

A good pension for all generations



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Andra AP-fonden creates stability for current and future pensioners

Andra AP-fonden manages the Swedish people's pension funds and works to ensure that both current and future pensioners receive a good pension. We aim to be a leading asset manager in a changing world. We invest responsibly in a wide range of assets worldwide. We create value, both through good returns and by promoting sustainable development for people and the environment. This helps ensure a good pension for all generations.

The Fund's capital growth over 10 years, SEK billion



SEK 74 billion

Net outflow to the pension system since inception in 2001.

5.8%

Annual average return since inception.

SEK 341 billion

Increase in fund capital since inception.

The year 2025

Stable performance contributes
to a sustainable pension system



Five-year overview

SEK 475 billion

Fund capital

4.6%

Annual return on total portfolio including expenses

SEK 20.9 billion

Net result for the year

Fund capital, flows and results

SEK million	2025	2024	2023	2022	2021
Fund capital	475 175	458 884	426 040	407 112	441 045
Net outflows to the national pension system	-4 565	-2 024	-4 833	-4 689	-7 528
Net result for the year	20 856	34 868	23 761	-29 244	62 349

Return

%	2025	2024	2023	2022	2021
Return on total portfolio before commission expenses and operating expenses	4.7	8.3	6.0	-6.6	16.4
Return on total portfolio after commission expenses and operating expenses	4.6	8.2	5.9	-6.7	16.3
Annualised return after commission expenses and operating expenses, 5 years	5.4	5.2	6.6	5.2	8.5
Annualised return after commission expenses and operating expenses, 10 years	6.4	6.3	6.8	7.4	9.5

Corporate governance

	2025	2024	2023	2022	2021
Number of nomination committees	15	11	12	9	8
Proportion of Swedish equity portfolio in which AP2 voted at general meetings, %	85	96	87	77	86
Proportion of foreign equity portfolio in which AP2 voted at general meetings, %	73	89	76	65	53

Risk

%	2025	2024	2023	2022	2021
Absolute risk, ex ante ¹	10.6	11.3			
Currency exposure	30	24	22	23	34

Total carbon emissions

Scope 1-3 ²	2025	2024	2023	2022	2021
Total carbon emissions (million tCO ₂ e)	7.6	7.6	7.4	8.7	10.4

Management expense ratio

% of managed capital	2025	2024	2023	2022	2021
Management expense ratio, incl. commission expenses	0.08	0.08	0.09	0.11	0.11
Management expense ratio, excl. commission expenses	0.06	0.07	0.07	0.06	0.06

1) Reported starting in 2024.

2) Carbon measurements are based on a broad universe of carbon data and a refined method of estimating greenhouse gas emissions from non-reporting companies. As companies in the portfolio improve and increase their reporting of CO₂e data, AP2 also revises historical data. There may therefore be deviations in comparison with previous reports. Metrics include the Fund's investments in listed equities, corporate bonds, government bonds, green bonds, non-listed real estate, sustainable infrastructure, timberland and farmland, and private equity.

Significant events



Investment in sustainable infrastructure

During the year, we sold our holding in Havfram, which manufactures installation vessels for the next, larger version of offshore wind power. This investment yielded an average annual return of over 20 per cent over three years.



Working towards net zero for government bonds

We have further developed our framework for assessing countries' net zero adaptation and guiding the decarbonisation of our bond portfolios. The work is based on science, internal analyses and international collaborations.



New strategy in equity management

During the year, the Fund updated its internally developed index for foreign equities in developed markets. The most obvious difference is that the new index is closer to a market-weighted index. It is optimised for an above-index return while maintaining requirements for sustainability characteristics.

Incorporation of AP6

During the year, AP2 worked intensively with AP6 on everything required to be able to take over responsibility for AP6's assets and commitments in accordance with the Swedish Parliament's decision. Many practical issues were addressed to continue to create value in a responsible manner.

» [Find out more on page 18.](#)

Continued work on the governance model

AP2 continued work on the new management strategy launched in 2024. During the year, the model was fully implemented in the organisation. The change has led to, for example, new ways of working, with the equity and fixed income departments bringing together all investment styles – quantitative, fundamental and non-listed – to make better use of the expertise in the organisation.

AI at AP2

AP2 is a trade-intensive fund managed by a small number of people. During the year, an AI-based tool was implemented to select counterparties for trading in developed markets based on our and other customers' history. The tool also ensures the correct allocation between counterparties.

“ In 2025, we implemented our new fund management model and strengthened our long-term capacity.



A year of change and renewal

2025 was an unprecedented year in many ways. We saw a global economy in which markets continued to rise, while uncertainty in the world around us became increasingly evident. Geopolitical tensions, climate-related risks and rapid technological transition affected both the investment climate and people's daily lives. In such a landscape, our mission becomes clearer than ever: to contribute to a stable, sustainable pension system for ten million Swedes and for future generations.

Eva Halvarsson
CEO, Andra AP-fonden

Continued change for higher return

The aim of our new management model is to increase returns and be able to respond better to a complex environment, with a well-balanced level of risk. The structure and processes of the new management model were defined in 2024. In 2025, the focus was on putting the model into practice and building a more robust, dynamic portfolio.

The interaction between different asset classes, and our ability to react to market changes play an increasingly important role. Therefore, in 2025, we continued to develop our work on dynamic asset allocation. The new department has established clear working methods and has significantly improved our ability to seize

short-term and medium-term opportunities without compromising on our long-term mission. It is a way for us to increase our flexibility and raise our ambition on returns, while maintaining disciplined risk management.

We have also made changes to the fixed income strategy, with four fixed income portfolios having become two. The aim is to further strengthen clarity, coordination and return potential in an environment in which interest rate movements once again play a major role in the Fund's overall performance.

In the new model, we have moved towards more market-weighted exposure to developed equity

markets. This enables seizing more opportunities in technology, digitalisation and AI, areas that are currently driving a significant share of global growth. We are doing this with the same basic philosophy as always: AP2 will be a stable, long-term, predictable investor. At the same time, we need to ensure that the portfolio is equipped for the future, and that we closely follow the value-creating developments taking place globally. This move is therefore not about taking more risk, but about taking the right risk.

Intensive work to achieve more efficient management of the pension buffer

During the year, we also worked intensively on the incorporation of AP6, as decided by the Swedish Parliament, with the aim of creating more efficient management of the buffer capital. Our mission remains unchanged – to be a diversified buffer fund, working in the best interests of the pension system. We have taken great care to conduct a thorough Asset and Liability Management (ALM) analysis, which, according to the law, forms the basis for the allocation of our portfolio to different asset classes after the incorporation. Private equity is an asset class with high expected returns, but also high risk. We will significantly increase the proportion of private equity in the portfolio to 15 per cent of the strategic portfolio, which is a high proportion by international standards. If we were to increase the proportion even more, the risk would be too high and the expected, risk-adjusted return of the portfolio is estimated to be lower.

Now we have the responsibility to implement this in a manner that creates the most possible value for pensioners. We will continue to build on our

20 years of experience of successful private equity management, maintain strong relationships with the managers of the funds we are taking over from AP6, ensure that all processes and control functions function with high quality and that we manage liquidity and currency in the best possible way. I am particularly pleased to welcome around ten new employees to AP2, who will contribute to the management of the larger capital by strengthening several of the Fund's functions.

A larger private equity portfolio means we can continue to invest in the companies and innovations that will shape the economy of the future. This applies not least to venture capital with investments in early stages, where development is rapid and where a long-term actor like AP2 can continue to play an important role.

Sustainability remains important in a more complex world

The past year has also been characterised by an increasingly polarised debate on sustainability, both in Sweden and internationally. For AP2, however, the issue is straightforward: sustainability is not an option, it is crucial to the Fund's ability to deliver good long-term returns and contribute to a good pension. That sustainability pays off is one of our investment beliefs, and this applies to both the upside opportunities and downside risks.

We therefore continue to make sustainability a systematic, integrated aspect of the entire portfolio. A strong scientific basis is key to how we work in the focus areas of climate, biodiversity, human

rights and corporate governance. We often work with like-minded investors, both to share experience and to make common cause and influence companies to change on key issues. A particularly valuable collaboration is the Council on Ethics of the AP Funds, which provides us with important support on complex sustainability issues.

By being open and sharing our views on sustainability and how we continue to work on these issues in the long term, we can contribute to the debate. Sustainable development is crucial to a good pension for future generations.

New technologies are changing the world and how we work

AI continues to reshape both the economy and our everyday lives. In 2025, we took several steps to systematise how we use new technologies in our operations, both in our investments and in our internal working methods. This involves analysis, data management, scenarios and decision support, which can contribute to more efficient processes throughout the organisation.

Technology is not an objective in itself, but it creates the conditions for better quality, faster learning and greater scalability. We want to be at the forefront here, while safeguarding security, integrity and human judgement in every decision.

Employees, culture and cooperation

The year also demonstrated the strength of AP2's culture. We implemented major changes, while our employees continued to deliver high quality at a fast pace. The changes in our organisation, from the management model with a new Chief

Investment Officer (CIO) to the incorporation of AP6, would not have been possible without strong commitment, an open culture and a willingness to innovate. We need to combine a long-term approach with relevance, and stability with development. This is exactly what we work towards every day.

For me, it is important that we continue to combine professionalism with humility. We manage part of the Swedish pension capital, and this is a responsibility that carries obligations. Our work has an impact on the stability of current and future pensioners. We must always bear this in mind in everything we do.

