



# Annual and Sustainability Report

## 2024

Seventh AP Fund  
**+27.3%**

AP7 Equity Fund  
**+29.8%**

AP7 Fixed  
Income Fund  
**+3.1%**

# Contents

## OPERATIONS

- 4 Letter from the CEO
- 6 About AP7
- 9 AP7's asset management

## RESPONSIBLE OWNERSHIP

- 15 AP7's role in sustainable development
- 17 AP7 as driver for sustainable development
- 25 AP7's thematic work
- 27 On our savers' terms

## ORGANISATION

- 28 Employees
- 30 Work of the Board and fund governance
- 33 Board of Directors
- 35 Executive management

## SUSTAINABILITY INFORMATION

- 36 Sustainability information
- 41 GRI content index
- 44 TCFD and TNFD index

## ANNUAL REPORT AND ACCOUNTS

- 47 Annual report – Seventh AP Fund
- 57 Annual report – AP7 Equity Fund
- 68 Annual report – AP7 Fixed Income Fund
- 76 Definitions and explanations
- 77 Blacklist



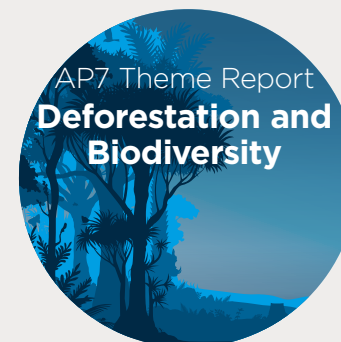
See AP7's return over the years  
pages 8–9



About AP7's asset management  
pages 9–14



AP7's role in sustainable development  
pages 15–27



AP7's thematic work continues  
pages 25–26



Read about our employees  
pages 28–29



Seventh AP Fund and  
the premium pension  
2000–2025

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# AP7 manages the premium pension for nearly six million Swedes

## AP7's vision

A global role model for responsible pension solutions.

## AP7's mission

Good pension from generation to generation.

## AP7's return goal

Continual savings in the pre-selection option should generate a long-term annual return at least 2 percentage points higher than that of the income pension.

Since year 2000, AP7's mission has been to manage the premium pension capital in the state pre-selection option.

AP7 is the only public actor in the premium pension system. Our asset management is exclusively focused on the interests of the pension savers.

With investments in 2,100 companies around the world, we can act as owners on a broad front and with a long-term perspective.

AP7 focuses on exemplary asset management through responsible investments and responsible ownership without sacrificing returns.

Managed assets

**1,440**

billion SEK

More than

**5.9**

million savers

Investment portfolio:

**2,100**

companies around the globe

2000-2024

**11.5%**

average annual capital-weighted return

All figures at December 31, 2024

# Letter from the CEO

## 2024 was a good year for AP7's savers

**We can look back at 2024 and note yet another successful year. Thanks to the strong tailwind from stock market developments, especially in the US, AP7's savers received an average return of 27.3 percent during the year.**

Looking back at 2024, we see that on the one hand it was a year in which global security deteriorated further and the forces that want to slow down or even stop the transition to a carbon-neutral world grew stronger. On the other hand, it was a year in which AP7 Equity Fund performed exceptionally well with a total return of 29.8 percent, equivalent to SEK 295 billion, a development that cannot be expected every year. The return of the safer AP7 Fixed Income Fund was 3.1 percent.

The result is based on a long-term perspective, good diversification and low costs. Although these starting points are the same as when the fund was founded, this does not mean that our way of managing our savers' funds is static in a world that becomes more uncertain and difficult to assess. On the contrary, we work continuously to develop our asset management model to ensure that we can be as successful in the future as we have been in the past. This development work has clearly characterised AP7 during 2024.

### With the best interests of savers in mind

A prerequisite for our long-term approach is that asset management is carried out with the best interests of savers in mind – that we offer a product that is well adapted to their needs, and functions as an important part of the public pension. By regularly analysing trends in the outside world and the savers' ability to bear risk, we create a clear basis for the design of the pre-selection option and can make necessary adjustments over time.

Although this work is long-term and gradual, we made major progress during the year. The fund met the board's target of 50 percent green bonds, and more specific and ambitious targets will be developed in 2025. At the same time, the Fixed Income Fund's

investment universe is being broadened to also include corporate bonds to better align with the fund's size and goal of balancing security with stable returns.

The fund's strategy of outsourcing as much of the operations as possible was established when the managed capital amounted to SEK 16 billion. Today, when our mission is increasingly complex and the amount of capital under management has increased by more than 90 times, there is good reason to review this strategy.

For the Equity Fund, we are therefore analysing the consequences of conducting asset management in-house to a greater extent. The aim is to enable more active risk management and to combine active management and active ownership in sustainability work while keeping costs for savers low.

### Contributing to sustainable development

As Sweden's largest pension fund, we have a great responsibility to contribute to sustainable development. AP7 is now mandated by law to focus on how to promote sustainable development through responsible investments and responsible ownership, without compromising the goal of good returns for our savers. In our annually updated Climate Action Plan, we describe how we manage this responsibility in both our active ownership and through our investments.

In addition to the obvious threats to people and nature, climate change entails major financial risks. One of AP7's fundamental principles is to create good diversification for our savers by owning an equity portfolio with a large number of companies around the world.





In 2025, AP7 together with the entire premium pension system, can look back on 25 years of history. For the premium pension and for AP7 it has been a multifaceted, but in all essential respects successful period of gradual, ongoing improvements.

Climate change will affect the companies in our portfolio to a various extent and in different ways, but all will be affected. With the large capital we manage and a long investment horizon, we cannot avoid climate risks by divesting companies in the portfolio – we must find other ways. These can differ, but the common starting point is that we should influence the companies we own to reduce their negative climate impact and prepare for a transition to an emissions-neutral society.

An important tool in AP7's work to contribute to sustainable development is the transition portfolio that is under construction. Here, we invest in, among other things, companies that are lagging behind in their climate work, but where we as active owners have the opportunity to accelerate their transition while at the same time deliver on our return requirements. In addition to an external asset management mandate in the transition portfolio, we have initiated an internally managed mandate that will begin its investments in 2025.

#### Low costs and stable low fees

Stable, low and predictable fees have been, and will continue to be, an important success factor in providing our savers with good return in their pension savings. The fee has been lowered at regular intervals, but the current level is considered appropriate in the long term. However, it is important that we constantly strive to streamline asset management. This should lead to surpluses arising from time to time when the fee is kept more stable over time. During the year, we have therefore, in collaboration with the Swedish Pensions Agency, developed a method for continuously managing such surpluses. These surpluses will be returned to savers annually based on the capital held in AP7 during the period in which the surplus arose. The first transfer took place in May, when SEK 458 million was returned to some six million savers.



#### Seventh AP Fund and the premium pension 2000–2025

Our board has decided that this principle will be applied going forward, which means that additional surpluses will be distributed to savers in 2025.

#### Our anniversary – a milestone to celebrate

In 2025, AP7, together with the entire premium pension system, can look back on 25 years of history. For the premium pension and for AP7, it has been a multifaceted, but in all essential respects successful period of gradual ongoing improvements. We will celebrate this anniversary, while looking ahead by initiating a dialogue with other actors and stakeholders about the nextcoming 25 years for the premium pension, the pre-selection option and AP7. I look forward to this and to continuing to develop AP7 Såfa together with my colleagues at AP7, with the best interests of savers in mind.

Pål Bergström,  
CEO AP7



# About AP7

**In the state pension system, part of the pension contribution goes to the premium pension. The premium pension system is administered by the Swedish Pensions Agency, which in this context serves as a fund insurance company. The Seventh AP Fund (AP7) manages the pre-selection option, AP7 Såfa, for savers who do not select funds themselves.**

## Our mission

AP7 is a public agency, with the mission to manage the premium pension capital in the state pre-selection option since the system's introduction in 2000. As the pre-selection option, we offer a cost efficient and responsible saving scheme that increases savers' pension, while contributing to a well-functioning financial market and sustainable development. AP7 should be an asset manager that savers can trust, regardless of their income, education or interest in financial matters.

According to the Swedish Pensions Agency, premium pensions are expected to account for more than 25 percent of the state pension payments by 2050, compared to around 8 percent today. However, this proportion will double in the next ten years, and thus the proportion of pensioners' payments affected by AP7 will increase

significantly. It is therefore important that AP7 has the ability to continuously evaluate and, if necessary, adjust the asset management model so that it is robust as more savers become pensioners.

## Our values

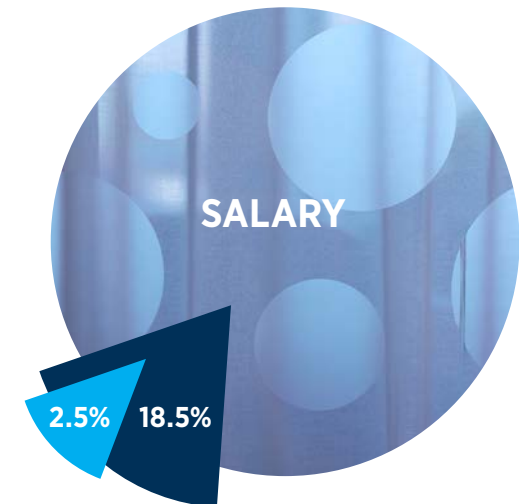
AP7's operations are to be carried out in a professional and impartial manner, observing legislation and directives. In accordance with the legislation on exemplary management, we coordinate our work with the other AP funds, with joint governing documents on values and sustainability reporting. Together with the other AP funds, AP7 has designed a common set of values for how the fund assets should be managed. In addition, AP7 has the ambition to take a leading position in norms development and active ownership, particularly when it comes to climate and biodiversity.

AP7's work with responsible investments is based on the norms and international conventions Sweden has signed, with regard to human rights, labour rights, the environment and anti-corruption. These norms are consistent with AP7's role as a public agency and we assume that they reflect the values of the broad population group that the savers make up.

## Our role as owners

AP7 is a universal and long-term owner and invests broadly on the global equity markets. With more than SEK 1,300 billion invested in some 2,100 companies around the world, AP7 can act on a broad front and with a long-term perspective, considering the interests of our savers. The combination of high diversification and low fees creates values for our savers that make a big difference in both the short and long term.

The asset management strategy also affects AP7's active ownership work. We will transparently use all relevant tools to drive our investments in a sustainable direction, and continually develop new knowledge and methods.



## The state pension

Each month, employers pay **18.5 percent of an individual's salary** (up to 7.5 times the income base amount) to the state pension. Of these payments, **2.5 percentage points goes into the premium pension** while the remaining 16 percentage points goes to the income-based pension.





Everybody needs an asset manager they can trust, regardless of their income, education and interest in financial matters.

### Building block funds are the basis

In 2010, the Premium Savings Fund and the Premium Choice Fund were discontinued and replaced by the AP7 Equity Fund and the AP7 Fixed Income Fund. By combining these two funds, AP7 offers six investment alternatives to premium pension savers, of which AP7 Såfa ('Statens årskullsförvaltningsalternativ') is the pre-selection option. Alongside the building block funds, the other three alternatives are AP7 Offensive, AP7 Balanced, and AP7 Cautious. These combine the building block funds in a way that suits savers who wish to choose their own risk level. The funds can be chosen separately or in combination with other funds in the premium pension system.

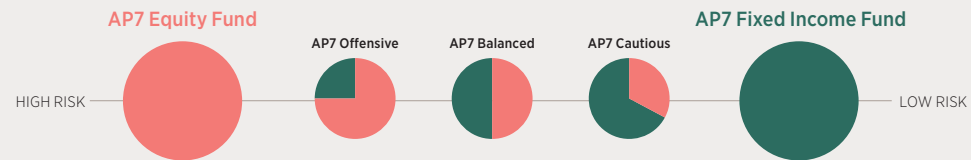
**AP7 Equity Fund** The majority of AP7's managed capital is invested in the AP7 Equity Fund – a diversified global fund with risk-increasing elements and a clear sustainability profile. The global equity portfolio is the main pillar, with investments in 2,100 companies, widely spread geographically and across sectors, combined with financial instruments that raise the risk level and expected return. Diversification means that AP7 Equity Fund spreads the risk-taking by investing in assets that complement the global equity portfolio. Read more on pages 12–13.

**AP7 Fixed Income Fund** A smaller, but rapidly growing part of AP7's managed capital, is invested in interest-bearing securities. The Fixed Income Fund is a low-risk fund that invests in green bonds with low credit risk, and in mortgage, municipal and government bonds in Swedish kronor. Read more on page 14.

**AP7 Såfa** A fund portfolio package comprising AP7 Equity Fund and AP7 Fixed Income Fund, where the distribution between the funds is adapted to the saver's age. AP7 Såfa is suitable for those who do not wish to, or who cannot, choose funds themselves. Anyone not making an active choice has their pension money automatically invested in AP7 Såfa. The ambition is that continual saving in AP7 Såfa throughout a person's working life

will generate a long-term return that is at least 2 percentage points higher per year than the income pension.

Combining the building block funds based on the saver's age gives AP7 Såfa a profile that adapts the level of risk to the number of years remaining before the saver retires. This means that savers' pensions are invested in the Equity Fund up until the age of 55. Between the ages of 56 and 75, 3–4 percent of the money is transferred each year to the Fixed Income Fund and, after 75 years of age, two-thirds of the money is kept in the Fixed Income Fund for the remainder 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.

Equity Fund  
100%

Fixed Income Fund  
67%

Equity Fund  
33%

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 2024

**27.3%\***  
**AP7**

5,698,761  
AP7 Sâfa savers



**29.8%**  
AP7 Equity Fund  
168,230 savers



**3.1%**  
AP7 Fixed  
Income Fund  
21,969 savers

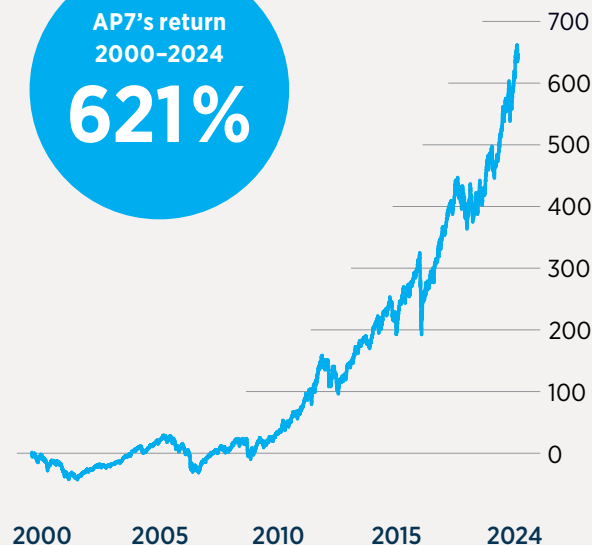
**AP7 Offensive**  
**23.9%**  
16,723 savers

**AP7 Balanced**  
**16.9%**  
18,160 savers

**AP7 Cautious**  
**12.2%**  
10,698 savers

\* The return for the average AP7 saver in 2024 was 27.3 percent, with the majority of savers in AP7 Sâfa. In the same period, the average return for the private premium pension funds was 3.4 percent.

AP7's return  
2000–2024  
**621%**



Since the start in the fall of 2000 until the end of 2024, the return on AP7's managed capital was 621 percent, corresponding to an average of 8.6 percent per year in time-weighted return.

## Average return 2000–2024

Capital-weighted return

**11.5%**

**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.

**At least 2%**

**3.4%**

**Income pension**

Continual saving in AP7 Sâfa throughout a person's working life should generate a long-term return that is at least 2 percentage points higher per year than the income pension. So far, the pre-selection option has exceeded this ambition. Since 2000, the capital-weighted return has, on average, been 11.5 percent per year, compared with the return in the income pension of 3.4 percent per year.

## 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 selected risk level. The capital in the funds managed by AP7 must 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](https://riksdagen.se)



## Annual return 2010–2024 in percent

The table shows annual returns since AP7 Sâfa 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.

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010*
AP7	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	29.8	19.9	-9.9	34.1	4.7	36.2	-3.0	17.7	16.5	6.6	31.1	34	18.5	-11.5	14.3
AP7 Fixed Income Fund	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.

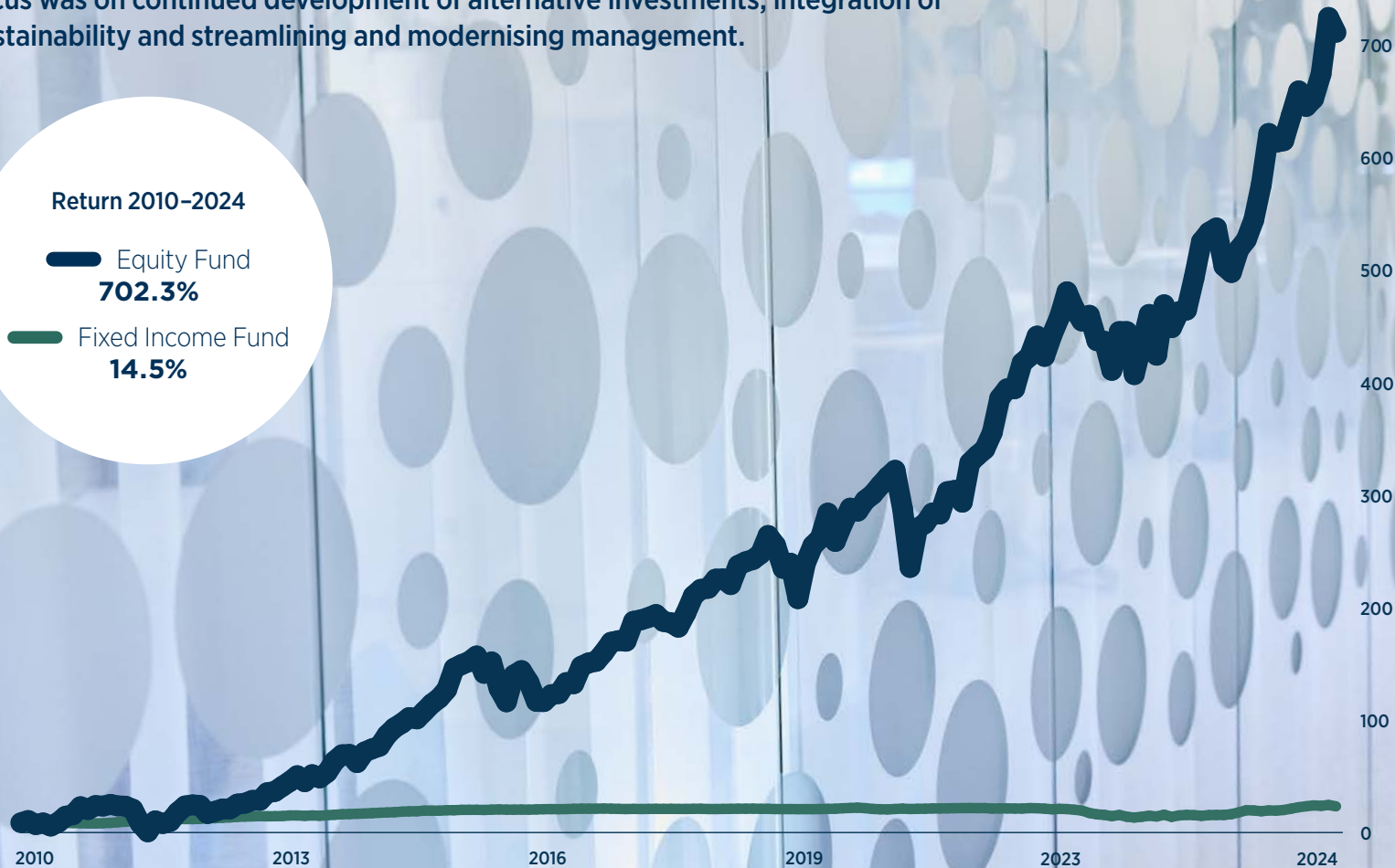
# AP7:s asset management

2024 was marked by very strong stock market performance. For AP7's 5.9 million savers, the average return was 27.3 percent. Within AP7's asset management, the focus was on continued development of alternative investments, integration of sustainability and streamlining and modernising management.

## Return 2010–2024

Equity Fund  
**702.3%**

Fixed Income Fund  
**14.5%**



# A very good year for savers in both stocks and bonds

**2024 was characterised by very strong development on the world's stock markets, while interest rates fell and the krona weakened – a development that was favourable for AP7's savers.**

The beginning of 2024 was characterised by uncertainty. Although inflation had begun to decline, it was uncertain how sustainable the development was. In addition, there was great concern about a sharp decline in economic development, not least in the United States. When the year is summed up, inflation has given way and central banks have been able to change course and lower interest rates across the board. The US economy also proved to be unexpectedly resilient.

“At times, geopolitical events have dominated the news flow and we have had elections in many countries around the world. But the underlying economy has held up and we got the soft landing from the American economy that the market was hoping for”, says Lena Fahlén, Chief Investment Officer at AP7.

After a tentative start to the year, the world's stock markets also gained momentum. Economic developments supported the development and the world index rose by over 25 percent. AP7 Equity Fund increased more than that, thanks to the fund's leverage. The weakening of the Swedish krona also gave a positive contribution. AP7 Fixed Income Fund benefited from falling interest rates.

## US technology shares led the way

In the stock market, it was mainly US technology shares that contributed to the rise. The development was concentrated to a handful of companies, the so-called “Magnificent Seven”, i.e. Alphabet (Google), Amazon, Apple, Meta Platforms, Microsoft, Nvidia and Tesla. AP7 Equity Fund is based on global index-based manage-

ment and therefore the fund's concentration in these companies has increased significantly.

“The valuation of some companies in the sector is strained and major setbacks in the sector would affect us. But it is important to remember that many of the companies are profitable and have a good profit growth. This is a big difference compared to, for example, the IT bubble in the early 2000's”, says Lena Fahlén.

After a strong first half of the year, stock market turbulence arose in late summer. The decline was driven by unexpectedly weak half-year reports from technology companies, combined with weaker US labor market data and an interest rate hike from the Bank of Japan. The situation created temporary concerns that the soft landing scenario would be replaced by a more severe

## Efficient and more sustainability integrated

**Lena Fahlén has been Chief Investment Officer at AP7 since 2023. During the year, she and her team have worked to adapt the organisation and working methods to AP7's growing capital, new investment mandates and increasingly higher sustainability ambitions.**

“AP7 faces interesting challenges and opportunities and during the year AP7's sustainability team was organised into asset management, enabling a more integrated approach. Responsibilities and roles have also been clarified and we strengthened the asset management team with new senior expertise in all asset classes, as well as strengthened our active ownership”, says Lena Fahlén.

### Have there been other changes within the asset management?

“Within equity management, we have prepared for an internally managed transition mandate, where we will invest in companies where we believe that our investments, combined with active ownership, can bring about a shift in the climate area while maintaining returns.

We have also started to work on our alternative investment portfolio. Within fixed income management, we started trading in foreign bonds and are now preparing to start investing in corporate bonds in 2025.”

### What will be the focus in 2025?

“The focus is to continue to develop our investment processes and to fully integrate sustainability, by developing sustainability goals and activities for all our asset classes, among other things. Within equities, we will continue to work on developing AP7's internal management. In parallel, we will closely monitor and analyse the structural changes and challenges we face, such as climate change, artificial intelligence (AI), demographic changes and geopolitics. We need to respond to these changes and adapt the portfolio to these long-term themes. During the year, a deeper analysis of our savers and the generational profile will also be carried out to ensure that the design of the Sâfa product remains effective.”





After a tentative start to the year, the world's stock markets gained momentum. Economic developments supported the development and the world index rose by over 25 percent.



### Long-term perspective and risk spreading

A long-term perspective and diversification are two pillars in AP7's asset management strategy. Diversification involves risk spreading in several tiers. One approach involves investing in 2,100 companies around the world, widely spread geographically and across sectors. This is supplemented with investments in emerging markets, smaller companies (small-cap), risk premiums, and in asset types such as private equity. As of 1 January 2023, AP7 can also invest in illiquid asset classes, such as real estate and infrastructure. Diversification also involves a time perspective, since new premium pension capital is allocated every year, which spreads the investments and thereby the savers' risk over their entire working life. The risk level in AP7 Sâfa is also adjusted based on the saver's age, from a higher proportion in shares, and thereby higher risk at a younger age, to an increased share in bonds as the saver approaches retirement.

slowdown. However, the stock markets received new support from a double interest rate cut by the US Federal Reserve, and a comprehensive stimulus package from Chinese authorities.

### **Weaker development in the rest of the world**

Emerging markets had a weaker performance, including China which has struggled with a number of domestic challenges in recent years, such as imbalances in the real estate sector, an aging population, and overcapacity in production. Also, there were no signs of reduced geopolitical unrest and the trend of "reshoring" has continued, with companies withdrawing from the country to move production closer to their home countries. Chinese authorities have launched a number of stimulus packages. However, to get economic development in order in the long term, both major structural reforms and reduced friction in trade policy are required – not least in the relationship with the US.

During the year, AP7 chose to divest Chinese holdings worth of SEK 35 billion, corresponding to 2.5 percent of the portfolio.

"In the long term, we have difficulty finding bright spots in the Chinese economy, even if we ignore geopolitics, and we feel confident that this is the right strategy at this time", says Lena Fahlén.

In Europe, including Sweden, growth was weaker and European stock markets had a relatively weaker development than the American one.

"The German economy, which is usually seen as Europe's growth engine, has been worrisome, partly due to weak development in the automotive industry, where there is significant overcapacity. This has affected the entire European economy. Europe has also lost competitiveness when it comes to technological development – not least in AI", says Lena Fahlén.

The lead for US stocks increased further after the US election in November, where Donald Trump was elected as the country's next president. The market reacted positively to the election results, mainly to Trump's promises of tax cuts and deregulation.

"However, the market does not seem to have taken into account the risks of a protectionist trade policy and reduced immigration to the same extent. If Trump carries out his threats, it could mean a significantly more chaotic development with rising inflation and interest rate concerns as a result", says Lena Fahlén.

### **Somewhat decreased uncertainty**

Looking ahead to 2025, Lena Fahlén believes that the outlook for economic development is less uncertain than at the same time a year ago.

"Inflation has fallen, central banks are well on their way to lowering interest rates, and both economic growth and the labour market have proven relatively resilient. Household finances appear to be improving, and we believe that consumption and investments will be able to pick up a little more momentum going forward", says Lena Fahlén.

In the longer term, however, there are a number of structural changes that could bring both challenges and opportunities. These include climate change, geopolitics and demographics, and the rapid development within AI.

"These are areas that need close monitoring and we have started working more actively to adjust our allocation based on our analysis of developments", says Lena Fahlén.

Overall, AP7's long-term focus in managing pension assets remains. Periods of good returns and more turbulent periods will continue to alternate.

"With our broad diversification, combined with an increasing proportion of alternative assets such as real estate, we feel secure that in the long term it provides a well-balanced risk and return for our savers", says Lena Fahlén.

# AP7 Equity Fund

Economic development in 2024 was unexpectedly good, not least in the United States. Inflation fell back broadly and the world's central banks were able to implement sharp interest rate cuts. Overall, this contributed to strong stock market performance.

