into account both impacts on nature and dependencies on nature. These risks can be divided into transition risks and physical risks.

*Physical risks* relate to nature-related changes in ecosystems that affect, or are affected by, a company's operations. They also include systemic risks, where impacts on entire ecosystems may trigger cascading effects on other ecosystems, as well as on communities and businesses.

*Transition risks* may arise from legal or political changes that affect a company's ability to continue operations. Companies operating in sensitive ecosystems are also exposed to reputational risk if they engage in activities that harm the environment. For example, regulatory risks may emerge for companies active in protected areas, as countries consider tightening legislation. This has become more likely following the adoption of the Kunming-Montreal Global Biodiversity Framework at the UN Conference COP15 in 2022. Under the framework, countries agreed to protect 30 percent of the world's land, oceans, coastal areas, and inland waters by 2030. They also committed to restoring 30 percent of degraded ecosystems.

## TNFD analysis of AP7's portfolio

The analysis of the AP7 Equity Fund shows that the majority of the portfolio's assets have significant dependencies and impacts on nature and its ecosystem services. AP7's assessment of nature-related risks and dependencies in the Equity Fund is based on data from listed companies, which account for 93 percent of the fund's assets under management. The analysis, conducted with support from S&P Global, is based on the ENCORE tool and has been supplemented with location-specific data. Measured by market value, 86 percent of the portfolio is highly dependent on ecosystem services, and this applies across nearly all sectors. However, companies in different sectors depend on different ecosystem services, and therefore face different risks. Erosion control and mass stabilisation, bioremediation, and protection against floods and storms, are ecosystem services on which most sectors rely. The utilities and materials sectors showed the highest nature-related dependencies in the analysis.

In total, 37 percent of the analysed capital is invested in the sectors prioritised by TNFD as having the highest material impacts and nature-related dependencies.

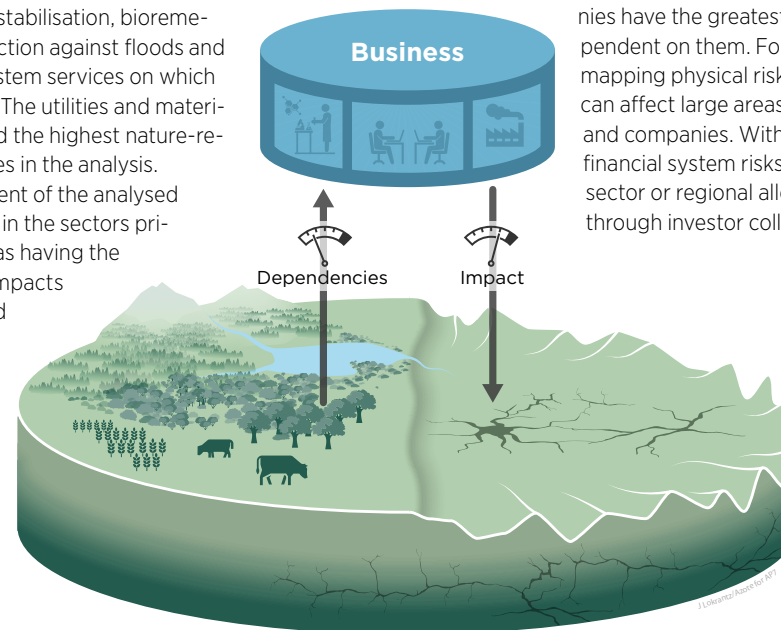
Companies representing 80 percent of

the analysed portfolio capital have at least one facility located in protected areas or key biodiversity areas.

Measured by total land area, portfolio companies in the utilities and real estate sectors have the largest share of assets located in protected areas or key biodiversity areas. The technology sector also stands out, as it represents a significant share of total assets under management. The analysis considers only companies' direct operations and does not include their value chains.

## Development of AP7's active ownership

The TNFD framework helps AP7 prioritise which companies to focus on in its active ownership work. Key considerations include which ecosystems have high natural value and which companies have the greatest impact on them, or are most dependent on them. For AP7, as a long-term universal owner, mapping physical risks is essential, as changes in ecosystems can affect large areas with consequences for both societies and companies. With a diversified global equity exposure, financial system risks cannot be avoided through tactical sector or regional allocation, but must instead be managed through investor collaboration and active ownership.



The starting point for assessing nature-related risks under the TNFD framework is double materiality, considering both impacts on nature and dependencies on nature. We are aware of the limitations in measurement methods and estimates used by global companies, which may affect the accuracy of the results.

Illustration: J Lokrantz/Azote

# Sustainability goals

AP7's sustainability work is guided by the ten principles of the UN Global Compact and the UN 2030 Agenda. These principles also underpin our sustainability goals. The climate transition is one of the most pressing sustainability issues, and we have now achieved the goals AP7 set for 2025, some of them ahead of schedule. We are therefore adopting new goals, with a horizon of 2030, which now cover all asset classes. These are published in our updated climate action plan, which describes how AP7 will contribute to achieving global net zero emissions by 2050. Read more on page 20.

<b>GOAL: Contribute to a secure pension</b>	<b>FOLLOW-UP</b>	<b>GOAL: Investments</b>	<b>FOLLOW-UP</b>
Continual saving in the default option should generate a long-term excess return of at least 2 percentage points per year, compared with the income pension.	Since 2000, the average capital-weighted return has amounted to 11.0 percent per year, compared with 3.4 percent per year for the income pension.	AP7 shall have green mandates across all invested asset classes.	The first investment in the transition portfolio was made in 2022. In 2023, a collaboration with L&G (formerly LGIM) was established to implement a joint transition strategy. In 2025, AP7 continued building the actively managed, internally run, transition mandate that was initiated in 2024. Read more on page 26.
<b>GOAL: Exercise active ownership</b>	<b>FOLLOW-UP</b>	AP7's transition mandate shall account for 10 percent of the Equity Fund by 2027. <sup>3)</sup>	The goal was achieved already in 2024. Green bonds amount to SEK 83.2 billion (SEK 76.4 billion in 2024) of the Fixed Income Fund's total of SEK 163 billion. We continue to invest in green bonds, with the aim of steadily increasing the capital invested in sustainable bonds.
AP7 shall act as an active owner and influence companies in a sustainable direction.	AP7 voted at 2 150 of 2 170 eligible general meetings (99 percent).	Increase the share of green bonds to 50 percent of the Fixed Income Fund by 2025.	Green investments in unlisted companies: SEK 0.9 billion (SEK 1.1 billion in 2024).
AP7 shall vote at no less than 95 percent of the general meetings in the equity portfolio.	AP7 engaged with more than 200 companies through strategic collaborations, including Climate Action 100+, Nature Action 100, Food Emissions 50, and the IIGCC Net Zero Engagement Initiative, among others. Within these initiatives, AP7 participated actively and/or held a leading role in around fifty of the engagements.		
	By the end of 2025, AP7 had excluded a total of 142 companies.	<b>GOAL: Establish sustainable norms</b>	<b>FOLLOW-UP</b>
	At year-end, AP7 was pursuing 13 legal proceedings together with other institutional investors.	AP7 shall help drive the development of sustainable norms and active ownership in national and international forums.	In 2025, AP7 was engaged in CA100+, Ceres, FAIRR, FinBio, ICGN, IIGCC, Nature Action 100, PRI, TPI, Global Child Forum, Investor Action on AMR, and the Methane Collaborative Engagement (with Nordea AM). AP7 was also a member of the TNFD steering committee. Read more about TNFD on page 21 and see page 42 for AP7 memberships.
<b>GOAL: Active ownership for climate transition</b>	<b>FOLLOW-UP</b>	<b>GOAL: Contribute to increased knowledge</b>	<b>FOLLOW-UP</b>
By 2025, all prioritised companies <sup>1)</sup> in AP7's portfolio are to be subject to intensified active ownership in order to achieve net zero emissions by 2050.	In 2025, 88 percent (92 percent in 2024) of the prioritised companies with the highest emissions were subject to intensified active ownership. We have further developed our climate strategy to direct resources where they have the greatest impact. This led to the assessment that the climate benefit of focusing on the remaining companies is not justified.	AP7 shall contribute to increased knowledge of sustainable investments and active ownership.	The thematic work on Universal Ownership concluded with the publication of a report and discussions on the topic; see page 29.
By 2025, at least 50 percent of the prioritised companies <sup>1)</sup> in AP7's portfolio are to be engaged in credible transition efforts.	In 2025, 56 percent (34 percent in 2024) of the prioritised companies with the highest emissions were engaged in credible transition efforts. <sup>2)</sup>		In 2025, focus has been on highlighting 25 years of the premium pension system. In addition, AP7 produces the podcasts Ågarpodden and Tånkonomi on responsible capital and rational behavioural economics, and shares insights through the pension blog Förvalt; see page 11.

<sup>1)</sup> The prioritised companies with the highest emissions account for 70 percent of the portfolio's carbon footprint (scope 1 and 2). In addition to these companies, AP7 conducts intensified active ownership with companies that, despite a lower footprint, have significant climate impact, for example through their scope 3 emissions. The list of prioritised companies is updated annually based on full-year data.

<sup>2)</sup> As a result of expanded data availability, the 2025 analysis covers more companies than in previous years, which largely explains the change in maturity level in 2025.

<sup>3)</sup> In light of a new strategic focus on managing a larger share of assets in-house, AP7's Board of Directors has decided to postpone the target (previously set for 2025) to enable the build-up of an internal transition management capability.

# AP7's methods of active ownership

A globally diversified portfolio with holdings across many countries and sectors forms the foundation of AP7's active ownership. As a universal and active owner, AP7 aims to influence the broader market in a long-term sustainable direction.

To achieve sustainable and responsible asset management, AP7 applies several methods of influence: engaging in dialogue, voting and engaging at general meetings, and pursuing legal action. Company dialogue is an integral component of all engagement activities. To maximise impact, these methods are often combined in an escalation process. The work is based on international conventions ratified by Sweden, covering human rights, labour rights, the environment, and anti-corruption. AP7's norm-based approach is further complemented and developed through thematic deep dives; see page 29.

## Influence through dialogue

Dialogue with companies underpins all of AP7's active ownership, and is conducted in various forms and based on different strategies. The purpose may be to influence individual portfolio companies, address issues across a sector, region, or value chain, or drive norm development in the capital market as a whole. AP7 engages with companies in several ways – for example within investor coalitions, in one-on-one meetings regarding matters such as our voting intentions, and in collaboration with an external service provider.

A relatively small number of companies in AP7's equity portfolio account for a large share of the carbon footprint. These are prioritised in our active ownership work, where various tools are used to accelerate their climate transition. In engagements with companies in the transition portfolio, the focus is on driving specific measures that create value while reducing emissions.

AP7 is also engaged in a large number of dialogues concerning reported norm violations. In 2025, AP7 conducted intensified engagement with 129 companies regarding 194 verified or potential violations, with the aim of encouraging responsible action. In addition, numerous dialogues were held on reported incidents, as well as dialogues with around one hundred companies within our climate and thematic work. To strengthen the impact of these engagements, AP7 collaborates with other investors.

When companies fail to demonstrate a willingness to change,

## AP7'S METHODS OF INFLUENCE

AP7 works through multiple methods at different levels to achieve real-economy impact through responsible asset management.

### Dialogue

Dialogue with companies is fundamental to all active ownership activities. Through engagement, AP7 can influence at multiple levels. The focus may be on individual companies as well as entire sectors and value chains. Engagement takes place within both the equity and fixed income portfolios. Through dialogue, AP7 can also contribute to the development of norms in the capital market.



### Voting and submitting proposals

Voting at general meetings is AP7's primary tool for influencing as many portfolio companies as possible, and advancing principle-based positions on sustainability issues. We also submit our own proposals for other shareholders to vote on.



### Collaboration

AP7 can increase its impact by collaborating with other actors with similar ambitions, for example by submitting joint shareholder proposals at general meetings or conducting joint engagement. Together with other investors, AP7 also develops norms, guidelines, and positions for responsible ownership.



Dialogue



Voting and submitting proposals



Collaboration



Investments



Exclusions



Illustration: Azote



### Investments

AP7 finances activities that contribute to sustainable development through green and other types of sustainable bonds, where the proceeds are earmarked for specific purposes. To help achieve global net zero emissions, AP7 has also developed a transition portfolio.



### Exclusions

AP7 does not invest in companies that violate international norms, or in companies where the potential to drive climate transition through engagement is deemed exhausted or too limited.



Dialogue with companies underpins all active ownership and is conducted in various forms and based on different strategies.



## Voting at general meetings is AP7's primary tool for influencing the vast majority of companies in the Fund's portfolio, and for advancing our principled positions on sustainability issues.

owners may need to adapt their methods. AP7's experience is that dialogue with individual companies in such cases is most effective when conducted in collaboration with other shareholders and when there is a readiness to combine it with other tools, such as voting or shareholder proposals at general meetings.

### Voting and engagement at general meetings

The general meeting is the highest decision-making body of each company, where shareholders are given the opportunity to actively influence the company's governance. Voting at general meetings is



AP7's primary tool for influencing the vast majority of companies in the fund's portfolio and for advancing our policy positions on sustainability issues. AP7's voting policy is available on our website ([www.ap7.se/proxy-votingrostning](http://www.ap7.se/proxy-votingrostning)).

In certain markets, AP7 may submit its own shareholder proposals at general meetings. To increase impact on particularly important issues, AP7 often collaborates with other investors to influence jointly owned companies.

Under the AP Funds Act, AP7 is not permitted to vote at Swedish general meetings. However, since 99 percent of the fund's holdings are outside Sweden, AP7 is able to vote at almost all meetings. On [ap7.se](http://ap7.se), it is possible to see how AP7 has voted on all agenda items at the 2,170 general meetings held.

The voting policy has been tightened on several occasions, and since 2023 we vote against agenda items in companies with high climate impact that have not taken the necessary steps in the climate transition.

### The 2025 AGM season

In 2025, AP7 voted at 2,150 of 2,170 annual general meetings, representing more than 99 percent.<sup>1)</sup> At 62 percent of the meetings, AP7 voted against the board's recommendation on at least one item or in favour of a shareholder proposal not supported by the board. During the year, AP7 voted at meetings in 50 countries. The United States, India, and Japan accounted for 48 percent of the meetings. AP7 voted on a total of 371 shareholder proposals on various sustainability issues, compared with 485 in 2024. AP7 supported 67 percent of these proposals, abstained on 3 percent of cases, and voted against 29 percent of proposals. Among other matters, AP7 voted in favour of proposals requiring companies to take responsibility for working conditions, human rights, and improved climate reporting.

AP7's voting policy places particular emphasis on the climate transition and deforestation risk, which led us to vote against the board's recommendation on climate-related grounds at 205 general meetings. When high-emitting companies fail to demonstrate sufficient ambition to contribute to the climate transition, AP7 votes against the board on the most relevant agenda item. Voting action is also taken against companies with inadequate climate reporting, insufficient management of deforestation risks, or those that, despite investor requests, do not review and disclose their climate-related lobbying. Read more about AP7's voting policy on page 25.

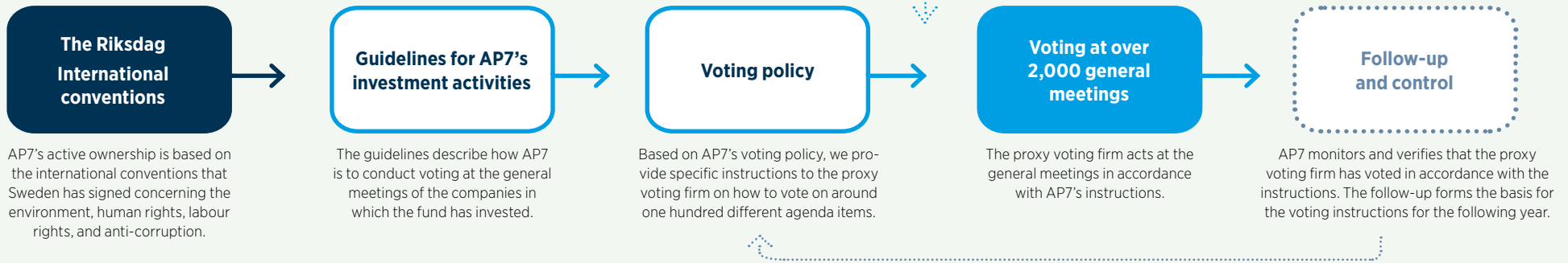
### Legal proceedings

AP7 selectively exercises the option, in matters of principle, to pursue legal action against companies that act contrary to AP7's view of sound corporate governance or otherwise disregard shareholders' interests. The primary purpose is to highlight and deter corporate misconduct.

<sup>1)</sup> One reason why the number of general meetings exceeds the number of companies in the portfolio is that companies may hold several meetings during the same year. Another reason is that the number of companies in the portfolio decreased during the second half of the year, while most companies hold their meetings in the first half of the year.

# How AP7 votes at over 2,000 general meetings

Voting at general meetings is one of AP7’s tools for influencing the companies in which we invest. With savers’ interests at heart, the overall objective is to ensure that companies are managed as sustainably, responsibly, and efficiently as possible. AP7 aims to vote at all general meetings and each year votes at around 99 percent of those where we hold voting rights. However, in accordance with the AP Funds Act, we do not vote at general meetings of Swedish companies.



AP7’s active ownership is based on the international conventions that Sweden has signed concerning the environment, human rights, labour rights, and anti-corruption.

The guidelines describe how AP7 is to conduct voting at the general meetings of the companies in which the fund has invested.

Based on AP7’s voting policy, we provide specific instructions to the proxy voting firm on how to vote on around one hundred different agenda items.

The proxy voting firm acts at the general meetings in accordance with AP7’s instructions.

AP7 monitors and verifies that the proxy voting firm has voted in accordance with the instructions. The follow-up forms the basis for the voting instructions for the following year.

**Voting regarding climate and deforestation risks**  
 We apply specific requirements to companies with significant climate and/or deforestation impact. When we are dissatisfied with a company’s performance, we vote against the relevant agenda items. The results are published on our website.

## Guidelines and international conventions

To vote at more than 2,000 general meetings in 50 countries, AP7 uses proxy voting through a voting agent. The instructions to the proxy voting firm are based on AP7’s investment guidelines, which in turn build on the international conventions Sweden has signed on the environment, human rights, labour rights, and anti-corruption – for example, the UN Global Compact, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the UN Principles for Responsible Investment, and the 2030 Agenda.

## Process for voting at 2,000 meetings

The process begins with a review of external developments and an evaluation of the previous year’s voting, forming the basis for preparing this year’s instructions across more than 400 issue areas. The proxy voting firm then casts votes at over 2,000 meetings in accordance with AP7’s instructions. After the AGM season, a follow-up is conducted to analyse and verify that voting was carried out in line with the instructions.

## Voting principles

AP7’s voting policy covers several areas, and the principles are based, among other things, on the importance of transparency. For example, AP7 supports shareholder proposals that call for companies to disclose executive remuneration and remuneration policies, environmental risks and liabilities, donations to political parties or lobbying organisations, as well as their work on gender equality or their climate impact.

AP7 also votes on corporate governance matters relating to board composition, remuneration, and capital structure, as well as on business ethics issues such as anti-corruption and taxation.

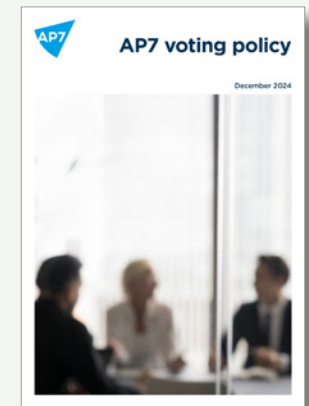
AP7 advocates for balanced gender representation and increased diversity on company boards and at all levels within companies. AP7 generally votes in favour of shareholder proposals calling for the nomination of more women and minorities to boards, improved reporting on measures to enhance diversity and gender equality in operations, and the introduction of anti-discrimination policies.

Through the voting policy, AP7 advocates that companies support and respect human rights and good working conditions throughout

their operations and across their supply chains. AP7 also promotes efforts by companies to reduce their negative environmental and climate impact, and to advance the development and dissemination of climate-smart business solutions and technologies.

To drive change in companies with significant climate or deforestation impacts, AP7 voted during the year against relevant board members at general meetings where companies failed to meet basic requirements for responsible management of these issues.

➔ [Read more in AP7’s voting policy](#)



## Examples of responsible ownership in 2025

### SOCIAL AND SUSTAINABILITY-LINKED BONDS

AP7 participated as an investor when the City of Malmö, as the first Swedish municipality, issued a social bond in September 2025. The bond will finance projects in Malmö, primarily carried out by MKB Fastighets AB, one of Sweden's largest municipal housing companies, owned by the City of Malmö.

The bond is earmarked for projects that help prevent, address, and resolve social challenges faced by vulnerable groups within four themes: sustainable living environments; health, culture, and leisure; employment and education; and inclusion, trust, and integration.

Examples of initiatives that may be financed include housing with rent levels set so that 80 percent of households in Malmö, including low-income households, can demand and afford a home, as well as new schools with a focus on social inclusion and long-term societal benefit. AP7 has invested SEK 200 million in the bond.

AP7 also invested in two Sustainability-Linked Loans Financing Bonds (SLLBs) issued by the Nordic Investment Bank (NIB) and Nordea, respectively. The bonds each contain a portfolio of loans in which the terms are linked to companies' achievement of specific sustainability targets, including climate transition goals. The sustainability-linked structure creates strong incentives for genuine transition within the companies' operations.

- AP7 invests in social bond
- AP7 participates in NIB's Sustainability-Linked Loans Financing Bond
- AP7 invests in Nordea's Sustainability-Linked Loans Financing Bond



### THE TRANSITION PORTFOLIO IS FURTHER DEVELOPED

In 2025, our internal mandate for the transition portfolio was launched, and the first investments have been completed. An external mandate managed by Legal & General Investment Management (L&G) has previously been established.

Ahead of investment decisions, we meet with portfolio companies to deepen our understanding of their operations and climate strategies. This also provides an opportunity to establish more direct contact. In 2025, the equity and sustainability teams participated in a number of investor conferences, and held 26 meetings with 20 companies evaluated for potential inclusion. We also regularly gather broader insights into relevant sectors from experts and other stakeholders.

We have focused our analytical work on a limited number of investment areas, including cement, oil and gas, utilities, and sustainable construction. Within these areas, we evaluate companies that are critical to enabling the transition of entire value chains, as well as the transition potential of companies that currently have significant climate impact.

→ [Read more on page 16.](#)

## Examples of responsible ownership in 2025

### DEFENSE OF MINORITY SHAREHOLDERS' RIGHTS IN THE UNITED STATES

In March 2025, AP7 urged the Delaware General Assembly to reject a proposal for extensive amendments to the state's corporate law.

The background was a legislative proposal entailing significant changes to how corporate governance and shareholder rights are governed in Delaware. The proposed amendments aimed to provide greater protection for corporate executives, who hold controlling stakes in their companies. By granting controlling shareholders and management immunity from liability, the legislation could encourage reckless decision-making, undermining corporate governance standards, and jeopardising long-term shareholder value.

This has significant implications for U.S. companies, as nearly two-thirds of all listed companies in the United States are incorporated in Delaware, and are therefore governed by the state's corporate laws.

The bill was passed despite appeals from AP7 and other investors. As a major investor with substantial holdings in U.S. companies, AP7 views the legislative change with serious concern.

AP7 remains committed to making its voice heard on issues relating to sound corporate governance and the protection of shareholder rights.

[→ Read more](#)

### AP7'S ENGAGEMENT IN CLIMATE ACTION 100+

As an active member of Climate Action 100+, AP7 continues to drive progress in the climate transition among the world's largest emitters. This year's assessment shows that most companies have reduced both emissions intensity and absolute emissions, and that an increasing number are aligning their strategies with a credible 1.5°C pathway.

Transparency is gradually improving, with more comprehensive reporting on climate solutions, offsetting measures, and emissions reductions. At the same time, significant gaps remain, particularly regarding how capital allocation supports the transition.

Emission reduction targets are common in the medium and long term, but short-term targets remain less common. Progress within climate-related disclosure and auditing has stalled, although partial assessments may still provide guidance on good practice.

After several years of progress, companies' work on climate policy and advocacy levelled off in 2025, underscoring the need for continued investor pressure and collaboration to achieve the goals of the Paris Agreement.

[→ Read more](#)



# A risk-based approach to exclusions

## NORM-BASED EXCLUSIONS

AP7 expects the companies in which we invest to comply with the international norms expressed in the ten principles of the UN Global Compact on human rights, labour rights, the environment, and anti-corruption. AP7 does not invest in companies where there is verified information that they are violating these norms, which constitute our minimum acceptable standard and form the basis for exclusion. In 2025, we expanded the grounds for excluding companies with particularly high and difficult-to-assess sustainability risks. The framework will be implemented gradually over the coming years. AP7 also excludes companies involved in the development and production of nuclear weapons.