Moving forwards with higher ambition

We enter 2026 with a clear direction and enhanced capacity. The portfolio is more robust, more dynamic and better adapted to a world in which change is the only constant. We have further raised our ambition in terms of returns, while maintaining clear discipline in risk management. For the new year, we have also strengthened the organisation with new employees who will help build an even stronger team for the future.

I would like to say a warm thank you to all employees for your commitment throughout the year. And thank you to the Board for working together well in a time of renewal. Together, we will ensure that AP2 continues to be a stable, responsible manager of the Swedish people's pension funds.

Eva Halvarsson
CEO of Andra AP-fonden



“
Most of the capital is managed internally, giving us control and allowing employees to develop effective working methods. This is a strength that we will build on.

Contributing to a secure pension is meaningful

What attracted me most to the role of Chief Investment Officer (CIO) of Andra AP-fonden was the important social mission. It is incredibly meaningful to be part of something bigger – helping people receive a secure pension. The Fund also has an exciting portfolio and an organisation with deep expertise and excellent cooperative working relations.

Anna Hammer
Chief Investment Officer (CIO)

A year of change and opportunity

2025 was an intense, eventful year – both for AP2 and for the world economy. Global markets were affected by geopolitical tensions, uncertainty about the future of the US economy and a weaker dollar. All this made 2025 a unique year in which major issues were on the table and we at AP2 needed to perform extensive analyses of the business environment.

Despite a volatile market climate, the year was characterised by positive stock market performance, which benefitted the Fund's returns, but it is important to also look beyond short-term fluctuations. It is our job to balance risk and return over time. We do not want any pensioner

cohort to suffer from reduced pensions owing to the braking mechanisms of the pension system. Consequently, we need to take risks – but in a responsible manner.

During the year, we prepared for one of the Fund's biggest changes: the integration of AP6's assets in its management. This is a major task and an important responsibility, while it is also an opportunity to make our asset management even better. We worked with AP6 during the year to ensure that capital and knowledge could be transferred reliably and that the organisation had the capacity to manage the larger capital.

» [Find out more on page 18.](#)

A changing management model

AP2 has had a strategy that has entailed a slightly lower risk level than the other AP Funds. One purpose of the pension system's diversification with several AP Funds is that the funds should not act in exactly the same way. AP2's proprietary ALM model forms the basis of the risk level chosen by the Fund in a long-term perspective. The Fund's focus on lower risk has resulted in a slightly lower return, given market performance.

The Fund has developed a new management model with the aim of achieving higher returns with balanced risk. In 2024, the new model was launched with the focus on dynamic asset allocation, increased transparency and clear accountability. Taking this work forward has been one of my main tasks since joining the Fund. The new strategy allows the Fund to respond better to a changing world and to generate returns over different time horizons.

An important part of our strategy is to capitalise on the high level of expertise available at the Fund. We have a fantastic team with great expertise in their respective fields. Most of the capital is managed internally, giving us control and allowing employees to develop effective working methods. This is a strength that we will build on.

Fast pace of change in asset management

AP2 has a high proportion of non-listed assets where private equity plays an important role. During the year, we decided to further increase the proportion of private equity and this will take place as assets are transferred from AP6. This

also means intensive work to adapt the existing management to a new larger scale and ensure continued high returns from the asset class.

The management of listed equities in developed markets was remodelled during the year. This involves greater adherence to a market-weighted index, with value-creating quantitative models that act on signals based on two different time horizons. The assessment is that this will create better opportunities to generate returns.

Fixed income management was streamlined during the year to enable even greater value creation, while the quantitative credit mandate models continued to evolve.

We have a significant presence and expertise in emerging markets, both in equities and fixed income. This forms an important part of AP2's long-term strategy to generate returns and diversification. By investing in regions with strong economic development and in emerging markets, we can capitalise on future growth potential, while managing risks with great care.

In addition, we create the conditions for stable high returns by combining a long-term perspective with dynamic asset allocation and responsible risk management in a world of rapidly changing market conditions.

Investments based around sustainability

Exemplary management is part of our mission and means taking responsibility both in our investment processes and as owners. This means making good investments in the best interests

of pensioners, in terms of both return and risk, and in terms of our impact on the environment and the society in which we and our holdings are located. Each investment is tested against our requirements for return, risk and sustainability. As an owner, we monitor portfolio risks and work actively to ensure that our portfolio companies take responsibility for people and the environment. In this way, we help improve both sustainability and long-term value growth.

Opportunities and responsibilities in a changing world

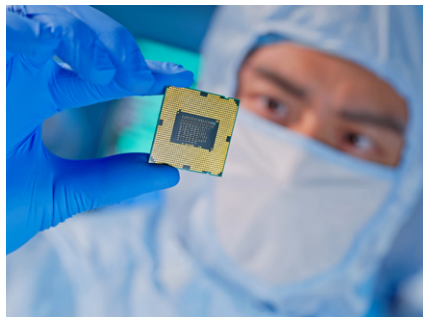
As we look ahead, we continue to monitor developments in the world around us, adjusting our strategy and allocating our portfolio according to the prevailing conditions. The structure of economic development is now changing rapidly and our focus is on ensuring that we are well placed to navigate this environment. I look forward to continuing to develop our work towards a good pension for all generations with my colleagues.

Total portfolio market value at 31 December 2025 and return in 2025

	Market value, SEK billion	Return, %	Contribution, %
Equities			
Swedish equities	54.9	7.7	0.8
Developed markets equities	111.5	14.9	3.2
Emerging markets equities	49.8	28.0	2.4
Private equity	57.3	7.9	1.0
Real assets	70.7	-4.5	-0.8
Fixed-income securities			
Government bonds in developed markets	46.1	2.6	0.3
Credit bonds in developed markets	45.0	6.2	0.6
Bonds in emerging markets	23.7	7.5	0.4
Private debt	17.0	8.6	0.3
Currency contribution			-3.5
Currency hedging	4.0		
Overlay	-4.9	-	0.0
Absolute return mandate	0.1	-	0.0
Total incl. currency hedging	475.2	4.7	4.7



Tariffs. The year was characterised by trade concerns. The new US administration imposed extensive tariffs, leading to volatility, rising interest rates and cautious investment.



Plenary session of the Central Committee of the Chinese Communist Party. One of the key messages was that China wants to become self-sufficient, especially in technologies such as semiconductors for AI, software and biotechnology.



Weak Swedish economy. Swedish households acted more cautiously and consumed less than expected, especially in retail and travel.

The era of deglobalisation

2025 marked a shift towards greater economic uncertainty as the US imposed tariffs that shook world trade while challenging the principles of globalisation. Despite gloomy forecasts, the global economy demonstrated resilience, largely thanks to proactive behaviour by businesses and consumers. China demonstrated, with its own tariffs, the dependence of the US on various inputs and chose to focus on self-sufficiency in its new five-year plan. The Swedish economy was weak owing to caution among consumers and weak consumption, but picked up towards the end of the year.

Tariffs on everyone

2025 was an eventful year, with a strong focus on the new US administration led by Donald Trump. Following the announcement of sweeping external tariffs on Liberation Day in April, the world entered an era of greater economic uncertainty and geopolitical change.

A week after the tariffs were announced, resulting in sharp falls in stock markets and rising interest rates, Trump backed down to 10 per cent 'reciprocal' tariffs (excluding China) and imposed a 90-day pause for bilateral negotiations. Tariffs against China escalated to a peak of 145 per cent before being reduced following negotiations in Geneva in May. At the end of the year, a new agreement was reached following negotiations in South Korea with both presidents present.

Uncertainty about the tariff levels that would apply made companies cautious about their

investments during the year. Tariffs on imports to the United States rose from an average of 2.4 per cent to around 18 per cent in 2025.

Legally and economically challenged

The legality of the President's decisions on tariffs has been challenged and the US Supreme Court started investigating the case at the end of the year. A setback for Trump would increase uncertainty, as he is expected to respond by imposing tariffs bilaterally instead of on everyone. At the same time, clarifying the power of the presidency is positive in a long-term perspective.

From an economic point of view, tariffs are usually regarded as a kind of tax, specifically linked to trade. They increase the prices of imported goods and components, thereby eroding consumer purchasing power. At the same time, tariffs protect domestic industry and, as a result of higher prices, tend to reduce international trade.

This means that trade tariffs run counter to the globalisation we have seen over the last century, where countries have been linked by increased trade, capital flows, cultural exchanges and greater dissemination of innovations.

Resilient economy supported by lower policy rates

The forecasts for the economic impact of the tariffs were discouraging. Global growth was expected to be the lowest since the pandemic, but with the fairly immediate suspension of tariffs, the negative economic impact was much smaller than initially feared. In addition, manufacturers, importers and exporters all acted in advance by producing and building stocks, which contributed to stronger economic activity in the first half of the year. The effects of this, combined with new trade routes, showed that the global economy was resilient in the face of tariff turbulence, and growth held up relatively well over the year. As a measure of economic sentiment, purchasing managers worldwide were initially sceptical about an economic upturn in the wake of the tariffs, but took heart and saw demand gradually improve from May onwards.

Inflation continued to fall during the year. Most central banks in developed countries cut policy rates. These cuts are now deemed to be finished in most cases. On account of the import tariffs in the United States, inflation there did not fall to the same extent and the US Federal Reserve did not reduce rates until later in the year.