The return of AP7 Equity Fund was 29.8 percent, which is the fifth strongest year since AP7 Såfa was launched in 2010. The return was equivalent to SEK 295 billion. The Equity Fund consists mainly of global equities, which performed very strongly during the year. A large global equity exposure combined with leverage is the main explanation for the strong performance. The Swedish krona weakened, both against the US dollar and the euro, which made a further positive contribution to the return, as the Equity Fund largely consists of foreign holdings.

Emerging market countries performed generally weaker than developed markets. There are several reasons for this, such as

concerns about global growth and major challenges related to, among other things, geopolitics and increased protectionism. The fund's overweight in emerging markets was reduced during the year, and Chinese holdings were divested. Continued problems in the Chinese real estate sector, the lack of structural reforms, and the risk of increased trade barriers give us a long-term pessimistic view of Chinese equities. The Chinese leadership has launched stimulus packages to support the economy, but in the absence of major structural reforms, it is doubtful what effect these will have.

The fund's investments in various types of risk premiums (stocks selected for specific characteristics) had a strong return and contributed to diversification. Not least, investments in various types of trend-following models developed well. The small-cap portfolio had a relatively weaker development than other listed stocks.

## The transition portfolio

Work on AP7's transition portfolio continued to accelerate during the year. The portfolio is part of AP7's climate action plan to contribute to global net zero emissions by 2050. The basic idea is to combine active management with active ownership to achieve both increased climate transition in companies and a positive return. The investments are made in large and medium-sized global listed companies that have the potential to transform their operations and reduce emissions.

"We are a global asset manager and if the climate transition fails, it will affect our entire portfolio. We therefore believe that we contribute the greatest benefit by, as long-term, active owners, driving climate issues where they are needed most. The overall purpose of the portfolio is to contribute to globally reduced emissions. Therefore, we are looking for companies that are currently



## Alternative investments

During the year, AP7 has begun to build up the portfolio of alternative investments. For a long time, we have invested successfully in various types of private equity funds with the help of external managers.

During the year, we have established processes and made the first direct fund investments in private equity. This work will be intensified in the coming years. The main reason for increasing the direct investments in this type of fund is that it entails lower costs compared to external managers. It also entails sustainability work with a greater opportunity to influence the companies.

The alternative portfolio also includes properties where AP7 currently co-owns the Urban Escape city block in central Stockholm with AMF. At the end of the year, the ownership stake in the company was increased to just over 49 percent. The fund sees this as part of deepening the collaboration with AMF within commercial properties.



## AP7 Equity Fund, cont.

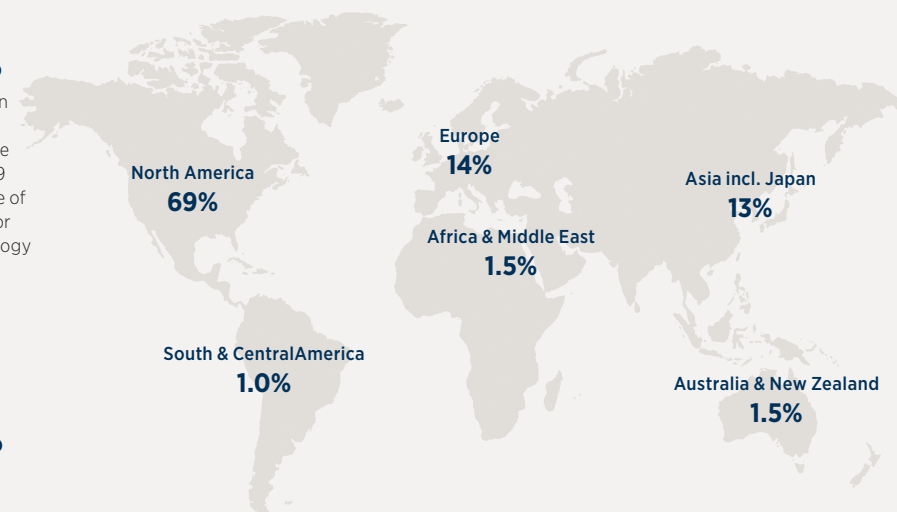
lagging behind in their climate work, but where we as active owners can accelerate the transition and increase our impact. In the best case scenario, these companies can eventually act as ambassadors and catalysts in their respective industries”, says Jessica Frank, senior portfolio manager at AP7.

In 2024, the fund expanded investments in the transition portfolio, including within the framework of the mandate managed externally by Legal & General Investment Management. In addition, during the autumn AP7 began to build an internally managed equity portfolio with a focus on climate transition. This will be launched in 2025. The focus is on sectors with significant climate impact, such as power supply and energy systems, as well as the construction, food and transport sectors.

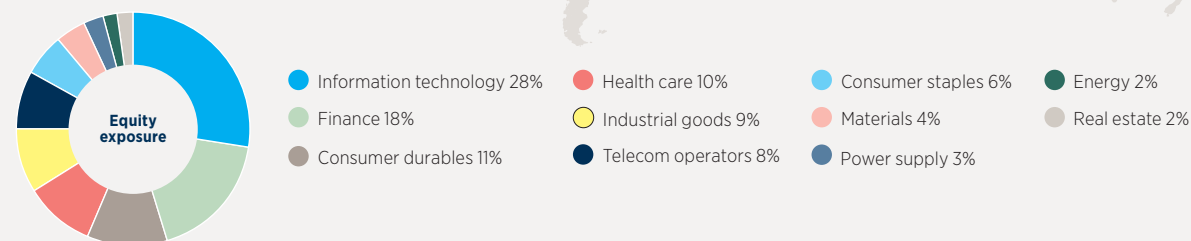


### REGIONS IN THE AP7 EQUITY FUND

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, with 69 percent of its holdings, due to the size of the market value in global indexes. For the same reason, information technology is the dominating sector.



### SECTORS IN THE AP7 EQUITY FUND



### CONTRIBUTIONS TO RETURN IN THE AP7 EQUITY FUND

The return of the Equity Fund was 29,8 percent in 2024. The majority of its capital is invested with global index exposure (percent of capital), which had the largest effect on returns, together with a positive currency effect. All of the fund's diversified elements, contributed with marginal but positive return. Illiquid assets include private equity and real estate (4 percent of capital).

Total return  
AP7 Equity  
Fund 2024

29.8 %

Global index  
MSCI ACWI  
(SEK)

29.4 %

Global index  
MSCI ACWI  
(USD)

18.0 %

# AP7 Fixed Income Fund

AP7 Fixed Income Fund, whose function is to stabilise the risk in AP7 Såfa, consists of bonds issued in Swedish kronor. The bonds normally have an average duration of three years.

In 2024, inflation fell back towards the central banks' targets, which has allowed them to gradually lighten monetary policy, both by lowering policy rates but also by communicating that further cuts are to be expected. During the year, the Swedish Riksbank lowered the policy rate from 4 to 2.50 percent. Lower interest rates and inflation contributed to a recovery in both Swedish and global economies. Lower interest rates benefited the Fixed Income Fund's absolute return, which was 3.1 percent during the year.

## Achieved 50 percent green bonds

AP7's climate action plan includes goals for how asset management should contribute to net zero emissions. In 2024, the target for 2025 was achieved, which was that the Fixed Income Fund should have 50 percent green bonds, earmarked for various environmental projects, and with high creditworthiness. The share of green bonds in the fund amounts to just over 50 percent.

During the year, the fund invested for the first time in green bonds with a blue theme – a type of bond that is issued with a focus on oceans and water purification in developing countries. The fund also invested in a green bond issued by IFC, aimed at strengthening biodiversity, one of AP7's focus areas. IFC collaborated with, among others, TNFD (Taskforce on Nature-related Financial Disclosures) in the development of key performance indicators that are compatible with the TNFD framework – a framework that AP7 has been involved in developing as a member of the steering group. Read more about IFC in the fact box, and about TNFD on page 23.

## Further development of management

As a result of a maturing pension system, but also good development in the world's stock markets, the managed capital in AP7 Fixed Income Fund has increased significantly in recent years. Once a year, savers' capital is rebalanced to a normal weight for each age – if the stock market has developed well, this rebalancing will be larger. The Swedish fixed income market is relatively small, and the fund has during the year enabled investments in bonds issued in foreign currency. This type of investment is always hedged to Swedish kronor. Furthermore, a modernisation has taken place, and the fund now has the opportunity to trade a number of new fixed income instruments to streamline management.

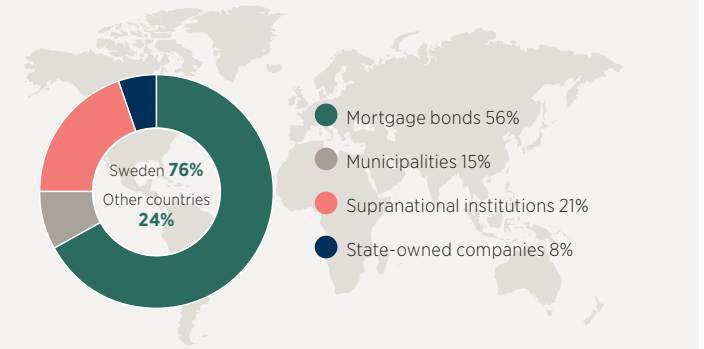
"The Swedish fixed income market is relatively small and being able to trade abroad increases both liquidity and efficiency. We also gain access to a wider range of green bonds, which makes it easier for us to meet our sustainability ambitions", says Ulrika Lindén, senior fixed income manager at AP7.

The changes are part of the work to develop AP7's fixed income management. The next step is to further expand AP7's investment universe to include corporate bonds, starting in 2025.

"The aim is to accelerate work on our sustainability agenda, while creating a better portfolio with increased diversification and higher returns, with continued low risk for our savers", says Charlotte Sillén, senior fixed income manager, at AP7.

## ISSUERS IN AP7 FIXED INCOME FUND

AP7 Fixed Income Fund is a low-risk fund with investments in green bonds with low credit risk, issued by supranational organisations, as well as in mortgage, municipal and government bonds in Swedish kronor.



## AP7 FIXED INCOME FUND

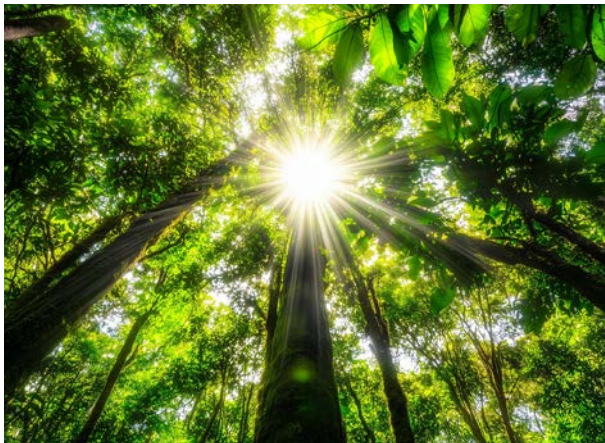
# SEK 150 billion – 50 percent in green bonds

## AP7's portfolio of green bonds invests in, for example:

- **The African Development Bank's** green bonds for the restoration of forests in Sahara through "The Great Green Wall" project, which focuses on limiting desertification. The goal is to restore 100 million hectares of degraded land and thereby sequester 250 million tonnes of carbon, and also to create 10 million green jobs by 2030.
- **Vasakronan's** green bonds contribute to enabling a transition in the real estate sector, which accounts for approximately 20 percent of all greenhouse gas emissions and a significant part of Sweden's energy consumption.
- **European Bank for Reconstruction and Development (EBRD)** is the first multilateral development bank with an explicit requirement in its mission to promote sustainable development. Their green bond enables investments in sustainable solutions that support public and private environmental projects in Europe, such as energy efficiency, renewable energy and water management systems.
- **The World Bank's** bonds for sustainable development promote sustainable projects in developing countries. AP7 enables investments in sustainable agriculture, renewable energy and infrastructure that is more resistant to extreme weather.
- **International Finance Corporation's (IFC)** green bond which focuses on addressing climate change within the private sector in developing countries. The capital is invested in projects such as water purification and water supply, climate adaptation of communities, and projects to restore biodiversity. During the year, AP7 also invested SEK 2 billion in IFC's biodiversity bond.
- **Asian Development Bank's (ADB) and International Finance Corporation's (IFC)** blue bonds with a focus on the ocean and water purification – hence the name blue bonds, even though they are officially classified as green.

# AP7's role in sustainable development

**As a long-term investor, AP7 can contribute to solutions, through financing and active ownership, that create real impact, reduce financial risks and increase people's quality of life. Using AP7's mission and investment philosophy as a point of departure, AP7 contributes to sustainable development mainly through three roles: as active owner, as enabler, and as knowledge builder.**



## **The primary objective of AP7's sustainability work is to bring about changes in the real economy.**

AP7's sustainability work is based on our role as a long-term universal owner.

AP7 works with several integrated methods of influence – mainly combinations of investments, dialogue, voting and blacklisting.

AP7 develops sustainable norms in collaboration with other global investors.

AP7 applies a scientific approach.

AP7's promise to the savers is to generate good return in a responsible way. We have a responsibility to manage savers' pension capital in a way that contributes to a good world in which to retire, not least for our youngest savers. All of AP7's managed capital is subject to requirements for responsible asset management based on standards for human rights, working conditions, the environment, and anti-corruption.

For AP7, as a long-term and global investor, the world's sustainability challenges represent both a risk and an opportunity. The fund can work to create real impact through financing and influence in the stock market, in alternative investments and, not least, in the bond market. In 2024, further steps have been taken to integrate sustainability into asset management. By combining active asset management with active ownership, the fund can create both climate benefits and returns. This is in line with the legislation for AP7 on exemplary asset management and responsible ownership. Together with other investors, we influence companies and develop norms with the ambition to achieve good returns and real world effects. AP7 also coordinates work with the other AP funds.

Climate change is one of the most pressing sustainability issues of our time. AP7 strives to work in an exemplary manner, especially in norms development and active ownership regarding climate and biodiversity issues. Through targeted efforts, a specific transition mandate and a clear overall goal, we contribute to reducing global emissions and to a sustainable future. Read about our climate goals on the next page and our climate action plan on page 22.

### **AP7 as active owner**

With a diversified and global portfolio, AP7 can act broadly as owner and investor, and with a long-term perspective. The fixed income market plays an important role in the green transition and as a bondholder, AP7 can both contribute to green projects and place demands on issuers. As a shareholder, AP7 focuses on influencing the companies that have the greatest need to transform their oper-

ations. To contribute to achieving global net zero emissions, AP7 has also developed a transition portfolio. The starting point is to identify and invest in companies with a high climate impact that, with the support of active ownership, have the potential to transform in line with the Paris Agreement. Read more on page 12.

The ambition is to use active ownership, in collaboration with other investors that share AP7's values, to contribute with solutions to societal challenges. In this way, we secure the financial interests of both current and future savers. In AP7's active ownership work, different methods of engagement are combined: dialogue, voting at general meetings, blacklisting, and legal processes. See pages 17–18.

### **AP7 as enabler**

As investors, AP7 can provide funding for businesses that contribute with solutions to various sustainability challenges, such as companies specialising in climate innovations. We have green mandates in all asset classes, and in 2020 we adopted a goal, among others, that green bonds should amount to 50 percent of the Fixed Income Fund by 2025 – a goal that was achieved already in 2024. During the year AP7 has, for example, invested two billion kronor in so-called blue bonds, with a focus on the ocean and water purification within the framework of green bonds. Two billion kronor has also been invested in green bonds to promote biodiversity. See page 14.

### **AP7 as knowledge builder**

In our role as knowledge builder, we work to generate and disseminate knowledge, and bring together actors, such as decision makers, the business community, experts and investors, in a constructive, public dialogue on sustainability issues. We also want to help bridge the gap between research and practice in the field of sustainable investments.

Through AP7's themes, areas that are linked to our sustainability ambitions are examined at depth. AP7 also collaborates with actors who operate and have expertise in these areas. See pages 25–26.

# Sustainability goals

**Our sustainability work is based on the norms reflected in Global Compact's ten principles and the UN 2030 Agenda for Sustainable Development. These are also reflected in our sustainability goals. Climate change is one of the most urgent sustainability issues. In 2024, we published an updated climate action plan that describes how we will contribute to reaching global net zero emissions by 2050. Read more on page 22.**

GOAL: Contribute to a secure pension	Follow-up
Continual savings in the pre-selection option should generate a long-term return that is at least 2 percentage points higher per year in relation to the income pension.	Since 2000, the capital-weighted return has, on average, been 11.5 percent per year, compared with the return in the income pension of 3.4 percent per year.
GOAL: Be an active owner	Follow-up
AP7 will be an active owner and engage with companies to drive them in a sustainable direction.	AP7 voted at 3,565 av 3,582 possible general meetings (99 percent).
AP7 will vote at a minimum of 95 percent of the general meetings of the companies in the equity portfolio.	AP7 engaged with more than 300 companies through strategic collaborations within CA100+, Nature Action 100, Food Emissions 50, IIGCC Net Zero Engagement Initiative, among others. AP7 actively participated and/or took a leading role in about 100 of these dialogues.
	AP7 had blacklisted a total of 110 companies at the end of 2024.
	Together with other institutional investors, AP7 was engaged in 14 ongoing legal processes at the end of the year.
GOAL: Active ownership for climate transition	Follow-up
In 2025, all prioritised companies* in AP7's portfolio will be subject to intensified active ownership, with the goal of attaining net zero emissions by 2050.	In 2024, 92 percent (65 percent in 2023) of the prioritised companies with the highest emissions were subject to intensified active ownership.
In 2025, at least 50 percent of the prioritised companies* in AP7's portfolio will conduct credible transition work. Until the year 2030, the goal is 100 percent.	In 2024, 34 percent of the prioritised companies with the highest emissions were conducting a credible transition work.***
GOAL: Investments	Follow-up
AP7 will have green mandates in all asset classes that we invest in.	Green bonds: SEK 76.4 billion (SEK 37.5 billion in 2023) Green mandate in listed equity: SEK 4.2 billion (SEK 3.6 billion in 2023) Green investments in private equity: SEK 1.1 billion (SEK 1.2 billion in 2023)
By 2025, the proportion of green investments will have doubled compared with 2020.	The goal was fulfilled ahead of schedule.
AP7's transition mandate will make up 10 percent of the Equity Fund by 2027**.	The first investment in the transition portfolio was made in 2022. In 2023, a partnership with LGIM was established on a joint transition strategy. In 2024, AP7 started building an active, internally managed transition mandate. Read more on page 12.
Increase the proportion of green bonds to 50 percent of the Fixed Income Fund by 2025.	The share of green bonds in the Fixed Income Fund increased sharply in 2024 and amounted to 50 percent (33 percent in 2023). The goal has thus been achieved ahead of schedule.
GOAL: Establish sustainable norms	Follow-up
AP7 will be involved in the development of sustainable norms and active ownership in national and international forums of collaboration.	In 2024, AP7 was engaged in CA100+, Ceres, FAIRR, FinBio, ICGN, IIGCC, Nature Action 100, PRI, TPI, Global Child Forum, Investor Action on AMR, Methane collaborative engagement (with Nordea AM). AP7 was member of the TNFD steering group, see pages 23–24 and 44.
GOAL: Contribute to more knowledge	Follow-up
AP7 will disseminate knowledge about sustainable investments and active ownership.	The theme Deforestation and Biodiversity was concluded with the publication of a report and a discussion about the subject, see page 25.
	In addition to Förvalt, AP7's blog for sharing knowledge about pensions, AP7 produces Ägarpodden (Ownership Pod) and Tänkonomipodden. The podcasts feature discussions with researchers and fund companies about strategies for sustainability and responsibility, and about rational behavioural economics. See page 27.

\* The prioritised companies with the highest emissions make up at least 70 percent of the carbon footprint of our portfolio (scope 1 and 2). In addition, we conduct deepened active ownership with companies that, despite a lower footprint, have a significant climate impact through, for example, their emissions within scope 3. The list of prioritised companies is updated yearly based on full-year figures.

\*\* In light of a new strategic focus towards more internally managed capital, AP7's board has decided to postpone the target (previously 2025) to enable the development of an internal transition management.

\*\*\* For 30 percent of the prioritised companies, a complete analysis is missing.

# AP7 as driver for sustainable development

**A global and diversified portfolio, with holdings in many countries and sectors, sets the framework for AP7's active ownership. As a universal and active owner, we aim to influence the entire market in a long-term sustainable direction.**

In order to attain sustainable and responsible asset management, AP7 works with several methods of engagement: voting and taking action at general meetings, public blacklisting, and legal processes. Company dialogues are a component in all engagement work. The methods are often combined in an escalation process, to achieve greater impact. The work is based on the norms on human rights, labour rights, environment, and anti-corruption enshrined in the international conventions that Sweden has signed. AP7's norm-based work is supplemented by thematic in-depth work, see page 25.

## Engagement through dialogue

The dialogue with the companies permeates all active ownership work and is conducted in various forms and based on different strategies. The purpose may be to influence individual portfolio companies, to operate across a sector, region or value chain, or to drive norm development across the entire capital market. AP7 engages with the companies in several ways – for example, together with other investors within the framework of investor coalitions, in individual meetings, for example regarding our voting intentions, and together with an external service provider of engagement dialogue.

A relatively small number of companies in AP7's equity portfolio account for a large part of the climate footprint. These are prioritised in active ownership where various tools are used to accelerate the companies' climate transition. In the dialogue with companies in the transition portfolio, the focus is on driving specific measures that create value while leading to emission reductions.

AP7 also has many ongoing dialogues around reported violations of norms. In 2024, AP7 conducted intensified advocacy dialogue with 124 companies on a total of 189 verified or potential violations of norms, aiming to persuade the companies to act responsibly. In addition, a large number of dialogues were held around reported incidents, and with some one hundred companies within the framework of our climate work and thematic work. To increase the impact of these dialogues, AP7 collaborates with other investors.

## AP7's methods of influence

**AP7 works with different methods and at different levels with the aim of achieving real economic impact through responsible asset management.**

### Dialogue is the most important method

Through dialogue, AP7 can influence on several levels. In direct dialogue with individual companies, with sectors, regions and entire value chains. Through dialogue, AP7 can also influence the development of capital market norms. Dialogue with companies is fundamental to all active ownership activities. Corporate dialogues in combination with one of the other methods of active ownership are often effective.

### Investments

AP7 has green mandates in all invested asset classes. In the bond portfolio, AP7 has SEK 76 billion in green bonds where the capital is earmarked for various environmental projects around the world. AP7 has cleantech in the PE portfolio, ambitious climate targets for real estate investments, and AP7 has developed a transition portfolio to contribute to achieving global net zero emissions.

### Actions at general meetings – voting and proposals

Voting at the Annual General Meeting is AP7's primary tool for influencing the majority of portfolio companies and driving principle-based positions on various sustainability issues as outlined in AP7's voting policy.



Illustration: Azote

Submitting own proposals is also an effective way to bring to the company boards' attention a change which AP7 wants to bring about. In 2024, AP7 voted at 3,565 out of 3,582 possible general meetings, which corresponds to more than 99 percent.

### Collaboration

AP7 can achieve greater impact by collaborating with other actors with similar ambitions, for example by submitting joint proposals at general meetings. Together with other investors, AP7 also

develops norms, guidelines and positions for responsible ownership.

### Blacklisting

AP7 does not invest in companies that violate international norms. In December 2024, a total of 110 companies were blacklisted. During the year, AP7 conducted intensified engagement dialogue with 124 companies regarding 189 verified or potential norm violations in total, aiming to persuade the companies to act responsibly.



## Voting at general meetings is AP7's principal tool for engaging with the absolute majority of the companies in the fund's portfolio and driving our principle-based position on various sustainability issues.

When companies do not show a willingness to change, owners may need to adapt their methods. In such cases, AP7's experience is that dialogue with individual companies yields the best results when it is carried out in collaboration with other owners and when there is a readiness to combine the dialogue with other methods, such as voting or shareholder proposals at general meetings.

### Actions at general meetings

The general meeting is a company's highest decision-making body, offering an opportunity for shareholders to actively exert influence on the company's governance. Voting at general meetings is AP7's principal tool for engaging with the absolute majority of the companies in the fund's portfolio and for driving our principle-based position on various sustainability issues. AP7's voting policy can be found at: [www.ap7.se/proxy-votingrostning](https://www.ap7.se/proxy-votingrostning)

In some countries, AP7 can file our own shareholder resolutions at the general meetings. To increase impact on particularly pressing issues, AP7 collaborates with other investors to influence a jointly owned company.

According to the AP Funds Act, AP7 is prohibited from voting at general meetings in Sweden, but since 99 percent of the fund's shareholding is outside Sweden, AP7 can still vote at virtually all meetings. At [ap7.se](https://www.ap7.se) you can see how AP7 voted on all agenda items at the more than 3,500 general meetings.

In 2023, AP7 updated the voting policy to focus more on companies with large emissions that do not show sufficient ambition to contribute to the climate transition. This includes companies that, despite investors' active ownership work, have not conducted a review of their climate lobbying.

### General meeting season 2024

In 2024, AP7 voted at 3,565 of 3,582 possible general meetings, corresponding to more than 99 percent.\* At 56 percent of these meetings, AP7 voted against the board's recommendation or in favour of a shareholder resolution that the board itself did not support.

During the year, AP7 voted at general meetings in 52 different countries. China, the US, and India dominated, as 56 percent of the meetings were held here. AP7 voted on a total of 485 resolutions on sustainability issues, compared to 428 in 2023. AP7 supported a majority of these, 71 percent, abstained in 2 percent of the cases, and voted against 27 percent. AP7 has, among other things, voted for companies to take responsibility for working conditions, human rights, and improved climate reporting.

AP7's voting policy places particular emphasis on climate change and deforestation risk, which resulted in us voting against the board's recommendation at 189 general meetings. When companies with large emissions do not show sufficient ambition to contribute to climate transition, AP7 votes against the board on the most relevant agenda item. Voting measures are also taken for companies with poor climate reporting or management of deforestation risks, or that, despite demands from investors, do not review and report their climate-related lobbying. Read more about AP7's voting policy on page 21.

### Legal processes

In cases of fundamental importance, AP7 selectively utilises the opportunity to pursue legal proceedings against companies that act in violation of AP7's standpoint on fundamental corporate governance or that in other ways disregard the interests of shareholders. The main purpose is to warn and deter companies from irregularities.

In 2024, four new settlements were reached concerning Vivendi, Deutsche Bank/Postbank, Qualcomm and General Electric. No new legal proceedings were initiated in 2024.

Together with other institutional investors, AP7 had ongoing legal proceedings against 14 companies at the end of 2024, eight of which were in the US.

### Blacklisting of companies

AP7 expects that the companies we invest in adhere to the international norms expressed in the UN Global Compact's ten principles regarding human rights, labour rights, environment, and anti-

corruption. The Paris Agreement was included in the norms analysis in 2016. AP7 also blacklists companies that participate in the development and production of nuclear weapons. AP7 does not invest in companies if there is verified information that they violate these norms. This is AP7's lowest acceptable level and the basis for blacklisting.

By publishing the names of the companies AP7 has blacklisted, together with the reason, we want to exert pressure and motivate them to change their conduct. The exclusion applies for five years, and the ambition is to be able to invest in the company again if they can demonstrate that the violations have ceased.