## CLIMATE EXCLUSIONS

Since 2017, AP7 has used the Paris Agreement as a basis for exclusion. The approach has since been gradually developed:

- Since 2020, AP7 has excluded companies with high absolute climate impact in coal production and coal-fired power that have expansion plans for their fossil operations. This is based on research showing that phasing out coal as an energy source is the single most important measure to curb climate change.
- A further development took place in 2022, when the fund decided to exclude coal companies unable to demonstrate credible transition plans and oil companies that do not intend to phase out their oil sands operations.
- In 2024, AP7 expanded the criterion to include the largest oil companies that lack climate transition plans. The continued development of the exclusion process resulted in just over 30 fossil fuel companies being excluded in 2025, bringing the total number of companies excluded on environmental and climate grounds to around 100.
- In 2025, AP7 further developed the process by also excluding companies where the opportunities to influence a climate transition are assessed to be exhausted or too limited. The change is expected to lead to more focused asset management and active ownership, clearly aimed at promoting sustainable development without compromising returns for savers.

### Excluded companies in 2025

In December 2025, a total of 142 companies were excluded from AP7's investment universe as a result of acting in direct violation of the principles of the UN Global Compact or the Paris Agreement, or due to an elevated risk of breaching them and insufficient preparedness to manage that risk.

[→ Read more](#)

## TESLA INC. EXCLUDED ON LABOUR RIGHTS GROUNDS

In spring 2025, AP7 excluded Tesla due to the company's handling of verified violations of trade union rights in the United States. For an extended period, the company faced criticism for an anti-union position and for actively opposing employees' right to organise. Tesla has repeatedly been found in violation by the U.S. National Labor Relations Board (NLRB) for restricting employees' ability to discuss wages and working conditions. AP7 initiated dialogue with Tesla as early as 2020. Although the company initially signalled a willingness to make improvements, it failed to follow through on its commitments. We gradually escalated our engagement, including filing shareholder proposals at the 2022 and 2024 annual general meetings calling

for better working conditions and stronger safeguards against discrimination, harassment, and anti-union practices. The proposals received significant support, yet Tesla did not act. After exhausting conventional ownership tools – dialogue, collaboration, and voting – AP7 concluded that exclusion was the only remaining course of action. The decision reflects not only longstanding violations of trade union rights, but also governance shortcomings, including the lack of an independent board, leaving the CEO's influence insufficiently balanced and limiting responsiveness to shareholders.

[→ Read more](#)



# AP7's thematic work

**AP7 complements its ownership governance work with thematic initiatives that run for three years. This is a way for AP7 to deepen its focus and engagement in particularly important areas. During the year, the theme Universal ownership was concluded.**

By focusing on a limited number of parallel themes, AP7 can deepen its expertise in complex areas linked to sustainability priorities and drive impact through deeper knowledge.

When selecting a new theme, we apply a set of clear criteria. First, the area must be relevant to AP7's holdings and asset classes. We must also have a realistic opportunity to make a meaningful difference in a resource-efficient manner, and there must be suitable partners to collaborate with in order to share knowledge and advance the work.

AP7's thematic initiatives guide priorities during the three-year period and shape the dialogue with portfolio companies, as well as engagement related to annual general meetings. AP7 also strengthens collaboration with other stakeholders to advance standards and norms in the relevant field. In 2024, the theme Universal ownership was concluded and summarised in a report published in 2025.

## Theme 2025–2027: Sustainable construction

The construction and real estate sector has a significant climate impact and offers opportunities to drive concrete, positive change in the real economy. We also see attractive investment opportunities in this area, with the potential to generate strong risk-adjusted returns. The theme strengthens the link between investments, risk management, and sustainability. At the same time, we believe the timing is right, as new regulations and rising sustainability requirements are creating both opportunities and incentives for change within the construction and real estate sector. This is the first theme led by the asset management function and will focus on three objectives: investment impact, active ownership, and knowledge sharing.

## Ongoing thematic initiatives:

Board responsibility (2023–2025), Nature (2024–2026), Sustainable construction (2025–2027)

## Previous thematic initiatives:

Private equity, Climate, Freshwater, Climate lobbying, Labour conditions in green industries, Sustainable impact measurement, Climate transition, Deforestation and biodiversity, Universal ownership

[Here you can find our insights from previous thematic initiatives](#)

[Read more at ap7.se](#)



[Read more at ap7.se](#)



**The theme Universal ownership was concluded in 2024.** A report summarising the work was published in 2025.

## UNIVERSAL OWNERSHIP TAKES A SYSTEMS PERSPECTIVE

Together with a group of engaged stakeholders, we reflected on the concluded theme Universal ownership. The discussion is available to watch on YouTube.

Our guests were Caroline Escott, Head of Investment Stewardship at Railpen; Rogier Snijdewind, Director of Active Ownership at PGGM; Sonja Laud, CIO at L&G; and Dr Emilio Marti, Associate Professor at Rotterdam School of Management.

The discussion was moderated by Johan Florén, Communication Officer and senior advisor ESG at AP7.



# Employees

**In a small organisation such as AP7, each employee's competence and drive are crucial to fulfilling the Fund's mission. By fostering a workplace characterised by humility, accountability, and collaboration, employees are given the conditions to thrive, develop and feel engaged.**

AP7 is in an important phase of development, progressively transitioning from an outsourced model to greater in-house management, strengthening our execution capabilities. To deliver on the Fund's mandate and build a robust and efficient organisation, several strategic recruitments were made during the year.

## Team spirit, trust and competence development

AP7 values a strong sense of team spirit, where everyone feels involved and takes responsibility for the whole. By building on a culture characterised by trust, we create space for both courage and creativity, enabling us to explore new ways of working and learn from one another.

Professional development is a natural part of our operations and a prerequisite for remaining at the forefront. We encourage continuous learning, the exchange of experience, and an active pursuit of knowledge to strengthen both the individual and the organisation.

Collaboration across departments is central to our success. By drawing on each other's perspectives and expertise, we create better solutions, a more sustainable working environment, and long-term value for the Fund's operations. By acting with respect, attentiveness, and a shared focus on common goals, we foster a culture in which we support one another and drive development forward together.

## Diversity and gender equality

Different experiences and perspectives are essential to an innovative work environment, and we view diversity as a strength. AP7 actively promotes gender balance across the organisation, and diversity is included as a parameter in recruitment processes. AP7 also works proactively to prevent all forms of discrimination.

At year-end 2025, AP7 had 74 employees, of whom 40 were women. All employees are covered by the BAO-JUSEK (SACO) collective bargaining agreement. The executive management team consists of seven members, of which three women and four men.

Including the executive management team, there are 16 managers with staff responsibility, evenly distributed between women and men. During 2025, 25 employees joined AP7. Seven employees left the organisation, one due to retirement. AP7 conducts an annual pay survey to ensure that there are no unjustified pay differences between women and men within the organisation.

## A sound working environment

A healthy working environment, both physical and psychosocial, is essential to promoting employee health and well-being. A flexible way of working, based on individual responsibility, enables AP7's employees to maintain a good work-life balance.

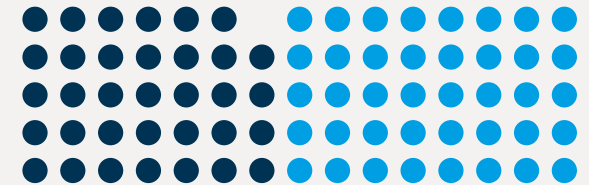
To mitigate health-related risks, AP7 conducts systematic work environment management practices that includes continuous improvements. The work environment policy, action plan, risk assessments, and procedures are reviewed annually by management together with the health and safety representative and union representative, and revised when necessary.

Ongoing dialogue is essential to improving the working environment, and all employees are expected to contribute to this work. Health-promoting initiatives are prioritised, including a wellness allowance, voluntary private health insurance, health check-ups, and team-building activities.

Through monthly pulse surveys, AP7 gathers feedback on employees' well-being and their experience of the working environment. The surveys enable us to respond quickly to emerging issues and implement measures when needed. AP7 also conducts a comprehensive employee survey to identify longer-term trends. The most recent survey was carried out in November 2025. The overall results are positive, with an eNPS score of 50, indicating high levels of engagement and loyalty among employees. The Fund will analyse the results in greater depth and address any areas for improvement, both across the organisation and at the departmental level.

## Employee data 2025

**74** employees, of whom **54** percent women



2024: 56 employees, of whom 45 percent women

**7** members of the management team, of whom **3** women

2024: 7 members, of whom 3 were women

Average age **47 years** (2024: 48 years)

Employee turnover **10.8 percent\*** (2024: 3.6 percent)

Sick-leave **1.8 percent** (2024: 2.0 percent)

\* In 2025, 25 employees joined the Seventh AP Fund. Seven employees left the organisation, one due to retirement.

AP7 is in an important phase of development, progressively transitioning from an outsourced model to greater in-house management, strengthening our execution capabilities.



### RECRUITMENTS TO THE ORGANISATION

**In 2025, AP7 continued to strengthen the organisation in line with its strategic objectives and made several recruitments.**

Within Asset Management, several new senior appointments have been made. Senior portfolio managers have also been recruited with expertise in alternative investments, global equities, fixed income, trading, and asset allocation. At the same time, operations have been strengthened with new employees in the departments Finance & Risk, and Business Development and Asset Operations. Expertise has also been expanded at unit level within sustainability & active ownership, IT, communications, HR, and fund and securities administration. During the year, analytical capacity was further enhanced through students from KTH Royal Institute of Technology, Uppsala University, and the Stockholm School of Economics, who contributed to projects related to saver value, sustainability, and fund administration.



# The Board's work and the Fund's governance

## AP7's operations are governed by the Swedish National Pension Funds Act. The Board is responsible for the Fund's organisation and management.

The Seventh AP Fund is a government agency tasked with managing premium pension assets on behalf of the Swedish public. Its operations are governed by the Swedish National Pension Funds Act (AP Funds Act), which stipulates that the AP Funds have their own independent boards responsible for the organisation and management of each fund. Unlike other Swedish government agencies, the Fund's operations are not governed by additional government directives.

Each year, the Government adopts the AP Funds' income statements and balance sheets. On behalf of the Government, the operations of the AP Funds are also evaluated annually. This evaluation is presented to the Riksdag in a written communication.

### Composition of the Board

The Board of the Seventh AP Fund is appointed by the Government and consists of nine members. The members are appointed on the basis of their expertise in promoting sound fund management and must be Swedish citizens. The Fund's CEO is not a member of the Board. Board appointments normally run for a maximum of eight years.

### The Board's duties and responsibilities

AP7's Board has ultimate responsibility for the Fund's operations and organisation, as well as for the management of its assets. Responsibility for day-to-day management is delegated to the Fund's CEO through the Board's instructions. To the extent that the Board's work is not governed by the AP Funds Act, it is primarily regulated by the Rules of Procedure adopted annually by the Board.

Each year, the Board adopts AP7's business plan, which includes objectives and guidelines for investment activities and ownership governance, a risk management plan and a budget in accordance with the AP Funds Act. The Board also adopts overarching policies and governing documents, considers strategic matters of material importance, ensures that decisions are implemented, and that operations and associated risks are followed up and controlled in an appropriate manner. The Board is also responsible for appointing AP7's CEO and, if deemed necessary, a Deputy CEO.

The Board evaluates the CEO once a year at a meeting at which the CEO is not present. The Board also conducts an annual evaluation of its own work in order to further develop its working methods. In addition, the level of information provided in the Board materials is reviewed annually.

### The Board's work in 2025

In 2025, the Board held six ordinary meetings. In addition, in March the Board adopted a resolution per capsulam regarding the allocation of surplus in the operations of the Seventh AP Fund. At each ordinary

meeting, the Board reviews the portfolio's asset allocation and any changes in it, as well as the Fund's performance and management's outlook on market developments. In addition, executive management submits written reports to each meeting. The control functions report in writing to the Board on a quarterly basis.

In 2025, the Board's work focused extensively on the development of AP7's operations in line with the strategic plan adopted in December 2023, which runs through the end of 2027. A central element of the plan is value creation with a clear focus on savers, adapted to today's and tomorrow's growing assets under management. With a maturing premium pension system and an increasingly complex external environment, it is essential that the Fund has the ability to continuously evaluate and, when necessary, adjust its model to ensure it remains robust as more savers enter retirement. The plan also includes an updated investment process designed to enable clear value creation, integrate sustainability into asset management, and expand into alternative assets. As part of this work, the Board during the year adopted decisions regarding revised governance and delegation procedures for the exclusion of companies from the Seventh AP Fund's investment universe.

The Fund's CEO attends Board meetings, and other employees may be invited to participate as experts or presenters on specific matters. The Fund's General Counsel serves as Secretary to the Board.

In addition to the ordinary meetings, members of the Board met within three committees: the Executive Committee, the Asset Management Committee, and the Audit Committee. See the adjacent table for each member's attendance at these meetings.

#### Attendance at board meetings and board committee meetings

Member	Board meetings	Executive Committee	Asset Management Committee	Audit Committee
Per Frennberg, Chairman	6 of 6	8 of 8	5 of 5	
Emma Ihre, Deputy Chair	5 of 6	8 of 8		6 of 6
Susanne Ekblom	5 of 6			6 of 6
Elisabeth Frayon	6 of 6		5 of 5	
Henrik Saxborn	6 of 6		5 of 5	
Mikaela Valtersson	6 of 6			5 of 6
Magnus Vesterlund	6 of 6			6 of 6
Anders Wihlborn	5 of 6		5 of 5	
Ossian Ekdahl	6 of 6		5 of 5	

**The Board’s work and the Fund’s governance, cont’d.**

**Board remuneration**

Remuneration and other compensation to the Board are determined by the Government. Board fees remain unchanged and amount to SEK 200,000 per year for the Chair, SEK 150,000 for the Deputy Chair and SEK 100,000 for each of the other members. For committee work and other special assignments, the Government has set an annual framework of SEK 100,000 to be allocated among the members. Based on this, the Board has resolved that remuneration of SEK 9,000 is payable for work on the Audit Committee and the Asset Management Committee, with double remuneration to the respective Chair. No remuneration is paid for work on the Executive Committee.

**Board committees**

The Board of AP7 has established three committees: Executive Committee, Asset Management Committee, and Audit Committee. The committees prepare matters for consideration by the Board.

**Executive Committee:** The Committee prepares matters for the Board’s work. In 2025, it consisted of Per Frennberg (Chair) and Emma Ihre (Deputy Chair), with AP7’s CEO, Pål Bergström, permanently co-opted. The Executive Committee also serves as AP7’s remuneration committee. The CEO and the HR Manager are co-opted to the Remuneration Committee but do not participate in matters relating to their own remuneration.

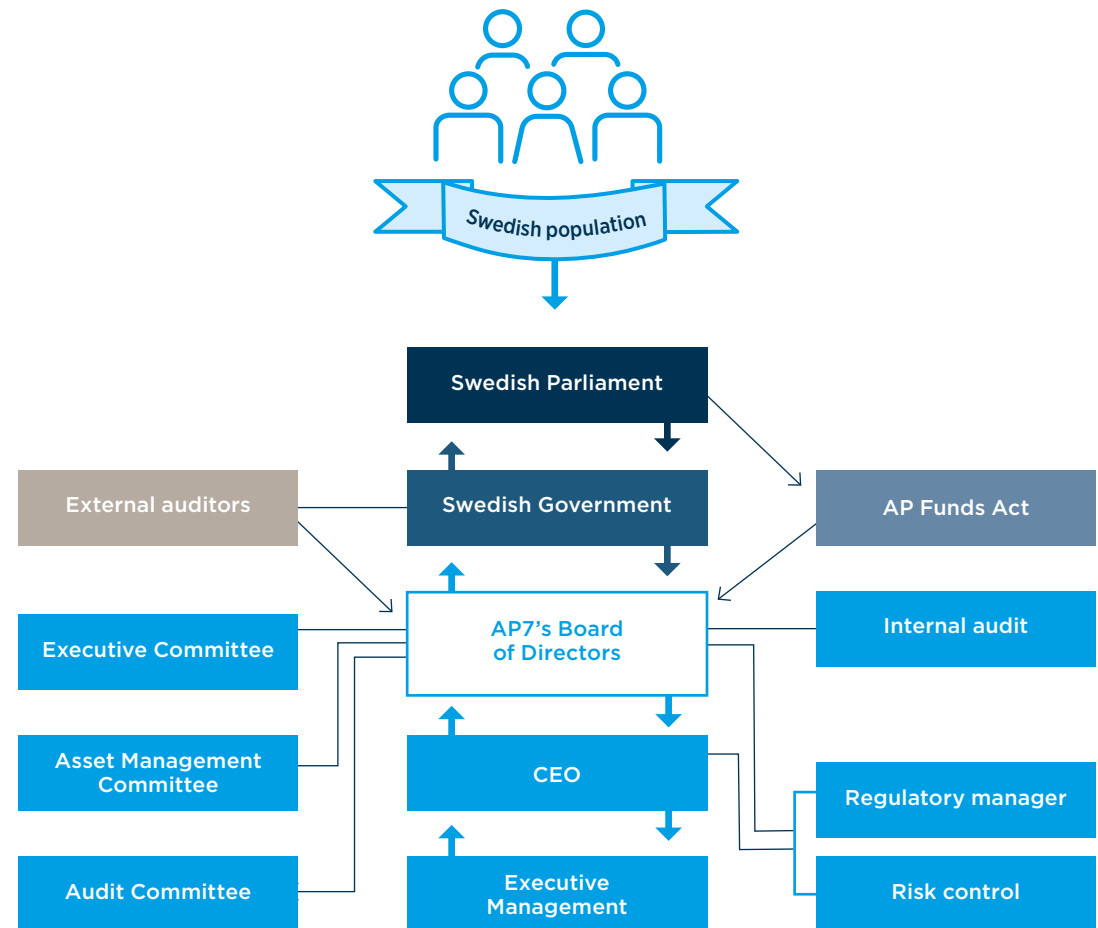
**Asset Management Committee:** The Committee prepares matters for the Board relating to asset management. In 2025, it consisted of Per Frennberg (Chair), Henrik Saxborn, Anders Wihlborg, Elisabeth Frayon and Ossian Ekdahl.

**Audit Committee:** The Audit Committee prepares matters for the Board relating to financial reporting, accounting, internal control, external and internal audit, risk management, and compliance. In 2025, it consisted of Susanne Ekblom (Chair), Emma Ihre, Magnus Vesterlund, and Mikaela Valtersson.

**Conflicts of interest**

AP7’s management of conflicts of interest is set out in the Guidelines for the Management of Ethical Issues, which are adopted annually and presented in connection with the introduction of new Board members. If a risk of a potential conflict of interest is deemed to exist, the Chair of the Board is informed and, in cases of uncertainty, the matter is escalated to AP7’s regulatory bodies. At each board meeting, any potential conflicts of interest are also reported based on the circulated agenda. The Board members’ other assignments are presented on pages 35–36.

**AP7’s governance structure**



# Internal and external control

The Board is responsible for ensuring that AP7 maintains sound internal control. To this end, the Board adopts overarching guidelines for the operations, including instructions and delegation of authority to the CEO. The Board also determines the extent to which the CEO may further delegate responsibility and decision-making authority.

## External auditors

AP7's auditors are appointed by the Government. The current auditors are Helena Kaiser de Carolis and Peter Nilsson of PwC. They are also appointed auditors of the First, Second, Third, Fourth, and Sixth AP Funds. The assignment includes the audit of the operations, including internal control and management, the annual reports of the managed funds and the Fund's annual report. The auditors issue audit reports, expressing their opinion on the financial statements and the management based on their audit. The assignment also includes reviewing AP7's compliance with the accounting and valuation principles, jointly adopted by the AP Funds and assessing whether the financial statements present a true and fair view of the operations. The auditors are also mandated by the Government to review AP7's compliance with the Guidelines for Terms of Employment for Senior Executives in the AP Funds.

The auditors report directly to the Board through a written audit report and an oral presentation. They attend at least one Board meeting per year and report annually to the Ministry of Finance.

## Risk management

The objective of AP7's cohort-based asset management is, in accordance with the statutory objective of the premium pension system, to offer high-quality pension savings. This means that the return on pension savers' funded assets should clearly exceed the change in the income index, and that premium pension payments should become increasingly predictable and stable, taking into account the remaining payout period (Act 2022:761). The Board's interpretation of this objective is that the return for those who remain in the default option, AP7 S fa, throughout the entire savings period should exceed the return of the income pension by an average of at least 2 percentage points per year.

The operational objective is expected to be achieved by investing the Fund's capital, which thereby entails exposure to a range of financial and non-financial risks. The ultimate limits for the Fund's

financial risk-taking are set out in the Swedish National Pension Funds Act. Based on these limits and the operational objective, the Board defines an overall risk appetite specifying which risks are accepted in order to achieve the objective. The Investment Guidelines, the Guidelines for the Management of Financial Risks, as well as the Guidelines for the Management of Operational Risk, are the governing documents that describe the principal risks associated with the operations, the Board's appetite for different types of risks, and how they are to be managed, monitored and controlled. The CEO is responsible for the day-to-day management of the Fund, and for ensuring that the Board's guidelines are followed, as well as for organising sound governance and internal control of the operations, including risk monitoring.



## RISK MANAGEMENT

AP7's risk management is based on the three lines of defence principle.

**1. The first line of defence consists of the operations,** including asset management and all supporting departments and units. As the operations are responsible for risk management and compliance, all managers and employees are responsible for identifying and managing risks within their respective areas of responsibility. Controls are performed continuously throughout the transaction process. Identified deficiencies and incidents are reported in AP7's incident reporting system.

**2. The second line of defence comprises AP7's risk control and compliance functions.** The primary responsibility of the compliance function is to review the operations' compliance with external and internal regulations, while the risk control function reviews financial and operational risk. The responsibilities of the control functions include ensuring that the operations remain within established limits, comply with instructions and any applicable restrictions, and that identified risks are managed satisfactorily by the organisation.

The Compliance Officer and the Chief Risk Officer report to the CEO. The functions also have direct reporting responsibility to the Audit Committee and the Board. The independent role of the functions is ensured by:

- the Remuneration Committee determining the remuneration of the Compliance Officer and the Chief Risk Officer,
- the appointment or dismissal of the Compliance Officer and the Chief Risk Officer being made by the CEO only in consultation with the Chair of the Board,
- the budgets for the functions being determined by the Board based on proposals submitted personally by the Compliance Officer and the Chief Risk Officer.

**3. The third line of defence is internal audit.** AP7's risk management is quality assured by the internal audit function through regular audits and evaluations of relevant areas to ensure that it is effective and appropriate. Through these reviews, the internal audit function contributes to the ongoing development of processes in the other lines of defence. AP7's internal audit function is outsourced to an external audit firm appointed by the Board's Audit Committee and reporting to the full Board. The Board adopts an annual audit plan for the internal audit function.

Ongoing reporting is provided to the Audit Committee, and an annual report is submitted to the full Board. Identified areas for improvement are addressed in day-to-day operations and followed up by AP7's management team and the Audit Committee.

# Board of Directors



## PER FRENBERG

### Chairman of the Board

Chair of the Executive Committee and the Asset Management Committee

**Elected:** 2018

**Other assignments:** Head of Investment, Euro Accident Livförsäkring, Member of the Investment Committee of the Natur & Kultur Foundation.

#### Previous assignments:

Strategist, portfolio manager, interest manager, and asset management manager at Alecta. Researcher and lecturer in financial economics at the School of Economics at Lund University.

**Education:** PhD in Economics, Lund University

**Year of birth:** 1964



## EMMA IHRE

### Deputy Chair of the Board

Executive Committee, Audit Committee

**Elected:** 2018

**Other assignments:** Head of ESG and Nordic Public Affairs, Asmodee; Board member Praktikertjänst; Member of Skandia's Council.

#### Previous assignments:

Head of Sustainability Embracer Group; co-opted member of the Board and Investor Ombudsman of the Nordkinn Asset Management hedge fund; Board member of Sida; Head of Sustainability at Mannheimer Swartling; Advisory Board Member of Lund Institute for Sustainability Impact; Chairman of the Board of Global Compact Network Sweden; Responsible for sustainable entrepreneurship at the Swedish Ministry of Finance; Head of Corporate Engagement at Ethix SRI Advisors; Managing Director of Amnesty Business Group.

**Education:** B.A. in Economics, Stockholm University

**Year of birth:** 1971



## ELISABETH FRAYON

Asset Management Committee

**Elected:** 2023

**Other assignments:** Head of Independent Risk Control at Lynx Asset Management AB.

**Previous assignments:** Chief Risk Officer at Informed Portfolio Management AB; Chief Risk Officer and Risk Manager at the Riksbank; Senior Sales Manager at Unibank AS/Nordea; Senior Dealer at NCC Treasury AB; Foreign Exchange Dealer at Banque Indosuez Sverige AB.

**Education:** Master of Science in International Economics, Linköping University

**Year of birth:** 1968



## HENRIK SAXBORN

Asset Management Committee

**Elected:** 2022

**Other assignments:** Vice Chairman of PSP Swiss Property AG; Board member of AMF Fastigheter; Chairman of the board of Annhem AB.

#### Previous assignments:

CEO of Castellum AB; Managing Partner NIAM; Vice Chairman of EPRA (European Public Real Estate Association); Board member of Börssällskapet i Göteborg; Board member of Sweden Green Building Council; Chairman of CMB Chalmers (Center for Management in the Construction Sector).