China aims to become self-sufficient

The geopolitical consequences of the more transactional US foreign policy, focusing

on individual deals rather than long-term relationships, led to a re-evaluation of old norms and relationships. This applied to both allies and 'adversaries' and coloured much of the year from a geopolitical perspective. China was the only country to counter the US with its own tariffs, showing the vulnerability of the US in its dependence on various inputs, mainly rare earth metals. A clear consequence of the new global environment emerged in China's Fifteenth Five-Year Plan, formulated during the autumn plenary session of the Central Committee of the Chinese Communist Party. This plan particularly emphasised the areas that China wants to prioritise going forward. One of the key messages was that China wants to become self-sufficient, especially in technologies such as semiconductors for AI, software and biotechnology. This means that China will do everything it can to reduce its dependence on US technology in particular in these areas over the next five years.

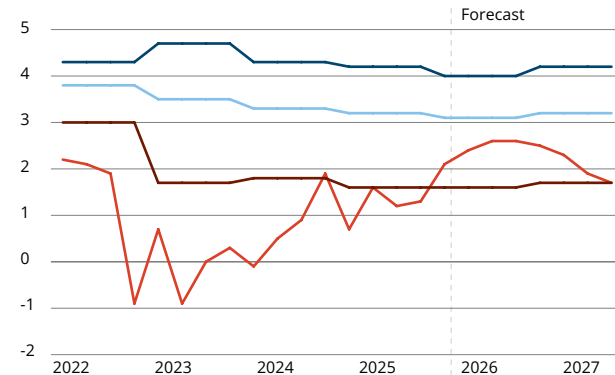
Weak Swedish economy

Swedish growth was weaker than expected in 2025. Swedish households acted more cautiously and consumed less than expected, especially in retail and travel. Many people prioritised savings and repayments, but consumer confidence gradually increased during the autumn. Lower interest expenses and more supportive fiscal policy contributed to the improvement in household sentiment. Higher GDP growth in the autumn and forward-looking indicators point to the Swedish economy picking up speed. At the same time, unemployment has been rising in recent years, but is expected to turn downwards in 2026 as the economy improves.

GDP growth (annual rate, %)

■ Emerging economies
■ Developed economies
■ The world
■ Sweden (Riksbank forecast)

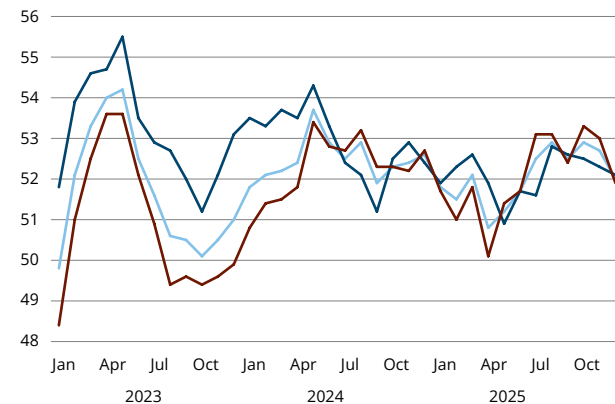
Source: IMF and Riksbank forecasts



Global purchasing managers' index (growth above 50)

■ Composite index of services and industrial sectors
■ Emerging economies
■ Developed economies
■ The world

Source: JP Morgan/ S&P Global



Our portfolio

When we build our portfolio, we make decisions on multiple time horizons and dimensions. The Fund's mission is to generate the greatest possible benefit for the pension system and manage the capital in an exemplary manner. We achieve this by choosing a long-term portfolio that has a sufficiently high expected return to meet the needs of the pension system. At the same time, we ensure that the portfolio is diversified so that the risk is not higher than it needs to be.

In the medium and shorter terms, we dynamically adjust the portfolio to developments in the external environment. We take sustainability into account at all stages of the investment process. The key to our success is our employees, working together in structured processes to meet our targets.

The needs of the pension system

We use an Asset and Liability Management (ALM) analysis to establish the needs of the pension system, and we use a proprietary model to make these forecasts. We make assumptions about how the population, financial markets and other parameters will develop in the long term. Based on this analysis, we select the long-term portfolio that we believe will make the best contribution to maximising future pensions. By this we mean that the system should be strong enough for pensions

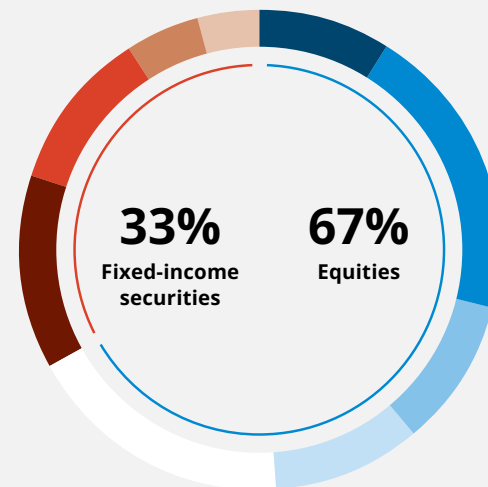
to grow at the same rate as wage growth in Sweden. The horizon we focus on is 30 years.

» [Find out more on page 20.](#)

Long-term portfolio

The long-term portfolio should have a sufficiently high expected return. This boosts the financial position of the system. At the same time, the risk must not be so high that the probability of the brake being applied to the pension system increases. By means of diversification, we assume no more risk than necessary. For example, we do this by investing in different asset classes in different parts of the world. In addition, we invest across currencies and in both listed and non-listed assets. The Board of Directors decides on the framework for the long-term portfolio, our strategic allocation. The management and

Andra AP-fonden's strategic asset allocation, 2025, % of the Fund's capital



Fixed-income securities

Government bonds in developed markets	13%
Credit bonds in developed markets	11%
Bonds in emerging markets	5%
Private debt	4%

Equities

Sweden	9%
Developed markets	20%
Emerging markets	10%
Private equity	10%
Real assets	18%

employees are responsible for the detailed long-term design of the portfolio, our operational portfolio. It complements the strategic allocation with strategies for each asset class. For non-listed asset classes, a market index is never an option; here we develop our own strategies for how to invest.

Dynamic adjustments

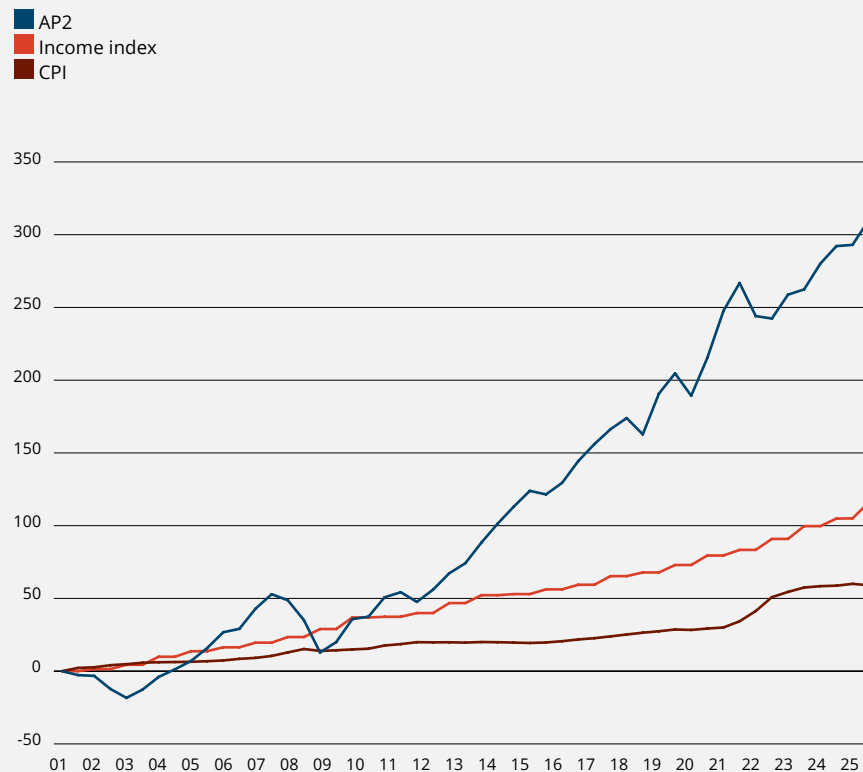
Conditions in the world are constantly changing. Our long-term forecasts and strategies will not always materialise in the short term. Therefore, we continuously adjust the portfolio to increase the risk-adjusted return. Major decisions are made as a group, within the allocation decided by the Board of Directors, while some decisions are made by individual portfolio managers. For example, one particular region may have better yield prospects than others. An increased allocation to, for example, Europe or emerging markets takes place within what we call dynamic allocation. We use quantitative signals, which we combine with qualitative economic analysis. Some individual companies may sometimes also be expected to outperform others. Such decisions on choices of securities are made in what we call operational management. This is done through both quantitative and fundamental analysis.