The climate aspect in AP7's blacklisting process is continually being developed in line with research within the area. Research has shown that the single most important measure for mitigating climate change is to stop using coal as an energy source. Since 2020, AP7 therefore blacklists companies with a large absolute climate impact in coal production and coal power, and with plans to expand their fossil-based activities. Since 2022, AP7's blacklisting also includes coal companies that cannot present credible transition plans, and oil companies that have no intentions of discontinuing their oil sand extraction. In 2024, AP7 developed the blacklisting to include the largest oil companies that lack climate transition plans. The development has resulted in a total of 53 fossil fuel companies being blacklisted since December 2020, in addition to a further dozen oil and coal companies that are excluded on other grounds.

### Blacklisted companies in 2024

In December 2024, a total of 110 companies were excluded from AP7's investment universe. During the year, nine companies were added to AP7's blacklist – all as a result of developments in the method based on the climate goals in the Paris Agreement. Four companies were taken off the list during the year. The complete list is presented at the end of this report and on [ap7.se](https://www.ap7.se).

\* One reason why the number of general meetings is higher than the number of portfolio companies is that companies can hold multiple general meetings the same year. Another reason is that the number of companies in the portfolio was reduced during the second half of the year, while most companies hold their general meetings during the first half of the year.

## Examples of active ownership activities in 2024

### ADVOCACY WORK FOR REDUCED METHANE EMISSIONS

Methane is one of the most powerful greenhouse gases, contributing to 30 percent of global warming. Reducing methane emissions is therefore one of the most effective ways to reduce climate impact in the near future, and the solutions for companies are often both readily available and cost-effective.

An investor collaboration project lead by Nordea Asset Management (NAM) aims to get oil and gas companies to achieve near-zero methane emissions, and to join the Oil and Gas Methane Partnership 2.0 (OGMP 2.0), the global standard for measuring, reporting and setting targets for methane.

So far, fifteen of the targeted companies have joined OGMP 2.0, thereby committing to adopting short and medium-term emission reduction targets, as well as improving their reporting.

In 2024, the initiative received the PRI award for Recognition for Action on Climate.

In another related initiative, lead by Ceres, AP7, together with 34 investors representing over USD 2 trillion, has called on US states to implement plans to reduce methane emissions from the US oil and gas sector.

→ Read more

[www.ap7.se/aktuellt/ap7-uppmanar-till-minskade-metanutslapp/](https://www.ap7.se/aktuellt/ap7-uppmanar-till-minskade-metanutslapp/)



### VOTING AS A TOOL TO ACCELERATE CLIMATE TRANSITION

To accelerate companies' climate transition, AP7 uses voting as one of our tools. One of the companies that has been subject to our voting measures, based on inadequate climate work, is the Swiss company EMS.

EMS is a manufacturer of polymer-based products and has lagged far behind its European and global peers in reporting and targets regarding emissions. In early 2023, AP7 informed the company of our intentions to vote against a board director at the annual general meeting that year, which we subsequently did.

After the general meeting, AP7 met with EMS and presented our expectations. In 2024, the company improved its reporting. The sustainability report was more transparent than before, and EMS committed to adopting a science-based emissions target. Despite this, they were still lagging behind other companies.

During the autumn, we met with EMS again and pointed out that the sustainability report, despite the progress made, did not meet our expectations and described the developments we would like to see for the following report. Among other things, we expect EMS to clarify its emissions targets and emissions data, and develop a transition plan that defines the company's planned investments and measures to achieve its targets.

→ Read more

[www.ap7.se/proxy-votingrosthning/](https://www.ap7.se/proxy-votingrosthning/)

## Examples of active ownership activities in 2024

### PROGRESS WITHIN CLIMATE LOBBYING

Negative corporate climate lobbying has proven to be a major obstacle to the development of the legislation required to realise the goals of the Paris Agreement.

As initiator and co-chair of the European Climate Lobbying Working Group, within Climate Action 100+, AP7 works to eliminate corporate climate lobbying that undermines the Paris Agreement. In 2024, the working group has focused on the European companies that show the greatest shortcomings in reporting their climate lobbying. Together with other investors, we engaged in dialogue

with the companies and, with some of them, AP7 shared the intention of taking further escalation measures if necessary.

Following the dialogues, four companies have committed to start disclosing their lobbying activities, and two companies published first-time disclosures. In addition, Unilever's Climate Policy Engagement report received the first-ever perfect score in an assessment by InfluenceMap. Across the whole European corporate landscape, progress is being made, but it needs to accelerate.

→ Read more: [www.climateaction100.org](http://www.climateaction100.org)



### CALL ON GOVERNMENTS TO TAKE ACTION ON BIODIVERSITY

Biodiversity loss is a risk to our entire global economic system, which cannot be avoided through diversification. At the UN Biodiversity Conference, COP16, in Colombia, in the fall of 2024, AP7 and 26 large pension funds called on the world's governments to take more ambitious action for biodiversity.

Among other things, governments were urged to set national targets to halt and reverse the development within the area, as well as develop sector transition plans and establish regulation that addresses the drivers of biodiversity loss.

The call is supported by 27 pension funds and asset owners from Australia, Canada, Denmark, the Netherlands, Sweden, Switzerland, the USA, and the UK, which together manage 2,500 billion USD. In Sweden, in addition to AP7, AP1, AP3, AP4 and Länsförsäkringar are also behind the call.

The initiative is lead by Church of England Pensions Board together with AP7 and British Universities Superannuation Scheme, Caisse de dépôt et placement du Québec, and HESTA, Health Employees Superannuation Trust Australia.

→ Read more: [www.ap7.se](http://www.ap7.se)

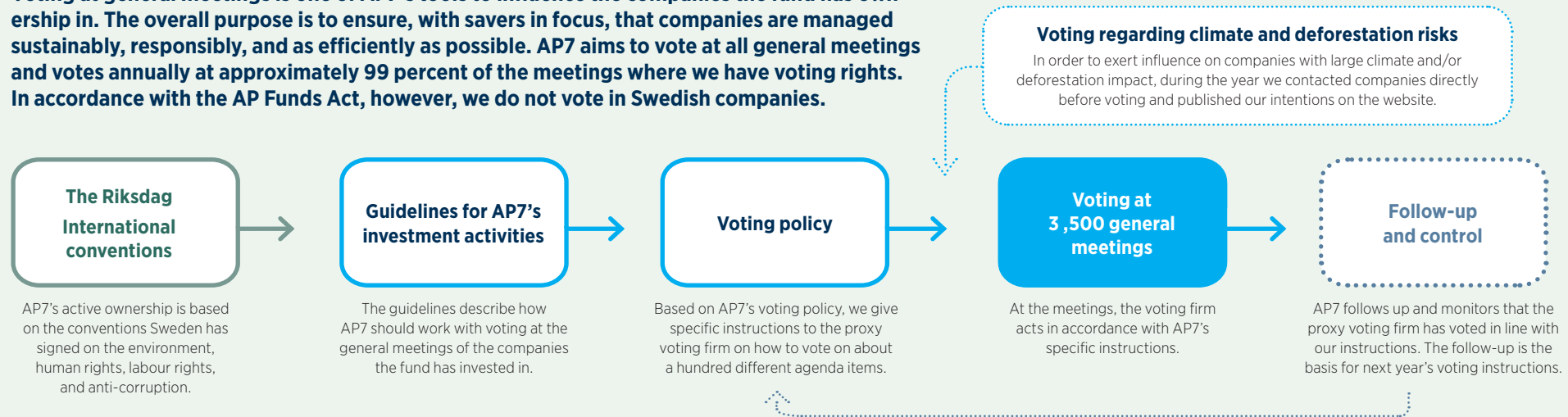


**The loss of biodiversity is a risk to the entire global economy, and it cannot be avoided through diversification.**



# This is how AP7 votes at more than 3,500 meetings

**Voting at general meetings is one of AP7's tools to influence the companies the fund has ownership in. The overall purpose is to ensure, with savers in focus, that companies are managed sustainably, responsibly, and as efficiently as possible. AP7 aims to vote at all general meetings and votes annually at approximately 99 percent of the meetings where we have voting rights. In accordance with the AP Funds Act, however, we do not vote in Swedish companies.**



## Guidelines and international conventions

To be able to vote at over 3,500 general meetings in nearly 60 countries, AP7 uses proxy voting via a voting firm. The instructions to the voting firm are based on AP7's guidelines for investment activities, which in turn are based on the conventions Sweden has signed on the environment, human rights, labour rights, and anti-corruption – such as the UN's Global Compact, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the UN Principles for Responsible Investment, and the UN's Agenda 2030.

## Process for voting at more than 3,500 general meetings

The process starts with an external analysis and an evaluation of previous year's voting, which lays the foundation for the programming of this year's instructions in some 400 areas. The voting firm then votes at more than 3,500 meetings according to AP7's instructions. After the general meeting season, the voting is followed up by analysing and controlling that it was conducted according to the instructions.

## Voting principles

AP7's voting policy covers a number of sub-issues. Among other things, the voting principles are based on the importance of transparency. For example, AP7 supports shareholder resolutions that require companies to report on remuneration and remuneration principles, environmental risks and liabilities, donations to political parties or lobbying organisations, and on gender equality work or climate impact.

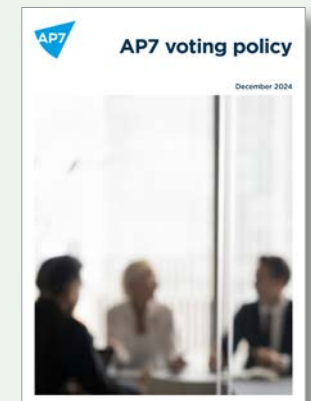
AP7 also votes on corporate governance issues that deal with board composition, remuneration issues, and capital structure, as well as issues relating to business conduct, such as anti-corruption and taxes.

AP7 supports an even gender distribution and increased diversity in the companies' boards as well as at all levels in the organisations. AP7 usually votes in favour of shareholder resolutions that demand the nomination of more women and minorities to the board, improved reporting on measures for diversity and equality in the operations, and the introduction of guidelines against discrimination.

Through the voting policy, AP7 works to ensure that companies support and respect human rights and good working conditions throughout their own operations and supply chains. AP7 also works for companies to strive to reduce their negative environmental and climate impact, and promotes the development and spreading of climate-smart business solutions and technologies.

In order to influence companies with a large climate impact or deforestation impact, during the year AP7 conducted direct dialogue and voted against relevant board members if the company did not meet basic requirements to handle the issues in a responsible way.

[→ Read more in AP7 voting policy](#)



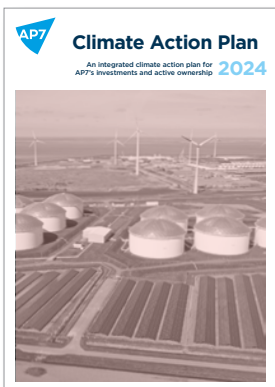
# AP7's climate work

**The aim of our climate work is to drive a transition of the economy, through active ownership and investments in enterprises that contribute to reduced climate risks.**

AP7's long-term mission, to create good returns for our savers, is dependent on the implementation of the Paris Agreement, and on the global market developing in a long-term sustainable direction. The economic values that are at risk due to climate change are extensive. AP7 is also exposed to risks related to the necessary transition to a low-carbon society, with changing attitudes and consumption patterns, where new products replace old ones and climate policy is tightened. With a broad and global ownership, AP7 cannot avoid these risks. Therefore we need to monitor and manage them, primarily through our active ownership and our investments, but also through the development of norms.

## AP7's climate action plan

To contribute to reaching net zero emissions by 2050, in 2022 AP7 adopted a climate action plan. The climate action plan is based on the Net Zero Investment Framework guide, that AP7 was involved in developing within the Paris Aligned Asset Owners. The work is based on the scenarios of the UN Climate Panel, IPCC, and the International Energy Agency's Net Zero Roadmap 2050. The plan



Read more  
in AP7's climate  
action plan

describes how AP7 works to integrate climate considerations into active ownership, investments and norms development, including our goals within these areas.

## Responsible ownership

Climate change is one of AP7's focus areas and we are actively pushing for the implementation of the Paris Agreement in all active ownership processes. We are convinced that we contribute most by working to ensure that companies transform their operations and reduce emissions.

A relatively small number of companies in AP7's broad stock portfolio account for a large share of the climate footprint. We have therefore chosen to prioritise these large emission companies in the advocacy work. The goal is that by 2025, 100 percent of the prioritised companies with the highest emissions in our portfolio will be subject to intensified active ownership. By 2025, at least 50 percent of the companies should be conducting credible transition work, and by 2030, the goal is 100 percent.

To achieve this goal, AP7 uses the active ownership tools at our disposal, including investor collaborations such as Climate Action 100+, dialogue linked to voting measures, and other bilateral dialogues with portfolio companies.

## Responsible investments

AP7 has investments in climate solutions, so called 'green mandates', in all asset classes (equity, fixed income, and private equity). While contributing to the climate transition, we are increasing our exposure to businesses that can benefit from the transition to a fossil-free economy. At the end of 2024, the total value of these assets was more than SEK 80 billion.

AP7's transition portfolio includes companies that contribute with solutions to enable the climate transition, and/or companies with a large climate impact. The portfolio is based on a close collaboration

between asset management and active ownership with the aim of maximising both active ownership and financial value creation, as we work to accelerate the climate transition within the companies. The goal is for the transition portfolio to account for up to 10 percent of the Equity Fund by 2027. Read more on page 16.

In recent years, AP7 has increased the share of green bonds in the Fixed Income Fund, i.e. bonds where the capital is earmarked for various environmental projects. In 2024, the investments in green bonds increased to SEK 76 billion, corresponding to 50 percent of the Fixed Income Fund. Read more about green bonds on page 14.

As of January 1, 2023, AP7's investment mandate has been expanded, and we can now invest up to 20 percent of the managed capital in unlisted assets, enabling more climate-related investment. In 2025, AP7 will adopt investment and active ownership targets for fixed income investments, real estate investments and private equity (unlisted companies).

## Transparency and policy dialogue

As a long-term universal owner, AP7 wants to bring about a broad change and promote a long-term sustainable capital market. This is done by driving the development of norms and standards that affect most companies. AP7 actively participates in collaborations, such as the Net Zero Investment Framework, to develop methods for investors. Examples of climate norms are the Global Standard on Responsible Climate Lobbying, which AP7 was part of developing in 2022, and the TCFD guidelines for reporting climate-related risks and opportunities, which AP7 supports.

AP7 measures and reports the carbon footprint of AP7 Equity Fund, as part of our broader climate work. The footprint provides an estimate of the amount of direct emissions from the portfolio companies and forms one of several bases when we identify companies for intensified active ownership. In 2024, the total emissions from the companies decreased slightly. Read more on page 38.

# Nature-related risks and TNFD-analysis

**Nature and biodiversity have risen quickly to the top of the ESG agenda. Investors need to be able to understand and compare companies' dependencies and impact on these existential conditions. The TNFD provides a global framework for these assessments.**

Nature-related issues have become central for businesses 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 overviewing the risks and in their active ownership.

## Transition risks and physical risks

In order to gain an overall perspective on nature-related issues, AP7 sees advantages of a double materiality analysis, where both the impact on nature and the dependency on nature are taken into account. The risks can be divided into transition and physical risks.

*Physical risks* concern nature-related changes in ecosystems that affect or are affected by the company. These also include the systemic risk of affecting entire ecosystems with consequential effects on other ecosystems as well as on communities and companies.

*Transition risks* are for example related to legal or political changes that affect the possibility of continued operations. Companies with operations in sensitive ecosystems are also exposed to reputational risk if they engage in activities that damage the environment.

For companies operating in ecologically protected areas, for example, regulatory risks may arise as countries consider implementing stricter legislation. This has become a more likely scenario after the Kunming-Montreal Framework was established at the UN Conference, COP15, in 2022. Within the global biodiversity framework, countries agreed to protect 30 percent of the world's lands, oceans and coastal areas, as well as inland waters, by 2030. The countries also agreed to restore 30 percent of all degraded ecosystems.

## Measuring several parameters is challenging

TNFD is based on the reporting format for climate, TCFD. In climate reporting, however, greenhouse gas emissions is the only parameter evaluated, and these have a global impact regardless of where

or within which industry they occur. Biodiversity and ecosystem services, on the other hand, are location-specific and the dependencies and impacts differ between companies and industry sectors.

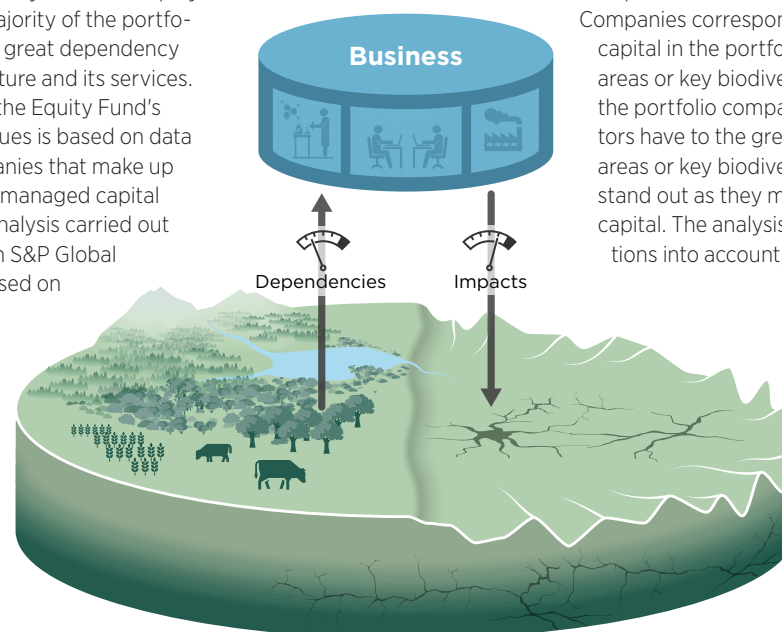
The measurability thus varies between locations and sectors. TNFD therefore takes multiple realms into account, to cover the whole of nature – ocean, freshwater, land and atmosphere – as well as drivers of nature change beyond climate change. This allows for a comprehensive approach to corporate reporting in line with both the Paris Agreement and the Kunming-Montreal Framework.

## TNFD analysis of AP7's portfolio

In summary, the analysis of AP7 Equity Fund shows that the majority of the portfolio's assets have a great dependency and impact on nature and its services. AP7's analysis of the Equity Fund's nature-related issues is based on data from listed companies that make up 93 percent of the managed capital in the fund. The analysis carried out with support from S&P Global Sustainable is based on the ENCORE tool but has been

expanded with location-specific data. 86 percent, measured in market capitalisation, is highly dependent on nature's ecosystem services, and this applies to nearly all sectors. However, companies in different sectors are dependent on different ecosystem services, and therefore need to manage different risks. Mass stabilisation and erosion control, bio-remediation, and flood and storm protection are the ecosystem services most sectors depend on. Utilities and the materials sectors had the highest nature-related dependencies in the analysis. A total of 37 percent of the analysed capital is invested in the sectors prioritised according to TNFD, which are considered to have the most material nature-related dependencies and impacts.

Companies corresponding to 80 percent of the analysed capital in the portfolio have at least one facility in protected areas or key biodiversity areas. In terms of total land area, the portfolio companies in the utilities and real estate sectors have to the greatest extent assets located in protected areas or key biodiversity areas. The IT companies also stand out as they make up a large share of the managed capital. The analysis only takes companies' direct operations into account, not their value chains.



The starting point for assessing nature-related risks within TNFD is double materiality, both impact on nature and dependency on nature. We are well aware of limitations in measurement methods and estimates at global companies that affect the accuracy of the results.

Illustration: J Lokrantz/Azote

## Nature-related risks and TNFD-analysis, cont.

### Development of AP7's active ownership

Overall, the TNFD framework helps AP7 prioritise which companies to focus on in our active ownership. Central questions are which ecosystems have high natural value and which companies impact them the most and are most dependent on them. Since AP7 is a universal owner with a long-term perspective, the mapping of physical risks is important, as changing ecosystems affect large areas with effects on communities as well as on companies. With a diversified global equity exposure, financial systemic risks cannot be avoided through tactical choices of sectors or regions. Instead, the risks need to be managed through investor collaboration and active ownership. So far, AP7's asset management has treated nature risks in the same way as other risks that investors face. However, we will now seek a deeper understanding of both the risks and opportunities linked to nature and biodiversity.

In 2024, AP7 invested SEK 2 billion in a green bond issued by the World Bank's International Finance Corporation (IFC) to promote biodiversity. IFC has published "Biodiversity Finance Metrics for Impact Reporting" which includes key performance indicators for measuring the positive impact of the projects on nature and biodiversity. IFC collaborated with, among others, TNFD in the development of the key performance indicators that are compatible with TNFD's framework.



### Framework for nature-related risks

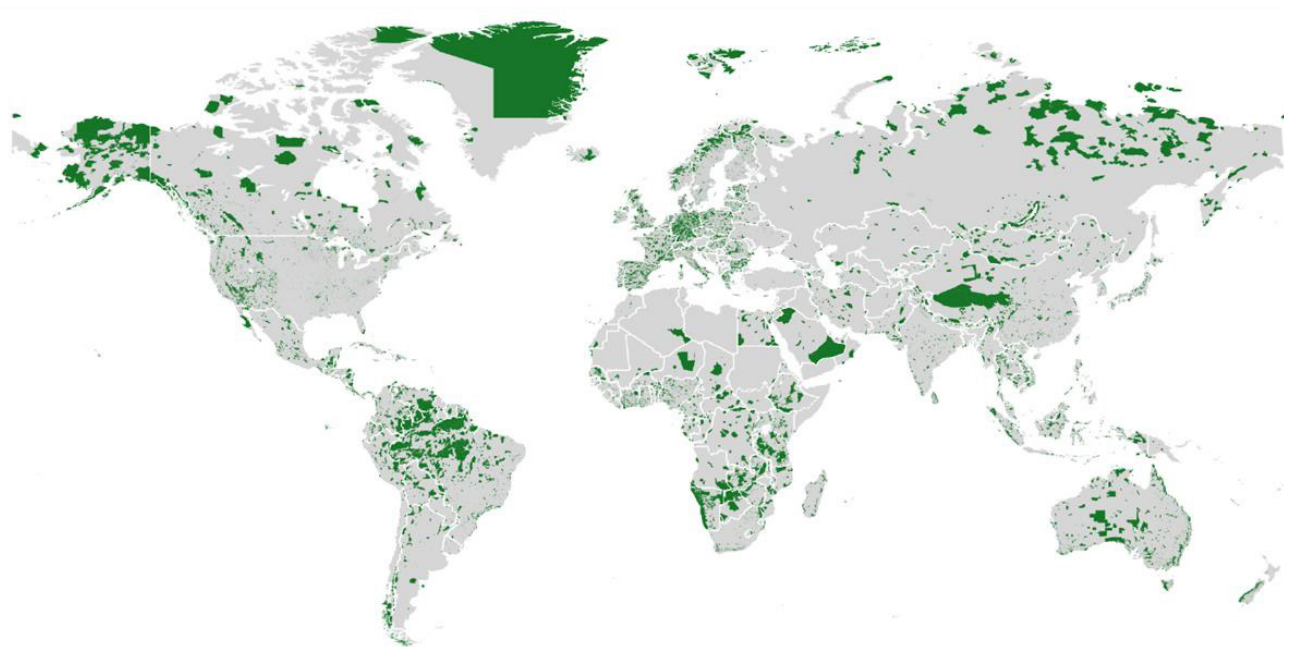
Taskforce on Nature-related Financial Disclosures (TNFD) is a framework for managing and reporting nature-related issues.

[→ Read more at TNFD](#)

### TNFD analysis based on ecologically important areas

AP7's TNFD analysis is based on ecologically important areas that are protected or key biodiversity areas according to the TNFD framework. Companies corresponding to 80 percent of the analysed capital in the portfolio have at least one asset in such areas.

Protected areas



Source: S&P Global Sustainable1, S&P Global Market Intelligence.  
Data on critical areas for biodiversity downloaded in March 2022 from the Integrated Biodiversity Assessment Tool (IBAT) [www.ibat-alliance.org](http://www.ibat-alliance.org)  
Distributed by BirdLife International, Conservation International, IUCN and UNEP-WCMC.

# AP7's thematic work

Here you will  
find our insights  
from previous  
theme works:

Read more  
at ap7.se



**At AP7, we complement our active ownership work by exploring specific themes in three-year blocks. This is a way to engage ourselves in particularly important areas. In 2024, our theme work on Universal Active Ownership was concluded.**

By focusing on a few themes in parallel, we can examine at depth complex areas that are relevant to our sustainability priorities and where we can have an impact by increasing our knowledge.

When we select a new theme, a number of clear criteria are considered. To start with, the area must be relevant to AP7's holdings and asset classes. We must also be able to make a reasonable difference in a resource-efficient way, and there should be suitable partners to collaborate with and to spread knowledge.

The theme affects our prioritisations for its duration, including our dialogue with portfolio companies and our work at general meetings. We also collaborate in depth with other actors on advancing standards and norms related to the area.

In 2024, we concluded the theme on Universal Active Ownership and decided that the theme for the period 2025–2027 is Sustainable

Construction. The construction and real estate sector has a significant climate impact and offers the opportunity to create concrete and positive change in the real economy. The theme is the first to be run within asset management and will focus on three areas: investment impact, active ownership, and knowledge dissemination. AP7's other ongoing themes are Board Responsibility (2023–2025) and Nature (2024–2026).

## Previous themes

Private equity, Climate, Fresh water, Corporate climate lobbying, Working conditions in food supply chains, Sustainable impact measurement, Climate transition, Deforestation and biodiversity

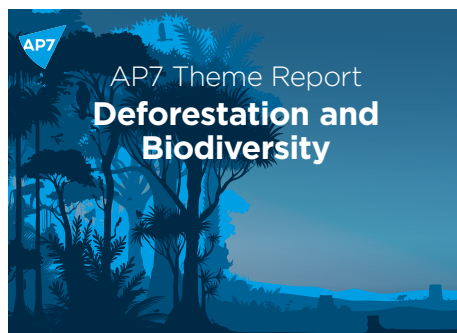
## CURRENT THEME WORKS

Universal Active Ownership 2022–2024

Board Responsibility 2023–2025

Nature 2024–2026

Sustainable Construction 2025–2027



Read more  
at ap7.se



The theme Deforestation and Biodiversity was concluded in 2023. A report was published in 2024.

## HOW CAN PENSION CAPITAL CONTRIBUTE TO CLIMATE TRANSITION?

In connection with the conclusion of AP7's three-year theme Deforestation and Biodiversity, Johan Florén, Communication Officer and senior advisor ESG at AP7, conducted an initiated conversation with Beatrice Crona, Science Director at Stockholm Resilience Centre, Stockholm university, and Mistra FinBio; Catharina Belfrage Sahlstrand, Chief Sustainability and Climate Officer at Handelsbanken; Helle Herk-Hansen, Vice President Environment at Vattenfall; and Peter Löf, Vice President Sustainable Finance at Stora Enso.



## UNIVERSAL ACTIVE OWNERSHIP

2022–2024

As a universal owner with a broad portfolio of global holdings, active ownership is AP7's primary means of achieving real world impact in the global economy.