**Education:** Master of Science in Real Estate Economics, KTH Royal Institute of Technology

**Year of birth:** 1964



## ANDERS WIHLBORN

Asset Management Committee

**Elected:** 2019

**Other assignments:** Board member of Optimas Capital Ltd and CMT AB.

**Previous assignments:** Chairman of the Board of Advinans AB; Board member of Linnane Pharma AB; Managing Director of the Bank of America Merrill Lynch.

**Education:** MSc, Stockholm School of Economics; MBA Program, International Business, University of Hong Kong; Chartered Financial Analyst (CFA)

**Year of birth:** 1962

## Board of Directors, cont'd.

**MIKAELA VALTERSSON**

Audit Committee

**Elected:** 2019

**Other assignments:** Manager external relations at Kunskapsskolan Education AB; Member of the Board of Axfoundation, Antonia Ax:son Johnson's sustainability foundation; and of the think tank Fores.

**Previous assignments:** Member of the Swedish parliament and the Swedish Green Party's economic-political spokesperson, and member of The Parliamentary Committee on Finance. Chairman of the National Association of Independent Schools.

**Education:** High school teacher, social studies and history

**Year of birth:** 1967

**MAGNUS VESTERLUND**

Audit Committee

**Elected:** 2020

**Other assignments:** Chief Economist at Insurance Sweden (Svensk Försäkring).

**Previous assignments:**

Head of the Risk Department of Folksam Liv-gruppen; various positions within the Riksbank; and a national expert in the European Commission.

**Education:** Master of Science in Economics, Linköping University

**Year of birth:** 1970

**OSSIAN EKDAHL**

Asset Management Committee

**Elected:** 2024

**Other assignments:** Member of the Board of Directors of KPA Tjänstepensionsförsäkring AB; Chair of the Board, Transparency International Sweden; Consultant in own company.

**Previous assignments:**

Chief Active Ownership Officer at API; various positions within the Riksbank and the Swedish Ministry of Finance.

**Education:**

Degree of Licentiate in Economics, Stockholm School of Economics

**Year of birth:** 1961

**SUSANNE EKBLOM**

Chair of the Audit Committee

**Elected:** 2020

**Other assignments:** Board Member, C-Rad; Board Member and Chair of the Audit Committee, Cint; Board Member and Chair of the Audit Committee, Mio AB; Consultant in own company.

**Previous assignments:**

President and CEO, Vectura Fastigheter AB; CFO, Investor AB; CFO, SVT; various positions at Scania; Member of the boards of Norstat, ElinderSten, GoCo, SOS Barnbyar, Kunskapsskolan, Vectura Fastigheter, Sveriges Radio Förvaltnings AB (SRF); Board Member and Chair of the Audit Committee, Assemblin.

**Education:** BSc in Business Studies, Stockholm University

**Year of birth:** 1966

# Executive management



**PÅL BERGSTRÖM**  
CEO

**Employed since:** 2023

**Previous employment:** Swedbank, Handelsbanken, Swedish Ministry of Finance, Swedish Export Credit Agency, Swedish National Debt Office, SEB

**Education:** Ph.D in Economics, B.Sc in Czech, Uppsala University, and education in conducting at the Royal College of Music, Stockholm

**Year of birth:** 1967



**LENA FAHLÉN**  
Chief Investment Officer and Deputy CEO

**Employed since:** 2023

**Previous employment:** Handelsbanken, Sweden's Central Bank (Riksbanken)

**Education:** Economics, Stockholm University, Diploma Program for Financial Analysts (CEFA), Stockholm School of Economics

**Year of birth:** 1973



**TINA NYLUND**  
Chief Operating Officer

**Employed since:** 2017

**Previous employment:** KPMG, Postgirot Bank, PPM, AMF Fonder, SPP Fonder

**Education:** Degree of Master of Science in Business and Economics, Uppsala University

**Year of birth:** 1965



**HANS BERGSTRÖM**  
General Counsel

**Employed since:** 2009

**Previous employment:** ABN AMRO/Alfred Berg

**Education:** Master of Law, Uppsala University

**Year of birth:** 1967



**JOHAN FLORÉN**  
Communications Officer and senior ESG advisor

**Employed since:** 2009

**Previous employment:** Worked in communications since 1993, CEO/agency owner, communications manager, consultant

**Education:** B.Sc. in Philosophy, Political science and Business administration, Uppsala University and Stockholm University

**Year of birth:** 1965



**HÅKAN TOBIASSON**  
Chief Finance and Risk

**Employed since:** 2011

**Previous employment:** PPM/The Swedish Pensions Agency, Second AP-fund, Sweden's Central Bank (Riksbanken)

**Education:** Master's degree in Economics, Karlstad University, Diploma Program for Financial Analysts (CEFA), Stockholm School of Economics

**Year of birth:** 1972



**LOUISE SVENSSON**  
HR Manager

**Employed since:** 2013

**Previous employment:** Edelman, Next PR, and HK Strategies

**Education:** Master's degree in Marketing and Management, Jönköping International Business School, and Technological University Dublin

**Year of birth:** 1975

# Sustainability information

## About the sustainability report

AP7's sustainability report has been prepared with reference to GRI Universal Standards and covers the entire operation. It is published annually and this report covers the period 1 January 2025 to 31 December 2025, which is aligned with AP7's financial reporting. The sustainability report was published on 19 February 2026.

AP7 has also considered the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Task Force on Nature-related Financial Disclosures (TNFD), on the reporting of climate- and nature-related risks and opportunities. A GRI content index can be found on pages 43–44, and an index with references to the TCFD and TNFD frameworks can be found on page 45.

The sustainability report for 2025 has been prepared in accordance with the Seventh AP Fund's principles for sustainability reporting, which correspond to those in the Swedish Annual Accounts Act, as amended by SFS 2016:947.

## Prioritised sustainability issues

The content of the sustainability report is based on AP7's materiality analysis, updated in the autumn of 2022. The purpose was to identify the sustainability issues most relevant to AP7's asset management and active ownership. These are the areas where AP7's operations have the greatest actual or potential economic, social, and environmental impact. The assessment also considered risks and opportunities that could affect AP7's value creation.

The assessment was based on AP7's mission and owner directives, the international conventions and guidelines that AP7 supports, global trends, internal risk assessments, and the most recently conducted materiality analysis. Additional input was drawn from views expressed in the ongoing dialogue with AP7's stakeholders, as well as from discussions with internal and external experts.

The identified issues are aligned with AP7's sustainability strategy, sustainability goals and ways of working; see pages 19–29. Compared with the previous materiality analysis, AP7's work on system-critical environmental issues, such as climate, biodiversity, and freshwater, was assessed as having become more material. This is reflected, among other things, in AP7's dialogues with portfolio companies, its climate action plan and thematic work.

The materiality analysis and the prioritised sustainability issues were

adopted by the CEO and AP7's Communications Officer and senior ESG advisor. See the table on page 41 for a list of the material sustainability issues and AP7's impact.

## Sustainability governance

As part of the business plan, AP7's Board annually adopts the investment guidelines. Through these, AP7 commits to adhering to the principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the OECD Principles of Corporate Governance.

The investment guidelines set out how AP7 is to exercise the ownership function arising from its equity holdings in AP7 Equity Fund, that is, how AP7 is to influence companies to assume responsibility for sustainability, ethics, and good corporate governance. These guidelines are further specified through a number of CEO instructions relating to voting, exclusions, class actions, and thematic focus areas.

AP7's CEO and executive management are responsible for developing the climate action plan and sustainability-related policies and strategies. AP7's strategies and goals relating to sustainable development, as well as the follow-up of these goals, are reviewed annually in connection with the Board's adoption of the sustainability goals, the investment guidelines, and the annual and sustainability reports.

The Board is collectively responsible for sustainability matters and reviews AP7's sustainability work at each meeting. Several Board members have in-depth sustainability expertise. The Audit Committee and the Asset Management Committee prepare sustainability-related matters for decision by the Board. The Board also determines the criteria for exclusions, and is involved in other matters of particular importance. In addition to regular reporting, the Board conducts more in-depth reviews of sustainability matters, such as thematic topics and the climate action plan.

The Chief Investment Officer has overall responsibility for AP7's work on responsible investments. Since 2024, the sustainability team has been integrated into the Asset Management function in order to further embed sustainability within the investment process.

## Ethical guidelines

All employees are required to comply with AP7's ethical guidelines. These emphasise employee conduct and set out rules on matters such as hospitality and gifts, procurement, secondary employment, and con-

## Governance and implementation of AP7's sustainability work

- The Board annually establishes sustainability goals by issuing the investment guidelines and reporting on progress in the annual and sustainability reports.
- The CEO is responsible for ensuring that the investment guidelines are complied with and implemented, and that the work progresses towards achieving the sustainability goals.
- The Chief Investment Officer is responsible for executing the work, with the support of the Senior ESG Advisor.
- In 2024, the ESG team was integrated into the Asset Management function to further embed sustainability within the investment process.
- The climate council, consisting of researchers, provides AP7's management with external advisory support on sustainability-related research.

## The mission shapes the sustainability work

*Statutory provision for AP7 in the AP Funds Act as of 1 January 2023*

The Seventh AP Fund manages funds for the purposes set out in the provisions on premium pensions in the Social Insurance Code. Asset management shall be conducted exclusively in the interest of pension savers. The assets managed by the Seventh AP Fund shall be invested to achieve a high long-term return at the chosen level of risk.

The assets of the Seventh AP Fund shall be managed in an exemplary manner through responsible investments and active ownership. Particular emphasis shall be placed on promoting sustainable development, without compromising the objective of achieving a high long-term return at the chosen level of risk.

## Sustainability information, cont'd.

flicts of interest. The guidelines aim to prevent employees or their close associates from deriving undue benefits from their connection to AP7, and to prevent conflicts of interest.

All employees participate in recurring anti-corruption training and confirm that they acknowledge the Fund's ethical guidelines. In the event of significant changes to the guidelines, employees are informed and required to confirm in writing that they have acknowledged the updates.

In 2025, mandatory training was conducted for AP7's employees in public procurement, information security, personal data management, reporting of personal account dealing, GDPR, artificial intelligence, and the work environment.

AP7's business partners are informed of AP7's ethical policy, which is referenced in asset management agreements and available on AP7's website.

### Which statutory requirements affect AP7's work on responsible investments?

AP7 is governed by the Swedish National Pension Funds Act (2000:192). As of 1 January 2023, amendments to the Act expanded AP7's ability to invest in alternative (illiquid) assets, such as real estate and infrastructure projects. This creates conditions for developing a stronger and more sustainable default option. The AP Funds Act stipulates that AP7's asset management shall be conducted exclusively in the interest of pension savers, and that the assets managed by AP7 shall be managed in an exemplary manner through responsible investments and active ownership. Particular emphasis shall be placed on promoting sustainable development without compromising the objective of achieving a high long-term return at the chosen level of risk.

In November 2023, the Swedish Parliament decided that AP7 must provide sustainability disclosures in accordance with the EU Sustainable Finance Disclosure Regulation and the EU Taxonomy Regulation. Unlike the other AP Funds, AP7 is not permitted to vote at general meetings of Swedish companies. As AP7 sees no conflict between return and sustainability considerations, the legislation provides ample scope to conduct exemplary asset management that promotes sustainable development.

## Stakeholder engagement

Collaboration and dialogue with external stakeholders are essential to developing and improving AP7's operations and ways of working. Effective work in active ownership, standard-setting, and knowledge sharing is built on cooperation with investors, external experts, and other actors with expertise in various sustainability matters. Dialogue is also important for understanding stakeholders' expectations of AP7, and how they perceive our work.

AP7's key stakeholders are those with the greatest interest in our operations and for whom the mutual influence is significant. These include our savers, core suppliers, employees, partners, as well as our regulatory bodies, i.e. the Swedish Government's Pension Group and the Ministry of Finance. See the table below for an overview of our forms of dialogue with each group and their respective focus areas.

Stakeholder group	Description	Form of dialogue	Focus areas
<b>Savers</b>	6.0 million Swedes whose pension capital is managed by AP7.	Continual contact with individual savers, and annual surveys on the Swedish people's perception of pension-related issues	<ul style="list-style-type: none"> <li>- Financial performance/return</li> <li>- Responsible ownership</li> <li>- Information to the public</li> </ul>
<b>Core suppliers</b>	External asset managers who make investments on behalf of AP7 or perform services in some other way.	Continual dialogue and annual reviews	<ul style="list-style-type: none"> <li>- Responsible ownership</li> <li>- Impact investments</li> </ul>
<b>Employees</b>	74 employees, who together carry out AP7's mission.	Appraisal interviews and employee surveys	<ul style="list-style-type: none"> <li>- Competence development</li> <li>- Work environment/conditions</li> </ul>
<b>Collaboration partners</b>	Actors that contribute to skills development in AP7, and to AP7's in-depth work.	Continual dialogue and dialogue within ongoing collaborations	<ul style="list-style-type: none"> <li>- Responsible ownership</li> <li>- Impact investments</li> </ul>
<b>Swedish Pensions Agency</b>	The agency that collaborates with AP7 by channelling capital into the funds and managing pension payments.	Continual dialogue	<ul style="list-style-type: none"> <li>- AP7's mission and confidence</li> <li>- Information to the public</li> <li>- Financial performance</li> </ul>
<b>Principals</b>	<p>The Swedish Government's Pension Group which, through the AP Funds Act, tasks AP7 with asset management.</p> <p>The Ministry of Finance, which is responsible for monitoring and following-up AP7's activities.</p>	<p>Continual dialogue</p> <p>Continual dialogue and annual reviews</p>	<ul style="list-style-type: none"> <li>- AP7's mission and confidence</li> <li>- Financial performance</li> <li>- Responsible ownership</li> </ul> <ul style="list-style-type: none"> <li>- AP7's mission and confidence</li> <li>- Financial performance</li> <li>- Responsible ownership</li> <li>- Compliance with laws</li> </ul>
<b>The Swedish Financial Supervisory Authority (Finansinspektionen)</b>	Swedish government authority tasked with monitoring the financial market.	Supervisory dialogue	<ul style="list-style-type: none"> <li>- Compliance with regulations and the AP Funds Act</li> </ul>

## AP7 measures the carbon footprint

As part of AP7's broader climate work, we measure and report the total carbon footprint of our equity fund. The carbon footprint provides an indication of emissions from portfolio companies. The analysis is conducted by S&P and covers emissions in accordance with the GHG Protocol, including direct emissions (scope 1), purchased energy (scope 2), and indirect greenhouse gas emissions arising in a company's value chain (scope 3). More information about the AP Funds' joint CO<sub>2</sub> methodology is available at ap7.se.

The portfolio footprint can serve as an indicator of changes in emissions; however, it is also affected by changes in holdings, which in themselves do not impact actual emissions. The total change is therefore reported separately as changes in emissions and changes in holdings.

The table shows that emissions from companies in AP7's portfolio decreased by 8.9 percent in 2025. AP7's expanded climate-related exclusions of fossil fuel companies accounted for the largest share of the reduction, 6.9 percentage points. Companies' emission reductions contributed a further 2.0 percentage points. Overall, AP7's carbon footprint is 20.5 percent lower than the MSCI ACWI index. Holdings in the utilities and materials sectors account for the largest share of the footprint.

A prerequisite for achieving the global 1.5-degree target is that companies transition their operations in line with the Paris Agreement. The carbon footprint analysis provides insight into the companies where AP7 can have the greatest impact as an owner – those contributing the highest emissions and therefore posing the greatest risk of exceeding the goals of the Paris Agreement.

A relatively small number of companies in AP7's equity portfolio account for a large share of the carbon footprint. We therefore prioritise these high-emitting companies in our active ownership efforts. In accordance with the Net Zero Investment Framework, the companies prioritised by AP7 for intensified active ownership together account for 70 percent of the portfolio's carbon footprint. In 2025, 107 companies in AP7's equity portfolio were prioritised, corresponding to 11 percent of assets under management and 5.3 percent of the total number of companies. Going forward, the intensified active ownership work will be conducted within the framework of the transition portfolio.

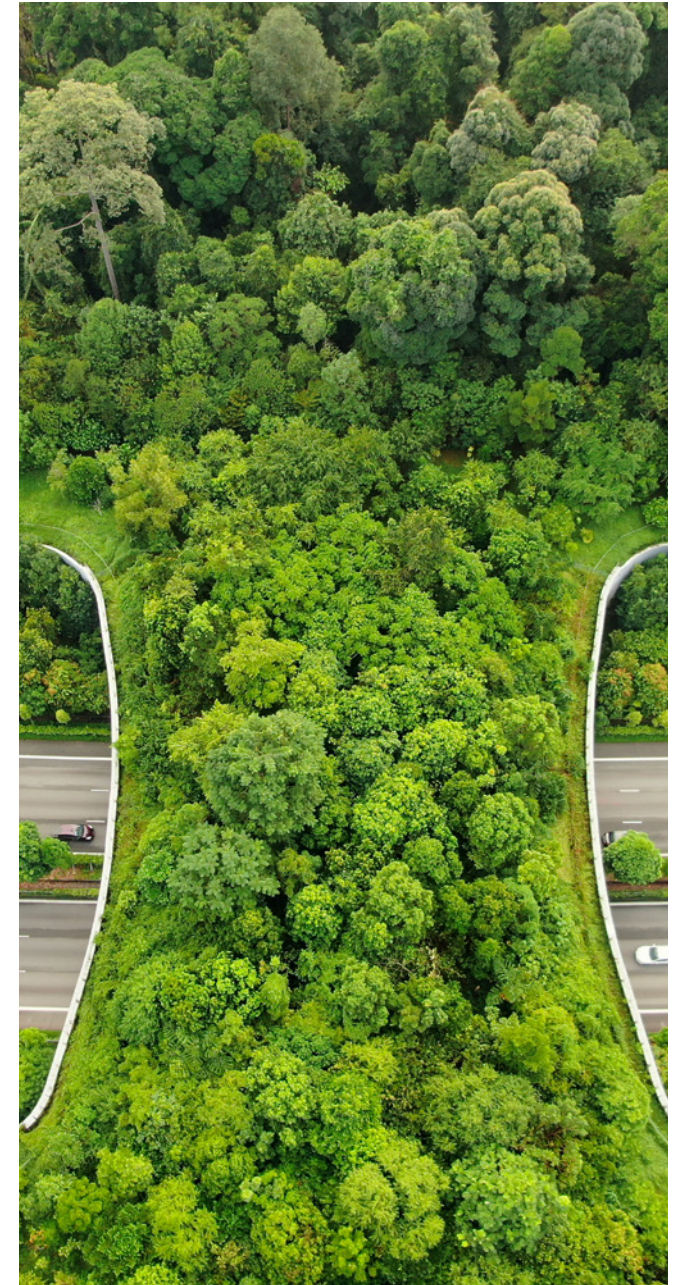
[Read more about AP7's work in our climate action plan](#)

AP7's carbon footprint for listed equity	2025	2024
Total emissions of the equity portfolio (scope 1 and 2) (million tCO <sub>2</sub> e) <sup>1)</sup>	3.6	4.0
AP7 compared with MSCI ACWI, %	-20.5%	-8.3%
Change in the portfolio's total carbon emissions (scope 1 and 2) in relation to previous year, %	-8.9%	-6.2%
– of which change caused by changes in the portfolio holdings (% points)	-6.9%	-0.3%
– of which change caused by changes in companies' emissions (% points)	-2.0%	-5.9%
Carbon emissions (scope 3) (million tCO <sub>2</sub> e)	36.5	34.2
Relative carbon emissions (scope 1 and 2) (tCO <sub>2</sub> e/SEK million) <sup>2)</sup>	2.9	3.3
Portfolio-weighted carbon intensity (scope 1 and 2) (TFCD) (tCO <sub>2</sub> e/SEK million) <sup>3)</sup>	8.6	10.0
Market value of the Fund's directly owned listed equity portfolio included in the analysis (SEK billion)	1,269	1,204
Mapped market value as a proportion of total fund capital, %	89%	84%

<sup>1)</sup> Total carbon emissions: The sum of the owned proportion of each portfolio company's carbon emissions.

<sup>2)</sup> Relative carbon emissions: The sum of the portfolio's proportional share of each portfolio company's carbon emissions relative to the portfolio's market value.

<sup>3)</sup> Portfolio-weighted carbon intensity: The sum of each portfolio company's carbon intensity, i.e. a company's carbon emissions relative to its revenue, weighted according to each company's proportion of the portfolio.





AP7's long-term mission, to generate strong returns for pension savers, depends on the implementation of the Paris Agreement and a long-term sustainable development of the global market.

### Material sustainability issues

Sustainability issue*	AP7's main impact	Sustainability issue*	AP7's main impact
Long-term return	<b>AP7's mission is to manage</b> the premium pension capital in the State default option. Everyone should have a pension they can live on. Through the default option, savers who do not make an active fund choice are given the opportunity to achieve returns and a pension comparable to those of other savers.	Active ownership	<b>AP7's long-term mission</b> , to generate strong returns for pension savers, depends on the implementation of the Paris Agreement and on the global market developing in a long-term sustainable manner. AP7 works actively to understand and manage sustainability-related risks and opportunities in the portfolio, and to influence portfolio companies on matters relating to the environment, human rights, labour rights, and anti-corruption.
Ethical conduct and anti-corruption	<b>AP7's sustainability work</b> is based on the ten principles of the UN Global Compact, including the commitment to combat all forms of corruption. The trust of society and of pension savers is essential for AP7 to fulfil its core mission. Bribery, or even suspicions of bribery, can seriously damage AP7's reputation, and as a government agency, AP7 must act in an exemplary manner.	Establishment of sustainable norms	<b>As a global, long-term owner</b> and a government pension fund, AP7 has greater opportunities than many other investors to contribute to the development of sustainable standards and methodologies for the market, and to promote their implementation among companies worldwide. AP7 engages in standard-setting in collaboration with other actors, both nationally and internationally.
Human rights	<b>AP7's sustainability work</b> is based on the ten principles of the UN Global Compact, including the commitment to prevent all forms of human rights violations. As a government agency, AP7 must act in an exemplary manner and works, among other things, through its active ownership to reduce the risk of human rights violations.	Dissemination of knowledge	<b>AP7 works to develop</b> and disseminate knowledge on sustainable investments and active ownership. As a government pension fund, AP7 is well positioned to bring together policymakers, the business community, experts, and investors, and to bridge the gap between research and practice in this field.
Systemic environmental issues (climate/biodiversity/fresh water)	<b>AP7's long-term mission</b> , to generate strong returns for pension savers, depends on the implementation of the Paris Agreement and on the global market developing in a long-term sustainable manner. AP7 has identified climate change, biodiversity, and access to freshwater as particularly important challenges, and works through its active ownership to reduce related risks. AP7 also invests in activities that contribute to mitigating climate risks and conducts thematic initiatives in areas where it can make a difference in a resource-efficient way.	Public education	<b>The pension system gives savers individual responsibility</b> for investing their premium pension. Through public education on personal finance and the pension system, AP7 aims to provide savers with better conditions to understand their pension and to make informed decisions regarding their premium pension.
Product portfolio	<b>Through its asset management</b> , AP7 is to generate strong returns in a responsible manner. As a long-term global investor, AP7 can create the greatest value by being an active owner and by investing in companies that offer solutions to various sustainability challenges.	Employees/employment	<b>As a small, knowledge-intensive organisation</b> , employees' expertise and well-being, as well as the ability to retain and attract talent, are essential for AP7 to deliver on its mission – to generate returns and to work actively with ownership.

\* The selection of sustainability issues has been based on AP7's mission, operations, and working methods, as well as on the Global Reporting Initiative's (GRI's) framework for sustainability reporting, and the GRI's sector supplement for the financial industry – *Financial Services Sector Supplement*.

## Memberships and voluntary agreements

AP7 adheres to the following memberships and guidelines that AP7 has chosen to support or have signed.