Long-term outcome

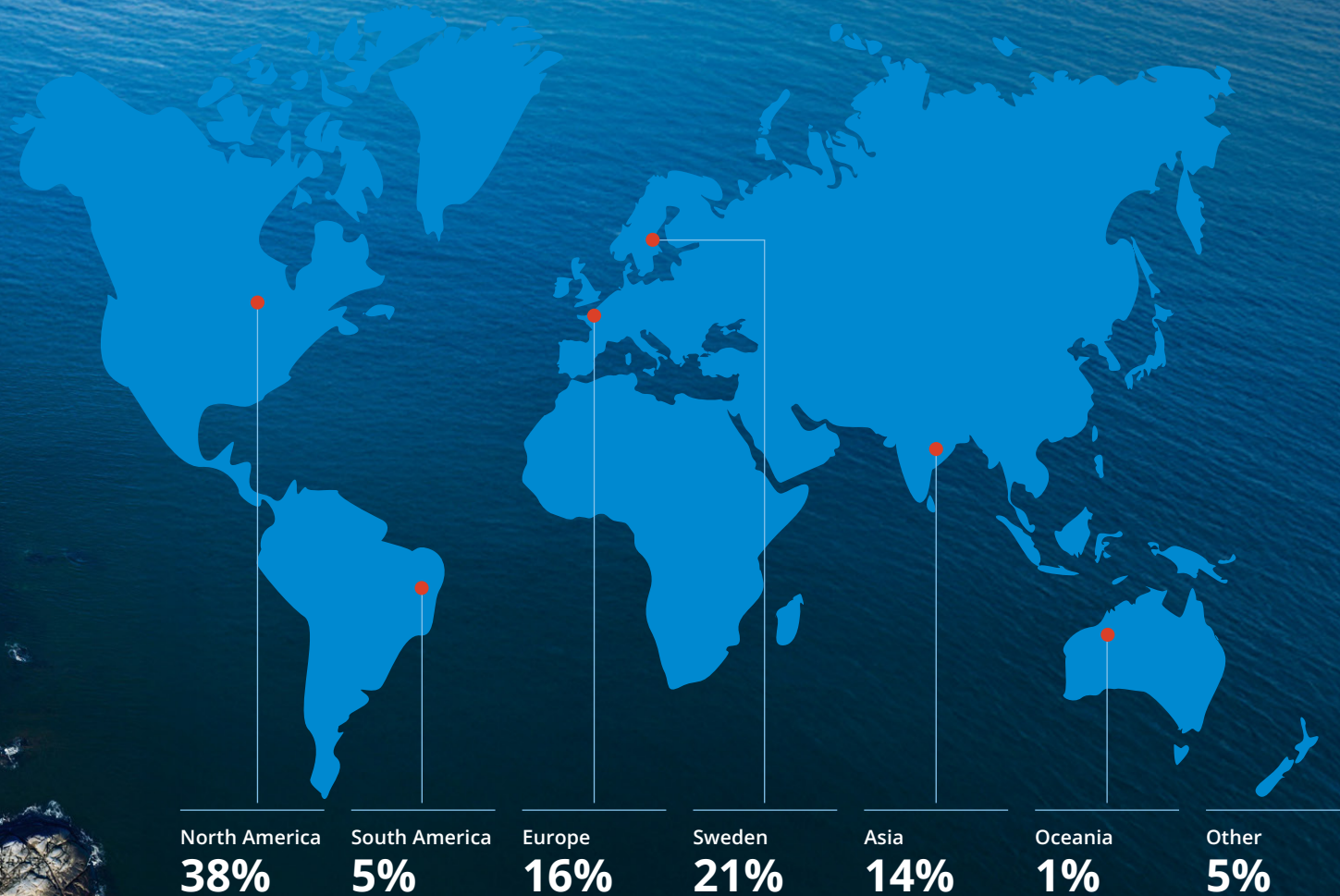
In connection with the development of the new management model in 2024, AP2 designed a portfolio that is expected to generate a long-term average nominal annual return of 7 per cent, which means approximately 5 per cent in real terms.

Since 2001, the Fund's real return has been 3.9 per cent, compared with the expected real return, which has averaged 4.6 per cent over the period. Consequently, the realised real return has not been quite as high as expected. The recent exceptionally high inflation has contributed to this. Over the same period, the real growth of the income index has been 3.1 per cent. Our real return has thus marginally exceeded wage growth in Sweden, which means that we have contributed to a stronger pension system via the higher return. Measured over the last ten years, our real return has been 3.4 per cent. The income index grew by 3.3 per cent in real terms over the same period.

Long-term trend 2001–2025, %



Andra AP-fonden's portfolio in different geographical markets



A turbulent year for equities worldwide

2025 was another dramatic year on the world's stock markets, characterised by political posturing and rapid fluctuations.

President Trump's inauguration in January set the tone, and his aggressive tariff policies culminated in Liberation Day in April, forcing stock markets to their lowest points in the year. After tariffs were eased, inflation was kept under control and central banks acted with restraint, markets recovered quickly. The MSCI World equity index rose by 18 per cent over the year, which meant more than 40 per cent in two years (in local currency).

Although concerns about an AI bubble started to emerge in October, it was AI- and technology-related companies that contributed most to the rising stock markets over the year. Whether it is a bubble or not remains to be seen. But unlike the IT & telecoms bubble, these companies are generating, at least in the near term, growth in both sales and profits that exceeds that of the stock market.

Well exposed to the world's different stock markets

AP2 is well exposed to the world's stock markets through its four different equity portfolios. Our quantitatively managed portfolio with focus on emerging markets was the best performer, despite

the negative impact of the appreciation of the Swedish krona. The developed markets portfolio, with over 70 per cent exposure to the United States, benefited from the continued strong performance of US equities, particularly Google and Nvidia.

In Sweden, smaller companies underperformed larger ones and the valuation gap between large and small companies is now at historically high levels.

High activity in non-listed equities

During the year, AP2 maintained a close dialogue with both existing and new managers of non-listed equities and made several new investment commitments in both existing and new strategies. 2025 demonstrated some recovery in both investment volumes in private equity funds and divestment activity, with further improvement hoped for in 2026. During the year, we also decided to increase the exposure to private equity from 10 to 15 per cent of the Fund's total portfolio.

The journey towards net zero continues

The proportion of Swedish holdings that are climate-adapting towards net zero is increasing,



“Equities management is a marathon, not a sprint.”

Jonas Eixmann, Head of Equities

and Scope 1 and 2 emissions decreased for the second year in a row.

In our international equity portfolios, our continued sustainability work involves designing our indices according to PAB (Paris-Aligned Benchmark) criteria. These criteria ensure that our indices reduce emissions intensity at the pace required to meet the Paris Agreement targets. The path to this goal differs depending on the mandate, but we aim to perform one of the Fund's missions – to contribute to a sustainable transition.

Long-term investment horizon

In a world characterised by geopolitical unrest, an unpredictable US president and rapid technological developments, it is beneficial to have a long investment horizon and a consistent approach. Our main task is capital allocation. Therefore, we seek to expose our capital in all our different equity mandates to companies and markets that have the potential to grow over time, thereby creating an attractive interest-on-interest effect.

Equities management is a marathon, not a sprint.

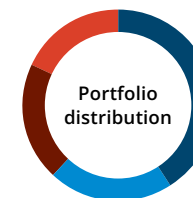
Equities

Return, 2025

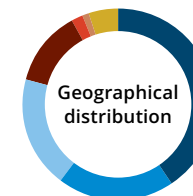
14.1%

Portfolio market value, 31 December 2025

SEK 273.5 billion



Developed markets	41%
Private equity, non-listed	21%
Sweden	20%
Emerging markets	18%



North America	41%
Asia	20%
Sweden	19%
Europe (excl. Sweden)	13%
South America	2%
Oceania	1%
Others	4%

Divergent developments in bond markets

Bond markets were volatile during the year and the drivers of market movements changed on several occasions. Lower policy rates and inflation were the positive driver, while the negative impact has largely been political factors.

We have seen major fiscal expansion in both Europe and Sweden, driven by the need for increased defence investment. The market has reacted to expectations of increased bond supply in several economies. In some countries, political disagreement has prevented decisions on fiscal tightening, which has contributed to higher long-term bond yields.

Balancing risk

Fixed income investments play an important role in the portfolio to balance risk and return. Last decade, we had a long period of low inflation, resulting in low returns in fixed income investments. This was followed by sharply rising inflation with tighter monetary policy and higher interest rates. Bond yields are now back to a level more in line with our long-term expectation, which we believe will generate a slightly positive real return.

Further development of the management strategy

AP2 differs from many similar funds in that we manage most asset classes internally. Our fixed

income management uses proprietary quantitative mathematical models that systematically aim to predict future returns. They provide cost-effective implementation of our best return strategy, given the risk we take.

During the year, we continued to develop our fixed income management strategy to ensure that we can continue to deliver good, sustainable returns going forward. We now have a Swedish nominal portfolio with a broad investment universe and a global portfolio with a clear sustainability focus, where we place great emphasis on the borrower and require a high degree of monitoring and reporting.

In quantitative credit bond management, we continued to develop our models and added new sources of active returns. We are now able to more clearly identify bonds that have fallen sharply in price, following downgrades to below investment grade (known as fallen angels), and also those bonds we consider 'cheap' in new issues. None of this is new to fixed income



“During the year, we continued to develop our fixed income management strategy to ensure that we can continue to deliver good, sustainable returns going forward.”

Ole-Petter Langeland, Head of Fixed Income

management, but it has been difficult to implement in fully model-driven management. The fact that we can now do this is partly a result of the synergies we have achieved through the reorganisation implemented in the previous year.

Sustainability focus

AP2 has long had a broad sustainability focus in its fixed income management. We invest in green bonds, social bonds and several other types of bonds for which the funds borrowed are earmarked and used to promote investment in areas we consider important for sustainable development. In 2025, we expanded our sustainability focus from green bonds to a larger global portfolio with a broad sustainability focus.

In our credit management, we still use a benchmark based on the PAB methodology to reduce the portfolio's carbon footprint. In the management of emerging market bonds, we continue to work with other investors and the IIGCC on a net zero framework for greenhouse gas emissions.