The theme Universal Active Ownership is a platform for investigating how we can make best use of our role as a global owner and our resources. The theme provides a testing ground to further develop and refine our ownership activities, such as voting, and to test and evaluate new tools and methods.

### Collaborating with asset owners

Engaging with other large asset owners is an important starting point for discussing working methods and tools, and finding common interests. Usually, we share the same goals, but our working methods often differ. AP7's knowledge is based on academic research in the field and we have participated in meetings for universal owners, convened by Cambridge University, among others. Here, academics and asset owners have been brought together to discuss systemic risks and develop actions to address them.

### Partner dialogue

Sometimes it may be more impactful for AP7 to engage on systemic risk with our financial system partners than with individual companies. During the theme, we have sought to test this approach through engagements with fund managers and service provider partners. The discussions were centred on the topics of antimicrobial resistance and on aligning voting policies with net zero ambitions.

We are learning more about the driving forces and the limitations of our financial sector partners, and strive to identify common ground and solutions which can lead to more responsible action on systemic risks across the financial sector. This can, for example, involve refining shareholder resolutions to achieve maximum support, increasing analysts' attention to critical new topics, and drawing attention to shortcomings in voting research at fund managers.

[→ Read more](#)

## BOARD RESPONSIBILITY

2023–2025

Good corporate governance is crucial for managing a company's significant sustainability risks and running a sustainable business. In recent years, the issue of the boards' role has become increasingly central in AP7's active ownership.

The purpose of the theme work is to develop AP7's methods for active ownership and voting. AP7 is also looking into the possibility of contributing to increased knowledge about the role of boards for sustainable development.

### Voting at general meetings

The board's composition is central to a company's ability to manage its sustainability risks and to run a sustainable business. The theme work includes investigating how AP7, as a universal owner, in collaboration with other owners can hold individual members or entire boards accountable through our voting procedure. AP7 has focused particularly on holding boards accountable for ensuring that the companies are conducting a credible transition work – a method that has proven effective for bringing about change.

### Collaborations with researchers

In the theme work, AP7 collaborates with, among others, Ellen Quigley, who does research in universal ownership at Cambridge University, and Emma Sjöström, at the Stockholm School of Economics, who is conducting a research project on the role of boards of directors for climate change.

AP7 also examines how legal processes can be used by owners to advocate for better corporate governance. Among other things, AP7 has pursued so-called "derivative cases" where we have brought charges against individual board members or senior executives who have harmed the company and its shareholders.

[→ Read more](#)

## NATURE

2024–2026

Alongside climate change, the loss of biodiversity is one of the major threats to humanity. The purpose of the Nature theme is to develop AP7's processes and drive a transition from the loss of biodiversity to a sustainable use of natural resources.

The theme Nature is a continuation of the Deforestation and Biodiversity theme which was concluded in 2023, where the focus was on norms development and on strengthening active ownership to protect forests and biodiversity.

### Norms development

AP7 has remained active in the TNFD taskforce in 2024, contributing to the development of guidelines for target setting and transition plans in accordance with the Kunming-Montreal Framework. We will also develop AP7's TNFD reporting.

### Collaboration and dialogue

AP7 has continued to actively participate in international alliances, such as Nature Action 100, where a dialogue is held with 100 global companies that have an important role in reversing the loss of nature and biodiversity by 2030. AP7 also participated in dialogue collaborations with other investors, which were initiated under the theme of Deforestation and Biodiversity, in collaboration with Ceres and Sustainalytics. At the UN Biodiversity Conference COP16 in Colombia, AP7, together with 26 pension funds and asset owners, urged the world's governments to take stronger action for biodiversity.

### Integration of processes

The goal is that by the end of the thematic work, AP7 will have developed and implemented processes for the preservation of biodiversity that are coordinated with the processes for climate change adaptation, and that these will be integrated into asset management. Among other things, we have started to examine how our private equity managers work to assess their impact on nature. We will also investigate new investment opportunities that contribute to the preservation of global biodiversity.

[→ Read more](#)

# On our savers' terms

**Savers in the pension system are at a disadvantage in terms of information, and many lack interest in the subject. AP7 works to provide information about pensions and savings in a way that is adapted to our savers' terms.**

The pension system is complex and exploring the field requires a relatively large level of engagement. Many savers feel that pensions is a complicated area, and for those with many years left before retirement it can be hard to take an interest in the subject.

The pension system is designed so that savers are responsible for investing their premium pension, with a wide range of funds to choose from. To make an informed decision, they need access to objective and fact-based information, which the Swedish Pension Agency provides at its website. For those who do not make an active choice, the money is automatically placed in AP7 Sâfa.



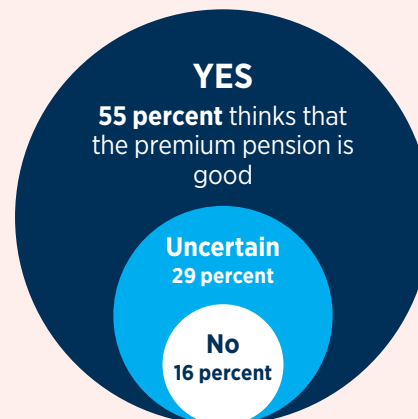
## Effective communication

By spreading information about personal finance, the pension system, and AP7 Sâfa, we want as many people as possible to have access to the best possible information in order to make informed decisions about their premium pensions. Based on our mission, we also communicate about sustainability issues and responsible investments.

AP7 conducts regular surveys to gain a greater understanding of the public's knowledge, interest and attitudes towards premium pension savings. The 2024 survey showed, among other things, that the majority of savers have a positive attitude towards the premium pension and few are negative. Many are also positive about AP7 and very few have a negative attitude.

### "Do you think that the premium pension is good?"

Kantar has, commissioned by AP7, conducted a study among the public regarding their view on various aspects of pension savings. The majority thinks that the premium pension is good.



AP7's communication is primarily aimed at our over five million savers. Surveys have shown that many of them have a lower income and education level than average, which is partly due to the fact that many young people automatically have their money invested in the pre-selection option when they start working.

## Double podcast series for increased knowledge

To reach our savers, digital channels are most resource-efficient. On our blog Förvalt we offer nuanced and accessible information about pension savings, behavioral economics, and sustainability.

In our podcast Ägarpodden, AP7 has in-depth conversations with researchers and asset owners to learn more about sustainability and how asset owners can take responsibility and have a positive impact. During 2024, AP7 has spoken with The Council on Ethics of the Swedish AP Funds, and added the episodes to the previous ones with researchers at the universities of Gothenburg and Stockholm, and at the Stockholm School of Economics, as well as asset managers such as AP1, AMF, KPA and Länsförsäkringar. The discussions concern various opportunities for responsible asset owners to influence companies to take responsibility for ESG issues, such as contributing to reduced carbon dioxide emissions. AP7's reports and conversations linked to our thematic work are also part of the dissemination of knowledge, such as this year's conversation on Deforestation and Biodiversity, read more on page 25.

In Tänkonomi, our other podcast series, we explore the borderland between psychology and economics, and challenge preconceived notions about personal financial decisions. The purpose is to help listeners understand the mechanisms behind people's own financial decisions.

In 2025, the 25th anniversary of AP7 and the premium pension system will be in focus, and this will be highlighted with talks and seminars.

➔ [www.ap7.se/tankonomi](http://www.ap7.se/tankonomi)

➔ [www.ap7.se/ap7s-agarpodden](http://www.ap7.se/ap7s-agarpodden)

# Employees

**In a small organisation like AP7, the skills and drive of each employee is crucial for us to fulfill our mission. By providing a workplace that is characterised by humility, responsibility, freedom, and collaboration, employees can enjoy working with us, while having the opportunity to develop and feel involved.**

During the year, AP7 underwent a reorganisation. The aim was, among other things, to form a clearer and more efficient organisation to be able to deliver on our expanded mandate within alternative investments. A number of key recruitments were also made, see page 29.

## Competence development

The competence of AP7's employees is central in our knowledge-intensive operations, and to achieve our goals. Competence development takes place both through external training and through internal seminars and knowledge sharing between colleagues. The need for competence development is based on, among other things, changed conditions for AP7 and individual plans developed



during annual appraisal interviews. In 2024, all employees had at least one appraisal interview with their immediate supervisor.

In 2024, mandatory trainings were held for AP7's employees in information security, personal data processing, transaction reporting, GDPR, and work environment.

## Diversity and gender equality

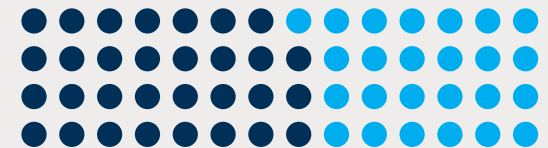
Different experiences and perspectives are important for an innovative work climate, and AP7 sees diversity as a strength. We work actively for an even gender distribution within the organisation, and diversity is included as a parameter in recruitments. We also work proactively to prevent all forms of discrimination.

At the end of 2024, the total number of employees in AP7 was



## Employee data 2024

**56** employees of which **45** percent women



2023: 49 employees of which 45 percent women

**7** Out of seven people in the management team **3** were women

2023: 7 persons of which 3 women

Average age **48 years** 2023: 47 years

Employee turnover **3.6 percent\*** 2023: 6 percent

Sick-leave **2.0 percent** 2023: 1.3 percent

\* In 2024, AP7 recruited nine employees and two people left the organisation.



## The reorganisation included transferring the fund's sustainability team to asset management as part of integrating sustainability work into asset management.

56, of which 25 were female. All employees are covered by the collective bargaining agreement, BAO-JUSEK (SACO). The management team comprises seven people, three women and four men. In 2024, eight people were recruited, and two employees left the organisation.

AP7 conducts an annual salary mapping to ensure that there are no unreasonable differences in salary between men and women in the organisation.

### A sound work environment

A healthy work environment, both physical and psychosocial, is central to promoting health and wellbeing among AP7's employees.

Flexible work with personal responsibility enables AP7's employees to maintain a good balance between work and leisure.

To prevent risks of ill health, AP7 works systematically with the work environment, which includes ongoing improvements. The work environment policy, action plan, risk assessment, and procedures, are followed up annually by the management together with the safety representative, and revised when necessary.

A continual dialogue is important for improving the work environment, and we expect all employees to participate in the work. Health-promoting initiatives are prioritised, such as a wellness allowance, voluntary health insurance, health coaching via AP7's external partner IMR, teambuilding, and social activities.

AP7 conducts monthly pulse surveys to collect continuous feedback from employees on their wellbeing and how they experience the work environment. Based on these measurements, we can quickly act on changes and take measures when necessary.

To discover more long-term trends we also conduct an employee survey every two years. The most recent survey was conducted in November 2024. Overall, the result looks good with an eNPS value of 59, indicating high engagement and loyalty among AP7's employees. The fund will analyze the result in more depth and work on possible areas for improvement, both overall within the organisation and at departmental level.



### STRENGTHENED ORGANISATION IN 2024

**During the year, AP7 underwent a reorganisation to adapt to new conditions such as growing capital and an increased number of employees. At the same time, new regulations have resulted in a changed mandate and partly changed assignment for the fund.**

The reorganisation included transferring AP7's sustainability team to the asset management department as part of integrating sustainability work. The Finance and Risk department was established and the former Administration department was renamed Business Development and Asset Operations and now also includes IT, business development, and fund and securities administration. Legal, Communications, and Human Resources and Office Services, are support functions in the new organisation that report directly to AP7's CEO.

A number of recruitments were made, including senior asset managers with expertise in alternative investments, global equities, fixed income, trading and allocation. The departments Finance and Risk, and Sustainability and Active Ownership, were both strengthened with two senior analysts each. A replacement recruitment was also made to the Fund and securities administration unit.

# Work of the Board and fund governance

**AP7's activities are governed by the National Pension Insurance Funds Act. The Board of Directors is responsible for the fund's organisation and asset management.**

The Seventh AP Fund is a public agency tasked with managing premium pension funds for the Swedish population. AP7's activities are governed by the National Pension Insurance Funds Act (AP Funds Act), which states that the AP Funds have independent boards that are responsible for the fund's organisation and asset management. Unlike other Swedish agencies, AP7's operations are not governed by other government directives.

The Swedish Government annually approves the AP Funds' income statements and balance sheets. The Government also commissions an annual evaluation of the AP Funds' activities. This evaluation is presented in a written submission to the Government.

## Composition of the Board

The Seventh AP Fund's board is appointed by the Government and consists of nine members. The members are appointed on the basis of their competence to promote the fund's management and they must be Swedish citizens. The CEO of the Fund is not a member of the Board. Normally, the board members serve for a maximum of eight years. In 2024 Roine Vestman was replaced by Ossian Ekdahl as board member.

## Attendance at board meetings and board committee meetings

Board member	Board meetings	Executive Committee	Asset Management Committee	Audit Committee
Per Frennberg, Chairman	7 of 7	8 of 8	4 of 4	
Emma Ihre	7 of 7	8 of 8		6 of 6
Susanne Ekblom	7 of 7			6 of 6
Elisabeth Frayon	7 of 7		4 of 4	
Henrik Saxborn	7 of 7		4 of 4	
Mikaela Valtersson	5 of 7			5 of 6
Magnus Vesterlund	7 of 7			6 of 6
Anders Wihlborn	6 of 7		3 of 4	
Roine Vestman*	3 of 3		3 of 3	
Ossian Ekdahl*	1 of 1		1 of 1	

\* In 2024 Roine Vestman was replaced by Ossian Ekdahl. The table shows their attendance at board meetings.

## The Board's tasks and responsibilities

The Board has the ultimate responsibility for AP7's operations and organisation, and for the management of the fund's assets. Responsibility for everyday management is delegated to the CEO, through the Board's instructions. Where the Board's work is not governed in the AP Funds Act, it is governed primarily by the internal rules of procedure that the Board approves annually.

The Board annually approves the operational plan, including the investment targets and guidelines, risk management plan, ownership policy, and the budget in accordance with the AP Funds Act. The Board also makes decisions on overall policies and governing documents, takes a position on strategic issues, ensures that decisions are implemented, and that the operation and its risks are followed up and controlled in an appropriate manner. The Board is also responsible for recruiting the CEO and, if deemed necessary, the Executive Vice President.

Once a year, the Board evaluates the CEO's performance at a meeting where the CEO is not present. The Board also carries out a review of its own performance each year, with the aim of developing the Board's working methods. An assessment of the quality level of the Board's material also takes place annually.

## The Board's work in 2024

The Board held six scheduled meetings in 2024. In addition, an extraordinary meeting was held in April, at which the Board was informed of the planned reorganisation. At each ordinary meeting, the Board reviews asset allocation of the portfolio and any changes in this, as well as the fund's development and the management's expectations regarding the market development. In addition, the fund management reports in writing to each meeting. The control functions submit a written report to the Board quarterly.

During 2024, a major focus of the Board has been on the development of AP7's operations in line with the strategic plan adopted in December 2023, and which applies to 2027. A central area in the strategic plan is value creation with a savings focus that is adapted to the large amount of capital under management today and in the future. With a maturing premium pension system and an increasingly complex environment, it is of great importance that the fund has the ability to continuously evaluate and, if necessary, adjust the model so that it is robust when more savers retire. The plan also includes an updated investment process that enables clear value creation, integration of sustainability into asset management, and expansion into alternative assets. As part of this work, the Board has conducted a comprehensive revision of AP7's board-approved policies during the year.

The CEO participates in the board meetings, and other employees may also be called in as experts on different matters. The Fund's regulatory manager is the Board's secretary.

In addition to the ordinary meetings, members of the Board held meetings in committees: the Executive Committee, Asset Management Committee, and Audit Committee. The table below shows the board members' attendance at these meetings.

## Fees to board members

Fees and other payments to the Board are determined by the Government. Annual payments remained unchanged at SEK 200,000 to the Chair, SEK 150,000 to the Vice Chair, and SEK 100,000 for

other members. For committee work and other assignments, the Government has decided on an annual framework of SEK 100,000 to be divided between the board members. Based on this, the Board has decided on SEK 9,000 as compensation for work in the Audit Committee and Asset Management Committee, with double payment to the chair in each committee. No payments are made for work in the Executive Committee.

### Board committees

The Board of AP7 has set up three committees: Executive Committee, Asset Management Committee, and Audit Committee. The committees prepare matters for the board to consider.

**Executive Committee:** The Committee prepares the Board's work, and decides twice a year on exclusions of companies from investments. In 2024, the committee members were Per Frennberg (chair), Emma Ihre (vice chair), and AP7's CEO Pål Bergström, permanently co-opted. The Executive Committee also constitutes AP7's remuneration committee. The CEO and HR Manager are co-opted to the remuneration committee, but do not participate in matters relating to their own remuneration.

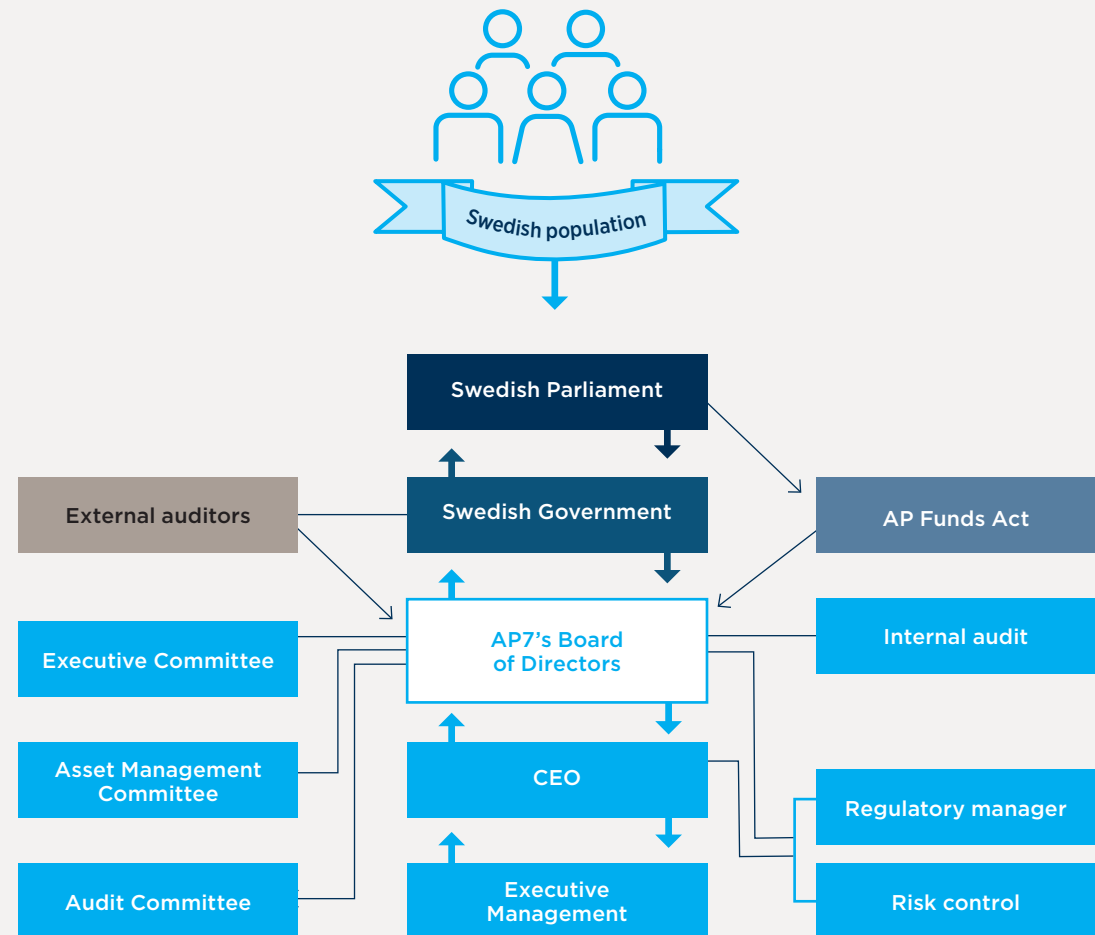
**Asset Management Committee:** The Committee prepares the Board's work on matters relating to asset management. In 2024 the committee members were Per Frennberg (chair), Roine Vestman (through May), Henrik Saxborn, Anders Wihlbörn, Elisabeth Frayon, and Ossian Ekdahl (from October onwards).

**Audit Committee:** The Committee prepares the Board's work regarding financial reporting, accounting, internal control, internal and external audit, risk management, and compliance matters. In 2024, the committee members were Susanne Ekblom (chair), Emma Ihre, Magnus Vesterlund, and Mikaela Valtersson.

### Conflicts of interest

AP7's handling of conflicts of interest is set out in Guidelines for handling ethical issues. The guidelines are established annually and communicated in connection with the introduction of new members. The Chair of the Board is informed about potential conflicts of interest and, if needed, the matter is escalated to AP7's regulatory bodies. At each board meeting, any conflicts of interest are also reported based on the distributed agenda. For the board members' ongoing assignments, see pages 33–34.

### AP7's governance structure



# Internal and external control

**The Board of Directors is responsible for ensuring that AP7 has appropriate internal control. To ensure this, the Board establishes overall guidelines for the operations, including instructions and delegation to the CEO. The Board also decides to which extent the CEO has the right to delegate responsibility and instruction further.**

## External auditors

AP7's auditors are appointed by the Government. The current appointment is held by Helena Kaiser de Carolis and Peter Nilsson from PwC. PwC are also the appointed auditors of the First, Second, Third, Fourth and Sixth AP Funds. The assignment includes a review of the operations, including internal control, administration, annual financial statements for the managed funds, and the annual report. The auditors submit reports expressing their opinion on the accounting records and the administration based on their audit. The assignment also includes verifying that AP7 complies with the accounting and valuation principles jointly established by the AP funds, and that the financial statements provide a true and fair view of the operations. The Government has also assigned the auditors to review AP7's compliance with 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. The auditors attend at least one board meeting per year. The auditors also submit an annual report to the Ministry of Finance.

## Risk management

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

The operational target is expected to be achieved through the investment of the fund's capital, which is thereby exposed to a range of financial and non-financial risks. The ultimate limits on the Fund's financial risk exposure are set out in the National Pension

Funds Act, as briefly described below. Based on these limits and the level of the operational target, the Board defines an overall risk appetite indicating which risks are accepted to achieve the target. Investment guidelines and Risk management guidelines are the governing documents that describe the main risks associated with the operations, the Board's appetite for different types of risks and how risks are to be managed, monitored and controlled. The CEO is responsible for the day-to-day management and ensuring that the guidelines are adhered to, as well as for organising proper control and management of the operations, including monitoring of risks.



## RISK MANAGEMENT

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

**1. The first line of defence is the operations**, which includes asset management and all supporting departments and units. By making the operations responsible for risk management and compliance, all managers and employees have a responsibility to identify and manage risks within their own area of responsibility. Controls are continuously carried out along the entire transaction flow. 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 main task of the compliance function is to monitor the operations' compliance with external and internal regulations, while the risk control function monitors the financial and operational risks. The responsibility of the control functions includes ensuring that the operations act within the established limits, comply with instructions and applicable restrictions, and that the identified risks are managed by the operations in a satisfactory manner.

The Chief Risk Officer and the Compliance Officer report functionally to the CEO and operationally to the General Counsel and the Chief Finance and Risk. 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 determines the remuneration for the Compliance Officer and Chief Risk Officer,
- appointment or dismissal from the position of Compliance Officer and Chief Risk Officer is made by the CEO only in consultation with the Chairman of the Board,
- the budgets for the functions are determined by the Board based on proposals from the Compliance Officer and the Chief Risk Officer personally.

**3 The third line of defence is internal auditing.** The internal audit function is in charge of safeguarding the quality of AP7's risk management by conducting regular audits and evaluations of relevant areas to ensure that they are effective and appropriate. Through these audits, the internal audit function shall contribute to the continuous development of the 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 which reports to the entire board. The Board of Directors establishes an annual audit plan for the internal audit function.

Continuous feedback is provided to the Audit Committee and an annual report is submitted to the entire board. Identified areas for improvement are addressed in the 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 of the Asset Management Committee

**Elected:** 2018

**Other assignments:** Head of Investment, Euro Accident Livförsäkring.

**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

### Vice chairman of the Board

Executive Committee, Audit Committee

**Elected:** 2018

**Other assignments:** Head of ESG and Nordic Public Affairs, Asmodee, Board member Praktikertjänst, and 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, and 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 Annehem 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.

**Year of birth:** 1962

## Board of Directors, cont.



**MIKAELA VALTERSSON**

Audit Committee



**MAGNUS VESTERLUND**

Audit Committee



**OSSIAN EKDAHL**

Asset Management Committee



**SUSANNE EKBLOM**

Chair of the 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

**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

**Elected:** 2024

**Other assignments:** Member of the Board of Directors of KPA Tjänstepensionsförsäkring AB, Chairperson of the board of Transparency International Sverige. Research Fellow at the Swedish Corporate Governance Institute, Stockholm University.

**Previous assignments:** Chief Active Ownership Officer at AP1. 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

**Elected:** 2020

**Other assignments:** Board member of C-rad, and self-employed consultant.

**Previous assignments:** President and CEO of Vectura Fastigheter AB, CFO of Investor AB, CFO of SVT, and various positions at Scania. Member of the boards of Norstat, ElinderSten, GoCo, SOS Barnbyar, Kunskapsskolan, Vectura Fastigheter, Sveriges Radio Förvaltnings AB (SRF), and Member of the Board and Chairman of Assemblin's audit committee.

**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 operations. It is published annually and this report covers the period 1 January 2024 to 31 December 2024, which is aligned with AP7's financial reporting. The sustainability report was published on February 17, 2025.

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 reporting of climate- and nature-related risks and opportunities. A GRI content index is located on pages 41–43, and an index with references to the TCFD and TNFD frameworks can be found on page 44.

The sustainability report for 2024 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, which was updated in the fall of 2022. The purpose was to identify which sustainability issues are the most prioritised for AP7 to consider in its management and active ownership. It is about the areas where AP7's operations have the greatest actual or potential impact on the outside world, from an economic, social and environmental perspective. During the assessment, account was also taken of areas with risks or opportunities that could affect AP7's value creation.

The assessment was based on AP7's mission, international conventions and guidelines that we support, global trends, internal risk assessments and the previous materiality analysis conducted in 2017. Additional input was taken from AP7's ongoing stakeholder dialogues, as well as from discussions with internal and external experts.

The identified issues are in line with AP7's sustainability strategy, sustainability goals and working methods, see pages 15–26. In relation to the previous analysis, AP7's work with systemic environmental issues, such as climate, biodiversity and fresh water, have become more material. That AP7 prioritises these issues is reflected, among other things, in our dialogues with portfolio companies, our climate action plan, and theme works.

The materiality analysis and the prioritised sustainability issues were reviewed and determined by AP7's CEO and the Communications Officer and senior ESG advisor. See a list of the material sustainability issues and AP7's impact in the table on page 39.

## Sustainability governance

AP7's board annually establishes guidelines for the investment operations as part of the operational plan. Through these guidelines, AP7 undertakes to follow the principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the OECD Guidelines on Corporate Governance.