<b>Ceres</b>	A membership organisation that works with the capital markets to address the world's most pressing sustainability challenges.
<b>Climate Action 100+</b>	An investor-led initiative aimed at ensuring that the companies responsible for the largest share of global greenhouse gas emissions take the necessary actions to address climate change.
<b>Farm Animal Investment Risk &amp; Return (FAIRR)</b>	A global investor network focused on sustainability in agriculture and green industries.
<b>Global Child Forum</b>	Drives and supports initiatives to advance children's rights, including for investors and companies.
<b>Institutional Limited Partners Association (ILPA)</b>	A global industry association representing private equity investors.
<b>Institutional Investors Group on Climate Change (IIGCC)</b>	A European investor network collaborating to address climate change.
<b>International Corporate Governance Network (ICGN)</b>	ICGN is a global network focused on corporate governance issues. ICGN works to strengthen shareholders' voting rights at general meetings and to enhance their position in relation to company management.
<b>Investor Action on AMR</b>	An investor coalition, in collaboration with organisations including the Access to Medicine Foundation and FAIRR, aimed at addressing global antimicrobial resistance.
<b>Methane collaborative engagement</b>	An investor initiative aimed at reducing industrial methane emissions.
<b>Nature Action 100</b>	A global investor collaboration focused on encouraging and supporting companies to take action to reverse nature and biodiversity loss.
<b>Paris Aligned Asset Owners (PAAO)</b>	An international alliance of asset owners that have made individual commitments to work towards achieving net zero emissions by 2050. PAAO evolved from the Paris Aligned Investment Initiative (PAII), which was established in May 2019.
<b>Paris Aligned Investment Initiative (PAII)</b>	PAII is an investor-led collaboration platform (coordinated by the regional investor networks AIGCC, Ceres, IGCC, and IIGCC) that supports investors in aligning their portfolios and investment activities with the goals of the Paris Agreement.
<b>Sveriges forum för hållbara investeringar (Swesif)</b>	A Swedish sustainability network for investors.
<b>Taskforce on Climate-related Financial Disclosures (TCFD)</b>	An international initiative that has developed a framework for identifying and reporting organisations' climate-related financial risks and opportunities.
<b>Taskforce on Nature-related Financial Disclosures (TNFD)</b>	An international initiative that develops a framework for corporate reporting and the identification of nature-related risks and opportunities, as well as companies' impact on nature.
<b>The Net Zero Investment Framework (NZIF)</b>	A guide used by investors to set targets and develop net-zero strategies and transition plans. An updated version of the guide, NZIF 2.0, was published in June 2024.
<b>Transition Pathway Initiative (TPI)</b>	A global investor initiative providing data on companies' carbon emissions and supporting investors in assessing whether carbon-intensive companies' transition efforts are aligned with the Paris Agreement.
<b>UN Principles for Responsible Investments (PRI)</b>	The UN Principles for Responsible Investment (PRI) are a global initiative for institutional investors that promotes the integration of sustainability considerations into investment decisions. AP7 is a signatory to the PRI.

### Supplier assessment

AP7 has a limited number of suppliers, primarily providing external asset management and research services, mainly in the United Kingdom and the United States. External asset management means that investments are managed by third-party asset managers, often larger specialised firms. AP7 relies on external management for the majority of its assets under management. Under these agreements, asset managers are required to comply with AP7's sustainability requirements, including the prohibition on investing in companies excluded by AP7. We maintain an ongoing dialogue with our external asset managers and conduct annual evaluations of all managers, including newly appointed ones. AP7 has chosen not to delegate active ownership to external managers. Voting at general meetings, company dialogue, screening, and exclusions, as well as legal proceedings, are handled directly by AP7.

# GRI index

**Statement of use** AP7 has reported with reference to the GRI Standards for the period 1 January 2025 to 31 December 2025. **GRI 1 used:** GRI 1: Foundation 2021

GRI standard	Disclosure	Page	Comments and omissions	
<b>General disclosures</b>				
GRI 2: General Disclosures 2021	2-1	Details about the organisation	43	The Seventh AP Fund (AP7) is a government agency with its headquarter in Stockholm. The business is conducted in Sweden.
	2-2	Entities included in the sustainability reporting	38	
	2-3	Reporting period, frequency and contact point	38	Contact: Johan Florén, Communications Officer and senior ESG advisor, johan.floren@ap7.se.
	2-4	Restatements of information		No restatements have been made in relation to the 2024 sustainability report.
	2-5	External assurance	46	AP7's auditors have performed a limited review of the sustainability report.
	2-6	Activities, value chain, and other business relationships	6-7, 18, 40	
	2-7	Employees	30-31	
	2-8	Workers who are not employees	43	The work is mainly carried out by AP7's own employees, not by hired consultants.
	2-9	Governance structure and composition	32-37	
	2-10	Nomination and selection of the highest governance body	32	
	2-11	Chair of the highest governance body	35	The Chair of the Board is not a senior executive of AP7.
	2-12	Role of the highest governance body in overseeing the management of impacts	38	
	2-13	Delegation of responsibility for managing impacts	38	
	2-14	Role of the highest governance body in sustainability reporting	38	The materiality analysis is conducted by the operations and submitted to the Board as part of the sustainability report which the Board adopts.
	2-15	Conflicts of interest	33, 43	No significant conflicts of interest have been identified during the year.
	2-16	Communication of critical concerns		AP7 has an internal incident reporting system with ongoing reporting to the Board. In 2025, no events have been deemed as critical.
	2-17	Collective knowledge of the highest governance body	35-36	Several of AP7's board members have in-depth knowledge of sustainability issues.
	2-18	Evaluation of the performance of the highest governance body	32	
	2-19	Remuneration policy	32, 54	Remuneration for Board members is determined by the Government. Neither employees nor Board members receive variable compensation.
	2-20	Process to determine remuneration	32, 54	
	2-22	Statement on sustainable development strategy	4-5, 19	
	2-23	Policy commitments	6, 38	
	2-24	Embedding policy commitments	38-39, 42	
	2-25	Processes to remediate negative impacts	23-24, 30-31, 38-41, 45	
	2-26	Mechanisms for seeking advice and raising concerns	30, 43	AP7 has a whistleblowing system with reporting handled by an external provider. Whistleblowing and incident reports are submitted to the Board.
	2-27	Compliance with laws and regulations		No instances of non-compliance resulting in fines or sanctions were recorded in 2025.
	2-28	Membership associations	42	
	2-29	Approach to stakeholder engagement	39	
	2-30	Collective bargaining agreements	43	All employees are covered by a collective bargaining agreement. The CEO, Deputy CEO, and the COO are exempt from the pension plan under the collective agreement.

GRI standard	Disclosure	Page	Comments and omissions
<b>Material topic disclosures</b>			
GRI 3: Material topics 2021	3-1 Process to determine material topics	38	
	3-2 List of material topics	41	
	3-3 Management of material topics	38	
<b>ECONOMIC STANDARDS</b>			
<b>Economic performance</b>			
GRI 3: Material topics 2021	3-3 Management of material topics	22	
	AP7 Own disclosure	Long-term return	12
GRI 201: Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	20, 45	See also AP7's climate action plan, which is available at ap7.se.
<b>Anti-corruption</b>			
GRI 3: Material topics 2021	3-3 Management of material topics	22-24, 38-39	
	GRI 205: Anti-corruption 2016	205-2 Communication and training on anti-corruption policies and procedures 205-3 Confirmed incidents of corruption and actions taken	38-39 44
<b>ENVIRONMENTAL STANDARDS</b>			
<b>Emissions</b>			
GRI 3: Material topics 2021	3-3 Management of material topics	20-22, 38, 45	
GRI 305: Emissions 2016	305-3 Other indirect greenhouse gas emissions (scope 3)	40	
<b>SOCIAL STANDARDS</b>			
<b>Employment</b>			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 38	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	30	
<b>SECTOR-SPECIFIC DISCLOSURES - FINANCIAL SECTOR</b>			
<b>Product portfolio</b>			
GRI 4: Sector disclosures, Financial services	FS-6 Distribution of product portfolio by region, size and sector	16, 18	
	FS-8 Economic value of products and services with special environmental objectives	18, 22	
<b>Active ownership</b>			
GRI 4: Sector disclosures, Financial services	FS-10 Companies in the portfolio that the organisation has interacted with regarding environmental/social matters	23-25	
	FS-11 Proportion of managed capital covered by positive or negative environmental or social screening	44	All of AP7's assets under management are subject to requirements for responsible investment based on norms relating to human rights, labour standards, the environment, and anti-corruption.
<b>Society</b>			
GRI 4: Sector disclosures, Financial services	FS-14 Initiatives to improve accessibility to financial services for disfavoured groups in society	11, 22	

\* The selection of sustainability issues has been based on AP7's mission, operations, and working methods, as well as on the Global Reporting Initiative's (GRI's) framework for sustainability reporting and the sector supplement for the financial industry, *Financial Services Sector Supplement*.

# Reporting of climate- and nature-related risks and opportunities

The Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD) are frameworks that describe how organisations should report climate- and nature-related risks and opportunities, as well as impacts and dependencies. AP7 has aligned its reporting with the recommendations of the TCFD and TNFD frameworks. The table below summarises AP7's disclosures. Further information on AP7's climate- and nature-related work is available on pages 19–29 and in AP7's Climate Action Plan, which is available at [ap7.se](https://www.ap7.se).

Disclosure	Summary of AP7's reporting		
<p><b>GOVERNANCE</b> The Board's oversight of climate- and nature-related risks, opportunities, impacts, and dependencies, and the management's role in assessing and managing them. Including human rights policies with a focus on local populations in terms of nature-related risks and opportunities, as well as impacts and dependencies.</p>	<ul style="list-style-type: none"> <li>– AP7's Board of Directors reviews and adopts AP7's business plan annually. The plan includes the ownership governance guidelines through which we commit to international conventions, including the UN Framework Convention on Climate Change and the Paris Agreement, as well as the Convention on Biological Diversity and the Kunming–Montreal Global Biodiversity Framework. The business plan also includes guidelines for risk management, covering climate-related and nature-related risks and opportunities, as well as impacts and dependencies. This year, we have placed particular emphasis on the climate transition.</li> </ul>	<ul style="list-style-type: none"> <li>– Human rights, including the rights of indigenous peoples, form part of our norm-based framework, which underpins our active ownership dialogue and exclusion decisions. A specific biodiversity focus has not yet been developed within the TNFD-related work.</li> <li>– AP7 updates its climate action plan annually, as adopted by the Board of Directors, setting out how AP7 will contribute to achieving global net zero emissions by 2050. The Board is regularly informed about AP7's sustainability work and progress in relation to the goals set out in the climate action plan. The criteria</li> </ul>	<ul style="list-style-type: none"> <li>for excluding companies are decided by the Board, which is also involved in other significant sustainability matters.</li> <li>– AP7's Chief Investment Officer is responsible for integrating sustainability aspects, including climate- and nature-related risks, into the investments made. The Chief Investment Officer has overall responsibility for implementing sustainability and climate- and nature-related considerations in AP7's active ownership and investment processes.</li> </ul>
<p><b>STRATEGY</b> Identified climate- and nature-related risks, opportunities, impacts, and dependencies, and their impact on the organisation's strategy, as well as the resilience of the strategy taking different scenarios into consideration, and prioritised areas affected by the organisation's activities.</p>	<ul style="list-style-type: none"> <li>– AP7 has a long-term investment horizon, with the aim of driving the transition of the economy through active ownership and investments in businesses that contribute to reducing climate- and nature-related risks. AP7 invests in a large number of companies across different sectors and regions, and the Fund's climate- and nature-related risks largely reflect those of the global economy. The broad diversification of holdings reduces savers' exposure to the risks of any individual company.</li> </ul>	<ul style="list-style-type: none"> <li>– AP7 has conducted a climate scenario analysis based on three main global warming scenarios and their respective impacts on different asset classes; see AP7's climate action plan.</li> </ul>	
<p><b>RISK AND IMPACT MANAGEMENT</b> The processes used to identify, assess, and manage climate- and nature-related risks, opportunities, impacts, and dependencies, as well as how the processes are integrated in the organisation's overall risk management process.</p>	<ul style="list-style-type: none"> <li>– Climate change and the global loss of biodiversity play a significant role in economic development and, consequently, in the Fund's returns. Identifying and assessing climate- and nature-related risks and opportunities is therefore material and an area of ongoing development.</li> <li>– AP7's investment philosophy is founded on a long-term perspective, and the climate action plan published annually by AP7 clarifies how sustainability and climate considerations are integrated into asset management. In our active management, we make use of the opportunity to invest in businesses that offer solutions to the climate challenge, and we have green mandates within the</li> </ul>	<ul style="list-style-type: none"> <li>management of all asset classes. AP7 is also developing a transition portfolio that combines active management with active ownership. Read more on pages 16 and 26.</li> <li>– Since 2014, AP7 has measured and reported the portfolio's carbon footprint on an annual basis. Since 2021, we have also reported the difference between changes in the footprint attributable to portfolio companies' emissions, and those attributable to changes in our holdings. AP7 uses the carbon footprint as one of several inputs to prioritise our active ownership and to steer towards real emission reductions in the real economy. In our ownership activities, we prioritise the companies with the greatest climate impact. Together,</li> </ul>	<ul style="list-style-type: none"> <li>these companies account for at least 70 percent of the equity portfolio's carbon footprint. In 2022, a baseline assessment was conducted of the transition progress of our prioritised companies. Going forward, the intensified ownership efforts will be carried out within the framework of the transition portfolio. Read more in our climate action plan.</li> <li>– In 2024, AP7 conducted an initial identification of nature-related risks and opportunities, as well as impacts and dependencies within our equity holdings. The analysis and the implementation of its implications are ongoing. AP7 engages in active ownership with regard to deforestation and biodiversity.</li> </ul>
<p><b>METRICS AND TARGETS</b> The metrics and targets used to assess and manage climate- and nature-related risks, opportunities, impacts, and dependencies.</p>	<ul style="list-style-type: none"> <li>– In the climate action plan, AP7 has defined interim goals for each asset class (equities, fixed income, private equity, and real estate). Goals have been established within investments, active ownership, public policy engagement, and transparency. AP7 measures and reports the aggregated carbon footprint of the portfolio companies in AP7 Equity Fund, with the objective that these companies</li> </ul>	<ul style="list-style-type: none"> <li>reduce their emissions. AP7 has signed the Net Zero Asset Owner Commitment within the Paris Aligned Investment Initiative with the overall objective that the fund will contribute to global net zero emissions by 2050.</li> </ul>	<ul style="list-style-type: none"> <li>– Regarding nature-related risks and impacts, we measure the proportion of our investments that are in high-risk sectors and companies with operations in sensitive ecosystems in accordance with TNFD. Read more on page 21.</li> </ul>

## Signatures of the Board and of the Managing Director

The Sustainability Report for 2025 has been prepared in accordance with the Seventh AP Fund's Principles for Sustainability Reporting, which correspond to those in the Swedish Annual Accounts Act, as amended by SFS 2016:947.

The Sustainability Report in this document is found on pages 11, 19–31 and 38–45.

Stockholm, 16 February 2026

Per Frennberg,  
Chair

Emma Ihre,  
Deputy Chair

Susanne Ekblom

Elisabeth Frayon

Henrik Saxborn

Mikaela Valtersson

Magnus Vesterlund

Ossian Ekdahl

Anders Wihlborn

Pål Bergström,  
Chief Executive Officer

## Auditor's statement regarding AP7's Statutory Sustainability Report

To Seventh AP Fund, national registration number 802406-2302

### Engagement and responsibility

The Board of Directors has been responsible for the sustainability report for 2025 and for ensuring that it has been drawn up in accordance with AP7's principles for sustainability reporting.

### Focus and scope of the audit

Our examination of the statutory sustainability report has been guided by FAR's auditing standard RevR 12, Auditor's report on the statutory sustainability reporting. This means that our review of the sustainability report has a different focus and a significantly more limited scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We consider that this review provides a sufficient basis for our opinion.

### Statement

A sustainability report has been prepared.

Stockholm, 16 February 2026

Helena Kaiser de Carolis  
Authorised Public Accountant

Peter Nilsson  
Authorised Public Accountant

# Annual report and accounts

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# Seventh AP Fund Annual Report 2025

Corporate registration number 802406-2302

## DIRECTOR'S REPORT

All amounts in SEK thousands

### Mission of the Seventh AP Fund

Within the Swedish national pension system, part of the pension contribution is allocated to the premium pension and invested in funds in accordance with the individual choices of pension savers. The premium pension system is administered by the Swedish Pensions Agency. The Seventh AP Fund (AP7), which is also a government agency, is tasked with developing and managing the state-run options within the premium pension system, in particular the government's default option.

Premium pension savers have their funds invested in AP7 S fa (the government lifecycle default option) and may subsequently choose to transfer their holdings to another fund within the premium pension system.

This management report addresses the operations of the "fund company" AP7, including the investment options provided through the two building block funds, AP7 Equity Fund and AP7 Fixed Income Fund.

### The Government offer – six investment alternatives

The Government offer consists of six different investment options: the default option AP7 S fa, the two building block funds AP7 Equity Fund and AP7 Fixed Income Fund, and three fund portfolios with different risk levels – AP7 Cautious, AP7 Balanced and AP7 Offensive. All investment options are available through the Swedish Pensions Agency and may be combined with other funds within the premium pension system.

### Building block funds

AP7 Equity Fund and AP7 Fixed Income Fund are the building block funds used to create the other four investment options: AP7 S fa and the three fund portfolios. The funds receive capital annually, primarily through transfers by the Swedish Pensions Agency of the previous year's allocated pension rights into the funds. For detailed information on the development of these funds, please refer to their respective annual reports.

### AP7 S fa

AP7 S fa is not a fund but an instruction to the Swedish Pensions Agency on how each saver's investments are to be allocated between the building block funds, AP7 Equity Fund and AP7 Fixed Income Fund. AP7 S fa consists of AP7 Equity Fund and AP7 Fixed Income Fund in varying proportions that are adjusted over time in accordance with a lifecycle profile based on the saver's age. Until the age of 55, AP7 S fa is

invested 100 percent in AP7 Equity Fund. Between the ages of 56 and 75, the proportion invested in AP7 Equity Fund is gradually reduced each year and replaced with AP7 Fixed Income Fund. From the age of 75, the allocation remains constant at 33 percent in AP7 Equity Fund and 67 percent in AP7 Fixed Income Fund.

### Three government fund portfolios

Through different combinations of AP7 Equity Fund and AP7 Fixed Income Fund, three fund portfolios with different risk levels are created: AP7 Cautious, AP7 Balanced and AP7 Offensive.

- AP7 Cautious consists of 33 percent AP7 Equity Fund and 67 percent AP7 Fixed Income Fund
- AP7 Balanced consists of 50 percent AP7 Equity Fund and 50 percent AP7 Fixed Income Fund
- AP7 Offensive consists of 75 percent AP7 Equity Fund and 25 percent AP7 Fixed Income Fund

### Managed capital and returns

#### Managed capital 2025

In 2025, the Swedish Pensions Agency invested premium pension funds for the 2024 pension rights. In total, the net inflow of capital amounted to SEK 30.7 billion (SEK 35.6 billion).

At the end of 2025, AP7 managed total assets of SEK 1,529 billion (SEK 1,440 billion), of which SEK 1,366 billion was invested in the AP7 Equity Fund and SEK 163 billion in the AP7 Fixed Income Fund.

The increase in total assets under management is explained, in addition to the net inflow of SEK 30.7 billion, by positive value development resulting from rising global equity markets and falling interest rates.

#### Return 2025

The year 2025 began with optimism in the global financial markets. In early April, however, market conditions shifted when the United States announced extensive tariff increases, triggering sharp declines in equity markets and leading to downward revisions of growth forecasts. The spring was therefore marked by significant turbulence, although market conditions stabilised during the autumn. Over the full year, global equity markets performed relatively strongly. The return in AP7 Equity Fund was, however, negatively affected by an appreciation of the Swedish krona, particularly against the US dollar.

The fixed income market was characterised by high volatility during the year, with periods of uncertainty alternating with phases of relief. Political developments, concerns regarding U.S. and French public

finances, and shifting inflation expectations contributed to movements in yields in different directions. Inflation moderated gradually over the course of the year. The Riksbank and the European Central Bank implemented several policy rate cuts, while the U.S. Federal Reserve did not begin cutting rates until the autumn. A further two rate cuts in the United States are expected in 2026.

AP7 S fa follows a life-cycle profile. This means that the allocation between equity and fixed income investments differs across age cohorts, and consequently returns vary for savers of different ages. For an accurate view of the value development of individual accounts, savers are referred to their pension account with the Swedish Pensions Agency<sup>1)</sup>. During 2025, the total assets under management at AP7, of which AP7 S fa accounts for 95 percent, generated a return of 4.2 percent.

Risk (measured as the standard deviation over the most recent 24-month period) for AP7 has been 12.3 percent. An investor in the equity market is expected, over the long term, to achieve a return exceeding that of fixed income investments. A typical premium pension saver who has had their capital invested with AP7 since 2000 has achieved a money-weighted return of 11.0 percent per year. The money-weighted return reflects the average annual development of a typical saver's account and may be compared with the development of the income pension. AP7's long-term return objective is that continuous saving in the default option throughout a working life should generate long-term excess returns relative to the income pension of at least 2 percentage points per year. Over the same period, the income pension would have generated an average annual return of 3.4 percent. Since the inception of the default option, this objective has therefore been exceeded.

#### In 2025, the government fund portfolios yielded the following returns:

- AP7 Cautious 3.6% (137.5 % since its inception in May 2010)
- AP7 Balanced 3.7% (230.7% since its inception in May 2010)
- AP7 Offensive 4.0% (431.8% since its inception in May 2010)

#### In 2025, the building block funds, AP7 Equity Fund and AP7 Fixed Income Fund, yielded the following returns:

- AP7 Equity Fund 4.3% (benchmark index 2.5%)
- AP7 Fixed Income Fund 3.2% (benchmark index 3.1%)

Further information on the AP7 Equity Fund and the AP7 Fixed Income Fund is provided in the respective annual reports for each fund.

<sup>1)</sup> [www.pensionsmyndigheten.se](http://www.pensionsmyndigheten.se)

## Seventh AP Fund | Annual Report 2025

### Operations

#### Results

In 2025, AP7's revenue from operations amounted to SEK 692.4 million (SEK 629.4 million). The increase in revenue is attributable to the average assets under management having increased by SEK 133.4 billion in 2025 compared with 2024. Costs, including net interest, amounted to SEK 488.3 million (SEK 408.9 million). The result for the year was thus SEK 204.1 million (SEK 220.5 million). Equity at the end of the year amounted to SEK 1,019.6 million (SEK 1,273.0 million).

AP7's revenue is entirely dependent on the size of assets under management, while its costs depend on it to just under half. Asset-dependent costs consist of fees to external asset managers and to the custodian bank. The share of asset-dependent costs decreased slightly in 2025, reflecting the strengthening of the organisation and the internalisation of certain management activities.

As AP7 does not operate with a profit motive, any surplus generated in its asset management operations is transferred to premium pension savers. Historically, surpluses have been returned through gradual reductions in the management fees of the funds managed by AP7. Management fees constitute AP7's sole source of revenue, and their level is entirely dependent on the size of assets under management. In the event of a sharp and prolonged downturn in equity markets, revenue could decline to such an extent that operations could not be maintained without either increasing management fees or substantially reducing costs. To mitigate this risk, AP7's Board of Directors has decided to build up a buffer corresponding to three times the average outcome of fixed costs over the previous three years. This target has been achieved. However, given the difficulty of forecasting global market developments and the costs associated with the funds' expansion into alternative asset classes, the Board decided in December 2025 to keep the management fees unchanged for 2026: 0.05 percent for the AP7 Equity Fund and 0.04 percent for the AP7 Fixed Income Fund. During 2025, AP7 returned SEK 457.4 million to savers in accordance with the regulatory mechanism that allows surplus equity exceeding the established buffer to be distributed. Any such distribution is decided on an annual basis.

### Year 2025

#### Overall

During 2025, AP7 took several important steps in its continued development, with a clear focus on strengthening the conditions for long-term sustainable and efficient management for the benefit of savers. The year was characterised both by historic milestones and forward-looking initiatives. A particularly significant event was the 25th anniversary of the premium pension system – an opportunity to reflect on how the system has matured, while further deepening efforts to adapt asset

### Key Performance Indicators for AP7 Products – overview

	Return 2025-01-31- 2025-12-31	Average annual return since start (2010-05-21)	Total risk (standard deviation 24-month, %)
AP7 Equity Fund	4.3	14.6	13.7
AP7 Fixed Income Fund	3.2	1.1	2.1
AP7 Såfa <sup>2)</sup>	4.2	13.5	12.3
AP7 Cautious	3.6	5.7	5.1
AP7 Balanced	3.7	8.0	7.2
AP7 Offensive	4.0	11.3	10.4

management to the increasingly important role the premium pension is expected to play within the national pension system in the future.

As part of this development, AP7 has continued to modernise and broaden its fixed income management. During the year, the fixed income portfolio was complemented with new instruments, enhancing opportunities for effective risk management, improved return potential and increased flexibility. This is particularly important as the fund increasingly invests and trades in international markets, where demands for operational efficiency and adaptability are high.

At the same time, the organisation has been strengthened through substantial capability building. During 2025, 25 new employees were recruited as part of the preparations for AP7 gradually increasing the share of assets managed internally. To support this development, a clearer management structure has been established within the asset management organisation, with mid-level managers appointed with responsibility for allocation, equity management, fixed income management and alternative investments. This creates improved conditions for specialisation, accountability and effective governance.

In parallel, AP7 has further developed its analytical capabilities regarding savers. More in-depth analyses of the composition and circumstances of savers provide a stronger basis for decision-making in product development and asset management, which is essential in a system that continues to mature over time. In addition to these major initiatives, AP7 has during the year carried out a large number of projects, both large and small, aimed at further strengthening the organisation and, over the long term, creating an even better AP7 for savers.

#### Strategic plan and milestones

The foundation for the organisation's work in 2025 is the strategic plan adopted by the Board of Directors, which runs until 2027. To achieve the strategic objectives, a number of goals, milestones and prioritised activities were established for 2025. In all material respects, the organisation has achieved the established targets.