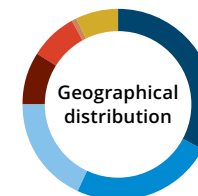
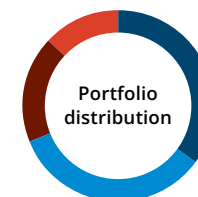
Fixed-income securities

Return, 2025

5.2%

Portfolio market value, 31 December 2025

SEK 131.7 billion



Cautious optimism for real assets

The year was characterised by a gradual recovery in real asset investment and cautious optimism despite geopolitical unrest.

AP2 has just over 15 per cent of its assets invested in real assets. Of these, 13 percentage points are invested in traditional real estate and in timberland and farmland properties (NCS, Natural Climate Solutions). Since 2020, we have also had a portfolio in sustainable infrastructure corresponding to just under 2 per cent of the Fund's assets. The Fund has decided to reduce the target allocation to real assets by 5 percentage points as a result of a corresponding increase to private equity.

Turnaround and new opportunities in the real estate market

Recent years have been challenging for the real estate sector, with rising interest rates and increased yield requirements, particularly for our foreign holdings. Hybrid working has changed the demand for office space as companies have sought smaller and high-quality spaces in central locations to increase office presence, while vacancies have increased in poorer locations. The US properties were further impaired during the year as actual values became clear at the higher transaction levels. However, towards the end of the year, we saw a clear turnaround as more and

more companies demanded more days of office presence from their staff, reducing vacancies. In 2025, we continued to sell several office properties that are not considered long-term investments.

Stability in timberland and farmland

AP2's NCS portfolio consists of investments in large-scale timberland and farmland properties spread across several continents. After a few years of strong returns as a result of rising commodity prices, higher demand and low global stocks, commodity prices have now fallen back somewhat and both timberland and farmland valuations have stabilised. Despite this, the outlook for the future remains positive, with rising demand for timberland and farmland products and a greater focus on climate-related revenue.

Sustainable infrastructure – investment for the future

AP2's investments are driven by three megatrends: higher electricity demand, the need for investments in power grids and increasing climate change. The portfolio currently comprises ten investments with a good spread in terms of



“ Since 2020, we have also had a portfolio in sustainable infrastructure corresponding to just under 2 per cent of the Fund's assets.

Helena Olin, Head of Real Assets

location and sector. The largest holdings include Generate Capital, which operates small-scale sustainable infrastructure. Generate was negatively affected during the year by low liquidity and regulatory changes for renewable energy development companies in the US. AP2 also has several funds with Copenhagen Infrastructure Partners, including the global flagship funds CIP IV and V focusing on solar and wind power development.

During the year, we sold our holding in Havfram, which manufactures installation vessels for the next, larger version of offshore wind power. This investment has yielded an average annual return of over 20 per cent over three years. Havfram is one of several co-investments with Sandbrook Climate Infrastructure Fund I.

Climate targets and sustainability work

We take an active approach to sustainability matters, with the aim of making all investments climate-neutral by 2045. For the eleventh consecutive year, we held sustainability days with our major real estate companies to jointly discuss targets, outcomes and opportunities for improvement.

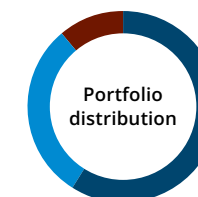
Real assets

Return, 2025

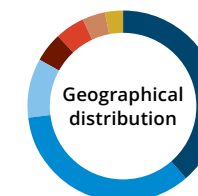
-4.5%

Portfolio market value,
31 December 2025

SEK 70.7 billion



Traditional real estate	59%
Natural Climate Solutions	30%
Sustainable infrastructure	11%



Sweden	39%
North America	35%
Europe (excl. Sweden)	10%
Oceania	5%
South America	5%
Asia	4%
Others	2%

Towards more efficient management of the buffer capital

In 2025, the Swedish Parliament decided to make the management of the buffer capital in the Swedish pension system more efficient. According to the decision, Sjätte AP-fonden (AP6) was to be incorporated in Andra AP-fonden as of 1 January 2026. The aim is to create more appropriate, cost-effective and long-term sustainable asset management that strengthens the pension system and thus the financial stability for Swedish pensioners.

In 2025, AP2 worked with AP6 on everything required to be able to take over responsibility for AP6's assets and commitments.

Unchanged mission: in the best interests of the pension system

The mission of the Fund remains unchanged. AP2 is a diversified buffer fund in which return and risk must be balanced based on the needs of the pension system. According to the law, the allocation between different types of assets must be based on an ALM (Asset and Liability Management) analysis.

In spring 2025, AP2 therefore conducted an ALM analysis to define how the Fund's capital should be allocated between different asset classes, including the capital from AP6. Based on this analysis, the strategic allocation to private equity in the portfolio will increase from 10 to 15 per cent. This is high by international standards, and is the level expected to provide the best risk-adjusted return.

Extensive preparations for responsible incorporation

The incorporation involved extensive work in close cooperation between AP2 and AP6, supported by the coordinator appointed by the Government. Many practical issues need to be addressed to responsibly take over all assets and liabilities from AP6 and continue to create value. Seven working groups worked on issues such as assets, business support and legal matters. The aim was to ensure a smooth transition, ensuring the presence of relevant expertise and managing investments responsibly.

The assets from AP6 will be split – approximately one third will be included in AP2's private equity portfolio for the long term and the remaining investments will be managed separately in a transition portfolio. The allocation was decided by the Government, based on an interim report by the Government's coordinator. AP2 provided information for the interim report based on the

desired long-term proportion of private equity in AP2's portfolio, as described above, and an in-depth analysis of AP6's various investments.

Focus on creating value over time

AP2 will manage the transition portfolio with the same attention, professionalism and care as its existing private equity portfolio. The focus will be on creating value and generating liquidity over time.

AP2 is well equipped to take on the expanded mission. With over two decades of experience of successful private equity investments, a globally diversified portfolio and an established strategy, the Fund has built up strong expertise and an international network. As part of managing and handling the increased capital, AP2 has boosted its organisation and in 2026 welcomes around ten new employees in asset management, business support, risk, legal and sustainability.





About Andra AP-fonden

Managing the Swedish people's pension capital

Andra AP-fonden's role in the pension system

The role of the buffer capital is to manage the difference between pension contributions and pension disbursements.

The income pension system is a distribution system. This means that the contributions paid into the pension system by the current labour force fund disbursements to current pensioners. If these contributions exceed the disbursements, the surplus is transferred to the buffer funds for investment. In the same way, money is transferred from the buffer funds if disbursements exceed contributions.

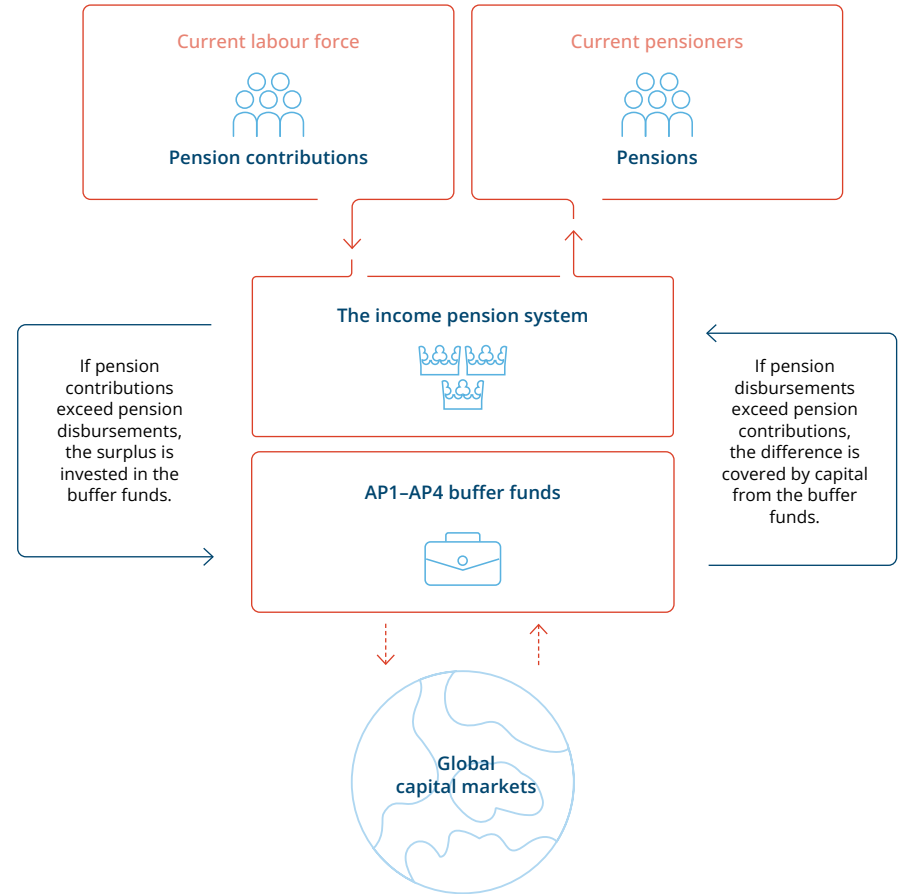
To ensure the long-term stability of pensions, the system has a balancing mechanism. If the pension system's liabilities become larger than its assets, a brake is applied. The increase in pensions is then slowed down to ensure the long-term sustainability of the system.

In autumn 2025, proposals were submitted for rules on surplus distribution in the pension

system, which would mean that pensions are increased when the surplus in the system is sufficiently large.

AP2 aims for the brake not to be activated. This objective is achieved based on an analysis of the pension system (using the ALM model). Besides future demographic development, macroeconomic variables such as employment, economic growth and income growth are key elements of the analysis. Other elements of the analysis are expected future returns and risk, and the mutual correlation between asset classes and economic aspects. The Fund also factors climate risk into its assumptions. Read more about ALM on pages 12 and 42.