The investment guidelines state how AP7 shall exercise the ownership function which follows from the holdings in the Equity Fund, that is, how AP7 will influence portfolio companies to take responsibility for sustainability, business conduct, and proper corporate governance. These guidelines are defined in a number of CEO instructions for voting, public blacklisting, class actions and in-depth themes.

AP7's CEO and management are responsible for the development of the climate action plan as well as ESG-related policies and strategies. AP7's strategies and goals linked to sustainable development are followed up annually in connection with the Board establishing sustainability goals and guidelines for the investment operations, and the annual and sustainability report.

The Board is jointly responsible for sustainability issues and follows up AP7's sustainability work at each meeting. Several board members have in-depth ESG qualifications. The Audit Committee and Asset Management Committee, both prepare ESG-related issues for decision by the Board. Twice a year, the Executive Committee decides on companies to be publicly blacklisted, and the Committee may also be involved in other matters of particular importance. In addition to the ongoing reporting to the Board, there are in-depth discussions on various sustainability issues, such as AP7's blacklisting and climate action plan.

The Chief Investment Officer has overall responsibility for AP7's work with responsible investments. In 2024, the sustainability team was organised into asset management to further integrate sustainability and asset management work.

## Governance and implementation of AP7's sustainability work

- The Board sets sustainability goals annually by issuing guidelines for the investment operations and reporting on the progress of the work in the annual and sustainability report.
- The CEO is responsible for ensuring that the investment guidelines are being followed and implemented, and that the ongoing work contributes to achieving AP7's sustainability goals.
- The Chief Investment Officer is responsible for ensuring that the work is carried out, with support from AP7's senior ESG advisor.
- In 2024, the ESG team was organised into asset management to further integrate sustainability and asset management work.
- The climate council, consisting of researchers, assists AP7's executive management with external advice on ESG-related research.

## The mission forms the basis for the sustainability work

*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. The asset management must take place exclusively in the interest of the pension savers. The capital that the Seventh AP Fund manages must be invested so that a high long-term return is achieved at the selected risk level.

The capital that the Seventh AP Fund manages must be managed in an exemplary manner through responsible investments and responsible ownership. In particular, the Fund must consider how sustainable development can be promoted without sacrificing the goal of achieving long-term high returns at the chosen risk level.

### Ethical guidelines

All employees must follow AP7's ethical guidelines, which emphasise the conduct of employees and stipulate rules on matters such as hospitality and gifts, procurement, secondary employment, and potential conflicts of interest. The guidelines aim to prevent employees or their close relatives deriving any benefits due to their connection to AP7, or that conflicts of interest arise.

All employees must participate in a recurring anti-corruption training and confirm that they have understood AP7's ethical guidelines. In the event of significant changes to the guidelines, employees are informed and must confirm in writing that they have taken note of the changes.

In 2024, mandatory training was held for AP7's employees in information security, personal data management, reporting of own business, GDPR and work environment.

AP7's business partners are informed about AP7's ethical policy through the asset management agreements. The policy is also available on AP7's website.



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

AP7's operations are regulated by the National Pension Insurance Funds Act (2000:192). As of 1 January 2023, the rules have changed which increases AP7's opportunities to invest in alternative (illiquid) assets, such as real estate and infrastructure projects. This enables us to provide a better and more sustainable pre-selection option. The AP Funds Act states that AP7's asset management must be conducted exclusively in the interests of the savers and that the funds must be managed in an exemplary manner through responsible investments and ownership. In asset management, AP7 must pay particular attention to how sustainable development can be promoted without renouncing the goal of achieving long-term high returns at the chosen risk level.

In November 2023, the Government decided that AP7 must provide sustainability information in line with the EU's regulation on sustainability-related information and the EU's green taxonomy regulation. Unlike the other AP Funds, AP7 is not permitted to vote at general meetings of Swedish companies. As we see no conflict between investment return and sustainability, the law gives us ample room to conduct exemplary asset management to promote a sustainable development.

### Stakeholder engagement

Collaboration and dialogue with actors in the outside world is critical in developing and improving AP7's operations and working methods. Effective work with, for example, active ownership, norms development and knowledge dissemination is based on collaboration with investors, external experts and other actors with knowledge in various sustainability issues. The dialogue is also central to understanding stakeholders' expectations on AP7 and how they perceive our work.

AP7's key stakeholders are those who have the greatest interest in our business and for whom the mutual influence is significant. They consist of 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 how we communicate with each group, as well as their critical concerns.

Stakeholder group	Description	Form of dialogue	Critical concerns
<b>Savers</b>	5.9 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 assessments.	<ul style="list-style-type: none"> <li>- Responsible ownership</li> <li>- Impact investments</li> </ul>
<b>Employees</b>	56 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>Regulatory bodies</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>Finansinspektionen (Swedish Financial Supervisory Authority)</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

AP7 measures and reports the carbon footprint of the AP7 Equity Fund, as part of our broader climate work. The footprint provides an estimate of the amount of direct emissions from the underlying portfolio companies. The analysis is carried out by S&P, and covers emissions within scope 1, 2 and 3, according to the GHG Protocol. See more information about the AP funds' methodology on [ap7.se](https://ap7.se).

The table shows that the overall emissions from AP7's portfolio decreased in 2024. The portfolio footprint can be an indicator of changes in emissions. At the same time, it is affected by changes in equity holdings, which in itself does not impact the actual emissions. Consequently, the total change is divided into emission changes and changes in holdings.

Changes in the companies' emissions contributed to a decrease of 5.9 percentage points, while changes in our holdings contributed with a decrease of 0.3 percentage points. AP7's holdings in power supply and the materials industry account for the largest share of the portfolio emissions.

A prerequisite if we are to be able to reach the 1.5 degree target is that the companies adjust their operations to the Paris Agreement. The analysis provides information about the companies we need to focus on to generate most benefit as owners, that is, those with the highest emissions and which therefore pose the greatest risk of exceeding the goals of the Paris Agreement.

A relatively small number of companies in AP7's broad stock portfolio account for a large share of the climate footprint. We have therefore chosen to prioritise these large emission companies in the advocacy work. In accordance with the Net Zero Investment Framework, the companies AP7 prioritises for intensified active ownership together make up 70 percent of the portfolio's carbon footprint. In 2024, the number of prioritised companies in AP7's equity portfolio amounted to 132, corresponding to 11 percent of the managed capital and 5 percent of the total number of companies.

**Read more about AP7's work in our Climate Action Plan.**

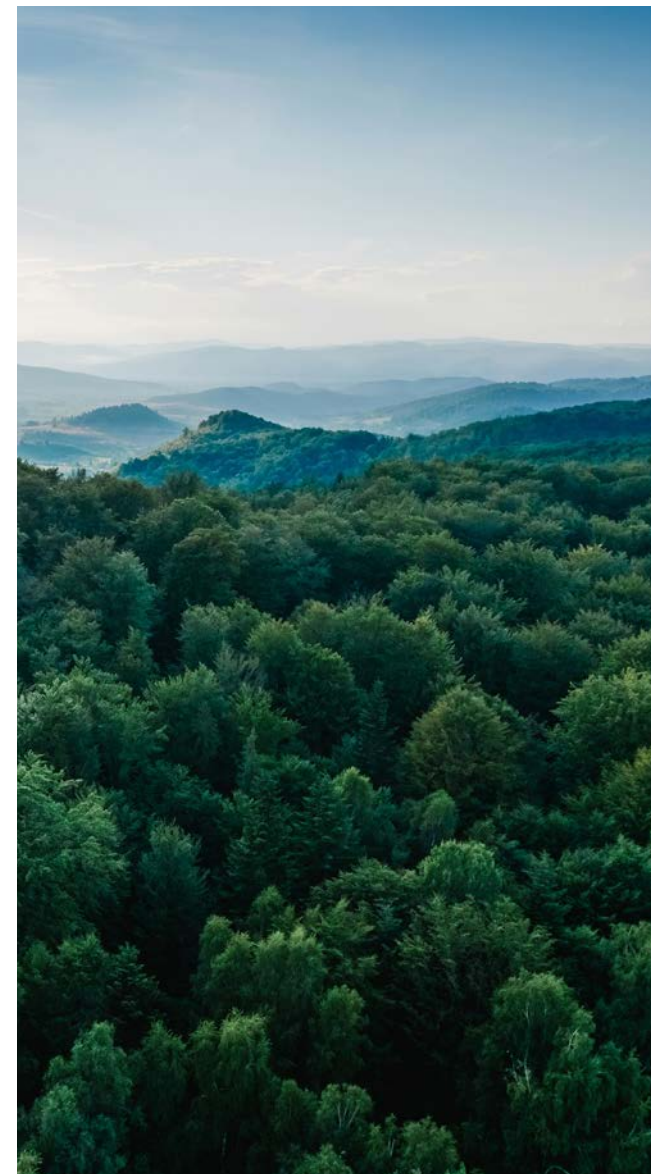
AP7's carbon footprint for listed equity	2024	2023
Total emissions of the equity portfolio (scope 1 and 2) (million tonnes CO <sub>2</sub> e) <sup>1)</sup>	4.0	4.3
AP7 compared with MSCI ACWI (%)	-8.3%	-3.1%
Change in the portfolio's total carbon emissions (scope 1 and 2) in relation to previous year (%)	-6.2%	-2.6%
– of which change caused by changes in portfolio holding (% points)	-0.3%	-0.2%
– of which change caused by changes in companies' emissions (% points)	-5.9%	-2.4%
Carbon emissions (scope 3) (million tonnes CO <sub>2</sub> e) <sup>2)</sup>	34.2	27.8
Relative carbon emissions (scope 1 and 2) (tonnes CO <sub>2</sub> e/SEK million) <sup>3)</sup>	3.3	4.7
Portfolio-weighted carbon intensity (scope 1 and 2) (TFCD) (tonnes CO <sub>2</sub> e/SEK million) <sup>4)</sup>	10.0	12.2
Market value of the fund's directly owned listed equity portfolio included in the analysis (SEK billion)	1,204	912
Mapped market value as a proportion of total fund capital, %	84%	82%

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

<sup>2)</sup> Corrected carbon dioxide emissions (scope 3) for 2023. For 2022, the corrected emissions figure is 28.1.

<sup>3)</sup> Relative carbon emissions: Sum of the owned proportion of each portfolio company's carbon emissions in relation to the portfolio's market value.

<sup>4)</sup> Portfolio-weighted carbon intensity: Sum of each portfolio company's carbon intensity, i.e. a company's carbon emissions in relation to its revenues, weighted according to each company's proportion of the portfolio.





AP7 has identified the climate, biodiversity and access to fresh water as particularly challenging areas and works through active ownership to reduce the risks related to these areas.

### Material sustainability issues

Sustainability issue*	AP7's main impact
Long-term return	<b>AP7's mission is to manage</b> the premium pension capital in the State pre-selection option. All people need a pension they can live on, and through the pre-selection option, savers who do not make an active fund choice should be given the opportunity for a return and pension as good as other savers.
Ethical conduct and anti-corruption	<b>AP7's sustainability work</b> is based on the Global Compact's ten principles, which includes working against all forms of corruption. Society's and savers' trust is central to AP7 being able to fulfill its core mission. Bribery or suspicions of bribery can seriously damage AP7's reputation and as a government agency, AP7 should act in an exemplary manner in this area.
Human rights	<b>AP7's sustainability work</b> is based on the Global Compact's ten principles, which includes working against all forms of human rights violations. As a public agency, AP7 should act in an exemplary manner in the area, and AP7 works, among other things, through its active ownership to reduce the risks of human rights violations.
Systemic environmental issues (climate/biodiversity/fresh water)	<b>AP7's long-term mission</b> , to create a good return for our savers, is dependent on the implementation of the Paris Agreement and a longterm sustainable development in the global market. AP7 has identified the climate, biodiversity and access to fresh water as particularly challenging areas and works through active ownership to reduce related risks. AP7 also invests in businesses that contribute to reduced climate risks and carries out theme work in areas where we can make a difference in a resource efficient way.
Product portfolio	<b>Through its asset management</b> AP7 must create a good return in a responsible manner. As a long-term, global investor, AP7 can benefit most by being an active owner and by investing in companies that offer solutions to various sustainability challenges.

Sustainability issue*	AP7's main impact
Active ownership	<b>AP7's long-term mission</b> , to generate good returns for our savers, is dependent on the implementation of the Paris Agreement and longterm sustainable development in the global market. AP7 works actively to understand and manage sustainability risks and opportunities in the portfolio and to influence the portfolio companies in matters related to the environment, human rights, labour rights, and anti-corruption.
Establishment of sustainable norms	<b>As a global, long-term asset owner</b> , and state pensions fund, AP7 is in a stronger position than many other investors to work on developing norms and methods for the market, and to implement these in companies around the world. AP7 works with norms development in collaboration with other actors, at a national and international level.
Dissemination of knowledge	<b>AP7 works to develop</b> and spread knowledge about sustainable investments and active ownership. As a state pension fund, AP7 can bring together decision-makers, businesses, experts and investors and work to bridge the gap between research and practice in the field.
Information to the public	<b>The pension system gives savers own responsibility</b> for the placement of their premium pension savings. By informing the public, about private finances and the pension system, AP7 wants to provide savers better conditions to understand their pension and make informed decisions about their premium pension.
Employees	<b>In a small and knowledge-intensive organisation</b> , the competence and well-being of the employees, as well as the ability to attract and retain the necessary competence, is a prerequisite for AP7 to be able to deliver on its mission – to create returns and work actively with active 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 we have chosen to support or have signed.

<b>CDP</b>	Global information system that helps companies, cities and states to measure and manage environmental impact.
<b>Ceres</b>	A non-profit organisation that works with the capital market to solve the main global sustainability challenges.
<b>Climate Action 100+</b>	An investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.
<b>Farm Animal Investment Risk &amp; Return (FAIRR)</b>	Global investor network with a focus on sustainability risks in the global food sector.
<b>Global Child Forum</b>	Drives and supports measures for children's rights for, among others, investors and companies.
<b>Institutional Investors Group on Climate Change (IIGCC)</b>	European network for investors who collaborate on climate change.
<b>International Corporate Governance Network (ICGN)</b>	ICGN is a global network for active ownership issues. ICGN works for increased voting rights for shareholders at general meetings and a stronger position in relation to company management.
<b>Investor Action on AMR</b>	An investor coalition in collaboration with, among others, the Access to Medicine Foundation and the FAIRR Initiative to address global antimicrobial resistance.
<b>Methane collaborative engagement</b>	Investor initiative aimed at reducing methane emissions from the US oil and gas sector.
<b>Nature Action 100</b>	Global investor collaboration that focuses on encouraging and supporting companies to take action to reverse the loss of nature and biodiversity.
<b>Paris Aligned Asset Owners (PAAO)</b>	International coalition of asset owners who have made individual commitments to work towards reaching 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>	An investor-led collaborative forum (coordinated by the regional investor networks AIGCC, Ceres, IGCC and IIGCC) to support investors in aligning their portfolios and investment activities with the goals of the Paris Agreement.
<b>Sweden's Sustainable Investment Forum (Swesif)</b>	Swedish sustainability network for investors.
<b>Taskforce on Climate-related Financial Disclosures (TCFD)</b>	International initiative that has developed a framework for companies' identifying and reporting on climate-related financial risks and opportunities.
<b>Taskforce on Nature-related Financial Disclosures (TNFD)</b>	International initiative that has developed a framework for companies' reporting and identification of nature-related risks and opportunities, as well as for their impact on nature.
<b>The Net Zero Investment Framework (NZIF)</b>	Guide developed for use by investors to set goals 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>	Global initiative for investors that provides information on companies' carbon emissions and helps investors evaluate how companies with large emissions are working to become fossil-free and whether the work is in line with the Paris Agreement.
<b>UN Principles for Responsible Investments (PRI)</b>	A global initiative for institutional investors working to integrate sustainability aspects in their investments. AP7 has signed PRI's principles for responsible investment.

## Supplier assessment

AP7 has a relatively small number of suppliers, mainly of external asset management and analysis services, in the UK and the US. External asset management means that our investments are managed by external asset managers, often larger specialised firms. AP7 relies on external asset management for the majority of our invested capital. In the agreements, we demand that the asset managers comply with sustainability requirements, which for example prohibit investments in companies that AP7 has blacklisted. We maintain an ongoing dialogue and evaluate all external asset managers annually, including new ones. AP7 has chosen not to entrust active ownership activities to external managers, but handles itself engagement dialogues, screening and blacklisting, as well as legal processes.

# GRI-index

<b>Statement of use</b>	AP7 has reported with reference to the GRI Standards for the period 1 January 2024 to 31 December 2024.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI standard	Disclosure	Page reference	Comments and omissions
<b>General disclosures</b>			
<b>GRI 2: General Disclosures 2021</b>	2-1 Details about the organization		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	36	
	2-3 Reporting period, frequency and contact point	36	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 2023 sustainability report.
	2-5 External assurance	45	AP7's auditors have performed a limited review of the sustainability report.
	2-6 Activities, value chain, and other business relationships	6-7, 15, 40	
	2-7 Employees	28-29	
	2-8 Workers who are not employees		The work is mainly carried out by AP7's own employees, not by hired consultants.
	2-9 Governance structure and composition	30-35	
	2-10 Nomination and selection of the highest governance body	30	
	2-11 Chair of the highest governance body	33	The Chairman of the Board is not a senior executive of AP7.
	2-12 Role of the highest governance body in overseeing the management of impacts	36	
	2-13 Delegation of responsibility for managing impacts	36	
	2-14 Role of the highest governance body in sustainability reporting	36	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	31, 41	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 2024, no events have been deemed as critical.
	2-17 Collective knowledge of the highest governance body	33-34	Several of AP7's board members have in-depth knowledge of sustainability issues.
	2-18 Evaluation of the performance of the highest governance body	30	
	2-19 Remuneration policy	31, 52-53	The remuneration for board members is determined by the Government. Neither employees nor board members have a salary with variable compensation.

GRI standard	Disclosure	Page reference	Comments and omissions
General disclosures	2-20 Process to determine remuneration	31, 52-53	
	2-22 Statement on sustainable development strategy	4-5, 15	
	2-23 Policy commitments	6, 36	
	2-24 Embedding policy commitments	36-37, 40	
	2-25 Processes to remediate negative impacts	17-18, 28-29, 36-39, 44	
	2-26 Mechanisms for seeking advice and raising concerns	29, 42	AP7 has a whistleblower system managed by an external actor. Whistleblowing and incident reporting is done to the board.
	2-27 Compliance with laws and regulations		In 2024, there were no reported cases of non-compliance resulting in fines or sanctions.
	2-28 Membership associations	40	
	2-29 Approach to stakeholder engagement	37	
	2-30 Collective bargaining agreements	42	All employees are covered by collective bargaining agreements. The CEO, deputy CEO, and the COO are exempt from the collective agreement's pension plan.

#### Material topic disclosures

GRI 3: Material topics 2021	3-1 Process to determine material topics	36	
	3-2 List of material topics	39	
	3-3 Management of material topics	39	

#### ECONOMIC STANDARDS

##### Economic performance

GRI 3: Material topics 2021	3-3 Management of material topics	16	
AP7 Own disclosure	Long-term return	9	
GRI 201: Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	22, 44	See also AP7's climate action plan, which is available at ap7.se.

##### Anti-corruption

GRI 3: Material topics 2021	3-3 Management of material topics	16-18, 36-37	
GRI 205: Anti-corruption 2016	205-2 Communication and training on anti-corruption policies and procedures	37	
	205-3 Confirmed incidents of corruption and actions taken		In 2024, no confirmed cases of corruption have occurred.

GRI standard	Disclosure	Page reference	Comments and omissions
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**ENVIRONMENTAL STANDARDS****Emissions**

GRI 3: Material topics 2021	3-3 Management of material topics	16, 22-24, 36, 44	
GRI 305: Emissions 2016	305-3 Other indirect greenhouse gas emissions (scope 3)	38	

**SOCIAL STANDARDS****Employment**

GRI 3: Material topics 2021	3-3 Management of material topics	28-29, 36	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	28	

**SECTOR-SPECIFIC DISCLOSURES – FINANCIAL SECTOR****Product portfolio**

GRI 4: Sector disclosures, Financial services	FS-6 Distribution of product portfolio by region, size and sector	13-14	
	FS-8 Economic value of products and services with special environmental objectives	14, 16	

**Active ownership**

GRI 4: Sector disclosures, Financial services	FS-10 Companies in the portfolio that the organisation has interacted with regarding environmental/social matters	16-18, 21	
	FS-11 Proportion of managed capital covered by positive or negative environmental or social screening		All AP7's managed capital is subject to requirements for responsible management based on standards for human rights, labour rights, the environment and anti-corruption.

**Society**

GRI 4: Sector disclosures, Financial services	FS-14 Initiatives to improve accessibility to financial services for disfavoured groups in society	16, 27	
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\* 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 describing how organisations should report on their climate-related and nature-related risks and opportunities, as well as their impacts and dependencies. AP7 has adapted the reporting of climate and nature-related information to the recommendations in these frameworks. The table below summarises AP7's reporting. Additional information can be found on pages 15–27 in this report and in AP7's climate action plan, see [ap7.se](#).

Disclosure	Summary of AP7's reporting		
<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.	– AP7's board annually reviews and determines AP7's business plan, which includes guidelines for active ownership through which AP7 undertakes to comply with international conventions, such as the UN Framework Convention on Climate Change and the Paris Agreement, the Convention on Biological Diversity, and the Kunming-Montreal Global Biodiversity Framework. The business plan also includes guidelines for risk management, including climate- and nature-related risks and opportunities, as well as impact and dependencies. In addition to the annual review, there has been ongoing reporting on TNFD during the year.	– Human rights, including indigenous peoples', are part of our norm foundation that underpins our active ownership dialogue and blacklisting. A particular focus related to biodiversity has not yet been developed within the TNFD-related work.  – AP7 annually updates our climate action plan, which is established by the Board and describes how AP7 will contribute to net zero emissions globally by 2050. The Board is regularly informed about AP7's sustainability work and how the work in relation to the goals in the climate action plan is progressing. The Board's	Executive Committee determines which companies are to be blacklisted, and the committee is also involved in other significant sustainability issues.  – AP7's Chief Investment Officer is responsible for integrating sustainability aspects, including climate- and nature-related risks, in the investments that are made. The Chief Investment Officer is overall responsible for implementing sustainability, climate, and nature-related aspects in our active ownership.
<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.	– AP7 has a long-term investment horizon where the aim is to push for a transition of the economy through active ownership and investments in businesses that contribute to reduced climate- and nature-related risks. AP7 invests in a large number of companies in different sectors and regions, and the fund's climate-related and nature-related risks are therefore largely the same as in the entire global economy. The diversified holdings reduce savers' exposure to each individual company's risks.	– AP7 has performed an analysis based on three main scenarios for global warming and their respective impact on different asset classes, see AP7's climate action plan.	
<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.	– Climate change and loss of biological diversity has a significant impact on economic development and thus also on the return of the fund. Identifying and assessing climate-related and nature-related risks and opportunities is therefore essential and a work in constant development.  – AP7's investment philosophy is based on a long-term perspective, and the climate action plan that AP7 publishes annually clarifies how sustainability and climate aspects should be integrated into asset management. In our active asset management, we invest in businesses that offer solutions to the climate	problem, and we have green mandates in all asset classes. AP7 is also developing a transition portfolio that will combine active management with active ownership. Read more on page 12.  – Since 2014, AP7 has measured and reported annually the carbon footprint of the equity portfolio. Since 2021, we also report the changes in the footprint that are due to changes in portfolio companies' emissions and the changes that are due to changes to our holdings. AP7 uses the carbon footprint as one of several bases for prioritising our active ownership to push for actual emission reductions in the real economy. In active ownership,	AP7 prioritises the companies that have the largest climate impact. The prioritised companies make up at least 70 percent of the carbon footprint of our portfolio. In 2022, a baseline measurement was made of the level of transition of these companies. Read more in AP7's climate action plan.  – AP7 has carried out an initial identification of the nature-related risks and opportunities, as well as impacts and dependencies, of our shareholdings. The analysis and the implementation of measures will take place on an ongoing basis. AP7 conducts active ownership regarding deforestation and biological diversity.
<b>METRICS AND TARGETS</b> The metrics and targets used to assess and manage climate- and nature-related risks, opportunities, impacts and dependencies.	– In AP7's climate action plan, we have developed goals within four areas: investments, active ownership, public policy dialogue and transparency. AP7 measures and reports the combined carbon footprint of the portfolio companies in the Equity Fund, where the goal is for the companies to 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.	– 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 pages 23–24.

## Signatures of the Board and of the Managing Director

The Sustainability Report for 2024 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 15–27.

Stockholm, 5 February 2025

Per Frennberg,  
Chair

Emma Ihre,  
Vice chair

Susanne Ekblom

Elisabeth Frayon

Henrik Saxborn

Mikaela Valtersson

Magnus Vesterlund

Ossian Ekdahl

Anders Wihlbom

Pål Bergström,  
Managing Director

## 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 2024 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 examination of the statutory sustainability reporting is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### Statement

A sustainability report has been prepared.

Stockholm, 6 February 2025

Helena Kaiser de Carolis  
Authorised Public Accountant

Peter Nilsson  
Authorised Public Accountant

# Annual report and accounts



Director's report	47
Income statement	51
Balance sheet	51
Notes	52
Auditor's report	55



Director's report	57
Key performance indicators	59
Balance sheet	61
Income statement	62
Notes	63
Auditor's report	67



Director's report	68
Key performance indicators	70
Balance sheet	72
Income statement	72
Notes	73
Auditor's report	75

# Seventh AP Fund Annual Report 2024

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 a premium pension and managed in funds according to 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 options within the premium pension system, in particular the Government pre-selection option.

Premium pension savers have their funds invested in AP7 Såfa ('Statens årsskullsförvaltningsalternativ') and can then actively choose that their funds be invested in another fund in the premium pension system.

This management report deals with the operations of the 'fund company' AP7, including the products provided by AP7 via the two building block funds, the AP7 Equity Fund and the AP7 Fixed Income Fund.

### The Government offer – six investment alternatives

The Government offer consists of six different investment options; the pre-selection option AP7 Såfa, 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 products are available through the Swedish Pensions Agency and can be combined with other funds in 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 AP7 products, AP7 Såfa and the three fund portfolios. The funds are provided with capital annually, primarily by the Swedish Pensions Agency carrying over the previous year's established pension rights into the funds. For detailed information on the development of these funds, please refer to their specific annual reports.

### AP7 Såfa

AP7 Såfa is not a fund but an instruction to the Swedish Pensions Agency on how each saver's investments should be distributed between the building block funds, AP7 Equity Fund and AP7 Fixed Income Fund. AP7 Såfa consists of the AP7 Equity Fund and the AP7 Fixed Income Fund in different proportions that are adjusted over time according to a

life-cycle profile based on the saver's age. Until the age of 55, AP7 Såfa consists of 100% AP7 Equity fund. Between the ages of 56 and 75, the share of the AP7 Equity Fund is reduced annually and replaced by the AP7 Fixed Income Fund. From the age of 75, the distribution remains constant at 33% AP7 Equity Fund and 67% AP7 Fixed Income Fund.