The strategic goals consist of four overarching objectives:

1. *Value creation with a clear focus on savers.* A framework for cohort-based saver value, based on so-called "personas" and incorporating analysis, governance and performance evaluation of the organisation, is to be implemented no later than 2027. By then, the investment process will have been updated to enable clear value creation, integrate sustainability and support the expansion into alternative asset classes, and be adapted to the current and future scale of assets under management.
2. *Asset management with full integration of sustainability.* A comprehensive sustainability strategy is to be fully integrated into the investment process, implemented across all parts of the organisation and governed at fund-wide level no later than 2027. AP7 will have actively managed mandates focused on climate solutions and the transition, in line with the climate action plan.
3. *A professional manager of alternative assets.* By 2027, alternative investments will account for approximately 10 percent of the assets of the AP7 Equity Fund. To achieve this goal, AP7 will have built up a professional alternative investment organisation with deep in-house expertise in the asset class.
4. *An attractive employer and a workplace characterised by strong collaboration.* This is a prerequisite for AP7 to achieve its long-term objectives. In the coming years, AP7 must grow and broaden its internal capabilities in order to deliver effectively on the expanded mandate resulting from legislative changes and increasing asset volumes. During this growth phase, it is important to leverage employees' experience while attracting and welcoming new colleagues to an open and inclusive workplace. Progress is monitored on an ongoing basis, including through annual employee surveys.

Based on the strategic goals, for 2025, nine objectives were identified that would be prioritised at a fund-wide level during the year:

1. Strengthened saver focus, aimed at improving understanding of the saver base
2. Enhanced operational risk (OP risk) management and Change Approval Process, including development of a framework for managing and monitoring operational risks
3. Review of the AP7 Fixed Income Fund, including broadening investment opportunities to currency and interest rate derivatives
4. Development of AP7's internal equity management
5. Procurement and implementation of systems for alternative assets
6. AP7 25th anniversary
7. Operationalisation of AP7's climate action plan
8. Procurement and implementation of a custodian bank
9. Procurement of an operations service provider

All departments and units have been involved during the year in the

<sup>2)</sup> Refers to all AP7 savers as a group and does not include discounts or reversals.

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work relating to the above milestones. Progress has been very good across all areas. In some areas, the work is ongoing and will form part of the business plan for 2026.

### Organisation and management

The Chief Executive Officer (CEO) has established a management team for operations. The team has a strategic focus, and consists of:

- CEO
- Chief Investment Officer and deputy CEO
- Chief Operating Officer
- Chief Finance and Risk
- Chief Communications Officer
- HR Manager
- General Counsel

The CEO makes decisions in the management team after consultation with other participants. The members of the executive management team constitute AP7's senior executives.

### Asset management

The Chief Investment Officer is responsible, within the framework of the Board's guidelines and the CEO's instructions, for all internal and external asset management at AP7. The responsibility includes analysis, allocation and trading. The responsibility also includes sustainability and active ownership matters linked to the fund's investments.

The year 2025 was characterised by organisational changes within the department. During the year, the former teams within Asset Management were reorganised into units, managers were appointed, and a management team for Asset Management was established. Recruitments were made to strengthen portfolio management, trading, and sustainability analysis.

Updated investment processes for all asset classes have been implemented, and significant progress has been made in enabling a greater degree of internal equity management. Among other measures, strategic decisions have been taken regarding the system environment for asset management. Fixed income management has also been further developed through the introduction of trading in corporate bonds.

During the year, an internally actively managed transition portfolio was launched, and AP7's process for norms-based and climate-related exclusions was reviewed and revised. AP7's climate action plan has been updated and now includes climate goals for all asset classes.

At the end of 2025, the Asset Management organisation comprised 29 permanent employees. A substantial portion of the assets under management continues to be managed by external managers. In addition to managing an internally managed transition mandate, the internal management function primarily focuses on maintaining the approved

exposure levels, fixed income management and the management of AP7's private equity portfolio.

### Business development and asset operations

The Chief Operating Officer is responsible, within the framework of the Board's guidelines and the CEO's instructions, for AP7's overall development agenda, IT operations, information security, and fund and securities administration. The responsibility also includes project administration and business support to those responsible for development initiatives, IT and information security.

In 2025, the department's objective has been to continue its development with the long-term ambition of establishing a flexible, stable and robust platform that provides AP7 with the best possible conditions to further build and develop efficient and secure operational activities supported by appropriate infrastructure. This infrastructure is intended to meet the increasing pace of development in asset management and in the organisation more broadly, in accordance with AP7's Strategic Plan 2027.

During the year, the department developed and implemented processes and procedures within securities administration to manage newly introduced instruments and investment strategies. A new development model for AP7's overall development agenda was implemented. In addition, work on information security was further strengthened, and the direction for AP7's work relating to artificial intelligence (AI) was initiated.

At the end of 2025, 20 people were permanently employed within the Business Development and Asset Operations department, of whom eight were in fund and securities administration, eight in IT, and four in operational support and project management.

### Finance and risk

The Chief Finance and Risk is responsible, within the framework of the Board's guidelines and the CEO's instructions, for AP7's overall financial and risk governance. The responsibility includes all analysis, follow-up and reporting arising from this mandate.

The department's overall task is to establish and maintain a strong, supportive and dynamic finance and risk function for AP7 as a whole, ensuring progress towards the fund's strategic objectives. The department comprises the functions of finance and reporting, risk and return, and valuation. During the year, the department further developed AP7's management of operational risks and established a process for managing business-critical changes. In addition, AP7 internalised its financial administration, which had previously been handled by an external provider. The department has also contributed to the implementation of fund-wide projects relating to investment processes, the development of fixed income management and the internalisation of equity management. Furthermore, the department has enhanced the valuation

process, processes for risk identification and risk management, as well as financial reporting and reporting to supervisory authorities, the Board and executive management. The department has also developed decision-support tools enabling adjustments to the investment strategy based on insights into savers' circumstances.

At the end of 2025, nine people were permanently employed in the department.

### Communications

The Communications Officer is responsible, within the framework of the Board's guidelines and the CEO's instructions, for all external and internal communications at AP7. The unit's overall mission is to develop and safeguard public trust in AP7. The area of responsibility includes primary responsibility for the Fund's brand, stakeholder dialogue and crisis management preparedness. The Communications Officer also serves as a senior advisor to the CEO and the Chief Investment Officer on sustainability and active ownership matters.

During the year, significant focus was placed on the 25th anniversary of AP7 and the premium pension system. The purpose of these activities was to strengthen confidence in, and increase knowledge of, the default option and the premium pension system. The relationship with the Swedish Pensions Agency and the Fund Selection Agency has been strengthened through enhanced collaboration aimed at increasing awareness and knowledge of the premium pension system.

For both internal and external communications, a clear and accessible digital overview of the history of AP7 and the premium pension system has been created. One of the objectives has been to increase understanding of the system. The unit has also contributed to the development of AP7's climate action plan, which was published during the year. In addition, a report on the theme of universal ownership has been published.

At the end of December 2025, four people were permanently employed within Communications.

### Legal unit

The General Counsel is responsible, within the framework of the Board's guidelines and the CEO's instructions, for all ongoing legal matters at AP7. The responsibility also includes primary responsibility for the design and processes relating to the Fund's governing documents, as well as for purchasing and procurement matters, and overall documentation and records management.

Within the unit, there is also an independent function serving as Data Protection Officer, which is organisationally part of the unit but receives its instructions from the CEO and reports directly to the CEO and the Board on data protection matters.

The overall objective for 2025 has been to support the organisation in the cross-fund projects carried out during the year and to further devel-

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op the unit's expertise, procedures and processes in order to meet the needs of the business more broadly. This applies in particular to AP7's investments in alternative asset classes, but also to matters relating to data protection, purchasing and procurement, and overall document management.

At the end of at 2025, five people were permanently employed within the unit.

### Human Resources

The Human Resources Manager is responsible, within the framework of the Board's guidelines and the CEO's instructions, for AP7's overall human resources policy and administration. The responsibility also includes supporting managers with personnel responsibility in all on-going human resources matters. The unit is also responsible for matters relating to premises and ongoing office services.

During the year, the Human Resources unit has supported managers in a number of recruitment processes carried out to strengthen AP7's expertise in asset management, communications, development and business support, human resources and legal matters.

At the end of 2025, three people were permanently employed within the unit.

### Control functions

AP7 works according to the principle of "three lines of defence", which means that business risks are owned and controlled by the organisation itself, and that the risk management work is followed up by the fund's independent risk and compliance functions. The fund's internal auditors, who report to AP7's Board of Directors, act as the third line of defence. At the end of 2025, the risk control function was maintained by one full-time employee. The compliance function was staffed by an external consultant at 40 percent until September. As from 1 September, the compliance function has been staffed by one full-time employee. The heads of the control functions report directly to the CEO and the Board. The mandate of the control functions also includes providing advice and support to the organisation in matters relating to risk and regulatory compliance.

### Employees

AP7 is a relatively small but highly qualified organisation. It is therefore essential for AP7 to attract and retain employees with the right expertise for its mission. Significant emphasis is placed on skills development, achieved both by offering employees external training to a considerable extent and through a clear objective of strengthening knowledge and understanding of the organisation through internal knowledge sharing. A well-established performance appraisal process is used to document employees' development needs and to establish individual development plans.

Great importance is also attached to employees' physical and mental well-being, as well as to maintaining a good working environment. As a preventive health measure, all employees are offered a wellness allowance of up to SEK 5,000 per year.

AP7 strives to achieve a balanced gender distribution within the organisation. Remuneration must not be influenced by gender, gender identity or expression, ethnicity, religion or other belief, disability, sexual orientation, age, or any other ground protected under applicable law.

During the year, 25 employees were recruited and seven employees left the organisation. At the end of 2025, AP7 had 74 permanent employees (40 women and 34 men). Of these, two were hourly-paid employees and one was employed on a fixed-term contract. Staff turnover during the year amounted to 10.8 percent and sickness absence to 1.8 percent.

### Collaboration between the AP funds

The AP Funds' Cooperation Council was established in 2016 to develop collaboration between AP1-AP4 and AP7. As of 2023, AP6 has also participated in the collaboration. The presidency of the Cooperation Council rotates between the funds, and during 2025 AP3 held the presidency. The purpose is to collaborate in areas outside the investment activities with the aim of achieving cost efficiency, efficient use of resources, and the exchange of experience and knowledge. The collaboration takes place in established forums in the form of coordination groups with varying compositions of representatives from the different AP funds. A common feature of these collaborations is that they are driven by the added value created both for each individual fund and for the funds collectively. Each coordination group formulates its own mission statement and action plan annually, which are followed up and reported semi-annually to the Cooperation Council. At the end of the year, the work is summarised in a report to the CEOs of the funds, which also serves as a basis for the Government's annual evaluation of the AP Funds. As a result of the change to the AP Fund system that entered into force on 1 January 2026, under which AP1 and AP6 ceased operations, the collaboration work has to some extent been deprioritised in favour of addressing the more extensive matters that needed to be managed during the year. In 2026, AP4 will assume responsibility for coordination, and a return to the ordinary forms of collaboration will take place.

### Governance and control

#### Work of the Board

In 2025, the Board of Directors held six meetings. The Board has established an Executive Committee consisting of the Chair, the Deputy Chair and the CEO. The Executive Committee resolves on matters delegated to it by the Board. The Executive Committee also serves as the Remuneration Committee, whose task is to ensure compliance with the

Government's guidelines on terms of employment for senior executives. The CEO does not participate in matters relating to his or her own remuneration and, in other matters, attends only in an advisory capacity. AP7's Human Resources Manager also attends meetings of the Remuneration Committee but does not participate in matters relating to his or her own remuneration.

An Asset Management Committee has been established to support and advise the CEO in various operational decisions and to act as an advisory body to the internal asset management function. At the end of 2025, the Asset Management Committee comprised five Board members and two employees (the CEO and the Deputy CEO/Chief Investment Officer). The Chair of the Board, Per Frennberg, serves as Chair of the Committee.

The Board has also established an audit committee, which prepares risk and regulatory issues of significant importance. In 2025, the Audit Committee consisted of four Board members. Susanne Ekblom is chair of the committee. The Audit Committee meetings are attended by the internal and external auditors when they have something to report, the CEO, the Chief Operations Officer, the Chief Finance and Risk, risk control responsible, and the Compliance Officer.

In 2025, the external auditors were present at one board meeting.

### Ownership matters

Ownership matters refer to how AP7 exercises the ownership function arising from the shareholdings in the AP7 Equity Fund. As part of the business plan, Investment Guidelines are adopted annually. These guidelines set out how AP7 is to exercise its ownership function by virtue of its substantial equity holdings.

Since 2012, AP7 has applied guidelines enabling active ownership through voting at general meetings in respect of foreign holdings. AP7 votes as a matter of course at general meetings where this is possible. Under Swedish law, AP7 is generally not permitted to vote in respect of Swedish holdings.

Read more at [www.ap7.se/proxy-votingrostning/](http://www.ap7.se/proxy-votingrostning/).

## Seventh AP Fund | Annual Report 2025

## INCOME STATEMENT

Note	2025	2024
<i>Operating revenue</i>		
Management fees	692,206	629,207
Other operating income	222	173
	<b>692,428</b>	<b>629,380</b>
<i>Operating expenses</i>		
1 Personnel costs	-160,447	-119,865
2 Other external costs	-142,707	-134,603
External managers and custodian bank	-203,181	-197,855
Depreciation of non-current fixed assets	-125	-178
	<b>-506,460</b>	<b>-452,501</b>
<b>Operating profit</b>	<b>185,968</b>	<b>176,879</b>
<i>Net financial items</i>		
3 Interest income and similar income	17,990	44,037
4 Interest expense and similar expenses	96	-418
	<b>18,086</b>	<b>43,619</b>
<b>Profit/loss after financial items</b>	<b>204,054</b>	<b>220,498</b>
<b>Profit/loss for the year</b>	<b>204,054</b>	<b>220,498</b>

All amounts in SEK thousands

## BALANCE SHEET

Note	2025	2024
<b>Assets</b>		
<i>Property, plant and equipment</i>		
5 Equipment	223	348
<b>Total property, plant and equipment</b>	<b>223</b>	<b>348</b>
<i>Non-current financial assets</i>		
Capital insurance policy	600	-
<b>Total non-current financial assets</b>	<b>600</b>	<b>-</b>
<b>Total non-current assets</b>	<b>823</b>	<b>348</b>
<i>Current assets</i>		
6 Prepaid expenses and accrued income	80,930	116,511
7 Other receivables	4,949	4,072
Cash and cash equivalents	1,032,381	1,231,748
<b>Total current assets</b>	<b>1,118,261</b>	<b>1,352,331</b>
<b>Total assets</b>	<b>1,119,084</b>	<b>1,352,679</b>
<b>Equity and liabilities</b>		
<i>Equity</i>		
8 Art collection	40	40
Retained earnings	815,545	1,052,426
Profit for the year	204,054	220,498
<b>Total equity</b>	<b>1,019,639</b>	<b>1,272,964</b>
<i>Liabilities</i>		
9 Accrued expenses and deferred income	59,852	58,600
Accounts payable	23,012	8,665
Other provisions	600	-
Other liabilities	15,981	12,450
<b>Total liabilities</b>	<b>99,445</b>	<b>79,715</b>
<b>Total equity and liabilities</b>	<b>1,119,084</b>	<b>1,352,679</b>
Pledged assets	600	None
Contingent liabilities	None	None

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## Accounting principles

AP7 follows the regulations in the National Pension Insurance Funds Act (2000:192). The accounting principles have not changed in relation to the previous year.

## Revenue reporting

Revenue consists of fixed management fees received from the managed funds. These are recognised as income in the period to which they relate.

## Depreciation principles for non-current assets

Non-current assets are measured at cost less accumulated depreciation. Depreciation is applied at the rates set out below:

	2025	2024
Equipment	20%	20%
Remodelling of leased premises	30%	30%

Depreciation is shown in the note for the balance sheet item.

## Valuation principles, etc.

Assets and liabilities are measured at cost unless otherwise stated below. Receivables and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet date.

## Receivables

Receivables are recorded at the amounts expected to be received.

All amounts in SEK thousands

## Note 1 Personnel costs

	2025	2024
<b>Number of employees</b>		
Average number of employees	64	50
Employees as of 31 December	74	56
Number of senior executives (as of 31 December)	7	7
<b>Salaries and fees</b>		
Board Chair	218	218
Board excl. Chair	931	881
CEO	4,636	4,320
Executive management excl. CEO	12,332	12,293
Other employees	68,015	45,004
<b>Total</b>	<b>86,132</b>	<b>62,716</b>
<b>Pension costs</b>		
CEO	2,071	2,428
Executive management excl. CEO	6,991	7,667
Other employees	21,984	14,640
<b>Total</b>	<b>31,046</b>	<b>24,735</b>
<b>Social costs</b>		
Board Chair	68	68
Board excl. Chair	293	276
CEO	1,462	1,951
Executive management excl. CEO	3,887	5,735
Other employees	21,247	17,588
<b>Total</b>	<b>26,957</b>	<b>25,618</b>
<b>Senior executives</b>		
Women	3	3
Men	4	4

## Remuneration to senior executives 2025

	Fixed salary	Other benefits	Pension costs	-of which salary exchange	Total
Chief Executive Officer	4,636	6	2,072	500	6,714
Executive Vice President/Chief Investment Officer	3,912	6	1,424	120	5,342
Chief Operations Officer	2,021	6	1,025	209	3,052
Communications Officer and senior ESG advisor	1,484	7	483	103	1,974
General Counsel	1,727	9	1,382		3,118
Chief Finance and Risk	1,671	6	1,548	152	3,225
Human Resources Manager	1,517	6	1,128		2,651
<b>Total</b>	<b>16,968</b>	<b>46</b>	<b>9,062</b>	<b>1,084</b>	<b>26,076</b>

## Remuneration to senior executives 2024

	Fixed salary	Other benefits	Pension costs	-of which salary exchange	Total
Chief Executive Officer	4,320	16	2,428*	480	6,764
Executive Vice President/Chief Investment Officer	3,720	6	1,360	120	5,086
Chief Operations Officer	2,000	13	999	209	3,012
Communications Officer and senior ESG advisor	1,861	6	1,516	174	3,383
General Counsel	1,667	6	1,271		2,944
Chief Finance and Risk	1,581	6	1,432	152	3,019
Human Resources Manager	1,464	6	1,089		2,559
<b>Total</b>	<b>16,613</b>	<b>59</b>	<b>10,095</b>	<b>1,135</b>	<b>26,767</b>

\* of which 480 relates to amounts for 2023

AP7 applies the collective agreement between BAO and JUSEK/CR/CF (SACO) as well as the Government's guidelines for remuneration to senior executives. The Board of Directors of AP7 has adopted guidelines for the remuneration of senior executives and employees.

No employee has a salary containing a variable component. In addition, the following applies to the CEO, the Executive Vice President and the Chief Operations Officer. The retirement age is 65 years. They are exempt from the pension plan in force under the collective agreement

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**Note 1 Personnel costs, cont'd.**

and instead receive individual pension insurance at a cost corresponding to 30% of the fixed salary, in accordance with the Government's Guidelines for Terms of Employment for Senior Executives in State-owned Companies.

For the CEO, the Deputy CEO and the Chief Operations Officer, the notice period is six months. In the event of termination by the employer, severance pay may be paid for up to 12 months following the expiry of the notice period, corresponding to the fixed monthly salary. Any severance pay is reduced by any salary or other income from gainful employment received during the severance period.

For senior executives, excluding the CEO, Executive Vice President and Chief Operations Officer, pension provisions may exceed 30 percent of the salary. This follows from the applicable collective pension plan, BTP1 or BTP2. BTP1 is defined contribution while BTP2 is primarily defined benefit.

The Government's guidelines on terms of employment for senior executives in the AP Funds state that remuneration is to be moderate and not market-leading, while at the same time being competitive enough not to hinder the ability to attract and retain the necessary expertise. This objective is achieved through a clear process in which AP7's Remuneration Committee, the Chair, the Vice Chair and the CEO (in attendance) prepare the overall salary framework for all employees and the remuneration of AP7's senior executives, and negotiate the CEO's salary and other terms of employment. The full Board resolves on remuneration matters following preparation by the Remuneration Committee. The lower boundary for competitive remuneration levels is influenced, among other things, by requirements relating to seniority and commissioning competence. These requirements are, in turn, a consequence of the organisation's lean structure and extensive use of external service providers. Remuneration levels for AP7's employees cannot therefore be significantly below those offered by private asset management companies. In 2025, a benchmarking study was conducted by the independent consultancy Allshares. The study covered financial institutions in Sweden more broadly, including major banks and the other AP Funds. The results showed that AP7's remuneration levels are moderate and not market-leading. The control functions have also reviewed compliance with the remuneration guidelines without remark.

In general, the remuneration level is at the median. AP7's Board of Directors therefore assesses that AP7's remuneration levels are overall in line with the levels offered by the private market participants and that the Government's guidelines have been followed in 2025.

The fees of the Board of Directors are decided by the Government. In addition to the fees determined by the Government, a total of SEK 100,000 has been paid to the board members who are members of the Asset Management Committee or the Audit Committee.

**Note 2 Other external costs**

	2025	2024
Audit assignment PwC	766	739
Premises rent	10,624	8,288
Information and data	75,760	71,991
Other external services	44,663	41,595
Other costs	10,894	11,990
<b>Total other external costs</b>	<b>142,707</b>	<b>134,603</b>
<b>Fees to audit firms</b>		
Audit assignment	766	739
Tax advice	-	60
Other advice	142	243
<b>Total fees</b>	<b>908</b>	<b>1,042</b>

Audit assignment refers to the auditor's work with the statutory audit.

**Note 3 Interest income and similar**

	2025	2024
Realised gain on sale of securities	17,990	44,037
<b>Total interest income and similar</b>	<b>17,990</b>	<b>44,037</b>

**Note 4 Interest expenses and similar**

	2025	2024
Interest expenses	-10	-418
Exchange rate losses	106	-
<b>Total interest expenses and similar</b>	<b>96</b>	<b>-418</b>

<sup>3)</sup> 18 months for employment contracts concluded by 31 December 2016

**Note 5 Equipment**

	2025	2024
Opening acquisition value	3,567	5,104
Purchasing	-	125
Decommissioning of equipment	-	-1,662
<b>Closing cumulative acquisition values</b>	<b>3,567</b>	<b>3,567</b>
Opening depreciation	-3,219	-4,670
Cancelled depreciation decommissioned equipment	-	1,629
Depreciation for the year	-125	-178
<b>Closing cumulative depreciation</b>	<b>-3,344</b>	<b>-3,219</b>
<b>Closing book value</b>	<b>223</b>	<b>348</b>

**Note 6 Prepaid expenses and accrued income**

	2025	2024
Accrued fund fees	63,264	60,465
Other interim receivables	17,666	56,046
<b>Prepaid expenses and accrued income</b>	<b>80,930</b>	<b>116,511</b>

**Note 7 Other receivables**

	2025	2024
Tax asset	4,941	4,072
Other receivables	8	-
<b>Total other receivables</b>	<b>4,949</b>	<b>4,072</b>

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**Note 8 Equity**

	Art	Retained earnings	Profit/loss for the year	Total equity
Opening balance	40	1,052,427	220,498	1,272,964
Allocation of profit		220,498	-220,498	-
Return Swedish Pensions Agency		-457,379		-457,379
Profit/loss for the year			204,054	204,054
Closing balance	40	815,546	204,054	1,019,639

**Note 9 Accrued expenses and deferred income**

	2025	2024
Accrued personnel costs	3,966	4,952
Accrued costs external managers and custodian bank	37,976	43,115
Tax liability	8,608	5,991
Other interim liabilities	9,302	4,542
<b>Total accrued liabilities and deferred income</b>	<b>59,852</b>	<b>58,600</b>

Stockholm, 16 February, 2026

**Per Frennberg**  
Board Chair

**Emma Ihre**  
Deputy Chair

**Susanne Ekblom**

**Ossian Ekdahl**

**Elisabeth Frayon**

**Henrik Saxborn**

**Mikaela Valtersson**

**Magnus Vesterlund**

**Anders Wihlborn**

**Pål Bergström**  
Chief Executive Officer

Our audit report was submitted on 16 February, 2025

**Helena Kaiser de Carolis**  
*Authorised Public Accountant*  
Appointed by the Government

**Peter Nilsson**  
*Authorised Public Accountant*  
Appointed by the Government

Seventh AP Fund | Annual Report 2025

# Auditor's report

For the Seventh AP Fund, corporate identity number 802406-2302

NOTE: this is an unofficial translation of the report originally issued in Swedish. In case of discrepancies between the original report and this translation the original Swedish version shall prevail.

## Report on the annual report

### Opinion

We have carried out an audit of the annual report for the Seventh AP Fund for 2025.

In our opinion, the annual report has been prepared in accordance with the Act (2000:192) on National Pension Insurance Funds (AP Funds) and presents fairly, in all material respects, the financial position of the Seventh AP Fund as of 31 December 2025 and its financial results for the year in accordance with the Act on National Pension Insurance Funds. The management report is consistent with the other parts of the annual report.

We therefore recommend that the income statement and balance sheet be adopted.

### Basis for opinion

We conducted the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under these standards are described in more detail in the Auditor's Responsibilities section. We are independent in relation to the Seventh AP Fund in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual report and for ensuring that it presents a true and fair view in accordance with the Act on National Pension Insurance Funds. The Board and the CEO are also responsible for the internal control they deem necessary to prepare an annual report that does not contain any material misstatement, whether due to fraud or error.