» [Read more about the Fund's ALM model on the Fund's website.](#)



AP2's value creation model for a good pension

Mission

Our mission

Capital managed in an exemplary manner for the greatest possible benefit to the pension system.

Our goal

Minimise the impact of the automatic balancing mechanism over a 30-year horizon by means of exemplary management.


Our vision

A leading pension manager in a changing world.

Resources and premises

- Values**
 Results-driven, Engaged, Responsible, Open
- Asset and Liability Management (ALM)**
 Analysis of the business environment using a proprietary model that simulates the trend in the income pension system over the next 30 years.
- Management target**
 Generate a long-term average nominal return of 7 per cent per annum.
- Investment beliefs**
 - Collaboration and employees
 - Sustainability
 - Active management
 - Risk-taking and resilience
 - In the best interests of pensioners
 - Efficient processes
- Employees
 - System support and processes
 - Business intelligence

Process




Investment process
 Assets are allocated strategically to meet the needs of the pension system based on the ALM analysis.

The investment process then involves the selection of the specific assets in the portfolio, down to company and security levels.

Portfolio



Equities



Fixed-income securities

Value created – A good pension

Value creation over time

- Annual average return since inception 5.8 per cent.
- Net outflow to the pension system since inception SEK 74 billion.
- Increase in fund capital of SEK 341 billion since inception.
- Carbon footprint reduced by 38 per cent since base year 2019.

2025 Outcome

4.6%

Return including expenses

SEK 20.9 billion

Net result for the year

SEK 46 billion

Invested in targeted sustainability investments

Collaboration between the AP Funds

The AP Funds' Collaboration Council was established in 2016 and has since developed to include all AP Funds. The Collaboration Council strives for effective collaboration in various areas.

Role of the Collaboration Council

The Council ensures that the AP Funds work together, and creates the conditions for this to happen. Collaboration takes place in areas outside investing activities with the aim of achieving cost-effectiveness, efficient utilisation of resources and exchange of experience and knowledge.

Work in collaboration groups

The work is carried out in eleven different collaboration groups. The overall focus is on identifying areas in which there is potential for collaboration. A common feature of the collaboration groups is that they are run on the basis of the added value that collaboration creates both for each individual fund and for the funds as a whole.

There is an established structure and working methodology with continuous monitoring and

reporting. Among other things, this forms the basis for the Government's annual evaluation of the AP Funds.

Collaboration in 2025

What particularly characterised the collaboration and cooperation in 2025 was, of course, the fact that from 1 January 2026 there will be fewer AP Funds. The work involved was feasible thanks to the already established positive working relationship between the funds.

Procurement and evaluation of products and services is an area of ongoing collaboration for the AP Funds. Other examples of areas of collaboration are the AP Funds' joint training programme for specialist roles, and cooperation on international and domestic tax issues.



Collaboration takes place in the following areas:

- Business control
- Compliance
- HR
- Data security
- IT
- Legal
- Communication
- Reporting
- Risk and Performance
- Systems management
- CEO assistants & office

In addition to these functionally focused groups, there is also collaboration on sustainability, in part via the AP Funds' Council on Ethics (AP1-AP4).

A photograph of a woman with long, wavy brown hair and a child with blonde hair. The woman has a large, colorful tattoo of a rose on her right shoulder. The child is wearing blue denim overalls over a white tank top and has a small tattoo on their left arm. They are both looking towards the left of the frame. The background is a blurred fair or festival with many lights and people.

Sustainability

Promoting sustainable development
for people and the environment

Sustainability in the investment process

Sustainability is an important part of Andra AP-fonden's work to ensure a good pension for current and future generations. It is reflected both in the mission of exemplary management and in the conviction that sustainability pays off.

AP2 follows three different paths towards responsible and sustainable investments:

- We invest in solutions.
- We are active owners.
- We choose not to invest in sectors, countries and companies with particularly high sustainability risk.

Sustainability is factored into investment decisions

Sustainability is part of the analysis we carry out for our investments, along with assessments of return and risk. We consider both how various possible sustainability risk may affect the value of our investments and the impact we have on the world around us through our investments. At the end of 2025, AP2's investments in targeted sustainability investments totalled SEK 46 billion. These investments can be made in most asset classes and, in addition to generating a good return, should lead to a positive impact on people and the environment.

Supporting change as active owners

As we invest in many different kinds of assets, which are managed using different methods, our work needs to be adapted to each asset class.

For those assets where we invest in funds through external managers, such as private equity, we work closely with the managers and require them to have sustainability commitments, policies and processes in place when they invest. We regularly evaluate managers and have an ongoing dialogue with them on risks, opportunities and areas for improvement.

We regularly analyse our listed equity and corporate bond portfolios, both to identify potential risks and to identify incidents that have already happened. The analyses are specific to our focus areas:

- Climate risks are assessed using data on greenhouse gas emissions and estimates of companies' and countries' adaptations towards achieving net zero emissions. We also analyse how the portfolio may be affected by climate change through both physical and transition risks.
- In biodiversity, we analyse the impact and dependence of investments on natural resources and ecosystem services. A deeper analysis is also made of the portfolio's deforestation risk and companies' management of this risk.

- For human rights, we analyse risks based on the investments' links to sectors and countries with a high risk of human rights abuses. There is a strong focus on understanding companies' link to these risks through their supply chains.

Once we have identified risks, we strive to influence companies to manage them well. We do this through stewardship, as described on the next page.

The Council on Ethics of the AP Funds is a collaboration between AP1, AP2, AP3 and AP4. One of the Council on Ethics' areas of work is reactive work, which aims to identify and deal with cases where something has already happened in a portfolio company. Twice a year, the AP Funds' listed holdings are screened to investigate whether any company in the portfolio has failed to comply with an international convention or norm. For example, this may include forced labour, environmental degradation or money laundering. The Council on Ethics then works to influence the companies to address the situation and prevent it from happening again. If the company does not remedy the situation, the Council on Ethics may, as a last resort, recommend exclusion.

What AP2 does not invest in

The Fund opts out of investments if the sustainability risks are deemed to be particularly high. We do not invest in companies with significant operations in:

- Controversial weapons: cluster weapons, mines and nuclear weapons
- Cannabis
- Tobacco
- Fossil fuel

Countries' sustainability risks are also analysed via the Fund's country framework. We refrain from investing in countries where there is a particularly high risk of links to human rights abuses beyond our control.

About sustainability reporting

The sustainability information in the Annual Report is a summary. AP2 endeavours to comply with the Swedish Annual Accounts Act's guidelines for sustainability reporting in its previous wording, SFS 2016:947 (which includes the directive on non-financial disclosures).

More detailed information about the Fund's sustainability work is available at the Fund's website. A separate, detailed Sustainability Report will be published in the spring, following the TCFD, TNFD and UN Guiding Principles frameworks. See also the employee section on page 54 and the sustainability information on pages 79–84.

Responsible and active owners

Through stewardship, Andra AP-fonden can influence portfolio companies on various issues. For example, we can encourage companies to follow good corporate governance guidelines, disclose their emission reduction plans and ensure living wages in their supply chains. Stewardship takes place mainly through company dialogues, voting and work in nomination committees.

Stewardship is an important part of the work in all focus areas. The starting point for stewardship is the expectations we have of portfolio companies and managers, as formulated in our ten Ownership Principles.

Within each focus area, more detailed expectations documents are also published on our website. Through the analyses described on the previous page, we identify companies that do not meet our expectations and where we consider there to be a high sustainability risk.

AP2's ambition is to influence the companies identified as having high risk and inadequate management of these risks. Engagement is pursued if possible in collaboration with other investors, or otherwise on our own.

The Council on Ethics of the AP Funds

Dialogue with foreign companies is often coordinated via the AP Funds' Council on Ethics. The Council on Ethics conducts dialogues with the companies identified with non-compliance during the portfolio screening described on the previous

page. These are reactive dialogues. The aim of these dialogues is for companies to remedy the situation, compensate those affected and prevent what happened from happening again. At the end of 2025, the Council on Ethics had ongoing reactive dialogues with 35 companies identified as having a non-compliance. During the year, seven dialogues were concluded where the company had remedied the situation and the objective of the dialogue had been achieved.

The Council on Ethics' proactive work includes projects in five focus areas with complex sustainability challenges and systemic risks that affect both the AP Funds' investments and society: antimicrobial resistance, child labour and forced labour, climate change, tech companies and human rights, and water.

The Council on Ethics, in collaboration with the AP Funds, also develops position statements where necessary to clarify the AP Funds' position on certain sustainability matters. The common positions address complex sustainability areas and are based on the frameworks that guide the

work of the AP Funds and the Council on Ethics. By publishing the joint positions statements, the AP Funds want to clarify their views and expectations of companies on specific sustainability matters.

Collaboration with other investors

AP2 is involved in several collaborative initiatives that aim to support and strengthen companies' and countries' work on sustainability. In collaboration with other investors, we can achieve better results, engagement is more effective and we can engage in dialogue with more companies. We can also learn from other investors' experience and share our own. Sometimes AP2 leads dialogues with companies within the framework of collaboration initiatives.

Own dialogues

If a company identified with high risk and inadequate risk management has not already been engaged through collaboration, we initiate our own dialogue with the company. Prior to the dialogue, we evaluate the company on the basis of a number of parameters, which we then follow up over time to evaluate the dialogue. Active dialogues normally involve meetings with companies around twice a year. If required, the dialogue can be escalated via voting or shareholder proposals. Divestment is a last resort if the Fund has exhausted opportunities for engagement and there has been no result.