### Three Government fund portfolios

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

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

### Managed capital and returns

#### Managed capital 2024

In 2024, the Swedish Pensions Agency invested premium pension funds for the 2023 pension rights. In total, the inflow of capital in 2024 amounted to SEK 35.6 billion (SEK 32.8 billion).

At the end of 2024, AP7 managed a total of SEK 1,440.0 billion (SEK 1,105.6 billion), of which SEK 1,288.9 billion in the AP7 Equity Fund and SEK 151.0 billion in the AP7 Fixed Income Fund.

The increase in total managed assets is explained, in addition to the net inflow of SEK 35.6 billion, by a positive value development during the year as a result of increases in global equity markets and falling interest rates.

#### Return 2024

The beginning of 2024 was characterised by uncertainty regarding the inflation and concerns about an economic downturn, especially in the U.S. Despite these challenges, the U.S. economy showed resilience, leading to interest rate cuts from central banks.

Stock markets recovered strongly, with significant gains driven by technology stocks. In late summer, weak half-year reports and labor market data caused short-term turbulence, but markets stabilised thanks to supportive measures from central banks. Emerging markets, including China, performed weaker, and Europe faced low growth. AP7 chose to divest Chinese holdings due to long-term uncertainties. After

the US election, the market reacted positively to new policy measures, but there were concerns about potentially protectionist trade strategies.

In summary, 2024 was marked by initial uncertainty that turned into strong growth, especially in technology, despite challenges in some regions.

Falling inflation also contributed to a sharp fall in longer-term bond yields during the year, which had a positive impact on AP7 Fixed Income Fund's holdings of Swedish bonds.

AP7 Såfa has a lifecycle profile. This means that the distribution between investments in equity and fixed income differ between age groups and therefore the return will also vary for savers of different ages. In order to get a fair picture of the value growth on individual pension accounts, savers are referred to their pension account with the Swedish Pensions Agency<sup>1)</sup>. In 2024, AP7's total capital under management, where AP7 Såfa represents 95%, had a return of 27.3%.

The risk (measured as standard deviation over the last 24 months) for AP7 has been 10.8%. A saver who invests in the equity market is expected to have a longterm return that exceeds a fixed income investment. A typical premium pension saver who has invested in AP7 since 2000 has received a capital-weighted annual of 11.5% per year. Capital-weighted returns indicate the average annual development of an average saver's account and can be compared to the development of the income pension. AP7's ambition for the long-term return is that continuous saving in the pre-selection option throughout employment should yield a long-term return that exceeds that of the the income pension by at least two percentage points per year. The development of the income pension since year 2000 corresponds to 3.2% per year. During the lifetime of the pre-selection option so far, AP7's ambition has thus been exceeded.

### In 2024, the Government's fund portfolios yielded the following returns:

- AP7 Cautious 12.2% (129.8% since its inception in May 2010)
- AP7 Balanced 16.9% (220.0% since its inception in May 2010)
- AP7 Offensive 23.9% (414.7% since its inception in May 2010)

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

## Seventh AP Fund | Annual Report 2024

### In 2024, the building block funds, AP7 Equity Fund and AP7 Fixed Income Fund, yielded the following returns:

- AP7 Equity Fund 29.8 % (benchmark index 29.4%)
- AP7 Fixed Income Fund 3.1% (benchmark index 3.2%)

For further information about the AP7 Equity Fund and the AP7 Fixed Income Fund, see the annual reports for each fund.

## Operations

### Results

In 2024, AP7's revenue from operations amounted to SEK 629.4 million (SEK 501.4 million). The increase is due to the fact that the managed capital increased by SEK 334.3 billion in 2024. Costs, including net interest, amounted to SEK 408.9 million (SEK 373.0 million). Thus, the result was SEK 220.5 million (SEK 128.5 million). Equity at the end of the year was SEK 1,273.0 million (SEK 1,510.4 million).

AP7's revenue is entirely dependent on the size of the managed assets, while its costs depend on it to a little less than half. The capital-dependent costs consist of fees to external asset managers and custodian bank. The share of capital-dependent costs has increased slightly in 2024 as the operating costs of the agency have not increased at the same rate.

As AP7's revenue depends on the size of the managed assets, any surpluses in asset management activities shall accrue to the premium pension savers. This has been done by gradually lowering the management fees in the funds managed by AP7. Management fees are AP7's only source of income, and the amount depends entirely on the size of the managed assets. Therefore, in the event of a sharp and persistent decline in the equity markets, a situation may arise where revenues decrease so much that operations cannot be carried on without raising management fees or drastically reducing costs. To reduce this risk, AP7's Board of Directors has decided to build up a buffer equivalent to three times the average of the three previous years' fixed costs. This goal has been reached, but as it is difficult to predict the global market development and the cost of the fund's expansion into alternative assets, the Board decided, in December 2024, on unchanged management fees for the AP7 Equity Fund (0.05%) and the AP7 Fixed Income Fund (0.04%) in 2025. In 2024, AP7 returned SEK 457.9 million to the savers according to the regulatory function that means that AP7 can return surpluses from equity that exceed the buffer that has been built up. Any return is decided on an annual basis.

## Year 2024

### Overall

During the year, the CEO implemented a reorganisation, which came

### Key Performance Indicators for AP7 Products – overview

	Return 31/12/2023 –31/12/2024	Average annual return since start (05/21/2010)	Total risk (standard deviation 24-month, %)
AP7 Equity Fund	29.8	15.3	11.9
AP7 Fixed Income Fund	3.1	0.9	3.0
AP7 Sâfa <sup>2)</sup>	27.3	14.2	10.8
AP7 Cautious	12.2	5.9	5.2
AP7 Balanced	16.9	8.3	6.8
AP7 Offensive	23.9	11.9	9.3

into effect on June 1. AP7's organisation has been largely unchanged since 2014, and the conditions, including a growing organisation, have since changed. The reorganisation was based on the strategic plan adopted by the board in December 2023 and which extends to 2027. The strategic plan is based on the new regulations that apply to AP7 since January 1, 2023. The regulations involve expanded opportunities for investments in illiquid asset classes, as well as stricter requirements regarding responsible management. Against this background, the CEO assessed that AP7's organisation needed to be reviewed to ensure that it is efficient and effective in supporting the strategic plan and its goals.

The reorganisation mainly means that AP7's administrative department has been divided into two; Finance and Risk, and Business Development and Asset Operations. In order to accelerate the integration of sustainability into asset management, AP7's sustainability unit was moved from the Communications and Active Ownership department to the Asset Management department. The Communications unit in the new organisation is fully focused on internal and external communication. Office services and Legal, which were previously part of the administrative department, have been moved to the Human Resources unit, and to the newly established Legal unit, which is simultaneously elevated to a staff unit. Finally, AP7's control functions, risk control and compliance, which previously constituted independent one-person units, have been moved to the Finance and Risk department, and the Legal unit respectively.

The CEO's ambition has been to create effective governance through AP7's executive management team. Prioritisation, governance and follow-up will be carried out through the mandates that the executive team members have received and coordinated through the executive management team's ongoing work. For a more effective governance, management tasks and functional responsibilities have been distributed more evenly across the members of the executive management team than has previously been the case.

### Strategic plan and milestones

The basis for the operations' work in 2024 is the strategic plan established by the Board and valid until 2027. In order to achieve the strategic goals, a number of goals, milestones and prioritised activities were established for 2024. In all material respects, the operations has achieved the established goals.

The strategic goals consist of four overarching objectives:

1. *A value creation with a clear focus on the savers.* An analysis framework for generational savings benefits, through so-called "personas", that includes analysis, governance and evaluation of the business, should be introduced by 2027. The investment process is then updated and enables clear value creation, integrates sustainability and expansion into alternative assets and is adapted for the large managed capital of today and the future.
2. *A management that fully integrates sustainability.* An overall sustainability strategy that is fully integrated into the investment process and implemented in all parts of AP7's operations by 2027. At that point in time, AP7 should have actively managed mandates for climate solutions and transition in line with the climate action plan.
3. *A professional manager of alternative assets.* The share of alternative investments will amount to approximately 10 percent of the Equity Fund by 2027. To achieve this goal, AP7 has built a professional organisation for alternative asset management with deep in-house expertise in the area.
4. *An attractive employer and a workplace with a strong collaborative culture.* This is a prerequisite for AP7 to achieve its long-term goals. In the years to come, AP7 must grow and broaden competence internally in order to be able to carry out the expanded mission resulting from changed legislation and growing volumes in the best way. During this growth phase, it is important to take advantage of employees' experiences and to attract and welcome new employees to an open and inclusive workplace. Development in this area is monitored continuously, including through annual employee surveys.

Based on the strategic goals, for 2024, ten objectives were identified that would be prioritised at a fund-wide level during the year:

1. Review and update of AP7's investment process
2. Implementation of an upgraded version of AP7's portfolio management system
3. Review of AP7 Fixed Income Fund, including with aim of broadening investment opportunities to currency and interest rate derivatives
4. Continued focus on strengthening the culture of collaboration

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

## Seventh AP Fund | Annual Report 2024

5. Development and implementation of a modern data platform
6. Strengthened ability to manage operational risks, including development of AP7's "Change Approval Process"
7. Review and simplification of AP7's internal rules
8. Operationalise AP7's climate action plan
9. Development of AP7's internal equity management
10. Conduct an office relocation

All departments and units have been involved, during the year, in the work on the above milestones, and progress has been very good in all areas. In some of the areas, work is ongoing and forms part of the business plan for 2025.

### 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 issues linked to the fund's investments.

During 2024, a major change was carried out in the department. Responsibilities and roles have been clarified and several senior employees have been recruited. In connection with the reorganisation on June 1, the Sustainability and Active Ownership unit was incorporated into the Asset Management department. In addition, a new unit was created; Execution and Infrastructure.

In addition to ongoing operations, the department has worked on all fund-wide strategic goals and several of the prioritised projects.

At the end of 2024, the Asset Management department consisted of 23 permanent employees. A large part of the assets are managed by

external managers. Internally, asset management works mainly with maintaining the decided level of exposure, fixed income management, and management of AP7's private equity portfolio. During 2024, the expansion of the asset management organisation continued, among other things with the aim of enabling investments in other alternative asset classes with internal resources.

### 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 business development, IT operations, information security, and fund and securities administration. The responsibility also includes project administration and business support to those responsible for development issues, IT and information security.

In 2024, the department's goal has been to establish a flexible and robust platform that provides AP7 the right conditions to develop efficient operational activities with appropriate infrastructure that can meet the increased pace of development in management and operations in general.

At the end of 2024, 14 people were permanently employed in the Business Development and Asset Operations department, of which seven people in fund and securities administration, four people in IT and two people 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 management. The responsibility includes all analysis, follow-up and reporting that follows from this.

Within the department there is an independent risk control function that receives its instructions directly from the CEO.

The department's overall task is to create a strong, supportive and dynamic finance and risk function for the entire AP7 to drive progress towards the fund's strategic goals. The department consists of the finance and reporting, risk and return, valuation and risk control functions. During the year, much focus has been placed on building up and staffing the new department through, among other things, the recruitment of a valuation specialist and senior risk and return analyst, as well as internal recruitment of a risk control manager and senior analyst in private equity. The department's employees have participated in most of the ongoing prioritised projects during the year.

At the end of 2024, seven 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 task is to develop and protect trust in AP7. This includes primary responsibility for the AP7 brand, stakeholder dialogue and crisis management preparedness. The Communications Officer is also senior advisor to the CEO and the Chief Investment Officer on sustainability and active ownership issues.

The Communications unit is a new part of the organisation and was previously part of the ESG and communications department. The reorganisation has brought new conditions for the communications operations.

A prioritised activity identified in the 2024 business plan was increased integration of external and internal communications. This evolved from being a collaborative project between Communications and HR, to the Communications unit taking over full responsibility for internal communications, with continued collaboration with HR when needed. In addition to participation in the cross-fund strategic projects, the Communications unit has worked during the year on developing and adapting internal communication channels and a strategic review of the external communications.

At the end of 2024, three people were permanently employed in 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 process of the fund's governing documents, as well as for purchasing and procurement issues, and overall documentation and archive management.

Within the unit there is an independent function for regulatory compliance that receives its instructions directly from the CEO. There is also an independent function as data protection officer who is part of the unit, but who receives instructions from the CEO and also reports directly to the CEO and the Board on data protection issues.

The Legal unit was previously part of the administrative department, but after the reorganisation, it is a staff unit under the CEO. In addition to participating in cross-fund strategic projects, the year has been characterised by building up the unit and clarifying areas of responsibility. Recruitment of a senior lawyer in alternative investments has been completed, which means that the unit is better equipped to support the asset management business with internal resources. During the year, a review of AP7's American and European private equity investments has

## Seventh AP Fund | Annual Report 2024

also been carried out to ensure that the current structure is compatible with the legislation that applies to AP7 from 2023.

At the end of 2024, three people were permanently employed within the unit. AP7's case and archive management and the compliance function were outsourced to external consultants.

### Human Resources

The HR 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 support for managers in all ongoing human resources issues. The unit is also responsible for issues regarding AP7's premises and ongoing office services.

During the year, the Human Resources unit has supported managers during a number of recruitments that have been made with the aim of strengthening AP7's expertise in asset management (alternative asset classes, execution, equities, interest rates, allocation), valuation, sustainability analysis and legal matters. In addition to ongoing human resources administration, the unit has also been deeply involved in the office relocation that was carried out in the autumn, and has been responsible for the activities carried out within the framework of the strategic goal "strengthened collaborative culture".

At the end of 2024, two people were permanently employed within the unit.

### Control functions

AP7 works according to the principle of "three lines of defence", which means that the business risks are owned and controlled by the business itself, and that the risk work is followed up by the fund's independent risk and compliance functions. The fund's internal auditors, who report to AP7's board, act as the third line of defence. At the end of 2024, the risk function was maintained by a full-time employee, while the compliance function was staffed by an external consultant at 60 percent. The control functions are also responsible for providing advice and support to the business in matters relating to risk and regulatory compliance.

### Employees

AP7 is a relatively small but highly qualified organisation. It is therefore of great importance that AP7 can attract and retain employees with the appropriate skills for the assignment. Great emphasis is placed on competence development. This is achieved both by providing extensive opportunities for external training and by an expressed goal of increasing employees' knowledge and understanding of the business through internal skills sharing. Through a well-developed process for appraisals,

the employees' needs for competence development are documented, and plans are determined.

Great emphasis is also placed on the employees' physical and mental wellbeing, as well as on a healthy work environment. To prevent ill health, all employees are offered a maximum health care allowance of SEK 5,000 per year.

AP7 strives for gender balance within the organisation. Gender, transgender identity, ethnicity, religion or belief, disability, sexual orientation, age, or any other factor protected by applicable law, shall not affect the pay scale.

During the year, eight new employees were hired and two people left the organisation. By the end of 2024, the number of permanent employees was 56 (25 women and 31 men). In addition, AP7 had one hourly employee at the end of 2024. During the year, staff turnover amounted to 3.6 percent and sick leave to 2.0 percent.

### Collaboration between the AP funds

The AP Funds' Cooperation Council was established in 2016 to develop cooperation and collaboration between AP1–AP4 and AP7. As of 2023, AP6 also participates in the collaborative work. The presidency of the Cooperation Council rotates between the funds and during 2024 AP2 held the presidency. The aim is to collaborate in areas outside the investment activities with the aim of achieving cost efficiency, efficient use of resources and exchange of experience and knowledge. The collaboration takes place in different established forums in the form of groups with a varying composition of representatives from the different AP funds. The collaborations have in common that they are driven by the added value that they create for each individual fund and for the mutual funds. Each collaboration group formulates its own mission statement and action plan every year, which is 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, a summary which is also used as a basis for the Government's annual evaluation of the AP funds.

## Governance and control

### Work of the Board

During the year, board member Roine Vestman was replaced by Ossian Ekdahl. In 2024, the Board held seven meetings.

The Board has established an executive committee consisting of the Board Chair, Vice Chair and CEO. The Executive Committee decides on the issues that the Board delegates to the committee, including the exclusion of companies AP7 will not invest in according to AP7's guidelines for active ownership. The Executive Committee also serves

as a remuneration committee, which is tasked with ensuring compliance with the Government's guidelines for terms of employment for senior executives. The CEO does not participate in the remuneration committee in matters relating to his own remuneration, and is only adjunct to other matters. As of 2024, AP7's HR manager is also co-opted to the remuneration committee meetings, but does not participate in issues relating to the HR manager's own remuneration.

An asset management committee has been established as support and advisor to the CEO in various business decisions and as an advisory body for internal asset management. At the end of 2024, the Asset Management Committee consisted of five board members and two employees (the CEO and the Executive Vice President/CIO). The Board Chair, Per Frennberg, is the chair of the committee.

The Board has also established an audit committee, which prepares risk and regulatory issues of significant importance. In 2024, 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 2024, the external auditors were present at one board meeting.

### Ownership issues

Ownership issues refer to how AP7 shall exercise the ownership function that follows from the shareholdings in the AP7 Equity Fund. Investment guidelines are established annually as part of the business plan. The guidelines state how AP7 shall exercise its ownership function by virtue of the large shareholdings.

Since 2012, AP7 has been applying guidelines, which state that active ownership through voting at the general meetings can be done for foreign shares. In general, AP7 votes at the general meetings where possible. AP7 is normally prevented by law from voting for Swedish shares.

AP7 works in active ownership and sustainability issues with three parallel themes during three-year cycles. This entails in-depth work within selected focus areas, alongside the four tools used in the business (dialogue, voting, exclusion/blacklisting and legal processes). In 2025, AP7 will work on the themes of Board responsibility, Nature and Sustainable construction.

## Seventh AP Fund | Annual Report 2024

## INCOME STATEMENT

Note	2024	2023
<i>Operating revenue</i>		
Management fees	629,207	501,424
Other operating income	173	–
	<b>629,380</b>	<b>501,424</b>
<i>Operating expenses</i>		
1 Personnel costs	–119,865	–111,545
2 Other external costs	–134,603	–134,144
External managers and custodian bank	–197,855	–173,070
Depreciation of tangible fixed assets	–178	–238
	<b>–452,501</b>	<b>–418,997</b>
<b>Operating profit</b>	<b>176,879</b>	<b>82,427</b>
<i>Profit/loss from financial items</i>		
3 Interest income and similar	44,037	46,217
4 Interest expenses and similar	–418	–166
	<b>43,619</b>	<b>46,051</b>
<b>Profit/loss after financial items</b>	<b>220,498</b>	<b>128,478</b>
<b>Profit/loss for the year</b>	<b>220,498</b>	<b>128,478</b>

All amounts in SEK thousands

## BALANCE SHEET

Note	2024	2023
<b>Assets</b>		
<i>Tangible fixed assets</i>		
5 Equipment	348	434
<b>Total tangible fixed assets</b>	<b>348</b>	<b>434</b>
<b>Total fixed assets</b>	<b>348</b>	<b>434</b>
<i>Current assets</i>		
6 Prepaid expenses and accrued income	116,511	102,227
7 Other receivables	4,072	3,750
Cash and bank	1,231,748	1,479,431
<b>Total current assets</b>	<b>1,352,331</b>	<b>1,585,408</b>
<b>Total assets</b>	<b>1,352,679</b>	<b>1,585,842</b>
<b>Equity and liabilities</b>		
8 <i>Equity</i>		
Art	40	40
Retained earnings	1,052,426	1,381,872
Profit/loss for the year	220,498	128,478
<b>Total equity</b>	<b>1,272,964</b>	<b>1,510,390</b>
<i>Liabilities</i>		
9 Accrued expenses and deferred income	58,600	50,155
Accounts payable	8,665	11,977
Other liabilities	12,450	13,321
<b>Total liabilities</b>	<b>79,715</b>	<b>75,453</b>
<b>Total equity and liabilities</b>	<b>1,352,679</b>	<b>1,585,842</b>
Pledged assets	None	None
Contingent liabilities	None	None

## Seventh AP Fund | Annual Report 2024

## 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 fixed assets

Fixed assets are valued at cost less accumulated depreciation. Depreciation is done in percentages as follows:

	2024	2023
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 have been valued at cost unless otherwise stated below. Receivables and liabilities in foreign currency have been recorded at the exchange rate on the balance sheet date.

## Receivables

Receivables are recorded at the amounts expected to be received.

All amounts in SEK thousands

## Note 1 Personnel costs

	2024	2023
<b>Number of employees</b>		
Average number of employees	50	46
Employees as of 31 December	56	49
Number of senior executives (as of 31 December)	7	7
<b>Salaries and fees</b>		
Board Chair	218	218
Board excl. Chair	881	931
CEO	4,320	4,643
Executive management excl. CEO	12,293	11,367
Other employees	45,004	44,051
<b>Total</b>	<b>62,716</b>	<b>61,210</b>
<b>Pension costs</b>		
CEO	2,428	1,019
Executive management excl. CEO	7,667	7,390
Other employees	14,640	11,458
<b>Total</b>	<b>24,735</b>	<b>19,867</b>
<b>Social costs</b>		
Board Chair	68	68
Board of Directors excl. Board Chair	276	293
CEO	1,951	1,708
Executive management excl. CEO	5,735	5,378
Other employees	17,588	16,093
<b>Total</b>	<b>25,618</b>	<b>23,540</b>
<b>Senior executives</b>		
Women	3	3
Men	4	4

## 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>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

## Remuneration to senior executives 2023

	Fixed salary	Other benefits	Pension costs	-of which salary exchange	Total
Chief Executive Officer	4,643	8	1,018	80	5,669
Executive Vice President/Chief Investment Officer	3,203	8	1,573		4,784
Chief Operations Officer	1,969	12	967	191	2,948
Communications Officer and senior ESG advisor	1,729	6	1,397	145	3,132
General Counsel	1,586	6	1,132		2,724
Chief Finance and Risk	1,498	6	1,295	138	2,799
Human Resources Manager	1,382	7	1,025		2,414
	<b>16,010</b>	<b>53</b>	<b>8,407</b>	<b>554</b>	<b>24,470</b>

AP7 applies the collective agreement between BAO and JU SEK/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

## Seventh AP Fund | Annual Report 2024

**Note 1 Personnel costs, cont.**

from the pension plan in force under the collective agreement 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 and the Executive Vice President, the notice period is six months. In the event of termination by the employer, severance pay may be paid for 12 months after the period of notice, equal to the fixed monthly salary<sup>3)</sup>. Settlement is made against the basic salary and supplements and income from business activities.

For senior executives, excluding the CEO, Executive Vice President and Chief Operations Officer, pension provisions may exceed 30 per cent 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 for Terms of Employment for Senior Executives in the AP funds state that remuneration should be characterised by moderation and not be salary-level leading, while at the same time it needs to be competitive in order not to become an obstacle in recruiting the right competence. This objective is achieved through a clear process where AP7's remuneration committee (chairman, vice chairman and CEO (co-opted)) sets the remuneration framework for all employees and remuneration for AP7's senior executives, and negotiates salary and other terms and conditions with the CEO. The entire board makes decisions on remuneration issues after preparation by the remuneration committee. The lower limit for the competitiveness of remuneration is influenced, among other things, by requirements for seniority and acquisition competence. These requirements are in turn a consequence of the fact that the business is managed by a small organisation and many subcontractors. The remuneration levels for AP7's employees cannot be significantly below the levels offered by private asset management companies. In 2024, a comparative study was conducted by the independent international consulting firm Willis Tower Watson. The study included financial players in Sweden in general, including major banks and other AP funds. The results showed that AP7's remuneration levels are moderate and not salary-leading in any area.

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 2024.

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.

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

**Note 2 Other external costs**

	2024	2023
Audit assignment PwC	739	667
Premises rent	8,288	7,089
Information and data	71,991	57,125
Other external services	41,595	62,559
Other costs	11,990	6,703
<b>Total other external costs</b>	<b>134,603</b>	<b>134,143</b>
<b>Fees to audit firms</b>		
Audit assignment	739	667
Tax advice	60	454
Other advice	243	73
<b>Total fees</b>	<b>1,042</b>	<b>1,194</b>

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

**Note 3 Interest income and similar**

	2024	2023
Realised gain on sale of securities	44,037	46,217
<b>Total interest income and similar</b>	<b>44,037</b>	<b>46,217</b>

**Note 4 Interest expenses and similar**

	2024	2023
Interest expenses	-418	-2
Exchange rate losses	-	-164
<b>Total interest expenses and similar</b>	<b>-418</b>	<b>-166</b>

**Note 5 Equipment**

	2024	2023
Opening acquisition value	5,104	5,104
Purchasing	125	-
Decommissioning of equipment	-1,662	-
<b>Closing cumulative acquisition values</b>	<b>3,567</b>	<b>5,104</b>
Opening depreciation	-4,670	-4,431
Cancelled depreciation decommissioned equipment	1,629	-
Depreciation for the year	-178	-239
<b>Closing cumulative depreciation</b>	<b>-3,219</b>	<b>-4,670</b>
<b>Closing book value</b>	<b>348</b>	<b>434</b>

**Note 6 Prepaid expenses and accrued income**

	2024	2023
Accrued fund fees	60,465	45,248
Other interim receivables	56,046	56,979
<b>Prepaid expenses and accrued income</b>	<b>116,511</b>	<b>102,227</b>

**Note 7 Other receivables**

	2024	2023
Tax asset	4,072	3,750

## Seventh AP Fund | Annual Report 2024

## Note 8 Equity

	Art	Retained earnings	Profit/loss for the year	Total equity
Opening balance	40	1,381,872	128,478	1,510,390
Allocation of profit		128,478	-128,478	-
Return Swedish Pensions Agency		-457,923		-457,923
Profit/loss for the year			220,498	220,498
Closing balance	40	1,052,427	220,498	1,272,965

## Note 9 Accrued expenses and deferred income

	2024	2023
Accrued personnel costs	4,952	9,620
Accrued costs external managers and custodian bank	43,115	31,843
Tax liability	5,991	4,812
Other interim liabilities	4,542	3,879
<b>Total accrued liabilities and deferred income</b>	<b>58,600</b>	<b>50,154</b>

Stockholm, 5 February 2025

**Per Frennberg**  
Board Chair

**Emma Ihre**  
Vice 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 6 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 2024

# 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 2024.

In our opinion, the annual report has been prepared in accordance with the Act (2000:192) on National Pension Insurance Funds (AP funds) and provides a true and fair view of the financial position of the Seventh AP-fund as of 31 December 2023 and of its financial results for the year in accordance with the National Pension Insurance Funds Act. 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 have carried out the audit in accordance with International Standards on Auditing (ISA) and good auditing practice 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 good auditing practice in Sweden and have otherwise fulfilled our professional ethical responsibilities according to these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinions.

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

The Board of Directors and the CEO are responsible for preparing the annual report and for providing a true and fair view in accordance with the National Pension Insurance Funds Act. The Board and the CEO are also responsible for the internal control that 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 operations. They disclose, where applicable, conditions that may affect the ability to continue operations and to use the assumption of continued operation.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance as to whether the annual report as a whole does not contain any material misstatement, whether due to fraud or error, and to submit an audit report containing our statements. Reasonable assurance is a high degree of certainty but is no guarantee that an audit conducted in accordance with ISA and good auditing practice in Sweden will always detect a material misstatement if one exists. Misstatements can arise due to fraud or errors and are considered material if, individually or together, they can reasonably be expected to influence the financial decisions that users make based on 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 error, as fraud may include acts of collusion, forgery, deliberate omissions, misinformation or breach of internal control.
- We obtain an understanding of the part of the fund's internal control that is relevant to our audit 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 of the Board of Directors and the CEO in the accounting and related disclosures.