When preparing the annual report, the Board of Directors and the CEO are responsible for assessing the fund's ability to continue as a going concern. They disclose, where applicable, matters that may affect the ability to continue operations and the use of the going concern assumption.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the annual report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement if one exists. Misstatements can arise from fraud or error and are considered material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the annual report.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the annual report, whether due to fraud or error, design and perform audit procedures based on these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, since fraud may involve collusion, forgery, intentional omissions, misrepresentation or the override of internal control.
- We obtain an understanding of the part of the fund's internal control that is relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the internal control.
- We evaluate the appropriateness of the accounting principles used and the reasonableness of the estimates made by the Board of Directors and the CEO and the related disclosures.
- We conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern assumption in preparing the annual report. Based on the audit evidence obtained, we also determine whether a material uncertainty exists related to events

or conditions that may cast significant doubt on the fund's ability to continue operations. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the relevant disclosures in the annual report or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the fund to cease to continue operations.

- We evaluate the overall presentation, structure and content of the annual report, including the disclosures, and whether the annual report represents the underlying transactions and events in a manner that achieves a true and fair view.

We must inform the Board of Directors, among other things, about the planned scope and focus of the audit and its timing. We must also communicate significant findings from the audit, including any significant deficiencies in internal control that we have identified.

## Report on other legal and regulatory requirements

### Opinion

In addition to our audit of the annual report, we have also reviewed the inventory of the assets managed by the Seventh AP Fund. We have also reviewed whether there are any remarks to be made regarding the management of the Seventh AP Fund by the Board of Directors and the CEO for 2025. In our opinion, there is nothing to report in this regard.

### Basis for opinion

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under these standards are described in more detail in the Auditor's Responsibilities section. We are independent in relation to the Seventh AP Fund in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Seventh AP Fund | Annual Report 2025****Responsibilities of the Board of Directors and the CEO**

The Board of Directors and the CEO are responsible for the accounting records and for the management of the fund's assets in accordance with the Act on National Pension Insurance Funds.

The Board is responsible for the organisation of the fund and for the management of the fund's affairs. This includes, among other things, continuously assessing the fund's financial situation and ensuring that the organisation is designed so that the accounting, management of funds and the fund's financial affairs are otherwise controlled in a satisfactory manner. The CEO is responsible for the day-to-day administration in accordance with the Board's guidelines and instructions and must, among other things, take the measures necessary to ensure that the fund's accounting is carried out in accordance with law and that the management of funds is conducted in a satisfactory manner.

**Auditor's responsibilities**

Our objective regarding the audit of the management, and thus our opinion, is to obtain audit evidence in order to determine, with a reasonable degree of assurance, whether there are any grounds for remarks regarding the management of the Seventh AP Fund by the Board of Directors or the CEO for the 2025 financial year.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that may give rise to remarks.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgement and maintain professional scepticism throughout the audit. The review of the management is based primarily on the audit of the financial accounts. Additional audit procedures are performed based on our professional judgement, taking into account risk and materiality. This means that we focus the review on measures, areas and circumstances that are significant for the operations and where deviations or violations would be of particular importance for the Seventh AP Fund. We examine and review decisions taken, the basis for those decisions, actions taken and other circumstances that are relevant to our opinion.

16 February 2026

**Helena Kaiser de Carolis**  
*Authorised Public Accountant*  
Appointed by the Government

**Peter Nilsson**  
*Authorised Public Accountant*  
Appointed by the Government

# AP7 Equity Fund Annual Report 2025

Corporate registration number 515602-3862

## DIRECTOR'S REPORT

All amounts in SEK thousands

### Investment strategy

The AP7 Equity Fund is a central component in creating a life-cycle profile in the default option AP7 Såfa and is therefore a building block in the premium pension component of the national pension system. The fund is also included in the government's fund portfolios. Further information about these portfolios is available in the Annual Report of the Seventh AP Fund and at [ap7.se/vart-utbud/](https://ap7.se/vart-utbud/).

The objective of the AP7 Equity Fund is to achieve, at the chosen risk level, a high long-term return that exceeds the return of the fund's benchmark index<sup>1)</sup>. AP7 is a universal owner and the fund is managed with a clear sustainability profile. A long-term perspective and diversification are two pillars of AP7's investment strategy.

Diversification involves spreading risk across several dimensions – partly by investing in more than 2,000 listed companies with broad geographical and sector diversification, referred to as the global portfolio. The holdings in the global portfolio are complemented by diversifying strategies, such as risk-premium and sustainability-related strategies. The fund also invests in illiquid asset classes such as unlisted equities in private equity and real estate. Given AP7's long-term investment horizon, investments in these asset classes enable even greater diversification, as they do not move entirely in line with equity markets.

Diversification also occurs over time, as new premium pension capital is allocated each year, spreading investments, and thus risk, over the entire working life.

Leverage, meaning that the fund's value development is amplified relative to that of the underlying market, may be used in the management of the fund. This is done partly to increase the fund's long-term return and partly to create exposure to desired asset classes and manage risks in the portfolio.

### Derivative instruments and share loans

The fund rules permit the use of derivative instruments as part of the investment strategy. During 2025, this possibility was utilised in the ongoing management through equity futures and currency contracts. In addition, OTC derivatives (total return swaps) are used to create leverage in the management of the fund. The fund's gross derivative exposure amounted to 18.2 percent at the balance sheet date.

Derivative instruments	2025	2024
Derivative gross exposure <sup>2)</sup> %, highest	23.4	20.7
Derivative gross exposure %, lowest	17.2	17.7
Derivative gross exposure %, average	18.7	18.3

The fund has a share lending programme through the Bank of New York Mellon. During 2025, the programme generated net revenue of SEK 146.5 million (87 percent of the total revenue from the share lending programme). The cost of the programme amounted to SEK 20.9 million (13 percent of the total revenue from the share lending programme).

### Responsible investments

All of AP7's managed capital is subject to requirements for responsible management based on standards for human rights, working conditions, the environment, and anti-corruption.

As a long-term and global investor, AP7 can make the greatest impact by being an active owner and by investing in companies that offer solutions to sustainability challenges. This is in line with the legislation requiring AP7 to manage the capital in an exemplary manner through responsible investments and responsible ownership. In its management, AP7 attaches particular importance to how sustainable development can be promoted without compromising the objective of achieving a high long-term return at the chosen risk level.

Climate change is one of the most pressing sustainability issues of our time. AP7's ambition is therefore to act in an exemplary manner, particularly in the development of norms and through active ownership relating to climate and biodiversity. Special efforts are made with the overall aim of reducing global emissions.

AP7 works with three overlapping thematic focus areas. In 2025, the theme Board Responsibility was concluded. The theme Sustainable Construction will continue in 2026. Read more at [ap7.se/hallbarhet/temaarbete/](https://ap7.se/hallbarhet/temaarbete/).

### Transition portfolio

As an investor, AP7 can invest in businesses that provide solutions to various sustainability challenges, for example companies focused on climate innovation.

To contribute to achieving global net-zero emissions, AP7 has also developed an internal transition portfolio. The starting point is to identify and invest in companies that are lagging behind in their climate

efforts but that, with the support of active ownership, have the potential to transition in line with the Paris Agreement.

### Responsible ownership

Together with other investors, AP7 engages with companies and contributes to the development of norms in order to achieve real-world impact. AP7 also coordinates this work with the other AP funds.

Within responsible ownership, AP7 primarily works through a combination of four different engagement methods: dialogue with companies, actions at general meetings, exclusion, and legal processes.

### Advocacy dialogue

AP7 engages in dialogue with companies in cases where reported incidents indicate risks of human rights violations or risks related to labour rights, the environment, and corruption. AP7 also engages with other investors as part of the climate action plan and thematic work.

### Actions at general meetings

AP7's equity portfolio reflects the entire real economy. By making its voice heard at annual general meetings, AP7 has the opportunity to influence the equity market as a whole. Under the AP Funds Act, AP7 is not permitted to vote at Swedish general meetings. However, since the majority of its equity holdings are outside Sweden, AP7 can still act at the vast majority of the more than 2,000 companies in which it invests. Read more about how AP7 has voted at: [ap7.se/proxy-votingrosthning](https://ap7.se/proxy-votingrosthning).

### Exclusions

AP7 expects the companies in which it invests to comply with the international norms expressed in the ten principles of the UN Global Compact on human rights, labour rights, the environment, and anti-corruption. AP7 does not invest in companies where verified information shows that these norms are being violated; this constitutes the fund's minimum acceptable standard and the basis for exclusion. In 2025, we expanded the basis for excluding companies with particularly high and difficult-to-assess sustainability risks. The framework will be introduced gradually over the coming years. AP7 also excludes companies involved in the development and production of nuclear weapons.

As of December 2025, a total of 142 companies were excluded from AP7's investment universe as a result of acting in direct violation of the

<sup>1,2)</sup> See Explanation of key performance indicators

## AP7 Equity Fund | Annual Report 2025

principles of the UN Global Compact or the Paris Agreement, or due to an elevated risk of violating these principles without adequate readiness to manage that risk. The list is available at [ap7.se](https://ap7.se).

### Legal processes

AP7 selectively makes use of the opportunity to pursue legal proceedings in cases of principle against companies that act contrary to AP7's view of sound corporate governance or otherwise disregard the interests of shareholders. The primary purpose is to highlight and deter such misconduct.

In 2025, two new settlements were reached relating to Rivian and BHP Group Limited. No new legal proceedings were initiated during 2025. Together with other institutional investors, AP7 had ongoing legal proceedings against 13 companies at the end of 2025, seven of which were in the United States.

### Significant risks at the balance sheet date

The AP7 Equity Fund is a global equity fund in which leverage is used in the management of the fund. Developments in global equity markets constitute the single largest risk, and a significant market decline may lead to substantially lower returns. As the majority of the fund's assets are invested outside Sweden and no currency hedging is applied, the fund is exposed to significant currency risk.

### Market development

Global equity markets developed relatively strongly during 2025. However, returns in the fund were negatively affected by an appreciation of the Swedish krona, particularly against the US dollar. Uncertainty related to trade policy, macroeconomic developments, and geopolitics contributed at times to increased volatility. A clear trend was the continued strong performance of U.S. technology companies.

Emerging markets also developed positively, supported by high exposure to technology and a weaker U.S. dollar. For European investors, including Swedish savers, however, returns were dampened by the significant weakening of the dollar.

During the year, the macroeconomic outlook gradually improved as inflation declined and several central banks began lowering policy rates, which contributed to more stable market sentiment during the second half of the year.

Looking ahead to 2026, global uncertainty is expected to be somewhat lower than in the previous year. Falling inflation, resilience in the US economy and expected interest rate cuts provide some support for the economic outlook, while demographic challenges, geopolitics, public finances and rapid AI development require continued attention.

### Performance development

During 2025, global equity markets developed positively, although with variations between regions and asset classes. The AP7 Equity Fund achieved a return of 4.3 percent, corresponding to SEK 53.6 billion, which was 1.8 percentage points higher than the return of the fund's benchmark index. The strong relative return reflects the successful implementation of the fund's investment strategy, where the use of leverage accounts for the majority of the outperformance relative to the index.

The global equity market gains were partly offset by an appreciation of the Swedish krona, particularly against the U.S. dollar, which negatively affected returns measured in Swedish kronor. Emerging markets performed strongly relative to developed markets, which delivered a slightly positive return. Among the fund's diversifying components, risk premiums performed strongly, while small-cap companies developed more weakly. The private equity portfolio made a negative contribution, partly due to the weakening of the U.S. dollar, while the real estate portfolio contributed slightly positively overall. The exclusion of China from the portfolio contributed positively to returns during the year. Overall, the fund delivered a stable return and clear outperformance relative to the benchmark index during the year.

Net inflows to the fund amounted to SEK 40.6 billion in 2025. Outflows amounted to SEK 17.5 billion.

### The fund's ten largest listed holdings as a percentage of fund capital at the end of 2025

Nvidia Corp	4.74
Apple Inc	4.23
Microsoft Corp	3.55
Amazon.com Inc	2.30
Alphabet Inc	3.53
Taiwan Semiconductor Manufac	1.95
Broadcom Inc	1.62
Meta Platforms Inc-Class A	1.50
JPMorgan Chase & Co	0.93
Eli Lilly & Co	0.88
<b>Total of ten largest holdings</b>	<b>25.20</b>

### Significant events after the balance sheet date

No significant events occurred after the balance sheet date.

## AP7 Equity Fund | Annual Report 2025

## KEY PERFORMANCE INDICATORS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Fund assets (MSEK)</b>	1,365,645	1,288,915	992,025	814,003	879,041	655,423	616,662	418,944	396,162	314,874
Number of shares (thousands)	1,729,217	1,701,664	1,699,846	1,672,798	1,628,143	1,628,291	1,603,903	1,483,257	1,361,024	1,273,624
Share price (SEK)	789.75	757.44	583.60	486.61	539.90	402.52	384.48	282.45	291.08	247.21
<b>Return</b>										
Fund yield (%)	4.3	29.8	19.9	-9.9	34.1	4.7	36.2	-3.0	17.7	16.5
Benchmark index <sup>1)</sup> (%)	2.5	29.4	18.8	-5.6	31.2	2.5	33.5	-3.3	18.0	16.5
<b>Average return</b>										
2 years (%)	16.3	24.8	4.0	10.0	18.5	19.4	14.9	6.9	17.1	11.5
5 years (%)	14.4	14.5	15.6	10.8	16.9	13.7	14.1	13.2	20.8	17.3
Since fund start (%)	14.6	15.3	14.3	13.9	16.2	14.6	15.7	13.6	15.9	15.7
<b>Risk measure <sup>2)</sup></b>										
Total risk fund (%)	13.7	11.9	15.2	14.1	17.6	19.3	15.1	12.5	10.8	17.2
Total risk benchmark index (%)	12.9	10.7	13.4	12.5	15.6	17.2	14.1	12.6	9.7	17.1
Active risk (%)	1.4	1.8	2.3	2.0	2.5	2.7	2.0	0.8	1.7	1.9
Active share (%)	27.0	26.4	31	29.1	28.2	28.1	27.2 <sup>4)</sup>	11.7	8.2	8.6
Relative VaR MC 99% average year (%)	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	-
Relative VaR MC 99% max during the year (%)	1.1	1.2	1.2	1.2	1.1	1.1	1.1	1.2	1.3	-
Relative VaR MC 99% min during the year (%)	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0	-
Relative VaR MC 99% per balance sheet date (%)	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	-
Turnover rate (%)	12.0	15.0	9.0	9.3	7.0	16.7	8.5	8.0	8.9	13.0
<b>Fees</b>										
Management fee (%)	0.05	0.05	0.05	0.05	0.075	0.08	0.09	0.1	0.11	0.11
Annual fee (%) <sup>3)</sup>	0.06	0.07	0.06	0.07	0.09	0.10	0.11	0.13	0.13	0.14
Deposit/withdrawal fee	None	None	None	None	None	None	None	None	None	None
<b>Transaction costs</b>										
Total (SEK thousand)	40,582	70,405	42,226	73,277	80,168	136,349	119,792	106,292	97,642	100,378
Share of turnover (%)	0.01	0.02	0.02	0.04	0.06	0.05	0.08	0.09	0.09	0.11
One-time deposit SEK 10,000 (SEK)	4.8	5.9	5.7	6.3	8.9	7.6	11.0	10.5	11.9	12.1

<sup>1)</sup> See Explanations of key performance indicators.

<sup>2)</sup> Risk measures are based on two years of historical monthly returns and are calculated in accordance with the guidelines of the Swedish Investment Fund Association. For more information, see [www.fondbolagen.se](http://www.fondbolagen.se).

<sup>3)</sup> Includes actual and estimated fees for alternative investments.

<sup>4)</sup> The increase in Active share is explained by the change of the benchmark index 01/01/2019 and that an exposure-based calculation method has been chosen.

**Management fee**

The AP7 Equity Fund pays a management fee to AP7 on the last day of each month. The fee is calculated daily as 1/365 of the fund's value and covers costs related to, among other things, portfolio management, administration, accounting, custody of securities, auditing, information and supervision. In 2025, the fee amounted to 0.05 percent of the fund's assets.

Transaction costs, such as brokerage commissions and fees paid to custodian banks for securities transactions, are charged directly to the AP7 Equity Fund and are not included in the management fee. Fees paid to managers of the fund's holdings in unlisted assets (private equity) are also not included in the management fee but are charged directly to the AP7 Equity Fund.

## AP7 Equity Fund | Annual Report 2025

## EXPLANATIONS OF KEY PERFORMANCE INDICATORS

**Active risk:**

A measure of how much a fund's unit value has varied compared with its benchmark index. A high level of active risk means that the fund's investments have deviated significantly from the benchmark during the period. The return of a portfolio with high active risk may be substantially higher or lower than the return of the index. The measure is based on the performance of the fund units and the benchmark over the past two years.

**Active share:**

A measure of the proportion of the fund's holdings that differ from the composition of the benchmark index, calculated in accordance with the recommendation of the Swedish Investment Fund Association.

**Annual fee (%):**

Refers to all costs of the fund excluding interest expenses, performance-based fees and transaction costs. Management fees for alternative investments are included. The measure of the costs charged to the fund during the past twelve months is expressed as a percentage of the fund's assets. The annual fee is calculated in accordance with the "CESR's guidelines on the methodology for calculation of the ongoing charges figure in the Key Investor Information Document" [www.esma.europa.eu/sites/default/files/library/2015/11/10\\_674.pdf](http://www.esma.europa.eu/sites/default/files/library/2015/11/10_674.pdf)

**Benchmark index:**

Since 01/01/2019, the fund's benchmark index is the MSCI All Country World Index (Gross). The benchmark index constitutes a relevant reference in relation to the fund's investment focus, asset class and markets.

**Cost of one-time deposit, SEK 10,000:**

Management costs according to the income statement in SEK attributable during the year to a shareholding amounting to SEK 10,000 at the beginning of the year and retained in the fund throughout the year.

**Derivative exposure:**

A measure of a fund's use of derivatives and other techniques and instruments. The calculation of derivative exposure is based on the regulations issued by the Swedish Financial Supervisory Authority. Derivative exposure is calculated based on the underlying exposure value, meaning that no so-called delta adjustment is made. Long and short positions are not netted. As a result, the figure provides a simplified picture of the fund's exposure and may differ from figures presented in other contexts.

**Relative Value-at-Risk:**

AP7 uses a relative Value-at-Risk model to calculate the fund's total exposure. The Monte Carlo model is applied with a confidence level of 99 percent and a time horizon of one month. The measure aims to show how much the fund is expected to lose relative to the benchmark index over a given time period and with a given level of confidence, under normal market conditions. When calculating total exposure, the fund's Value-at-Risk is compared with the Value-at-Risk of the benchmark index MSCI ACWI.

The fund's Value-at-Risk may not exceed twice the Value-at-Risk of the benchmark portfolio.

**Return and risk calculations:**

The return and risk of the AP7 Equity Fund are calculated based on the fund's NAV price (Net Asset Value), which is used for the purchase and redemption of units. This method means that returns are reported after deduction of the management fee paid by the AP7 Equity Fund to AP7. In the NAV valuation, the prices used for the fund's assets correspond to the latest traded prices.

**Total risk (standard deviation):**

A measure of how much the share value has varied over a given period. Large variations usually imply higher risk but also the potential for stronger value growth. The measure is based on the performance of the fund units and the benchmark index over the past two years.

**Transaction cost:**

Commission and transaction fees to custodian bank.

**Turnover rate:**

Measures how many times securities have been bought or sold in relation to the fund's assets. The measure is expressed as a percentage and is calculated by dividing the lower of the total value of securities purchased or sold during the period by the fund's average assets.

## AP7 Equity Fund | Annual Report 2025

## BALANCE SHEET

Note	2025-12-31		2024-12-31		
Assets		Percentage		Percentage	
1	Transferable securities	1,322,260,196	96.8	1,257,019,308	97.5
	OTC derivative instruments with positive market value	1,020,471	0.1	47,998	0.0
	<b>Total financial instruments with positive market value</b>	<b>1,323,280,667</b>	<b>96.9</b>	<b>1,257,067,306</b>	<b>97.5</b>
	Bank balances and other cash and cash equivalents	5,229,263	0.4	4,411,494	0.3
	Prepaid expenses and accrued income	882,873	0.1	619,371	0.0
	Other assets	37,448,945	2.7	33,172,863	2.6
	<b>Total assets</b>	<b>1,366,841,748</b>	<b>100.1</b>	<b>1,295,271,034</b>	<b>100.5</b>
	<b>Liabilities</b>				
	OTC derivative instruments with negative market value	584,691	0.0	5,031,319	0.4
	<b>Total financial instruments with negative market value</b>	<b>584,691</b>	<b>0.0</b>	<b>5,031,319</b>	<b>0.4</b>
	Prepaid revenue and accrued expenses	-1,784	0.0	37	0.0
	Other liabilities	614,019	0.0	1,324,917	0.1
	<b>Total liabilities</b>	<b>1,196,926</b>	<b>0.0</b>	<b>6,356,273</b>	<b>0.5</b>
2	<b>Fund assets</b>	<b>1,365,644,822</b>	<b>100.0</b>	<b>1,288,914,761</b>	<b>100.0</b>
	<b>Memorandum items</b>			<b>2025-12-31</b>	<b>2024-12-31</b>
14	<i>Borrowed securities and collateral received</i>				
	Lending financial instruments			73,759,933	20,586,009
	Received collateral (government bonds, at least AA-rated) for loaned financial instruments			80,103,074	21,674,591
15	Collateral received (cash) for OTC derivative instruments <sup>3)</sup>			2,534,521	52,665
	Pledged collateral (cash) for OTC derivative instruments			-	3,776,433
	<i>Borrowed securities and pledged securities</i>				
	Pledged collateral (cash) for other derivative instruments			2,606,644	2,102,914
	<i>Outstanding commitments</i>				
	Residual investment commitments in private equity			29,223,754	34,658,415

All amounts in SEK thousands

<sup>3)</sup> The amount refers to collateral received for the value of transactions as per the last banking day before the closing date.

## AP7 Equity Fund | Annual Report 2025

## INCOME STATEMENT

Note		2025	2024
<b>Revenue and change in value</b>			
3	Change in value of transferable securities	209,433	253,012,780
4	Change in value of OTC derivative instruments	28,340,941	15,056,524
5	Change in value of other derivative instruments	10,633,201	3,463,324
6	Interest income	1,727,680	1,634,426
7	Dividends	20,493,156	20,252,976
8	Net foreign exchange gains and losses	-7,251,980	2,917,768
9	Other financial income	161,718	292,331
10	Other income	0	1
	<b>Total revenue and change in value</b>	<b>54,314,149</b>	<b>296,630,130</b>
<b>Costs</b>			
11	Management costs	-628,043	-581,990
12	Other financial costs	-40,798	-493,573
13	Other costs	-40,582	-70,405
	<b>Total costs</b>	<b>-709,423</b>	<b>-1,145,968</b>
	<b>Profit for the period</b>	<b>53,604,726</b>	<b>295,484,162</b>

## Accounting principles

The annual report for the fund has been prepared in accordance with the National Pension Insurance Funds Act (2000:192) and the Swedish Financial Supervisory Authority's regulations on securities funds (2013:9).

Business-day accounting is applied, which means that transactions are recognised in the balance sheet on the trade date, i.e. at the time when the material rights, and thus the risks, are transferred between the parties.

All financial instruments are measured at fair value. This means that listed equity-related securities, including listed equity index futures and derivative instruments traded on a regulated market, are valued at the latest traded price on the last trading day of the reporting period.

Foreign financial instruments are translated into Swedish kronor at the latest traded price on the last trading day of the reporting period.

Currency derivatives are valued based on the latest exchange rates on the last trading day of the reporting period.

Unlisted equity-related securities, consisting of indirect investments in private equity funds, are measured using the latest available fair value information, with daily adjustments based on a relevant index reflecting the development of private equity companies.

OTC derivatives (total return swaps) are valued using a model based on market-listed interest rates and information from the index provider on the performance of the relevant equity index on the last trading day of the reporting period.

When calculating realised gains and losses, the average cost method is applied.

Securities on loan are included in the balance sheet. The market value and the collateral received are disclosed as memorandum items. Premiums received for securities lending are recognised as other financial income.

## Tax

The AP7 Equity Fund is not taxable in Sweden. For investments abroad, there may in some cases be a tax liability in the form of a so-called definitive withholding tax on dividends.