» Find out more about the work of the Council on Ethics in [the Fund's Sustainability Report](#) and at www.etikradet.se.

» A summary of key collaborations is available on the Fund's website.

Stewardship is the Fund's tool to exercise its ownership role in all focus areas



Climate



Biodiversity



Human rights



Corporate governance

← Stewardship →

At the end of 2025, 125 companies were identified as having a high sustainability risk, including:

- 7 with adequate management of the risk
- 51 engaged in collaborative initiatives, of which 17 where AP2 leads the dialogue
- 29 with active own dialogues
- 38 where dialogue is in the start-up phase, the company has been contacted but is not yet in an active dialogue.

Andra AP-fonden at this year's general meetings

In 2025, Andra AP-fonden voted at the general meetings of 1 315 listed companies, divided between 87 Swedish and 1 228 foreign companies. This means that the Fund voted for 85 per cent of the value of the Swedish equity portfolio and for 73 per cent of the foreign equity portfolio.

Swedish general meetings in 2025

The Fund had shareholdings in just over 140 Swedish listed companies at the year-end and voted at 87 annual and extraordinary general meetings in 2025. We aim to vote at general meetings in all companies identified in the Fund's selection process, taking into account the size of the investment, our place in the list of shareholders, our ability to exert influence and if any issue is of special interest.

During the year, the Fund supported the majority of Board and nomination committee proposals. However, in 25 cases, the Fund decided to vote against proposals concerning the following issues in particular:

- Incentive plans deemed incompatible with the Fund's guidelines. The reason was usually subsidies not linked to performance targets or the fact that the plans were otherwise deemed to lack relevant performance targets.
- Proposed increases in Board fees.
- Lack of diversity in the proposed Board.
- Shareholder proposals with either too much

operational focus or concerning issues where the company was already deemed to have satisfactory strategies and/or reporting.

Foreign general meetings in 2025

With voting as an important tool, we want to convey our views on a wide range of issues related to both corporate governance and sustainability matters. For the global equity portfolio, the objective over time is therefore to vote at meetings in all companies in the portfolio. Voting is via external advisors and is based on the voting guidelines that AP1–AP4 jointly prepare for each voting season. Ahead of the 2025 general meetings, we had updated the joint voting guidelines with AP1, AP3 and AP4. The guidelines are now clearer on issues related to auditor independence and remuneration programmes where remuneration is not linked to performance criteria.

For companies identified with an assessed high sustainability risk in our focus areas, proposals presented are scrutinised in greater detail and we vote according to an established escalation scale.

In 2025, the Fund voted in foreign companies in a total of 42 countries, with the largest representation in the United States, India and Japan. During the year, the Fund voted at 1 228 foreign general meetings. This corresponds to 73 per cent of the Fund's foreign equity portfolio in terms of market value.

During the period, the Fund voted in line with 82 per cent of Board recommendations. Where we voted against proposals presented, this was mainly because they did not comply with the AP Funds' joint voting policy on issues relating to:

- Insufficient diversity/independence on the Board. The Fund's view is that diversity on Boards and in management is of great importance for creating value in companies. We therefore draw attention, with our vote, to where diversity is not taken into account in Board proposals.
- Same auditors for many years.
- Shortcomings in remuneration programmes.
- Shareholder proposals where the company is deemed to already have adequate processes and/or reporting.

A few examples of shareholder proposals that AP2 supported are:

- **Amazon:** at the 2025 general meeting, shareholder proposals were presented regarding, among other things, greater transparency on the effects of AI and the company's efforts to identify material risk factors relating to working conditions.
- **Hewlett Packard, IBM and Visa:** proposals for enhanced reporting on how corporate funds are used for lobbying, which would improve shareholders' ability to evaluate the alignment of corporate policy efforts with stated objectives.

AP2's voting

» [AP2's voting guidelines describe the Fund's approach to relevant stewardship issues and what companies can expect from our voting.](#)

» [Our website also provides details of the Fund's voting.](#)

Swedish general meetings	2025	2024	2023	2022	2021
Number of general meetings (annual and extraordinary) voted at	87	142	127	121	134
Corresponds to % of the Swedish equity portfolio (market value)	85	96	87	77	86
Number of nomination committees	15	11	12	9	8
Foreign general meetings	2025	2024	2023	2022	2021
Number of general meetings (annual and extraordinary) voted at	1 228	1 311	1 401	1 261	1 092
Corresponds to % of the foreign portfolio (market value)	73	89	76	65	53
Number of items on the agenda	14 725	15 611	16 862	15 663	13 756
Voting in line with Board recommendation, %	82	82	77	78	81

Our four focus areas

The Fund's four focus areas are climate, biodiversity, human rights and corporate governance. For these areas, we have defined challenging targets that we aim to meet in our work.



Climate

Global warming will affect future generations with far-reaching economic, environmental and human consequences.

AP2 will achieve net zero greenhouse gas emissions by 2045 at the latest.

The Fund's target is for the entire portfolio to be in line with the Paris Agreement, i.e. for the portfolio's greenhouse gas emissions to be reduced at a rate that can limit global warming to 1.5 degrees. Under the Paris Agreement, net zero emissions must be achieved by 2050. As Sweden has committed to a steeper reduction, with net zero by 2045, we believe that this target should also apply to AP2.

AP2's greenhouse gas emissions will decrease by at least 35 per cent by 2025, and by 55 per cent by 2030.

According to research, emission reductions need to happen quickly to limit global warming to 1.5 degrees. We are therefore aiming for a significant reduction by 2025 and by 2030. These targets have a base year of 2019. The interim target for 2025 has been achieved.

» [Read our climate plan.](#)



Biodiversity

Nature, with its resources and ecosystem services, is essential for human existence and for all economic activities. At the same time, biodiversity is declining faster than at any time in human history, with widespread and irreversible consequences.

AP2 will contribute to a positive net trend for the natural environment by 2030.

This is a long-term target for our work on biodiversity. There is not yet any consensus on what the term nature-positive means. AP2 has nevertheless chosen to use the concept as an overall goal, in which nature, with biodiversity, ecosystems and natural capital, develops in a positive direction and the Fund contributes to this development. Once there is a common understanding of the concept, we will review the goal in that light.

By 2025, AP2 will have a portfolio that does not contribute to deforestation.

This target is in line with the commitment made by AP2 in connection with COP26 to work towards a portfolio free of deforestation caused by critical raw materials by means of risk identification and engagement. We have achieved the objective of having processes in place for this work, which will continue beyond 2025.

» [Read our biodiversity plan.](#)



Human rights

Human rights are at the centre of sustainable development and need to be protected to ensure a just transition.

As of 2025, the Fund's operations will be conducted in line with the UN Guiding Principles on Business and Human Rights.

This relates primarily to the Fund's management activities. In short, this means avoiding negative impact on human rights and strengthening the possibility of remediation. This will be done by means of continuous processes to identify, manage and reduce risks to people in our investments. By 2025, we have achieved the target and have implemented the processes required by the UN Guiding Principles.

A human rights perspective will permeate all parts of AP2's operations by 2030, in line with the UN Guiding Principles.

In practice, this means further strengthening our compliance with the UN Guiding Principles by ensuring that all Fund activities are conducted in line with them.

» [Read our human rights plan.](#)



Corporate governance

The Fund's basic assumption is that well-managed companies with good corporate governance and diversity are more likely to generate profit and avoid risks.

The Fund's listed holdings will have on average at least 40 per cent of each gender on the Board by 2030.

The Fund's basic assumption is that companies that focus on diversity, equity and inclusion not only take sustainability matters very seriously, but are also more competitive and thus create better value. The Fund will have actively influenced portfolio companies to have a strategy for diversity, equity and inclusion.

AP2's overall goal of corporate governance is to contribute to a better return in the portfolio, and the Fund therefore takes an active approach by voting on relevant issues at general meetings in all listed companies.

It is the responsibility of both shareholders and the Board to ensure that the Board has the right conditions and working methods for effective Board work. This includes a Board composition that recognises diversity and independence and has a clear division of roles and responsibilities. To achieve the goal, AP2 exerts influence by voting and by collaboration with other stakeholders on, among other things, the development of national corporate governance frameworks.

» [Read our voting guidelines.](#)

AP2 focuses its sustainability work on the issues that are most material, based on the principle of double materiality, which takes into account both the financial impact on the Fund's assets and the impact of the assets on people and the environment. The materiality analysis also takes into account the importance of the area to the Fund's stakeholders. The ongoing dialogue with our stakeholders gives us important guidance on how they view our mission and operations in relation to sustainability and returns. For more details on stakeholder dialogues, see page 82.

Climate

In 2025, Andra AP-fonden refined the analysis of changes in portfolio emissions and initiated more company dialogues. We have achieved the two interim targets set for 2025 – an emissions reduction of more than 35 per cent and climate plans that show the way towards the target of net zero for the entire portfolio by 2045.

AP2's greenhouse gas emissions have fallen

Greenhouse gas emissions have been measured for all asset classes except private debt and totalled 7.6 (7.6) million tCO₂e in 2025. This represents a reduction of –38 per cent since the base year 2019, which means that our interim target of a 35 per cent emission reduction by the end of 2025 has been met. The marginal year-on-year increase in the portfolio's total emissions is mainly explained by real asset classes, where emissions have increased slightly compared to 2024. By contrast, the listed equity portfolio, which accounts for the largest share of our emissions, remains broadly at the same level as last year. In 2025, emissions from the listed equity portfolio decreased to 5.3 million tCO₂e, a decrease of 2 per cent compared to the previous year. The decrease is mainly driven by changes in portfolio composition, which account for –1.8 percentage points of the change, while companies' emission reductions contribute a further –0.2 percentage points. Overall, this means that both portfolio choices and the companies' own emission reductions contribute to reducing the Fund's greenhouse gas emissions.