- We test the suitability of the Board and the CEO using the assumption of continued operations in the preparation of the annual report. We will examine, on the basis of the audit evidence obtained, whether there is any material uncertainty factor relating to such events or circumstances that may lead to significant doubts about the fund's ability to continue operations. If we conclude that there is a material uncertainty factor, we must draw attention to the information in the annual report about the material uncertainty factor or, if such information is insufficient, modify the statement about the annual report. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or circumstances may cause the fund to no longer be able to continue operations.
- We evaluate the overall presentation, structure and content of the annual report, including the disclosures, and whether the annual report reflects the underlying transactions and events in a manner that provides a true and fair view.

We must inform the Board of Directors of, among other things, the planned scope and focus of the audit and its timing. We must also disclose significant observations during 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 observations to report in respect of the management of the Seventh AP Fund for 2024 by the Board of Directors and the CEO. The audit did not give rise to any observations in respect of the inventory of assets or their management.

### Basis for opinion

We have carried out the audit in accordance with good auditing practice in Sweden. Our responsibilities according to this are described in more detail in the Auditor's Responsibilities section. We are independent in relation to the Seventh AP Fund, in accordance with good audit-

## Seventh AP Fund | Annual Report 2024

ing practice 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 financial statements and for the management of the fund's assets in accordance with the National Pension Insurance Funds Act.

The Board is responsible for the fund's organisation and the management of the fund's affairs. This includes, among other things, continuously assessing the fund's financial situation and ensuring that the fund's organisation is designed in such a way 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 for, among other things, the implementation of measures necessary to ensure that the fund's accounting is executed in compliance with the applicable legislation and that the fund assets are managed in a satisfactory manner.

### Auditor's responsibilities

Our objective regarding the audit of the management, and thus our opinion on the management, is to obtain audit evidence to allow us to determine, with a reasonable degree of assurance, whether there are any observations in relation to the Board's and the CEO's management of the Seventh AP Fund for the 2024 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 identify actions or omissions that may give rise to remarks.

As part of an audit according to good auditing practice in Sweden, we exercise professional judgement and maintain a professionally sceptical approach throughout the audit. The review of the management is based primarily on the audit of the financial accounts. Additional review procedures that are carried out are based on our professional judgment with consideration of risk and materiality. This means that we focus the review on such measures, areas and conditions that are essential to the business, and where deviations and breaches would materially affect the Seventh AP Fund. We examine and review decisions made, the basis for decision-making, measures taken and other circumstances that are relevant to our opinion on the fund's administration.

Stockholm, 6 February 2025

**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 2024

Corporate registration number 515602-3862

## DIRECTOR'S REPORT

All amounts in SEK thousands

### Investment strategy

The AP7 Equity Fund is an important component in creating a life-cycle profile in the pre-selection option AP7 S fa, and is thus a building block in the national pension system's premium pension component. The fund is also included in the Government's fund portfolios. See further information about these portfolios in the Annual Report for the Seventh AP Fund (AP7).

The objective of the AP7 Equity Fund is to achieve a long-term high return at the chosen risk level, that exceeds the return on the fund's benchmark index <sup>1, 2</sup>. AP7 is a universal owner and the Equity Fund is actively managed with a clear sustainability profile. A long-term perspective and diversification are two pillars of AP7's asset management strategy.

Diversification involves risk spreading in several tiers – partly by investing in over 2,000 listed shares, with a broad geographical and sector distribution, what we call the global portfolio. These holdings are supplemented by diversifying strategies, such as risk-premium strategies and sustainability-related strategies. The fund also invests in illiquid asset classes such as unlisted private equity shares and real estate.

Given AP7's very long-term investment horizon, investments in these asset classes enable even greater risk diversification, as the value development moves at a different pace than the stock markets.

Diversification also has a time perspective, as new premium pension capital is allocated each year, which spreads the investments, and thus the risk, across the entire working life.

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

### Derivative instruments and share loans

The fund rules allow derivative instruments to be used as part of the investment strategy. In 2024, this opportunity was exercised in day-to-day management via share futures and currency contracts. Furthermore, OTC derivatives (Total Return Swaps) are used to create leverage.

The fund's gross derivative exposure amounted to 18.2 percent on the balance sheet date.

Derivative instruments	2024	2023
Derivative gross exposure <sup>2)</sup> %, highest	20.7	19.2
Derivative gross exposure %, lowest	17.7	16.9
Derivative gross exposure %, average	18.3	18.2

The fund has a share lending program through the Bank of New York Mellon. During 2024, the program has generated net revenue of SEK 60.5 million (87% of total revenue for the share lending program). The cost of the program was SEK 9.4 million (13% of the total revenue for the share lending program).

### 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 biggest impact by being an active owner and investing in businesses that offer solutions to sustainability challenges. This is in line with legislation that requires AP7 to manage the capital in an exemplary manner, through responsible investments and responsible ownership. In its management, AP7 will attach particular importance to how sustainable development can be promoted without compromising the goal 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. Therefore, AP7's ambition is to work in an exemplary manner, especially in norms development and active ownership regarding climate and biodiversity issues. Special efforts are being made with the overall goal of reducing global emissions.

AP7 also works with three overlapping in-depth themes. Each year, one theme is concluded and a new theme is introduced. In 2024, the theme Universal Ownership was concluded. The themes Board Responsibility and Nature continue, and the new theme for 2025 is Sustainable Construction. Read more at [www.ap7.se/hallbarhet/temaarbete/](http://www.ap7.se/hallbarhet/temaarbete/).

As of January 1, 2024, sustainability-related disclosures is presented in accordance with EU Regulation 2019/2088, Regulation on Sustainability-related Disclosures in the Financial Services Sector (SFDR).

### Transition portfolio

As investors, AP7 can provide funding for businesses that contribute with solutions to various sustainability challenges, such as companies specialising in climate innovations.

To contribute to achieving global net zero emissions, AP7 has also developed a transition portfolio. Here, AP7 has partnered with Legal & General Investment Management (LGIM). The starting point is to identify and invest in companies that are lagging behind in their climate work, but which, with the support of active ownership, have potential to transition in line with the Paris Agreement.

### Responsible ownership

Together with other investors, AP7 influences companies and develops standards to achieve real impacts in society. AP7 also coordinates work with the other AP funds.

Within responsible ownership, AP7 primarily works with combinations of four different advocacy methods: advocacy dialogues, acting at general meetings, public blacklisting (exclusion) and legal processes.

### Advocacy dialogue

AP7 conducts dialogues with companies on cases of reported incidents involving risks of human rights abuse, or risks related to labour rights, the environment and corruption. In addition, AP7 conducts a number of dialogues with other investors within the context of the fund's thematic sustainability work.

### Being active at general meetings

AP7's equity portfolio reflects the entire real economy and by making our voice heard at annual general meetings, AP7 has an opportunity to impact the entire equity market. According to the AP Funds Act, AP7 is not allowed to vote at general meetings in Sweden, but since most of the shareholding is outside Sweden, AP7 can still be active in the absolute majority of the more than 2,000 companies we have invested in. Read more about how AP7 voted on [www.ap7.se/proxy-votingroosting](http://www.ap7.se/proxy-votingroosting).

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

## AP7 Equity Fund | Annual Report 2024

### Public blacklisting

AP7 uses blacklisting to influence companies that violate human rights or that do not comply with international standards regarding labour rights, the environment, and anti-corruption. The climate aspect of AP7's blacklisting is continuously developed in line with research in the field. Already in 2016, the Paris Agreement's climate goals were included as a norm on which the blacklisting analysis is based. Since then, the requirements for companies have been gradually sharpened to achieve a climate transition.

During the first half of 2024, AP7 further tightened the requirements. From being focused on coal companies and oil sands companies without transition plans, in June, AP7 expanded the blacklisting to also include major oil companies without transition plans. In total, 53 fossil fuel companies have been blacklisted based on the Paris Agreement, and another ten fossil fuel companies based on other criteria, such as human rights-related.

The list of excluded companies, and the reason for exclusion, is published twice a year in order to influence the companies. The companies are normally excluded for five years, after which AP7 invests in the company again provided that the violation has ceased and no new incidents have occurred. In November 2024, a total of 110 companies were excluded from AP7's investment universe. The list is available at [www.ap7.se](http://www.ap7.se).

### Legal processes

In the US, AP7 makes use of the opportunity to pursue legal proceedings through class action against companies that have mistreated shareholders and adversely affected the share price. The purpose is both to point out and discourage companies from acting fraudulently and to recover money. This may include companies that withhold accurate information in order to avoid affecting the share price. A majority of the court cases end in a settlement. Read more about AP7's work with responsible investments and ownership in AP7's annual and sustainability report, and on [www.ap7.se/hallbarhet/](http://www.ap7.se/hallbarhet/).

### Significant risks as of the balance sheet date

The AP7 Equity Fund is a global equity fund where leverage is used in the management. Developments in the equity market constitute the single biggest risk and a significant drop in the global equity markets can lead to a sharp decline in returns. Since the majority of the fund's assets are located outside Sweden, and no assets are hedged, the fund is exposed to major currency risk.

### Market development

2024 was marked by a surprisingly positive economic development globally. World stock markets rose sharply, with the world index up over 25 percent. US technology stocks, especially the "Magnificent Seven", served as the driving force behind the stock market rally. Emerging markets, including China, showed weaker development due to domestic challenges and geopolitical concerns. Europe, including Sweden, experienced slower growth compared to the US, with the German economy showing particular weakness.

Inflation declined broadly, allowing central banks to lower policy rates. The US economy showed remarkable resilience, while Europe struggled with lower competitiveness, particularly in the technology sector.

Looking ahead to 2025, the economic outlook appears less uncertain. Long-term structural changes such as climate change, geopolitics, demographics and AI development, require continued attention from investors and policymakers.

### Performance development

In 2024, AP7 Equity Fund performed exceptionally well with a total return of 29.8 percent, equivalent to SEK 295 billion. The result outperformed the fund's benchmark index by 0.4 percentage points and was one of the strongest since AP7 Sâfa was launched in 2010.

The strong performance can be attributed to several factors, such as strong global stock market performance, effective leverage, and the weakening of the krona against the dollar and the euro. The economic development, especially in the US, exceeded expectations, where reduced inflation and lower policy rates from central banks contributed to robust stock market performance.

AP7 implemented important strategic changes during the year. The fund reduced its overweight in emerging markets and divested Chinese equities, based on a long-term pessimistic view of China's economic potential and concerns about global growth. Investments in risk premiums and trend-following models proved particularly successful and contributed significantly to the diversification of results.

Another strategic initiative was the expansion of the transition portfolio, which focuses on climate transition in global companies. In parallel, the construction of an alternative investment portfolio continued with direct investments in private equity funds and increased real estate investments.

These strategic adjustments and diversification measures contributed to the fund's fantastic performance during an exceptional year.

The inflow of capital to the Equity Fund amounted to SEK 40.8 billion in 2024. The outflow amounted to SEK -39.4 billion.

### The fund's ten largest listed holdings as a percentage of fund capital at the end of 2024

Apple Computer Inc	4.73
Nvidia Corp	4.07
Microsoft Corp	3.65
Amazon.com Inc	2.54
META Platforms Inc – Class A	1.61
Taiwan Semiconductor	1.49
Alphabet Inc Class A	1.41
Tesla Inc	1.40
Broadcom Inc	1.22
Alphabet Inc Class C	1.16
<b>Total of ten largest holdings</b>	<b>23.28</b>

### Significant events after the balance sheet date

In January 2025, the fund increased its ownership in the Urban Escape property, which is co-owned with AMF, from 33.3 percent to 49.9 percent.

## AP7 Equity Fund | Annual Report 2024

## KEY PERFORMANCE INDICATORS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Fund assets (MSEK)</b>	1,288,915	992,025	814,003	879,041	655,423	616,662	418,944	396,162	314,874	261,072
Number of shares (thousands)	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	1,230,448
Share price (SEK)	757.44	583.60	486.61	539.9	402.52	384.48	282.45	291.08	247.21	212.15
<b>Return</b>										
Fund yield (%)	29.8	19.9	-9.9	34.1	4.7	36.2	-3.0	17.7	16.5	6.6
Benchmark index <sup>1)</sup> (%)	29.4	18.8	-5.6	31.2	2.5	33.5	-3.3	18.0	16.5	6.2
<b>Average return</b>										
2 years (%)	24.8	4.0	10.0	18.5	19.4	14.9	6.9	17.1	11.5	18.3
5 years (%)	14.5	15.6	10.8	16.9	13.7	14.1	13.2	20.8	17.3	14.5
Since fund start (%)	15.3	14.3	13.9	16.2	14.6	15.7	13.6	15.9	15.7	15.5
<b>Risk measure <sup>2)</sup></b>										
Total risk fund (%)	11.9	15.2	14.1	17.6	19.3	15.1	12.5	10.8	17.2	16.7
Total risk benchmark index (%)	10.7	13.4	12.5	15.6	17.2	14.1	12.6	9.7	17.1	16.8
Active risk (%)	1.8	2.3	2.0	2.5	2.7	2.0	0.8	1.7	1.9	2.0
Active share (%)	26.4	31.0	29.1	28.2	28.1	27.2 <sup>4)</sup>	11.7	8.2	8.6	9.9
Relative VaR MC 99% average year (%)	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	-	-
Relative VaR MC 99% max during the year (%)	1.2	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	1.0	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	-	-
Turnover rate (%)	15.0	9.0	9.3	7.0	16.7	8.5	8.0	8.9	13.0	16.9
<b>Fees</b>										
Management fee (%)	0.05	0.05	0.05	0.075	0.08	0.09	0.10	0.11	0.11	0.12
Annual fee (%) <sup>3)</sup>	0.07	0.06	0.07	0.09	0.10	0.11	0.13	0.13	0.14	0.15
Deposit/withdrawal fee	None	None	None	None	None	None	None	None	None	None
<b>Transaction costs</b>										
Total (SEK thousand)	70,405	42,226	73,277	80,168	136,349	119,792	106,292	97,642	100,378	106,288
Share of turnover (%)	0.02	0.02	0.04	0.06	0.05	0.08	0.09	0.09	0.11	0.10
One-time deposit SEK 10,000 (SEK)	5.9	5.7	6.3	8.9	7.6	11.0	10.5	11.9	12.1	13.2

<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 at 1/365th of the value of the fund and covers costs for, among other things, management, administration, accounting, storage of securities, auditing, information and supervision. In 2024, the fee amounted to 0.05% of the fund's wealth.

Transaction costs, in the form of commissions to brokers and fees 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 fee but are charged directly to the Equity Fund.

## AP7 Equity Fund | Annual Report 2024

## 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 less than the return on indices. The measure is based on the performance of the fund shares and benchmarks over the past two years.

**Active share**

A measure of how much of the fund's holdings deviate from the composition of the benchmark index, according to the recommendation of the Swedish Investment Fund Association.

**Annual fee (%)**

Refers to all costs of the fund excluding interest expense, performance-based fees and transaction costs. Management fees for alternative investments are included. The measure of costs charged to the fund over the past 12 months is 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" [https://www.esma.europa.eu/sites/default/files/library/2015/11/10\\_674.pdf](https://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 the derivative exposure is based on the regulations of the Swedish Financial Supervisory Authority. It is calculated according to the underlying exposure value, which means that no so-called delta adjustments are made. Net calculation is not based upon short and long positions. This means that the value provides a simplified picture of the fund's exposure and may differ from data specified in other contexts.

**Relative Value-at-Risk**

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

The fund's Value-at-Risk may not exceed twice the Value-at-Risk for the reference portfolio.

**Return and risk calculations**

The AP7 Equity 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 Equity Fund pays to AP7. The NAV price assessment 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 usually involve a higher risk but also a chance of better value growth. The measure is based on the performance of the fund shares and benchmarks over the past two years.

**Transaction cost**

Commission and transaction fees to custodian bank.

**Turnover rate**

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

## AP7 Equity Fund | Annual Report 2024

## BALANCE SHEET

Note		2024-12-31		2023-12-31	
	Assets		Percentage		Percentage
1	Transferable securities	1,257,019,308	97.5	952,731,434	96.0
	OTC derivative instruments with positive market value	47,998	0.0	3,048,179	0.3
	Other derivative instruments with positive market value	0	0.0	0	0.0
	<b>Total financial instruments with positive market value</b>	<b>1,257,067,306</b>	<b>97.5</b>	<b>955,779,613</b>	<b>96.3</b>
	Bank balances and other cash and cash equivalents	4,411,494	0.3	34,084,794	3.4
	Prepaid expenses and accrued income	619,371	0.0	633,340	0.1
	Other assets	33,172,863	2.6	3,422,607	0.3
	<b>Total assets</b>	<b>1,295,271,034</b>	<b>100.5</b>	<b>993,920,354</b>	<b>100.2</b>
	<b>Liabilities</b>				
	OTC derivative instruments with negative market value	5,031,319	0.4	187,605	0.0
	Other financial instruments with negative market value	0	0.0	0	0.0
	<b>Total financial instruments with negative market value</b>	<b>5,031,319</b>	<b>0.4</b>	<b>187,605</b>	<b>0.0</b>
	Prepaid revenue and accrued expenses	37	0.0	42,017	0.0
	Other liabilities	1,324,917	0.1	1,665,286	0.0
	<b>Total liabilities</b>	<b>6,356,273</b>	<b>0.5</b>	<b>1,894,908</b>	<b>0.2</b>
2	<b>Fund assets</b>	<b>1,288,914,761</b>	<b>100.0</b>	<b>992,025,446</b>	<b>100.0</b>

All amounts in SEK thousands

	Memorandum items	2024-12-31	2023-12-31
14	<b>Borrowed securities and collateral received</b>		
	Lending financial instruments	20,586,009	21,892,025
	Received collateral (government bonds, at least AA-rated) for loaned financial instruments	21,674,591	23,038,739
15	Collateral received (cash) for OTC derivative instruments <sup>3)</sup>	52,665	5,141,506
	Pledged collateral (cash) for OTC derivative instruments	3,776,433	-
	<b>Borrowed securities and pledged securities</b>		
	Pledged collateral (cash) for other derivative instruments	2,102,914	1,901,496
	<b>Outstanding commitments</b>		
	Residual investment commitments in private equity	34,658,415	21,178,949

<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 2024

## INCOME STATEMENT

Note		2024	2023
<b>Revenue and change in value</b>			
3	Change in value of transferable securities	253,012,780	123,433,891
4	Change in value of OTC derivative instruments	15,056,524	16,635,661
5	Change in value of other derivative instruments	3,463,324	3,528,750
6	Interest income	1,634,426	1,035,842
7	Dividends	20,252,976	18,898,767
8	Net foreign exchange gains and losses	2,917,768	-457,997
9	Other financial income	292,331	338,936
10	Other income	1	144
	<b>Total revenue and change in value</b>	<b>296,630,130</b>	<b>163,413,994</b>
<b>Costs</b>			
11	Management costs	-581,990	-463,995
12	Other financial costs	-493,573	-254,337
13	Other costs	-70,405	-34,291
	<b>Total costs</b>	<b>-1,145,968</b>	<b>-752,623</b>
	<b>Profit for the period</b>	<b>295,484,162</b>	<b>162,661,371</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).

Business day accounting is applied, which means that the transactions affect the balance sheet on the business day, i.e. at the time when the material rights and thus the risks transition between the parties.

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

Foreign financial instruments are converted to Swedish kronor at the latest payment price on the last trading day during the reporting period.

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

Unlisted equity securities, consisting of indirect investments in private equity funds, are measured according to the latest available fair value information with daily adjustment based on a relevant index based on how private equity firms have developed.

OTC derivatives (Total Return Swaps) are valued according to a model based on market-listed interest rates and information from the index provider on the development of the relevant share index on the last day of trading during the period.

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

Borrowed securities are not reported in the balance sheet but are included as a memorandum item. Paid premiums (expense interest) for borrowed securities are reported as other financial costs.

Securities lent are included in the balance sheet. The market value, as well as the collateral received, is shown in memorandum items. Premiums received for loaned securities are reported 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 2024

**Note 1 Transferable securities**

	31/12/2024		31/12/2023	
Transferable securities	1,204,207,500	93.4	912,109,171	91.9
Transferable securities – unlisted	50,081,091	3.9	37,891,546	3.8
Bonds and other interest-bearing securities	2,730,717	0.2	2,730,717	0.3
<b>Total transferable securities</b>	<b>1,257,019,308</b>	<b>97.5</b>	<b>952,731,434</b>	<b>96.0</b>

**Note 2 Change in fund assets**

	01/01/2024 – 31/12/2024	01/01/2023 – 31/12/2023
Fund assets at the beginning of the period	992,025,446	814,002,715
Share issue	40,811,540	21,289,211
Share redemption	-39,406,387	-5,927,851
Profit for the period according to the income statement	295,484,162	162,661,371
<b>Fund assets at the end of the period</b>	<b>1,288,914,761</b>	<b>992,025,446</b>

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

	2024	2023
Realised price result	28,084,722	15,372,020
Realised currency result	15,169,339	10,639,187
Unrealised price result	152,157,090	127,602,647
Unrealised currency result	57,601,629	-30,179,963
<b>Total</b>	<b>253,012,780</b>	<b>123,433,891</b>

\* Disposal of investment in the Legal, Financial and Administrative Services Agency's Corporate Bond Consortium FRN.

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

	2024	2023
Realised price result	22,900,349	11,971,156
Unrealised price result	-7,843,825	4,664,505
<b>Total</b>	<b>15,056,524</b>	<b>16,635,661</b>

Refers only to Total return swaps.

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

	2024	2023
Realised price result	4,621,208	3,069,689
Realised currency result	-1,157,884	459,061
<b>Total</b>	<b>3,463,324</b>	<b>3,528,750</b>

**Note 6 Specification of interest income**

	2024	2023
Interest-bearing	143,245	1,492
Short-term interest investments	1,448,290	997,223
Bank accounts	42,891	37,127
<b>Total</b>	<b>1,634,426</b>	<b>1,035,842</b>

**Note 7 Specification of dividends**

	2024	2023
Dividends	21,089,793	19,575,694
Coupon tax	-1,261,073	-1,192,810
Restitution	424,256	515,883
<b>Total</b>	<b>20,252,976</b>	<b>18,898,767</b>

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

	2024	2023
Currency derivatives	-169,295	-62,216
Bank accounts	3,087,063	-395,781
<b>Total</b>	<b>2,917,768</b>	<b>-457,997</b>

**Note 9 Specification of other financial income**

	2024	2023
Premium loaned shares	60,485	102,450
Interest income	193,739	166,495
Other financial income	38,107	69,991
<b>Total</b>	<b>292,331</b>	<b>338,936</b>

## AP7 Equity Fund | Annual Report 2024

## Note 10 Specification of other income

	2024	2023
Compensation from managers	1	144
<b>Total</b>	<b>1</b>	<b>144</b>

## Note 11 Specification of management cost

Remuneration to AP7 for management has been paid at 0.05% (0.05%) per year on the managed assets. This leads to a management cost of SEK 581,990 thousand (463,995 thousand) for the full year 2024.

In 2024, 56 people received fixed remuneration from AP7. No variable remuneration has been paid. The total paid out to specially regulated staff is SEK 26,766 thousand (28,284) to the executive management (seven people), and SEK 30,927 thousand (21,217) to those involved in risk-based asset management activities (16 people).

Remuneration includes paid salary, other benefits and pension costs. For details, see Note 1 of AP7's Annual Report <sup>1)</sup>. Compensation to managers employed by external asset management companies is handled internally within each organisation. PwC as external auditors are commissioned by the Government to, among other things, review remuneration to senior executives and ensure that the review did not lead to any deviations in relation to the Seventh AP Fund's remuneration policy.

## Note 12 Specification of other financial costs

	2024	2023
Premier share deposits	0	-7,935
Compensation paid for dividends when depositing shares	0	-11,490
Interest expense	-22,070	-29,081
Other financial costs	-471,503	-205,831
<b>Total</b>	<b>-493,573</b>	<b>-254,337</b>

## Note 13 Specification of other costs

	2024	2023
Commission	-65,866	-28,564
Transaction fees to BNY	-4,539	-5,727
<b>Total</b>	<b>-70,405</b>	<b>-34,291</b>

## Note 14

## Specification of the top 10 counterparties for securities lending

	Country	Settlement type	Open term
BofA Securities Inc	US	Tripartite agreement	
Merrill Lynch International	UK	Tripartite agreement	
JP Morgan Securities Plc.	UK	Tripartite agreement	
UBS AG	Switzerland	Tripartite agreement	
Citigroup Global Markets Limited	UK	Tripartite agreement	
Goldman Sachs International	UK	Tripartite agreement	
HSBC Bank PLC	UK	Tripartite agreement	
Citigroup Global Markets Inc	US	Tripartite agreement	
Morgan Stanley & Co. International PLC	UK	Tripartite agreement	
ING Bank NV	The Netherlands	Tripartite agreement	

**Total securities lending 31/12/2024** **20,586,009**

**% of tradable assets** **1.6**

**% of fund assets** **1.6**

## 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	> 1 year	
The US Government	USD	13,068,305			43,690	577,602	312,865	12,134,149	
The UK Government	GBP	3,334,191						3,334,191	
Shares	*	1,683,813							1,683,813
The French Government	EUR	981,255				55,152	8,052	918,051	
The German Government	EUR	765,657					2,599	763,058	
The Dutch Government	EUR	663,923						663,923	
The Swiss Government	CHF	579,354						579,354	
The Austrian Government	EUR	273,911					726	273,185	
The Australian Government	AUD	246,613						246,613	
The Belgian Government	EUR	71,758						71,758	
<b>Total market value 10 largest</b>		<b>21,668,778</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 2024

## 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
JP Morgan AG	Germany	Bilateral			6,948,082	10,452,008	35,789,690	3,174,458
Citigroup Global Markets Europe AG	Germany	Bilateral				11,032,004	28,368,078	7,215,325
UBS AG	Switzerland	Bilateral				3,415,420	30,612,138	
BNP Paribas	France	Bilateral			5,323,396		22,276,630	3,590,734
Goldman Sachs International	UK	Bilateral			2,412,075	7,907,044	12,598,181	
Morgan Stanley Europe	Germany	Bilateral				1,319,721	5,580,122	
BAML	France	Bilateral					3,336,355	
Total outstanding nominal gross volume 31/12/2024								201,351,462
% of fund assets								15.6

## Specification of issuers of collateral for total return swaps

	Currency	Market value	Open term
Cash and cash equivalents	EUR	52,665	52,665

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	3,776,433	3,776,433

AP7 Equity Fund | Annual Report 2024

Stockholm, 5 February 2025

**Per Frennberg**  
Board Chair

**Emma Ihre**  
Vice 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 6 February 2025

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

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

# 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 in the Seventh AP Fund, organisation number 802406-2302, we have carried out an audit of the AP7 Equity Fund Annual Report for 2024, with the exception of the sustainability information under the headings Responsible Investments and Responsible Ownership in the Administration Report and the appendix Regular Disclosures for AP7 Equity Fund which 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 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 2024 and of its financial results for the year in accordance with the National Pension Insurance Funds Act and the Financial Supervisory Authority's regulations on securities funds. Our statements do not include the sustainability information under the headings Responsible Investments and Responsible Ownership in the Administration Report and the appendix Regular Disclosures for AP7 Equity Fund that promote environmental and social characteristics.