*All amounts in SEK thousands*

## AP7 Equity Fund | Annual Report 2025

**Note 1 Transferable securities**

	2025-12-31		2024-12-31	
Transferable securities	1,266,807,805	92.8	1,204,207,500	93.4
Transferable securities – unlisted	51,360,416	3.8	50,081,091	3.9
Bonds and other interest-bearing securities	4,091,975	0.3	2,730,717	0.2
<b>Total transferable securities</b>	<b>1,322,260,196</b>	<b>96.9</b>	<b>1,257,019,308</b>	<b>97.5</b>

**Note 2 Change in fund assets**

	2025-01-01-2025-12-31	2024-01-01-2024-12-31
Fund assets at the beginning of the period	1,288,914,761	992,025,446
Share issue	40,616,557	40,811,540
Share redemption	-17,491,222	-39,406,387
Profit for the period according to the income statement	53,604,726	295,484,162
<b>Fund assets at the end of the period</b>	<b>1,365,644,822</b>	<b>1,288,914,761</b>

**Note 3 Specification of change in value of transferable securities**

	2025	2024
Realised price result	41,611,232	28,084,722
Realised currency result	852,477	15,169,339
Unrealised price result	150,189,433	152,157,090
Unrealised currency result	-192,443,709	57,601,629
<b>Total</b>	<b>209,433</b>	<b>253,012,780</b>

**Note 4 Specification of value change of OTC derivative instruments**

	2025	2024
Realised price result	22,921,701	22,900,349
Unrealised price result	5,419,240	-7,843,825
<b>Total</b>	<b>28,340,941</b>	<b>15,056,524</b>

Refers only to total return swaps.

**Note 5 Specification of change in value of other derivative instruments**

	2025	2024
Realised price result	10,793,888	4,621,208
Realised currency result	-160,687	-1,157,884
<b>Total</b>	<b>10,633,201</b>	<b>3,463,324</b>

**Note 6 Specification of interest income**

	2025	2024
Interest-bearing	152,934	143,245
Short-term interest investments	1,264,102	1,448,290
Bank accounts	310,644	42,891
<b>Total</b>	<b>1,727,680</b>	<b>1,634,426</b>

**Note 7 Specification of dividends**

	2025	2024
Dividends	21,434,928	21,089,793
Coupon tax	-1,327,998	-1,261,073
Restitution	386,226	424,256
<b>Total</b>	<b>20,493,156</b>	<b>20,252,976</b>

**Note 8 Specification of exchange rate gains and net losses**

	2025	2024
Currency derivatives	-268,413	-169,295
Bank accounts	-6,983,567	3,087,063
<b>Total</b>	<b>-7,251,980</b>	<b>2,917,768</b>

**Note 9 Specification of other financial income**

	2025	2024
Premium loaned shares	146,464	60,485
Interest income	0	193,739
Other financial income	15,254	38,107
<b>Total</b>	<b>161,718</b>	<b>292,331</b>

## AP7 Equity Fund | Annual Report 2025

## Note 10 Specification of other income

	2025	2024
Compensation from managers	0	1
<b>Total</b>	<b>0</b>	<b>1</b>

## Note 11 Specification of management cost

Remuneration to AP7 for management was paid at 0.05 percent (0.05 percent) per year on assets under management. This results in a management cost of SEK 628,043 thousand (SEK 581,990 thousand) for the full year 2025.

During 2025, 83 individuals received fixed remuneration from AP7. No variable remuneration was paid. A total of SEK 26,076 thousand (SEK 26,766 thousand) was paid to specially regulated staff in the executive management (seven individuals), and SEK 12,999 thousand (SEK 30,927 thousand) to risk takers in the asset management activities (four individuals in 2025; in 2024 the number was 16).

Remuneration includes paid salaries, other benefits and pension costs. For details, see Note 1 in AP7's Annual Report.<sup>1</sup> Remuneration to managers employed by external asset management companies is handled internally within each organisation.

PwC, as external auditors, were commissioned by the government, among other things, to review remuneration to senior executives. The review did not identify any deviations from the Seventh AP Fund's remuneration policy.

## Note 12 Specification of other financial costs

	2025	2024
Interest expense	0	-22,070
Other financial costs	-40,798	-471,503
<b>Total</b>	<b>-40,798</b>	<b>-493,573</b>

## Note 13 Specification of other costs

	2025	2024
Commission	-39,177	-65,866
Transaction fees to BNY	-1,405	-4,539
<b>Total</b>	<b>-40,582</b>	<b>-70,405</b>

## Note 14

## Specification of the top 10 counterparties for securities lending

	Country	Settlement type	Open term
UBS AG	Switzerland	Tripartite agreement	
Merrill Lynch International	UK	Tripartite agreement	
Goldman Sachs International	UK	Tripartite agreement	
BNP Paribas Prime Brokerage Intl Ltd	Ireland	Tripartite agreement	
Morgan Stanley & Co. International PLC	UK	Tripartite agreement	
JP Morgan Securities Plc.	UK	Tripartite agreement	
HSBC Bank PLC	UK	Tripartite agreement	
BofA Securities Inc	US	Tripartite agreement	
Citigroup Global Markets Limited	UK	Tripartite agreement	
Barclays Capital Securities Ltd.	UK	Tripartite agreement	

**Total securities lending 31/12/2025** **73,759,933**

**% of tradable assets** **5.6**

**% of fund assets** **5.4**

## Specification of the 10 largest issuers of collateral for securities lending

Government bonds	Currency	Market value	Term					Open term
			< 1 day	1-7 days	8-30 days	1-3 months	4-12 months	
Shares	*	45,899,265						45,899,265
The US Government	US	23,568,644			88,844	291,099	649,435	22,539,266
The French Government	FR	7,212,039				43,244		7,168,795
The UK Government	GB	1,513,734			1,275	1,616	1,499	1,509,343
The German Government	DE	775,408					19,516	755,892
The Dutch Government	NL	586,469				5,846		580,623
The Belgian Government	BE	181,827				7,902		173,925
Japan	JP	167,835					120,281	47,554
The Canadian Government	CA	159,975					7,305	152,670
The Swiss Government	CH	16,904						16,904
<b>Total market value 10 largest</b>		<b>80,082,098</b>						

Collateral is not reused. All collateral is held in a separate account with the fund's custodian bank, Bank of New York Mellon.

\* Shares regarding currencies: AUD, CAD, CHF, DKK, EUR, GBP, HKD, JPY, NOK, NZD, SEK, USD.

<sup>1)</sup> Further information on AP7's remuneration system can be found in the remuneration guidelines, at [www.ap7.se](http://www.ap7.se).

## AP7 Equity Fund | Annual Report 2025

## Note 15

## Specification of counterparties for total return swaps

	Country	Settlement type	Term					
			< 1 day	1-7 days	8-30 days	1-3 months	4-12 months	> 1 year
Citigroup Global Markets Europe AG	Germany	Bilateral			11,036,719	17,008,187	34,038,763	5,396,269
JP Morgan AG	Germany	Bilateral			1,931,553	10,035,610	28,225,798	5,063,329
Goldman Sachs International	UK	Bilateral					25,855,537	
BNP Paribas	France	Bilateral					25,837,536	
UBS AG	Switzerland	Bilateral					25,225,017	
BAML	France	Bilateral			4,212,362		5,487,608	1,378,126
Morgan Stanley Europe	Germany	Bilateral				3,116,699	5,500,357	
<b>Total outstanding nominal gross volume</b>								<b>209,349,470</b>
<b>31/12/2025</b>								
<b>% of fund assets</b>								<b>15.3</b>

## Specification of issuers of collateral for total return swaps

	Currency	Market value	Open term
Cash and cash equivalents	USD	2,534,521	2,534,521

If cash is received, it is reinvested in short-term money market funds (STIFs). All collateral is held in separate accounts with the fund's custodian bank, Bank of New York Mellon.

## Specification of issuers of collateral for total return swaps

	Currency	Market value	Open term
Cash and cash equivalents	USD	1,174,199	1,174,199
Cash and cash equivalents	EUR	1,282,034	1,282,034
Cash and cash equivalents	GBP	78,288	78,288

**AP7 Equity Fund | Annual Report 2025**

Stockholm, 16 February 2026

**Per Frennberg**  
Board Chair

**Emma Ihre**  
Deputy Chair

**Susanne Ekblom**

**Ossian Ekdahl**

**Elisabeth Frayon**

**Henrik Saxborn**

**Mikaela Valtersson**

**Magnus Vesterlund**

**Anders Wihlbom**

**Pål Bergström**  
Chief Executive Officer

Our audit report was submitted on 16 February 2026

**Helena Kaiser de Carolis**  
*Authorised Public Accountant*  
Appointed by the Government

**Peter Nilsson**  
*Authorised Public Accountant*  
Appointed by the Government

## AP7 Equity Fund | Annual Report 2025

# Auditor's report

For AP7 Equity Fund, corporate registration number 515602-3862

NOTE: this is an unofficial translation of the report originally issued in Swedish. In case of discrepancies between the original report and this translation the original Swedish version shall prevail.

## Report on the annual report

### Opinion

As auditors of the Seventh AP Fund, organisation number 802406-2302, we have carried out an audit of the AP7 Equity Fund Annual Report for 2025, with the exception of the sustainability information under the headings Responsible Investments and Responsible Ownership in the management report, as well as the appendix Regular Disclosures for AP7 Equity Fund that Promotes Environmental and Social Characteristics.

In our opinion, the annual report has been prepared in accordance with the National Pension Insurance Funds Act and the Swedish Financial Supervisory Authority's regulations on securities funds and provides a true and fair view, in all material respects, of the AP7 Equity Fund's financial position as of 31 December 2025 and of its financial results for the year in accordance with the National Pension Insurance Funds Act and the Swedish Financial Supervisory Authority's regulations on securities funds. Our opinion does not cover the sustainability information under the headings Responsible Investments and Responsible Ownership in the management report or the appendix Regular Disclosures for AP7 Equity Fund that Promotes Environmental and Social Characteristics.

### Basis for opinion

We have carried out the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under these standards are described in more detail in the Auditor's Responsibilities section. We are independent in relation to the Seventh AP Fund in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information other than the annual report

The other information consists of the sustainability information under the headings Responsible Investments and Responsible Ownership in the management report, as well as the appendix Regular Disclosures for AP7 Equity Fund that Promotes Environmental and Social Characteristics. The fund company is responsible for this other information.

Our opinion on the annual report does not cover this other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual report, our responsibility is to read the other information identified above and consider whether the information is materially inconsistent with the annual report or with the knowledge we obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that the other information contains a material misstatement, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Seventh AP Fund

The Seventh AP Fund is responsible for the preparation of the annual report and for ensuring that it gives a true and fair view in accordance with the National Pension Insurance Funds Act and the Swedish Financial Supervisory Authority's regulations on securities funds. The Seventh AP Fund is also responsible for the internal control it deems necessary to prepare an annual report that does not contain any material misstatement, whether due to fraud or error.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the annual report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual report.

As part of an audit under ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the annual report, whether due to fraud or error, design and perform audit procedures, among other things, based on these risks, and obtain audit evidence that is sufficient and appropriate to form a basis for our opinions. The risk of not detecting a material misstatement due to fraud is higher than for a material misstatement due to mistakes, as fraud may include collusion, forgery, deliberate omissions, misinformation or breach of internal control.
- We obtain an understanding of the parts of the Seventh AP Fund's internal control that are relevant to our audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

- We evaluate the appropriateness of the accounting principles used and the reasonableness of the Seventh AP Fund's accounting estimates and related disclosures.
- We evaluate the overall presentation, structure and content of the annual report, including the disclosures, and whether the annual report represents the underlying transactions and events in a manner that achieves a true and fair view.

We must inform the Seventh AP Fund, among other things, about the planned scope and focus of the audit and the timing of the audit. We must also communicate significant findings from the audit, including any significant deficiencies in internal control that we have identified.

### The auditor's opinion regarding the statutory sustainability information

The Seventh AP Fund is responsible for the sustainability information under the headings Responsible Investments and Responsible Ownership in the management report, as well as for the appendix Periodic Disclosures for the AP7 Equity Fund promoting environmental and social characteristics, and for ensuring that this information has been prepared in accordance with the National Pension Insurance Funds Act.

Our review of the sustainability information for the fund has been conducted in accordance with FAR's recommendation RevR 12 The Auditor's Opinion on the Statutory Sustainability Report. This means that our review of the sustainability information has a different focus and a significantly more limited scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We consider that this review provides a sufficient basis for our statement. Sustainability information has been provided in the annual report.

Stockholm, 16 February 2026

**Helena Kaiser de Carolis**  
*Authorised Public Accountant*  
 Appointed by the Government

**Peter Nilsson**  
*Authorised Public Accountant*  
 Appointed by the Government

# Fixed Income Fund Annual Report 2025

Corporate registration number 515602-3870

## DIRECTOR'S REPORT

All amounts in SEK thousands

### Investment strategy

The AP7 Fixed Income Fund is an important component for creating a life-cycle profile in the default option AP7 Såfa, and thus a building block in the national pension system's premium pension savings. The fund is also included in the Government's fund portfolios. More information about these portfolios can be found in the Annual Report for the Seventh AP Fund.

The AP7 Fixed Income Fund is a fixed income fund with a low level of risk and a sustainability profile. The focus of the management is to invest the fund's assets in interest-bearing financial instruments that together maintain a high level of credit quality, meaning investment grade with a rating of BBB- or higher. The average duration of the fund's investments is normally around three years, but may not exceed five years. The fund's assets shall be managed in an exemplary manner through responsible investments and responsible ownership. Particular emphasis shall be placed on promoting sustainable development without compromising the objective of achieving a high long-term return.

The fund's assets may be invested in a broad portfolio of asset classes, including transferable securities, money market instruments, derivative instruments and units in investment funds. A maximum of twenty percent of the fund's value may be invested in fund units. In addition, the fund's assets may be held on account with credit institutions. The objective of the management of the fund is, at the selected level of risk, to achieve a high long-term return that at least corresponds to the return of the fund's reference portfolio.

### Investments

The AP7 Fixed Income Fund is actively managed through internal management and may deviate from the benchmark index within the framework of the approved risk tolerance; see Explanations of the key performance indicators. Investments currently consist mainly of Swedish covered bonds, corporate bonds and sustainable bonds issued by supranational organisations.

As a result of a maturing pension system, as well as strong performance in global equity markets, the assets under management in the AP7 Fixed Income Fund have increased significantly in recent years.

During the year, the further development of the fixed income fund continued, meaning that in addition to trading in foreign securities, the fund can now also trade in a range of new fixed income instruments in order to improve the efficiency of management. The aim is to accelerate work on our sustainability agenda while creating a portfolio with greater diversification and the potential for higher returns, while maintaining a low level of risk for savers. The active risk mandate can now be used for investments in corporate bonds, subject to rating limits.

Modified duration may not deviate by more than +/- 2 percentage points from the modified duration of the benchmark index. The modified duration of the portfolio was 2.7 at year-end.

### Derivative instruments

The fund uses derivative instruments as a tool to improve the efficiency of management by reducing costs and risks. Derivative instruments are also used as part of the investment strategy and to hedge the fund's currency exposure to Swedish kronor. This ensures that the fund is always currency hedged and can manage currency risks efficiently. The fund's gross derivative exposure amounted to 0.3 percent on the balance sheet date.

Derivative instruments	2025	2024
Derivative gross exposure <sup>2)</sup> %, highest	0.7	0.1
Derivative gross exposure %, lowest	0.0	0.0
Derivative gross exposure %, average	0.2	0.0

### Responsible investments

As an asset manager, AP7 has conducted active ownership work since the fund's inception in 2000. The starting point for the work on responsible investments is the norms expressed in international conventions that Sweden has signed concerning human rights, labour rights, the environment, and anti-corruption.

Since 2014, AP7 has complemented its active ownership and engagement methods with ongoing thematic in-depth work. Within the framework of this thematic work, and based on AP7's role, mission and investment philosophy, AP7 has identified three roles in which it can make the greatest contribution to sustainable development: as an active owner, as an enabler and as a knowledge provider.

### Responsible investments in the AP7 Fixed Income Fund

The AP7 Fixed Income Fund may deviate from the benchmark index within the framework of the specified risk tolerance. The share of sustainable bonds increased during the year and amounted to 50.9 percent of the fund's assets at the end of 2025.

As the Swedish fixed income market is relatively small, the fund enabled investments during the year in bonds issued in foreign currencies. These investments are always currency hedged to Swedish kronor. In addition, a modernisation has taken place, meaning that the fund can now trade a range of new fixed income instruments to improve the efficiency of management.

Read more about AP7's work on responsible investments in the sustainability report and the climate action plan.

### Significant risks at the balance sheet date

The single largest risk in the management of the fund is market risk, meaning that rising interest rates may negatively affect the fund's return. An increase in interest rates of 0.5 percentage points would have a negative impact of approximately 1.35 percent if the modified duration is 2.7.

### Performance development

In 2025, the total return of the AP7 Fixed Income Fund was 3.2 percent, which was 0.1 percentage points higher than the return of the fund's benchmark index.

During 2025, the fixed income market was characterised by significant volatility, with periods of concern and relief alternating as a result

## Fixed Income Fund | Annual Report 2025

of political developments, uncertainty surrounding U.S. and French public finances, and shifting inflation expectations. At the same time, inflation gradually slowed during the year, enabling several rate cuts by both the Riksbank and the ECB. The U.S. Federal Reserve began its rate cuts in the autumn and is expected to continue with a further two cuts during 2026. Against this backdrop, interest rate developments were highly volatile throughout 2025, which was managed through active duration positioning. Overall, this contributed positively to the fund's return, although the rapid rise in longer-term interest rates towards the end of the year somewhat reduced the total return.

During 2025, the fund received capital inflows of SEK 16.4 billion. Outflows through the redemption of units amounted to SEK 8.8 billion.

### The fund's ten largest holdings as a percentage of the fund capital, at the end of 2025

Securities	Issuer	Share of the fund
SHBASS 1 03/01/27 #1592	Stadshypotek AB	2.84
DNBNO 2.474 09/03/29	DNB Boligkreditt AS	2.76
SHBASS 2 1/2 02/01/30 #1596	Stadshypotek AB	2.70
KUNTA 2.4825 11/19/29	Kuntarahoitus Oyj	2.43
SBAB 2.483 12/03/29	SBAB Bank AB	2.43
LF BANK 3 09/19/29 #522	Länsförsäkringar Hypotek AB	2.27
SWEDA 3 03/28/29 #199	Swedbank Hypotek AB	2.24
EBRD 2 3/4 12/20/27	European Bank for Reconstruction and Development	2.16
NDAFH 3 1/2 09/20/28 #5538	Nordea Hypotek AB	2.10
SWEDA 3 03/15/28 #198	Swedbank Hypotek AB	2.08
<b>Total of ten largest holdings</b>		<b>24.02</b>

### Significant events after the balance sheet date

No significant events after the balance sheet date.

## Fixed Income Fund | Annual Report 2025

## KEY PERFORMANCE INDICATORS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Fund assets (MSEK)</b>	163,488	151,041	113,562	91,231	87,848	67,185	57,483	41,203	34,550	28,120
Number of shares (thousands)	1,382,390	1,318,070	1,021,676	864,230	783,001	594,626	513,802	367,568	307,885	250,280
Share price (SEK)	118.27	114.59	111.15	105.56	112.19	112.99	111.88	112.1	112.21	112.36
<b>Return</b>										
Total NAV rate calculated (%)	3.2	3.1	5.3	-5.9	-0.7	1.0	-0.2	-0.1	-0.1	0.6
Benchmark index (%)	3.1	3.2	5.2	-5.8	-0.6	1.1	-0.2	-0.1	-0.1	0.7
<b>Average return</b>										
2 years (%)	3.1	4.2	-0.5	-3.3	0.1	0.4	-0.1	-0.1	0.3	0.7
5 years (%)	0.9	0.5	-0.2	-1.2	0.0	0.2	0.2	0.8	1.2	1.8
Since fund start (%)	1.1	0.9	0.8	0.4	1.0	1.2	1.2	1.3	1.5	1.8
<b>Risk measures <sup>1,2)</sup></b>										
Total risk fund (%)	2.1	3.0	3.7	2.4	0.8	0.8	0.7	0.4	0.4	0.5
Total risk benchmark index (%)	2.1	3.0	3.7	2.4	0.8	0.8	0.7	0.3	0.4	0.5
Active risk (%)	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Relative VaR MC 99% average year (%)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
Relative VaR MC 99% max during the year (%)	1.1	1.1	1.1	1.1	1.0	1.0	1.7	1.1	1.0	-
Relative VaR MC 99% min during the year (%)	0.9	1.0	0.9	1.0	0.9	1.0	0.9	1.0	1.0	-
Relative VaR MC 99% per balance sheet date (%)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
Turnover rate (%)	25.3	34.9	35.5	60.6	50	50.9	109.8	78.7	90.8	113
Duration, year	2.7	2.8	2.8	2.9	2.9	2.8	2.8	1.9	2.0	1.9
Modified duration (%)	2.7	2.7	2.7	2.8	2.9	2.8	2.8	1.9	2.0	2.0
<b>Fees</b>										
Management fee (%)	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Annual fee (%)	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Deposit/withdrawal fee	None	None	None	None	None	None	None	None	None	None
<b>Transaction costs</b>										
Total (SEK thousand)	14	8	20	44	62	51	62	33	34	54
Share of turnover (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
One-time deposit SEK 10,000 (SEK)	4.07	4.0	4.0	3.8	4.0	4.0	4.0	4.0	4.0	4.0

**Management fee**

The AP7 Fixed Income Fund pays a management fee to the Seventh AP Fund on the last day of each month. The fee is calculated daily at 1/365th of the value of the fund and covers costs for, among other things, management, administration, accounting, auditing, custody of securities, information and supervision. In 2025, the fee amounted to 0.04% per annum of the fund's assets. Transaction costs, such as fees to custodian banks for securities transactions, are charged directly to the AP7 Fixed Income Fund and are not included in the management fee.

<sup>1)</sup> Risk measures are based on two years of historical monthly returns and are calculated in accordance with the guidelines of the Swedish Investment Fund Association. For more information, see [www.fondbolagen.se](http://www.fondbolagen.se).

<sup>2)</sup> See Explanations of key performance indicators

## Fixed Income Fund | Annual Report 2025

## EXPLANATIONS OF KEY PERFORMANCE INDICATORS

**Active risk**

A measure of how much a fund's share value varied compared to its benchmark index. A high active risk means that the fund's investments deviated significantly from the benchmark index during the period. The return on a portfolio with high active risk can be significantly greater or lower than the return on the index. The measure is based on the development of fund shares and indices over the past two years.

**Annual fee (%)**

Refers to all costs incurred by the fund, excluding transaction costs, which have been charged to the fund in the past 12 months, expressed as a percentage of the fund's assets. The annual fee is calculated according to "CESR's guidelines on the methodology for calculation of the ongoing charges figure in the Key Investor Information Document"<sup>1)</sup>.

**Benchmark index**

Handelsbanken's interest rate index HMT 74, which consists of Swedish Government bonds and secured bonds with an average duration of three years.

**Cost of one-time deposit, SEK 10,000**

Management costs according to the income statement in SEK attributable during the year to a shareholding amounting to SEK 10,000 at the beginning of the year and retained in the fund throughout the year.

**Derivative exposure**

A measure of a fund's use of derivatives as well as other techniques and instruments. The calculation of derivative exposure is carried out in accordance with regulations issued by the Swedish Financial Supervisory Authority. The exposure is calculated based on the underlying notional value, meaning that no so-called delta adjustment is made. Short and long positions are not netted. As a result, the figure provides a simplified picture of the fund's exposure and may differ from information reported in other contexts.

**Duration**

Specifies the average maturity of the fund's fixed income securities. A higher duration provides greater sensitivity to changes in interest rates.

**Modified duration**

Specifies the percentage change in price if the market rate goes up by one percentage point.

**Relative Value-at-Risk**

The fund uses a relative Value-at-Risk model to calculate aggregate exposure. The Monte Carlo model is used with a confidence level of 99 percent with a time horizon of five days. The Value-at-Risk measurement aims to show how much the fund can be expected to lose in relation to benchmarks over a certain period of time and with a certain degree of certainty, under normal market conditions. When calculating total exposure, the fund's Value-at-Risk is compared against Value-at-Risk for the fund's benchmark index, which consists of Handelsbanken's interest rate index HMT 74.

**Return and risk calculations**

The AP7 Fixed Income Fund's return and risk are calculated on the fund's Net Asset Value (NAV) rate, which is used in the purchase and redemption of shares. This method means that the return is reported after deduction of the management fee that the AP7 Fixed Income Fund pays to the Seventh AP Fund. The NAV calculation uses the prices of the fund's assets that relate to the latest payment rate.

**Total risk (standard deviation)**

A measure of how much the share value has varied over a given period. Large variations in share value will lead to a higher risk but also a chance for better value growth. The measure is based on the development of fund shares and indices over the past two years.

**Transaction cost**

Transaction fees paid to the custodian bank.

**Turnover rate**

Measures how many times securities have been purchased or sold in relation to the fund assets. Calculated by dividing the minimum value of the total purchased or total sold securities over the period by the average fund assets and stated as a percentage.