## Basis for opinion

We have carried out the audit in accordance with International Standards on Auditing (ISA) and good auditing practice 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 good auditing practice in Sweden and have otherwise fulfilled our professional ethical responsibilities according to these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinions.

## Information other than the annual report

The other information consists of the sustainability information under the headings Responsible Investments and Responsible Ownership in the administration report and 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 regarding the annual report does not cover this informa-

tion and we do not express an assurance opinion regarding this other information.

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

If, based on the work performed on this information, we conclude that the other information contains a material misstatement, we are required to report this. 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 that it provides 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 as to whether the annual report as a whole does not contain any material misstatement, whether due to fraud or error, and to submit an audit report containing our statements. Reasonable assurance is a high degree of certainty but is no guarantee that an audit conducted in accordance with ISA and good auditing practice in Sweden will always detect a material misstatement if one exists. Misstatements can occur due to fraud or mistakes and are considered material if, individually or together, they can reasonably be expected to influence the financial decisions that users make based on 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 part of the Seventh AP 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 Seventh AP Fund's estimates in the accounting and related disclosures.
- We evaluate the overall presentation, structure and content of the annual report, including the disclosures, and whether the annual report reflects the underlying transactions and events in a way that provides a true and fair view.

We must inform the Seventh AP Fund of, among other things, the planned scope and focus of the audit and its timing. We must also disclose significant observations during 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 administration report and the appendix Regular Information for AP7 Equity Fund that promotes environmental and social characteristics and for it being established in accordance with the National Pension Insurance Funds Act.

Our review of the sustainability information for the fund has been conducted with guidance, where applicable, of FAR Recommendation RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our review of the sustainability information has a different focus and a significantly smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and good auditing practice in Sweden. We believe that this review provides us with sufficient grounds for our statement. Sustainability information has been provided in the annual report.

Stockholm, 6 February 2025

**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 2024

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 pre-selection option AP7 Såfa, and thus a building block in the national pension system's premium pension savings. See more information about these portfolios in the Annual Report for the Seventh AP Fund.

AP7 Fixed Income Fund is a low-risk fund that invests primarily in Swedish covered mortgage bonds and in sustainable bonds issued by supranational organisations. The objective of AP7 Fixed Income Fund is that the return should at least correspond to the return for the benchmark index (see page 71 for explanations of the key performance indicators). The average fixed-rate period is normally three years. The AP7 Fixed Income Fund is deemed to have a low level of risk.

### Investments

The AP7 Fixed Income Fund is actively managed against Handelsbanken's interest rate index HMT 74. The investments are made primarily in Swedish covered mortgage bonds and in sustainable bonds issued by supranational organisations. The fund assets may be invested in interest rate and currency-related derivative instruments.

### Derivative instruments

Derivative instruments may, according to the fund rules, be used as part of the investment focus. In 2024, this was utilised in the ongoing management via interest rate futures and currency contracts. The fund's gross derivative exposure was 0.0 percent on the balance sheet date.

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

### Responsible investments

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

Since 2014, AP7 has supplemented its active ownership and advocacy methods with ongoing thematic in-depth work. Within the framework of the theme work and based on AP7's role, mission and investment philosophy, AP7 has identified three roles within which AP7 can best contribute to a sustainable development – as active owner, as enabler and as knowledge builder.

### Responsible investments in the AP7 Fixed Income Fund

AP7 Fixed income Fund may deviate from the benchmark index within the boundaries of tolerable risk. This risk scope is mainly used to contribute to financing of green projects that meet AP7's criteria for sustainability and profitability. During the year, the share of green bonds increased and amounted to 50.6 percent of the fund at the end of 2024.

The Swedish fixed income market is relatively small, and the fund has during the year enabled investments in bonds issued in foreign currency. This type of investment is always hedged to Swedish kronor. Furthermore, a modernisation has taken place, which means that the fund now has the opportunity to trade a number of new fixed income instruments to streamline management.

"The Swedish fixed income market is relatively small and being able to trade abroad increases both liquidity and efficiency. We also gain access to a wider range of green bonds, which makes it easier for us to meet our sustainability ambitions", says Ulrika Lindén, senior fixed income manager at AP7.

As of January 1, 2024, sustainability-related disclosures is presented in accordance with EU Regulation 2019/2088, Regulation on Sustainability-related Disclosures in the Financial Services Sector (SFDR).

Through the green bond portfolio, AP7 invests in projects such as:

- Vasakronan's green bonds enable a transition in the real estate sector, which accounts for about 20 percent of all greenhouse gas emissions and a significant part of Sweden's energy consumption, according to statistics from Boverket (the Swedish National Board of Housing, Building and Planning). Through its focus on reducing energy, working with waste and materials, and fossil-free transport, it matches AP7's ambitions well, not least within climate change.
- The Nordic Investment Bank's mission is to finance projects that benefit the environment in the Nordic and Baltic countries. The focus of the bond is, among other things, water infrastructure, energy efficiency and systems for the transmission, distribution and storage of electricity.
- The European Bank for Reconstruction and Development (EBRD) is the first multilateral development bank with an explicit mission to promote sustainable development. Their green bond provides an opportunity to invest in sustainable solutions that support public and private environmental projects in Europe, for example energy efficiency, renewable energy, and water management systems.
- The World Bank's sustainable development bonds promote sustainable projects in developing countries. Through these investments, AP7 enables investments in sustainable agriculture, renewable energy and infrastructure that is more resistant to extreme weather.
- A green bond issued by the International Finance Corporation (IFC), which focuses on addressing climate change within the private sector in developing countries. Through the investment, AP7 contributes to the development of a more sustainable society outside of Europe as well. Here, the money is invested in projects such as water purification and water supply, adaptation of communities to climate change, and in projects that aim to restore biodiversity, which is one of AP7's focus areas.

## Fixed Income Fund | Annual Report 2024

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

### Significant risks as of the balance sheet date

Market risk is the single largest risk in the management of the fund, meaning that rising interest rates may adversely affect the fund's return.

### Performance development

The AP7 Fixed Income Fund achieved a total return of 3.1 percent in 2024, which was 0.1 percentage points lower than the return of the fund's benchmark index.

In 2024, inflation declined towards the central banks' targets, leading to a gradual easing of monetary policy. During the year, the Riksbank lowered the key interest rate from 4 to 2.5 percent. Lower interest rates and inflation contributed to an economic recovery both in Sweden and globally. The interest rate cuts benefited the fund's returns.

The aim of AP7's climate action plan, which can be found at [www.ap7.se](http://www.ap7.se), is to achieve net zero emissions in asset management. The fixed income fund achieved its goal of 50 percent green bonds already in 2024, one year earlier than planned. The fund has also invested in green bonds with a blue theme and in a green bond issued by IFC with a focus on biodiversity.

AP7 Fixed Income Fund has developed and modernised its management by enabling investments in bonds issued in foreign currency, which are hedged to Swedish kronor. This increases liquidity and efficiency in management and provides access to a wider range of green bonds. The next step is to start investing in corporate bonds in 2025, to increase diversification and potentially increase returns with continued low risk.

In 2024, SEK 39.7 billion was added to the fund. The outflow of capital through redemption of shares amounted to SEK -5.5 billion.

### The fund's ten largest holdings as a percentage of the fund capital, at the end of 2024

SHBASS 1 03/01/27 #1592	2.89
SHBASS 0 1/2 06/01/26 #1591	2.86
KUNTARAHÖITUS OYJ 11/19/29	2.62
SBAB 2.483 12/03/29	2.59
European BK Recon & Dev 12/20/27	2.33
NDASS 0 1/2 09/16/26 #5536	2.32
Swedish Treasury bill 250115	2.31
SWEDA 3 03/15/28 #198	2.24
NDAFH 1 09/17/25 #5535	2.01
DNBNO 09/03/29 TAP	1.96
<b>Total of ten largest holdings</b>	<b>24.14</b>

### Significant events after the balance sheet date

No significant events after the balance sheet date.

## Fixed Income Fund | Annual Report 2024

## KEY PERFORMANCE INDICATORS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Fund assets (MSEK)</b>	151,041	113,562	91,231	87,848	67,185	57,483	41,203	34,550	28,120	22,083
Number of shares (thousands)	1,318,070	1,021,676	864,230	783,001	594,626	513,802	367,568	307,885	250,280	197,823
Share price (SEK)	114.59	111.15	105.56	112.19	112.99	111.88	112.1	112.21	112.36	111.63
<b>Return</b>										
Total NAV rate calculated (%)	3.1	5.3	-5.9	-0.7	1.0	-0.2	-0.1	-0.1	0.6	0.8
Benchmark index (%)	3.2	5.2	-5.8	-0.6	1.1	-0.2	-0.1	-0.1	0.7	0.9
<b>Average return</b>										
2 years (%)	4.2	-0.5	-3.3	0.1	0.4	-0.1	-0.1	0.3	0.7	1.8
5 years (%)	0.5	-0.2	-1.2	0.0	0.2	0.2	0.8	1.2	1.8	2.3
Since fund start (%)	0.9	0.8	0.4	1.0	1.2	1.2	1.3	1.5	1.8	2.0
<b>Risk measures <sup>1,2)</sup></b>										
Total risk fund (%)	3.0	3.7	2.4	0.8	0.8	0.7	0.4	0.4	0.5	0.7
Total risk benchmark index (%)	3.0	3.7	2.4	0.8	0.8	0.7	0.3	0.4	0.5	0.6
Active risk (%)	0.2	0.2	0.1	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	-	-
Relative VaR MC 99% max during the year (%)	1.1	1.1	1.1	1.0	1.0	1.7	1.1	1.0	-	-
Relative VaR MC 99% min during the year (%)	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	-	-
Turnover rate (%)	34.9	35.5	60.6	50	50.9	109.8	78.7	90.8	113	86.4
Duration, year	2.8	2.8	2.9	2.9	2.8	2.8	1.9	2.0	1.9	1.9
Modified duration (%)	2.7	2.7	2.8	2.9	2.8	2.8	1.9	2.0	2.0	1.9
<b>Fees</b>										
Management fee (%)	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.05
Annual fee (%)	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.05
Deposit/withdrawal fee	None	None	None	None	None	None	None	None	None	None
<b>Transaction costs</b>										
Total (SEK thousand)	8	20	44	62	51	62	33	34	54	24
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)	4.0	4.0	3.8	4.0	4.0	4.0	4.0	4.0	4.0	5.0

**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 2024, 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 2024

## 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 less than the return on indices. 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.

**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 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 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 price assessment 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 to 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](https://www.esma.europa.eu/document/guidelines-methodology-calculation-ongoing-charges-figure-in-key-investor-information)

## Fixed Income Fund | Annual Report 2024

## BALANCE SHEET

Note		31/12/2024		31/12/2023	
	Assets		Percentage		Percentage
1	Transferable securities	145,168,533	96.1	113,556,672	100.0
	Money market instruments	5,826,145	3.9		
	<b>Total financial instruments with positive market value</b>	<b>150,994,678</b>	<b>100.0</b>	<b>113,556,672</b>	<b>100.0</b>
	Bank balances and other cash and cash equivalents	51,586	0.0	756	0.0
	Other assets	0	0.0	9,820	0.0
	<b>Total assets</b>	<b>151,046,264</b>	<b>100.0</b>	<b>113,567,248</b>	<b>100.0</b>
	<b>Liabilities</b>				
	Accrued expenses and deferred income	1	0.0	3,620	0.0
	Other liabilities	5,109	0.0	1,340	0.0
	<b>Total liabilities</b>	<b>5,110</b>	<b>0.0</b>	<b>4,960</b>	<b>0.0</b>
2	<b>Fund assets</b>	<b>151,041,154</b>	<b>100.0</b>	<b>113,562,288</b>	<b>100.0</b>
	<b>Memorandum items</b>		None		None

All amounts in SEK thousands

## INCOME STATEMENT

Note		2024	2023
	<b>Revenue and change in value</b>		
3	Change in value of transferable securities	1,025,301	3,687,584
	Change in value of money market instruments	981	-
	Change in value of other derivative instruments	-40	-
4	Interest income	2,253,582	1,285,830
	Net foreign exchange gains and losses	119	-
5	Other financial income	0	101
	<b>Total revenue and change in value</b>	<b>3,279,943</b>	<b>4,973,515</b>
	<b>Costs</b>		
6	Management costs	-47,252	-37,242
7	Other financial costs	-1	0
8	Other costs	-7	-21
	<b>Total costs</b>	<b>-47,260</b>	<b>-37,263</b>
	<b>Profit for the period</b>	<b>3,232,683</b>	<b>4,936,252</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 2024

## Note 1 Transferable securities

	31/12/2024		31/12/2023	
		%		%
Transferable securities	145,168,533	96.1	113,556,672	100.0
<b>Total transferable securities</b>	<b>145,168,533</b>	<b>96.1</b>	<b>113,556,672</b>	<b>100.0</b>

## Note 2 Change in fund assets

	01/01/2024–31/12/2024	01/01/2023–31/12/2023
Fund assets at the beginning of the period	113,562,288	91,231,320
Share issue	39,729,556	24,611,364
Share redemption	-5,483,373	-7,216,648
Profit for the period according to the income statement	3,232,683	4,936,252
<b>Fund assets at the end of the period</b>	<b>151,041,154</b>	<b>113,562,288</b>

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

	2024	2023
Realised price result	-131,843	-1,327,440
Unrealised price result	1,157,144	5,015,024
<b>Total</b>	<b>1,025,301</b>	<b>3,687,584</b>

## Note 4 Specification of interest income

	2024	2023
Bonds	2,194,555	1,262,036
Money market instruments	11,893	-
Short-term interest investments	47,142	23,794
Bank account	-8	-
<b>Total</b>	<b>2,253,582</b>	<b>1,285,830</b>

## Note 5 Specification of other financial income

	2024	2023
Other financial income	0	101
<b>Total</b>	<b>0</b>	<b>101</b>

## Note 6 Specification of management cost

Remuneration to the Seventh AP Fund for management has been paid at 0.04% per year on the managed assets. This leads to a management cost of SEK 47,252 thousand (37,242) for the full year 2024. The fee includes remuneration to depositaries for custody and remuneration to the Financial Supervisory Authority for supervision.

In 2024, 56 people received fixed remuneration from the Seventh AP Fund. No variable remuneration has been paid. The total paid out to specially regulated staff is SEK 26,766 thousand (28,284) to the executive management (7 people), SEK 30,927 thousand (21,217) to those involved in risk-based management activities (16 people).

## Note 6 Specification of management cost, cont.

Remuneration includes paid salary, other benefits and pension costs. PwC as external auditors are commissioned by the Government to, among other things, review remuneration to senior executives and ensure that the review did not lead to 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

	2024	2023
Interest expense	-1	0
<b>Total</b>	<b>-1</b>	<b>0</b>

## Note 8 Specification of other costs

	2024	2023
Transaction fees to BNY Mellon	-7	-21
<b>Total</b>	<b>-7</b>	<b>-21</b>

Fixed Income Fund | Annual Report 2024

Stockholm, 5 February 2025

**Per Frennberg**  
Chair

**Emma Ihre**  
Vice 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 6 February 2025

**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 2024

# 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 in the Seventh AP Fund, organisation number 802406-2302, we have carried out an audit of the AP7 Fixed Income Fund Annual Report for 2024, with the exception of the sustainability information under the headings Responsible investments in the administration report and the appendix Regular disclosures for AP7 Fixed Income Fund that promote environmental and social characteristics.

In our opinion, the annual report has been prepared in accordance with the National Pension Insurance Funds Act and the 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 2024, and of its financial results for the year in accordance with the National Pension Insurance Funds Act and the Financial Supervisory Authority's regulations on securities funds. Our statements do not cover the sustainability information under the headings Responsible Investments in the administration report and 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 good auditing practice 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 good auditing practice in Sweden and have otherwise fulfilled our professional ethical responsibilities according to these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinions.

### Information other than the annual report

The other information consists of the sustainability information under the headings Responsible Investments in the management report and the appendix Regular disclosures for AP7 Fixed Income Fund promoting environmental and social characteristics. The fund company is responsible for this other information. Our opinion on the annual report does not cover this information and we do not express an assurance opinion on this other information.

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

If, based on the work we have performed on this information, we conclude that the other information is materially misstated, 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 that it provides 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 as to whether the annual report as a whole does not contain any material misstatement, whether due to fraud or error, and to submit an audit report containing our statements. Reasonable assurance is a high degree of certainty but is no guarantee that an audit conducted in accordance with ISA and good auditing practice in Sweden will always detect a material misstatement if one exists. Misstatements can occur due to fraud or mistakes and are considered material if, individually or together, they can reasonably be expected to influence the financial decisions that users make based on 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 part of the Seventh AP 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 Seventh AP Fund's estimates in the accounting and related disclosures.
- We evaluate the overall presentation, structure and content of the annual report, including the disclosures, and whether the annual report reflects the underlying transactions and events in a way that provides a true and fair view.

We must inform the Seventh AP Fund of, among other things, the planned scope and focus of the audit and its timing. We must also disclose significant observations during the audit, including any significant deficiencies in internal control that we have identified.

The Seventh AP Fund is responsible for the sustainability information under the heading Responsible Investments in the administration report and the appendix Regular information for AP7 Fixed Income Fund that promotes environmental and social characteristics and for it being established in accordance with the National Pension Insurance Funds Act.

Our review of the sustainability information for the fund has been conducted with guidance, where applicable, of FAR Recommendation RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our review of the sustainability information has a different focus and a significantly smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and good auditing practice in Sweden. We believe that this review provides us with sufficient grounds for our statement.

Sustainability information has been provided in the annual report.

Stockholm, 6 Februari 2025

**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 conduct advocacy work towards the companies. We use four methods, often in tandem: voting and shareholder motions at general meetings, influence dialogues, public blacklisting and legal processes.

**Blacklisting** Tools for corporate governance aimed at exerting pressure on companies with unacceptable behaviour. AP7 does not invest in companies that violate international environmental, human rights, labour and anti-corruption norms. Since 2016, the Paris Agreement to the UN Climate Convention has also been included in AP7's blacklisting process.

**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 size of the direct emissions from the underlying companies in AP7's equity fund.

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

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

**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 of 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** Fund that makes investments that contribute to solutions to sustainability challenges.

**Internal management** means that investment decisions are made and implemented by own employee managers.

**International Energy Agency (IEA)** The International Energy Agency 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 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 the 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 elements of extreme weather.

**Pre-selection option** AP7 Sâfa is the state pre-selection option in the premium pension system. Anyone who does not make an active choice for their premium pension will automatically have their pension money placed in the fund.

**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 throughout the global market and for which 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 own.

➔ **Read more about the terms related to membership and voluntary agreements with which AP7 is associated and has signed on page 40.**

## 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.hallbarhetsprofilen.se](http://www.hallbarhetsprofilen.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)



AP7

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## 110 BLACKLISTED COMPANIES

AP7 invests in companies that in an acceptable way adhere to the international norms and conventions signed by Sweden. These are expressed in the UN Global Compact's ten principles on human rights, labour, the environment and anti-corruption. AP7 does not invest in companies involved in the development or production of nuclear weapons. As of 2016, the Paris Agreement to the UN Climate convention (UNFCCC), is included in our norms-based screening. The following companies are blacklisted as of November 26, 2024.

**Adani Enterprises Limited** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Adani Power Limited** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Airbus SE** Involvement in nuclear weapons **Aluminum Corporation of China Limited** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Aurora Cannabis Inc.** Involvement in the sale and production of cannabis in violation with international conventions **AviChina Industry & Technology Co., Ltd.** Involvement in violations of human rights through the sale of weapons to Burma/Myanmar **Babcock International Group PLC** Involvement in nuclear weapons **BAE Systems PLC** Involvement in nuclear weapons **Barrick Gold Corporation** Involvement in the violation of environmental norms in mining operations in Chile and Argentina **Bharat Heavy Electricals Limited** Involvement in the violation of environmental norms at the World Heritage site of the Sundarbans in Bangladesh **BHP Group Limited** Involvement in the violation of environmental norms and human rights in mining operations in Brazil **Booz Allen Hamilton Holding Corporation** Involvement in nuclear weapons **BWX Technologies, Inc.** Involvement in nuclear weapons **Canadian Natural Resources Limited** Acting against the targets of the Paris agreement through involvement in oil sands **Canopy Growth Corporation** Involvement in the sale and production of cannabis in violation with international conventions **Cenovus Energy Inc.** Acting against the targets of the Paris agreement through involvement in oil sands **Centrais Elétricas Brasileiras SA** Involvement in the violation of human rights in a dam construction project in Brazil **China Coal Energy Company Limited** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **China Hongqiao Group Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **China Petroleum & Chemical Corporation** Acting against the targets of the Paris agreement through large scale oil extraction without climate transition plan **China Power International Development Limited** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **China Resources Power Holdings Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **China Shenhua Energy Company Limited** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **China Shipbuilding Industry Co., Ltd.** Involvement in nuclear weapons **CITIC Limited** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Coal India Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Companhia Energetica de Minas Gerais SA** Involvement in the violation of human rights in a dam construction project in Brazil **ConocoPhillips** Acting against the targets of the Paris agreement through involvement in oil sands **Cronos Group Inc.** Involvement in the sale and production of cannabis in violation with international conventions **Datang International Power Generation Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Eaton Corporation plc** Involvement in nuclear weapons **Elbit Systems Ltd.** Involvement in sales of military equipment used in violation of human rights in Israel **Elsawedy Electric Co.** Involvement in the violation of environmental norms at the World Heritage site of the Selous Game Reserve in Tanzania **Enbridge Inc.** Involvement in the violation of human rights in the construction of an oil pipeline in the USA **EOG Resources, Inc.** Acting against the targets of the Paris agreement through large scale oil extraction without climate transition plan **Evergny, Inc.** Involvement in the opposition to climate change regulation in the USA **Exaro Resources Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Exxon Mobil Corporation** Involvement in the opposition to climate change regulation in the USA **Fluor Corporation** Involvement in nuclear weapons **Fortive Corporation** Involvement in nuclear weapons **Gazprom PJSC** Involvement in fossil fuel production in the Russian Arctic **GD Power Development Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **General Dynamics Corporation** Involvement in nuclear weapons **Guanghui Energy Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **HD Korea Shipbuilding & Offshore Engineering Co., Ltd.** Involvement in the violation of labor rights in South Korea **Honeywell International Inc.** Involvement in nuclear weapons **Huadian Power International Corp. Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Huaibei Mining Holdings Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Huaneng Power International, Inc.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Huntington Ingalls Industries, Inc.** Involvement in nuclear weapons **Imperial Oil Limited** Acting against the targets of the Paris agreement through involvement in oil sands **Inner Mongolia Dian Tou Energy Corp. Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Inner Mongolia Yitai Coal Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Jacobs Solutions, Inc.** Involvement in nuclear weapons **JBS SA** Involvement in the violation of labor rights in the USA and Brazil **Jizhong Energy Resources Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Korea Electric Power Corp.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan, as well as involvement in violations of human rights at Xe-Pian Xe-Namnoy dam in Laos **L3Harris Technologies, Inc.** Involvement in nuclear weapons **Larsen & Toubro Ltd.** Involvement in nuclear weapons **Leidos Holdings, Inc.** Involvement in nuclear weapons **Leonardo SpA** Involvement in nuclear weapons **Lockheed Martin Corporation** Involvement in nuclear weapons, cluster munitions and anti-personnel mines **Marathon Petroleum Corporation** Involvement in the violation of human rights in the construction of an oil pipeline in the USA **MEG Energy Corp.** Acting against the targets of the Paris agreement through involvement in oil sands **Northrop Grumman Corporation** Involvement in nuclear weapons **NTPC Limited** Involvement in the violation of environmental norms at the World Heritage site of the Sundarbans in Bangladesh **Oil and Natural Gas Corporation Limited** Acting against the targets of the Paris agreement through large scale oil extraction without climate transition plan **Oil Co. LUKOIL PJSC** Involvement in the violation of environmental norms in oil extraction operations Russia **Peabody Energy Corporation** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **PetroChina Company Limited** Acting against the targets of the Paris agreement through large scale oil extraction without climate transition plan **Phillips 66** Involvement in the violation of human rights in the construction of an oil pipeline in the USA **Pingdingshan Tianan Coal Mining Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **POSCO Holdings Inc.** Involvement in the violation of labor rights in Turkey **POSCO INTERNATIONAL Corp.** Involvement in the violation of labor rights in Turkey **Power Construction Corporation of China, Ltd.** Involvement in the violation of environmental norms at the World Heritage site of the Selous Game Reserve in Tanzania **PT Adaro Energy Indonesia Tbk** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **PT Indofood Sukses Makmur Tbk** Involvement in the violation of labor rights in Indonesia **PT United Tractors Tbk** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Ratch Group Public Co. Ltd.** Involvement in violations of human rights at Xe-Pian Xe-Namnoy dam in Laos **Repsol SA** Involvement in the violation of human rights in a gas extraction project in Peru **Rosneft Oil Co.** Involvement in the violation of environmental norms in oil extraction operations **Russia RTX Corp.** Involvement in nuclear weapons, as well as involvement in the sale of weapons used in violation of human rights in Yemen **Safran SA** Involvement in nuclear weapons **Saudi Arabian Oil Company** Acting against the targets of the Paris agreement through large scale oil extraction without climate transition plan **SDIC Power Holdings Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Serco Group Plc** Involvement in violations of human rights in refugee camp operations in Australia **Shaanxi Coal Industry Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Shan Xi Hua Yang Group New Energy Co. Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Shanghai Electric Power Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Shanxi Lu'An Environmental Energy Development Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Shell Plc** Involvement in the violation of environmental norms and human rights in oil extraction operations in Nigeria **Shenergy Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Shenzhen Energy Group Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **SK Inc.** Involvement in the violation of human rights in a gas extraction project in Peru, as well as involvement in violations of human rights at Xe-Pian Xe-Namnoy dam in Laos **SK Innovation Co., Ltd.** Involvement in the violation of human rights in gas extraction project in Peru **Suncor Energy Inc.** Acting against the targets of the Paris agreement through involvement in oil sands **TBEA Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Tenaga Nasional Bhd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Textron Inc.** Involvement in nuclear weapons **Thales SA** Involvement in nuclear weapons **The AES Corporation** Involvement in violations of human rights and environmental norms at a dam construction project in Panama **The Boeing Company** Involvement in nuclear weapons **Vale SA** Involvement in human rights violations in a dam construction project in Brazil, as well as involvement in the violation of environmental norms and human rights in mining operations in Brazil **Walmart Inc.** Involvement in the violation of labor rights in the USA **Wartsila OYJ Abp** Involvement in nuclear weapons **Washington H. Soul Pattinson and Company Limited** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Wintime Energy Group Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Yankuang Energy Group Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan **Zhejiang Zheneng Electric Power Co., Ltd.** Acting against the targets of the Paris agreement through large scale coal operations without climate transition plan ■