<sup>1)</sup> [www.esma.europa.eu/document/guidelines-methodology-calculation-ongoing-charges-figure-in-key-investor-information](http://www.esma.europa.eu/document/guidelines-methodology-calculation-ongoing-charges-figure-in-key-investor-information)

## Fixed Income Fund | Annual Report 2025

## BALANCE SHEET

Note		2025-12-31		2024-12-31	
	<b>Assets</b>		<b>Percentage</b>		<b>Percentage</b>
1	Transferable securities	163,481,530	100.0	145,168,533	96.1
	Money market instruments	0	0.0	5,826,145	3.9
	OTC derivative instruments with positive market value	5,053	0.0	0	0.0
	<b>Total financial instruments with positive market value</b>	<b>163,486,583</b>	<b>100.0</b>	<b>150,994,678</b>	<b>100.0</b>
	Bank balances and other cash and cash equivalents	3,123	0.0	51,586	0.0
	Other assets	4,186	0.0	0	0.0
	<b>Total assets</b>	<b>163,493,892</b>	<b>100.0</b>	<b>151,046,264</b>	<b>100.0</b>
	<b>Liabilities</b>				
	OTC derivative instruments with negative market value	166	0.0	0	0.0
	<b>Total financial instruments with negative market value</b>	<b>166</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
	Accrued expenses and deferred income	-179	0.0	1	0.0
	Other liabilities	5,502	0.0	5,109	0.0
	<b>Total liabilities</b>	<b>5,489</b>	<b>0.0</b>	<b>5,110</b>	<b>0.0</b>
2	<b>Fund assets</b>	<b>163,488,403</b>	<b>100.0</b>	<b>151,041,154</b>	<b>100.0</b>
	<b>Memorandum items</b>		<b>2025-12-31</b>		<b>2024-12-31</b>
	Collateral received (cash) for OTC derivative instruments <sup>3)</sup>		None		None
	Collateral pledged (cash) for OTC derivative instruments		2,600		None
	Collateral pledged (bonds) for other derivative instruments		1,943		None

All amounts in SEK thousands

A schedule of holdings for all financial instruments is provided as a separate appendix.

<sup>3)</sup> The amount refers to collateral received for the value of transactions as of the last banking day before the balance sheet date.

## Fixed Income Fund | Annual Report 2025

## INCOME STATEMENT

Note		2025	2024
<b>Revenue and change in value</b>			
3	Change in value of transferable securities	1,383,708	1,025,301
	Change in value of money market instruments	429	981
4	Change in value of other derivative instruments	11	-40
5	Interest income	3,518,858	2,253,582
6	Net foreign exchange gains and losses	16,382	119
	Other financial income	0	0
	<b>Total revenue and change in value</b>	<b>4,919,388</b>	<b>3,279,943</b>
<b>Costs</b>			
7	Management costs	-62,108	-47,252
8	Other financial costs	-1	-1
9	Other costs	-15	-7
	<b>Total costs</b>	<b>-62,124</b>	<b>-47,260</b>
	<b>Profit for the period</b>	<b>4,857,264</b>	<b>3,232,683</b>

## Accounting principles

The annual report for the fund has been prepared in accordance with the National Pension Insurance Funds Act (2000:192) and the Swedish Financial Supervisory Authority's regulations on mutual funds (2013:9).

All financial instruments are measured at fair value on the last day of trading during the accounting period. This means that interest-related securities are valued at the latest payment price.

When calculating capital gains and losses, the average cost basis method is used.

## Tax

The AP7 Fixed Income Fund is not taxable in Sweden.

*All amounts in SEK thousands*

## Fixed Income Fund | Annual Report 2025

**Note 1 Transferable securities**

	2025-12-31		2024-12-31	
		%		%
Transferable securities	163,481,530	100.0	145,168,533	96.1
<b>Total transferable securities</b>	<b>163,481,530</b>	<b>100.0</b>	<b>145,168,533</b>	<b>96.1</b>

**Note 2 Change in fund assets**

	2025-01-01-2025-12-31	2024-01-01-2024-12-31
Fund assets at the beginning of the period	151,041,154	113,562,288
Share issue	16,406,281	39,729,556
Share redemption	-8,816,296	-5,483,373
Profit for the period according to the income statement	4,857,264	3,232,683
<b>Fund assets at the end of the period</b>	<b>163,488,403</b>	<b>151,041,154</b>

**Note 3 Specification of change in value of transferable securities**

	2025	2024
Realised price result	369,985	-131,695
Unrealised price result	1,030,084	1,157,145
Realised foreign exchange result	-6,933	-149
Unrealised foreign exchange result	-9,428	0
<b>Total</b>	<b>1,383,708</b>	<b>1,025,301</b>

**Note 4 Specification of value changes in other derivative instruments**

	2025	2024
Realised price result	1	-40
Realised foreign exchange result	10	0
<b>Total</b>	<b>11</b>	<b>-40</b>

**Note 5 Specification of interest income**

	2025	2024
Bonds	3,496,124	2,194,555
Money market instruments	8,948	11,893
Short-term interest investments	13,804	47,142
Bank account	-18	-8
<b>Total</b>	<b>3,518,858</b>	<b>2,253,582</b>

**Note 6 Specification of net foreign exchange gains and losses**

	2025	2024
Foreign exchange derivatives	18,086	-116
Bank accounts	-1,704	235
<b>Total</b>	<b>16,382</b>	<b>119</b>

**Note 6 Specification of management cost**

Remuneration to the Seventh AP Fund for management was paid at 0.04 percent per year on assets under management. This results in a management cost of SEK 62,108 thousand (47,252) for the full year 2025. The fee includes remuneration to depositaries for custody and remuneration to the Financial Supervisory Authority for supervision.

In 2025, 83 people received fixed remuneration from the Seventh AP Fund. No variable remuneration has been paid. The total paid out to specially regulated staff amounted to SEK 26,076 thousand (26,766) to the executive management (7 people), and SEK 12,999 thousand (30,927) to risk takers in the investment management operations (4 people in 2025; in 2024 there were 16 people).

Remuneration includes paid salary, other benefits and pension costs. PwC, as external auditors, were commissioned by the government to, among other things, review remuneration to senior executives and ensure that the review did not identify any deviations in relation to the Seventh AP Fund's remuneration policy. For additional details, see Note 1 in the Seventh AP Fund's annual report. Further information on the Seventh AP Fund's remuneration system can be found in the Remuneration Guidelines, available at [www.ap7.se](http://www.ap7.se).

**Note 7 Specification of other financial costs**

	2025	2024
Interest expense	-	-1
Other financial costs	-1	-
<b>Total</b>	<b>-1</b>	<b>-1</b>

**Note 8 Specification of other costs**

	2025	2024
Transaction fees to BNY Mellon	-14	-7
Courtage	-1	-
<b>Total</b>	<b>-15</b>	<b>-7</b>

**Fixed Income Fund | Annual Report 2025**

Stockholm, 16 February 2026

**Per Frennberg**  
Chair

**Emma Ihre**  
Deputy Chair

**Susanne Ekblom**

**Ossian Ekdahl**

**Elisabeth Frayon**

**Henrik Saxborn**

**Mikaela Valtersson**

**Magnus Vesterlund**

**Anders Wihlborn**

**Pål Bergström**  
Chief Executive Officer

Our audit report was submitted on 16 February 2026

**Helena Kaiser de Carolis**  
*Authorised Public Accountant*  
Appointed by the Government

**Peter Nilsson**  
*Authorised Public Accountant*  
Appointed by the Government

## Fixed Income Fund | Annual Report 2025

# Auditor's report

For the AP7 Fixed Income Fund, corporate registration number 515602-3870

NOTE: this is an unofficial translation of the report originally issued in Swedish. In case of discrepancies between the original report and this translation the original Swedish version shall prevail.

## Report on the annual report

### Opinion

As auditors of the Seventh AP Fund, organisation number 802406-2302, we have carried out an audit of the AP7 Fixed Income Fund Annual Report for 2025, with the exception of the sustainability information under the heading Responsible Investments in the management report and the appendix Regular Disclosures for AP7 Fixed Income Fund that Promotes Environmental and Social Characteristics.

In our opinion, the annual report has been prepared in accordance with the National Pension Insurance Funds Act and the Swedish Financial Supervisory Authority's regulations on securities funds and provides a true and fair view, in all material respects, of the AP7 Fixed Income Fund's financial position as of 31 December 2025 and of its financial results for the year in accordance with the National Pension Insurance Funds Act and the Swedish Financial Supervisory Authority's regulations on securities funds. Our opinion does not cover the sustainability information under the heading Responsible Investments in the management report or the appendix Regular Disclosures for AP7 Fixed Income Fund that Promotes Environmental and Social Characteristics.

### Basis for opinion

We have carried out the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under these standards are described in more detail in the Auditor's Responsibilities section. We are independent in relation to the Seventh AP Fund in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information other than the annual report

The other information consists of the sustainability information under the heading Responsible Investments in the management report and the appendix Regular Disclosures for AP7 Fixed Income Fund that Promotes Environmental and Social Characteristics. The fund company is responsible for this other information.

Our opinion on the annual report does not cover this other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual report, our responsibility is to read the other information identified above and consider whether the information is materially inconsistent with the annual report or with the knowledge we obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that the other information contains a material misstatement, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Seventh AP Fund

The Seventh AP Fund is responsible for the preparation of the annual report and for ensuring that it gives a true and fair view in accordance with the National Pension Insurance Funds Act and the Swedish Financial Supervisory Authority's regulations on securities funds. The Seventh AP Fund is also responsible for the internal control it deems necessary to prepare an annual report that does not contain any material misstatement, whether due to fraud or error.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the annual report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual report.

As part of an audit under ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the annual report, whether due to fraud or error, design and perform audit procedures based on these risks, and obtain audit evidence that is sufficient and appropriate to form a basis for our opinions. The risk of not detecting a material misstatement due to fraud is higher than for a material misstatement due to error, as fraud may involve collusion, forgery, deliberate omissions, misrepresentation or the override of internal control.
- We obtain an understanding of the parts of the Seventh AP Fund's internal control that are relevant to our audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

- We evaluate the appropriateness of the accounting principles used and the reasonableness of the Seventh AP Fund's accounting estimates and related disclosures.
- We evaluate the overall presentation, structure and content of the annual report, including the disclosures, and whether the annual report represents the underlying transactions and events in a manner that achieves a true and fair view.

We must inform the Seventh AP Fund, among other things, about the planned scope and focus of the audit and the timing of the audit. We must also communicate significant findings from the audit, including any significant deficiencies in internal control that we have identified.

### The auditor's opinion regarding the statutory sustainability information

The Seventh AP Fund is responsible for the sustainability information under the heading Responsible Investments in the management report and the appendix Regular Disclosures for AP7 Fixed Income Fund that Promotes Environmental and Social Characteristics, and for ensuring that this information has been prepared in accordance with the National Pension Insurance Funds Act.

Our review of the sustainability information for the fund has been conducted in accordance with FAR's recommendation RevR 12 The Auditor's Opinion on the Statutory Sustainability Report. This means that our review of the sustainability information has a different focus and a significantly more limited scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We consider that this review provides a sufficient basis for our statement.

Sustainability information has been provided in the annual report.

Stockholm, 16 Februari 2026

**Helena Kaiser de Carolis**  
*Authorised Public Accountant*  
 Appointed by the Government

**Peter Nilsson**  
*Authorised Public Accountant*  
 Appointed by the Government

# Definitions and explanations

**Active ownership** By owning shares, an investor gains influence in the company. AP7 uses this influence to actively engage with companies. We use four methods, often in tandem: voting and shareholder motions at general meetings, influence dialogues, public exclusion and legal processes.

**Carbon footprint** is a calculation of the greenhouse gas emissions caused by a company, organisation or product, such as an investment portfolio. AP7 measures the carbon footprint as an estimate of the level of direct emissions from the underlying companies in AP7's equity fund.

**Climate risks** Risks to the financial system as a result of climate change.

**Default option** AP7 Såfa is the state default option in the premium pension system. Anyone who does not make an active choice will automatically have their premium pension placed in the fund.

**ESG** Abbreviation for Environmental, Social and Governance. It is another expression for what is often called sustainability. For AP7, we take into account aspects such as the environment, human rights and corporate governance in our investments.

**Exclusion** A stewardship tool aimed at exerting pressure on companies with unacceptable behaviour. AP7 does not invest in companies that violate international norms on the environment, human rights, labour rights, and anti-corruption. Since 2016, the Paris Agreement under the UN Framework Convention on Climate Change has also been included in AP7's exclusion process.

**External management** means that the investments are made by specially hired external asset managers in accordance with AP7's guidelines and criteria.

**General Meeting** The General Meeting or the Annual General Meeting is a limited company's highest decision-making body that appoints the Board of Directors and decides on strategic issues.

**Global Compact** UN initiative on sustainability, based on ten principles relating to human rights, labour rights, the environment, and anti-corruption. The principles guide companies that, by signing the Global Compact, commit to following these.

**Global Reporting Initiative (GRI)** International initiative that developed guidelines for organisations' sustainability reporting.

**Green bond** is a bond in which capital is earmarked for various types of environmental projects.

**Impact fund** A fund that makes investments that contribute to solutions to sustainability challenges.

**Internal management** means that investment decisions are made and implemented by the organisation's own employed asset managers.

**International Energy Agency (IEA)** The International Energy Agency is an independent body of the OECD with the main goal of reducing the dependence on oil in society.

**Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES)** UN research panel and intergovernmental platform for biodiversity and ecosystem services.

**The Intergovernmental Panel on Climate Change (IPCC)** The UN climate panel is an intergovernmental body to summarise and assess the science related to global warming.

**Motion/shareholder proposal** A written proposal for action that the shareholder wants the company to take. Most of the proposals at the general meetings are made by the companies' own boards, but investors can also submit their own motions for a vote.

**Norms screening** A method that continuously monitors companies' compliance with international conventions in the areas of environment, human rights, labour rights and anti-corruption. When companies violate international conventions, this is brought to attention and the event is analysed for further action.

**Physical climate risks** The negative consequences for the global economy that climate change entails in the form of, for example, increased sea levels, increased average rainfall and increased occurrences of extreme weather.

**Proxy voting** means that a shareholder votes for their holding in a company remotely or via a proxy, when the owner cannot be present at the general meeting. AP7 has holdings in over 2,000 companies worldwide and uses proxy voting at the meetings.

**Scope 1, 2 and 3** When accounting for greenhouse gas emissions according to the Greenhouse Gas Protocol (GHG), these are categorised into three levels (scope). Scope 1 is direct emissions from sources owned or controlled by the company. Scope 2 is indirect emissions from energy purchased, such as electricity. Scope 3 is other indirect emissions that occur in the upstream value chain (for example, purchased goods and services such as business travel, transport and waste management) or downstream (for example, emissions that occur when using company products).

**Transition risks** Consequences of climate change resulting from changing consumption patterns, the emergence of new products and solutions, and stricter laws and regulations to reduce carbon emissions.

**Universal owners** Owners who invest long-term across the global market and for whom systemic issues such as climate change are particularly urgent. As a universal owner, AP7 primarily wants to influence norms and standards that contribute to a more sustainable market. Based on these norms, we engage with the individual companies we invest in.

➔ **Read more about the terms related to membership and voluntary agreements with which AP7 is associated and has signed on page 42.**

## Where can I find more information about AP7's responsible investment work?

**The AP7 website**, [www.ap7.se](http://www.ap7.se), includes a blog about our sustainability work and information about our thematic work over the years, as well as previous sustainability reports and annual reports.

**On Swesif's website**, you can download sustainability profiles for AP7's fixed income fund and equity fund, [www.hållbarhetsprofilen.se](http://www.hållbarhetsprofilen.se)

## AP7 reports annually to UN PRI.

The AP7 PRI Transparency Report can be downloaded here: [www.unpri.org/signatory-directory/ap7/866.article](http://www.unpri.org/signatory-directory/ap7/866.article)

## THE SEVENTH AP FUND 2000–2025

### 1994 A new pension system is born

The Parliament decides to introduce an income-based pension system with the aim of creating a more robust system. An ideological compromise in which the centre-right parties want a large element of freedom of choice, in contrast to the Social Democrats. The foundation of the public pension system with income pension and premium pension is established. Contributions begin to accrue, but are placed in interest-bearing assets until the year 2000.

### 1998 Parliament decides on the new pension system

Parliament decides to introduce the new public pension with an income pension and a premium pension, in line with the guidelines from 1994. The Premium Pension Authority (PPM) is established to administer the system, and the Seventh National Pension Fund is created to manage the premium pension for those who do not choose their own funds.

### 2000 AP7 is founded and the first fund choices are made

4.4 million Swedes are given the opportunity to make their first fund choice among more than 450 funds in the premium pension system. AP7 is founded with Peter Norman as CEO. On 2 November 2000, the pension assets of the first “non-choosers” are placed in AP7’s Premium Savings Fund, SEK 16 billion in total, making it the largest fund in the system.

### 2001 A tough start for the system

The dot-com bubble bursts and savers get a difficult start in most funds. The Premium Savings Fund falls by 11 percent in 2001 and 27 percent in 2002. However, new annual contributions make it possible to invest at lower levels, benefiting long-term savers.

### 2003 More people choose not to choose

Despite major information efforts, knowledge about the premium pension remains low. Only 42 percent are familiar with the system, and few follow up on their fund choices. The share of young people actively choosing funds declines steadily, from 60 percent in 2000 to 8 percent in 2003. Discussions begin about changing the rules so that savers who have left the Premium Savings Fund can choose it again, which was previously not allowed.

### 2005 Nine out of ten back in positive territory

The stock market rises and nine out of ten savers are once again in positive territory after the difficult years. Nearly half of the capital is managed in the Premium Savings Fund, with 2 million savers. The number of funds has increased to around 700. Few people switch funds, which leads to the introduction of the digital service PPM-Lotsen, although its use remains low.

### 2008 The financial crisis

The financial crisis hits pension savings hard. AP7 falls by 36 percent – the largest decline to date. The following year, the fund recovers with a gain of 35 percent. Sweden weathers the financial crisis relatively well thanks to strong exports and a stable economy.

### 2010 AP7 Såfa is introduced

PPM is discontinued and the Swedish Pensions Agency is established, taking over responsibility for the premium pension. AP7 Såfa becomes the new default option, consisting of the AP7 Equity Fund and the AP7 Fixed Income Fund. It is an age-adapted fund with higher risk in younger years and built-in leverage, designed to generate higher pensions over the long term.

### 2011 Crisis in Europe

The euro crisis creates uncertainty in the markets. AP7’s equity fund falls by 11.5 percent, while the bond fund rises by 3.4 percent. Advisory firms carrying out mass fund switches are banned. Many advisers move clients’ capital into newly established fund-of-funds solutions, which are marketed through telephone sales.

### 2013 Strong stock market and lower fees

The global economy turns upward and stock markets rise sharply. The AP7 Equity Fund increases by 34 percent, followed by 31 percent the year after. At the same time, AP7 lowers the fees for both the equity and fixed income funds for the second time.

### 2016 Stricter blacklisting

AP7 integrates the Paris Agreement into the norms guiding its ownership practices. Companies can now be excluded based on their actions on climate issues. Climate-based exclusions will continue to be developed in the coming years.

### 2017 Unscrupulous actors disappear

Scandals involving unscrupulous fund companies such as Allra and Falcon Funds shake the pension system. The rules are tightened and dishonest actors are removed. Around 20 funds, with a value of SEK 40 billion, are deregistered, affecting more than 200,000 savers.

### 2018 Greater protection for savers

To protect savers from fund companies that abuse the system, the Swedish Pensions Agency introduces 29 new requirements for fund managers and funds. At the same time, the system is made more transparent and it becomes easier for savers to compare funds.

### 2019 “A better premium pension system”

The special investigator Mikael Westberg submits the report “A Better Premium Pension System”, proposing improvements to the premium pension system. The first steps are taken to create a procured fund platform with improved quality and a limited number of funds. The return for the average Såfa saver reaches 33.1 percent – the highest annual return to date. Assets under management increase by SEK 200 billion to SEK 670 billion.

### 2020 Covid shakes the stock market

The Swedish Pensions Agency continues its work to make the premium pension system safer and more transparent. Stricter fund requirements reduce the number of funds to 490. At the same time, the pandemic triggers sharp global market declines. AP7 Såfa falls by 25 percent within a few weeks in the spring but recovers by more than 40 percent from the bottom. The year ends with a gain of just over 4 percent for default savers.

### 2022 The Fund Selection Agency is introduced

To reform the premium pension system and exclude unscrupulous actors, the Fund Selection Agency is established. The aim is to create a more secure system with higher returns and lower costs for savers. A clearer objective for the premium pension is also established. The fee in the AP7 Equity Fund is once again reduced, and the average fee in AP7 Såfa has more than halved over the years. In 2022, 7.9 million people had earned premium pension rights, of whom 1.8 million were receiving premium pension payments.

### 2023 Increased diversification for AP7

The AP Fund Act is updated, and AP7 is given a clearer mandate to promote sustainable development without compromising the goal of high long-term returns. An important change is that AP7 is now allowed to invest up to 20 percent in alternative assets such as private equity, real estate, and infrastructure. AP7 makes its first real estate investment.

### 2024 The largest fund in Sweden

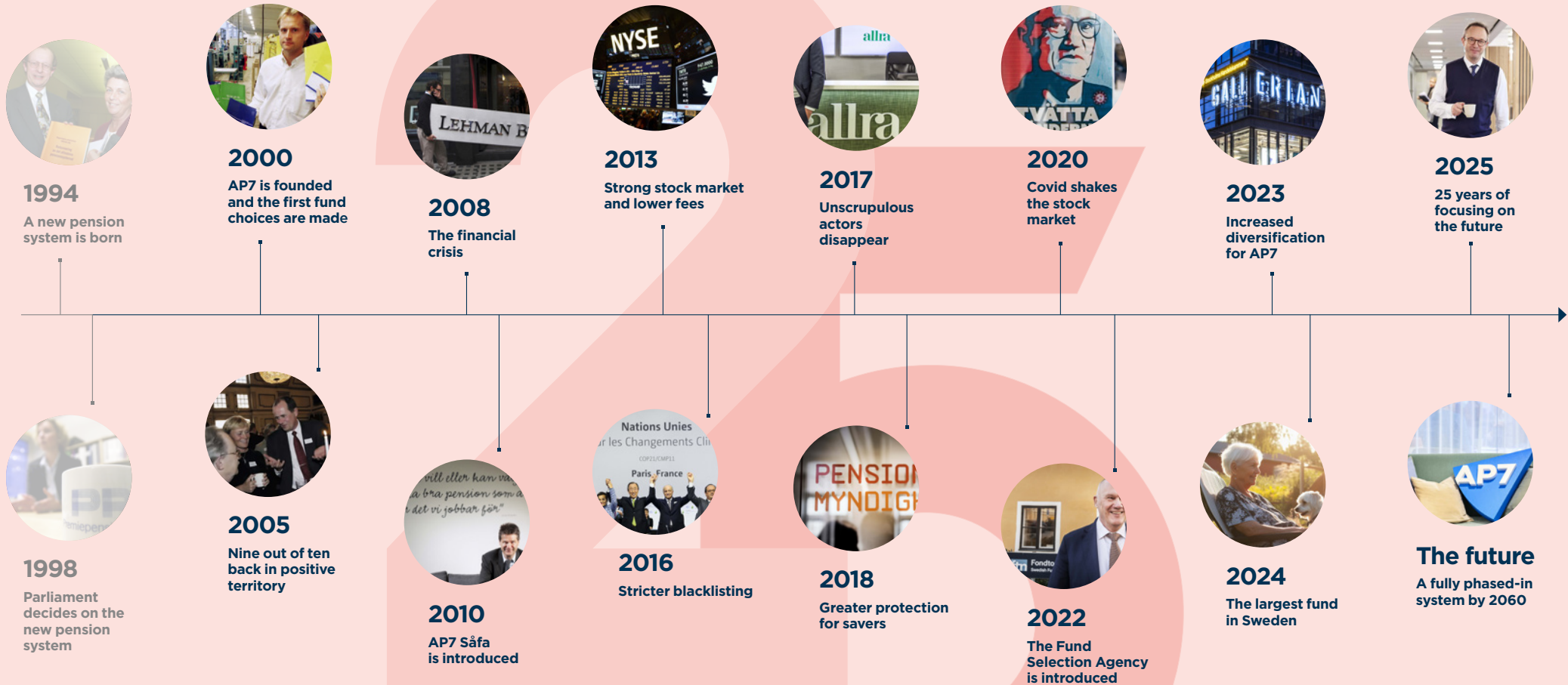
The return for AP7’s savers during the year amounted to 27.3 percent. AP7 begins strategic work to evaluate how the default option should evolve to provide more secure payouts, integrated sustainability, and continued high returns. A surplus rebate is introduced instead of further fee reductions. A transition portfolio is launched, and the bond fund consists of 50 percent green bonds.

### 2025 25 years of focusing on the future

AP7 and the premium pension system can look back on 25 years of successful development. Savers in AP7 Såfa have received an average annual return of 11.0 percent during the years 2000–2025. Assets under management have grown from SEK 16 billion to SEK 1,500 billion.

### The future: A fully phased-in system by 2060

The premium pension is still being built up and accounted for just over 11 percent of the public pension for those who began drawing their pension in 2020. For generations born in 1970 or later, the share is expected to be around 25 percent. The capital in the system continues to grow as the phase-in progresses. The system is expected to be fully phased-in around 2060. Work to future-proof AP7 continues, with a focus on meeting savers’ needs and strengthening its role as an increasingly important part of the public pension over the next 25 years.



**THE SEVENTH AP FUND  
AND THE PREMIUM PENSION  
2000-2025**