Refined analysis of changes in emissions in the portfolio

During the year, we refined our methodology for analysing changes in portfolio emissions based on a framework developed by MSCI. The aim is to understand what drives changes in portfolio emissions over time. We aim to separate the actual changes in companies' greenhouse gas emissions from the effects that come from management decisions on portfolio changes and the market effects that have financial causes, such as changes in companies' market capitalisation. The conclusions of the analysis will be presented in the Sustainability Report to be published in spring.

Continued focus on company dialogues

Dialogues are an important tool for stimulating companies' transition towards net zero. We analyse companies' climate work and assess their adaptation towards net zero based on emissions data and forward-looking plans. Via this assessment, we identify high-risk companies with high emissions and where we see a need for clearer adaptation towards net zero. These companies are prioritised in our company

dialogues. The dialogues are based on and monitored against our expectations of the companies, which in brief include:

- Net zero commitment.
- Targets for emission reductions.
- Climate plans with investments and governance.
- Transparency with reporting according to TCFD (Task Force on Climate-Related Financial Disclosures) reporting.

Based on these criteria, the companies in the portfolio perform well in terms of transparency, with over 90 per cent of the high-emitting companies in the portfolio reporting in accordance with the TCFD. We also see that 76 per cent have made commitments to move towards net zero. At the end of 2025, AP2 had active dialogues with 23 companies on climate and another 30 were in the start-up phase.

Countries' climate adaptation towards net zero

We have also improved our model to assess how countries are adjusting towards net zero. The assessment is now based on ASCOR (Assessing Sovereign Climate-related Opportunities and Risks), a transparent, academic framework for climate risks associated with government bonds. The database has been expanded to include more countries, providing greater transparency and a better basis for decision-making. During the year, AP2 contributed to the work of Principles for Responsible Investment (PRI) and the Institutional Investors Group on Climate Change (IIGCC) to develop guidelines for integrating climate risks in investments in government securities.

Change in greenhouse gas emissions versus base year 2019

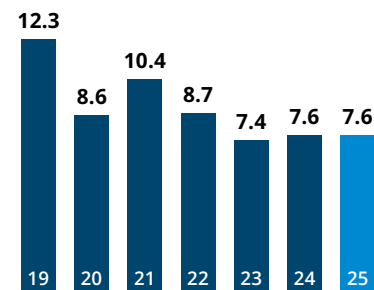
2030 target	2025 Outcome
–55%	–38%



Progress in 2025

AP2 now has climate plans towards net zero emissions for the entire portfolio.

Greenhouse gas emissions, million tCO₂e.



Biodiversity

Deforestation is the area of biodiversity that is most material to our portfolio. During the year, we worked to fulfil our commitment to a portfolio that does not contribute to deforestation. Processes are now in place to identify and manage deforestation risk in the portfolio and we will continue with this work beyond 2025.

An important partnership has ended and is being replaced by a new one

AP2 was one of around 30 investors in the Finance Sector Deforestation Action (FSDA) partnership, which ended as planned at the end of 2025. Since its inception in 2021, FSDA was a driving force for investors looking to manage deforestation risk. The initiative was an important platform for us to share knowledge and experience, and to collaborate in company dialogues with common expectations of the companies. All participating investors now have policies that address deforestation risks.

» [Here is AP2's policy against deforestation.](#)

Over four years, we and the other investors in FSDA were engaged in dialogues with some 70 companies, banks and decision-makers. Among companies, we have seen progress against several of the initiative's expectations for companies. Among other things, we have seen a marked increase in company reporting, more companies making public commitments against deforestation and a higher number of companies

that can demonstrate tracking and control of deforestation-free supply chains.

However, much work remains to be done on this complex issue and it is important that we and other investors remain engaged. Following the end of FSDA, work continues under the Deforestation Investor Group (DIG), launched in January 2026, and coordinated by the Institutional Investors Group on Climate Change (IIGCC). AP2 plans to join this initiative, with the aim of helping reduce financial risks linked to deforestation and ecosystem change.

Analysing, managing and improving monitoring of deforestation risk

We have continued to analyse deforestation risk in the listed portfolio on an ongoing basis, using the model developed by the think tank Climate & Company in collaboration with AP2. During the year, major changes took place in the global equity portfolio, which means that the list of high-risk companies was updated during the autumn and new dialogues are being initiated.

Based on this analysis, in late 2025, we identified 35 companies with activities or a geographical presence that pose a very high deforestation risk. The most common sector is that of companies linked to the food value chain, and particularly high-risk agricultural products such as beef, soya and palm oil.

In the next step, we analyse how companies manage the risk, for example through commitments to deforestation-free sourcing, policies and processes. During the year, we developed a methodology for evaluation, which we also use to monitor progress in company dialogues. Once a company has been identified as high risk, the company's management of deforestation risk is assessed based on a number of KPIs. These are summarised in four parameters: commitment, policy, process and transparency. With a total weighted score of at least 75, on a scale of 1–100, a company's management is deemed robust, which was achieved by four high-risk companies in 2025.

AP2 aims to conduct company dialogues with the remaining 31 high-risk companies where we have not been able to verify adequate risk management. Many dialogues are conducted in partnership with other investors under initiatives such as the above FSDA, Nature Action 100 and PRI Spring. At the end of 2025, we had active dialogues with 27 companies directly or indirectly through partnerships, and four are in the start-up phase. The companies with which we are conducting a dialogue had an average score for their management of deforestation risk of 30 (1–100).



Progress in 2025

New methodology to evaluate and monitor dialogues and companies' management of deforestation risk.



Active dialogues Companies with high deforestation risk





Human rights

The objective of operating in line with the UN Guiding Principles has been achieved, with all processes in place for all asset classes. Work continues on, among other things, formalising our screening and influencing companies to manage their risks. During the year, there was a greater focus on living wages, and new dialogues were initiated.

Companies with elevated risk

Twice a year, AP2 identifies companies with an elevated risk of human rights abuses. These are referred to as high-risk companies. We engage in dialogue with these companies to support their efforts to manage the risks. The aim is to conduct dialogues with all identified companies.

During the year, we focused in particular on risks related to living wages and worked on formalising the screening process. The autumn screening identified 34 companies in the portfolio, some of which are new and others already known. During the autumn, we evaluated the new companies and started a dialogue with several of them.

Investor partnerships

21 of our high-risk companies are managed in investor partnerships. This gives us economies of scale, a valuable exchange of experience and greater opportunities to influence the companies. AP2 leads the dialogues with five of these companies.

Platform Living Wage Financials (PLWF) works for living wages in global supply chains. AP2 has

long had a dialogue with textile companies in PLWF and is now also following companies in the agricultural sector.

In PRI Advance, we engage in dialogue with renewable energy companies and companies in the mining industry.

Analysis and monitoring

The dialogues are monitored in the respective investor partnerships. In general, the dialogues have developed positively and many of the companies in PLWF have improved their scores in the annual PLWF benchmark.

For its own dialogues, AP2 has started to make monitoring more systematic, and this work will continue in 2026. We assess and monitor companies' performance in categories such as commitment, processes, transparency and remediation.

Overall, we find that the majority of companies have relevant policies and codes of conduct in place, but that transparency and processes

relating to grievance mechanisms and remediation are poor. Furthermore, we see great potential for improvement in the areas of freedom of association, collective agreements, living wages and transparency in the supply chain.

Impact in practice

In partnership with other investors in PLWF, AP2 has had a dialogue with Inditex for several years. The dialogue has been about providing feedback on progress and challenging the company to improve its work on living wages.

In addition to the dialogue with the company, AP2, with other investors, has expressed views at Inditex's general meeting. At the general meeting, the Board was asked questions about their work on living wages to further highlight the importance of this issue.

Inditex's work is monitored in PLWF's annual evaluation. The company raised its score and made clear progress over the year. Inditex also increased its transparency on internal processes and further developed and strengthened its work on freedom of association and collective agreements. In addition, procurement processes were improved, and work on grievance and remediation processes was improved.

Enhanced online reporting

During the year, AP2 increased the reporting on its human rights work on the Fund's website. The aim is to increase transparency around our policies, processes and monitoring.



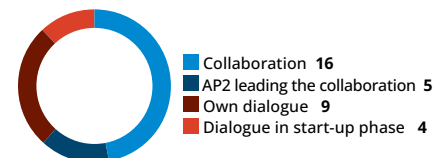
Progress in 2025

Greater transparency on the website and formalisation of the screening process.



Active dialogues

Companies with a high human rights risk





Corporate governance

Corporate governance is about how companies best manage their operations in a responsible, transparent manner with good financial performance. As an active owner of Swedish and foreign companies, we act on issues that affect this governance and consequently, in the long term, our returns.

Board fees in Swedish companies

Ahead of the year's Swedish AGM season, there was a discussion on the level of Board fees. The Fund bases its voting on a case-by-case analysis, taking into account factors such as comparable companies, the company's stage of development, the need for expertise and historical fee trends. In four companies, this meant that we voted against the proposed fee increase.

New guidelines for incentive programmes

The Fund's assessment of Swedish companies' incentive programmes is based on factors such as the recommendations of the Institutional Owners' Association (IÄF), which were updated in autumn 2025. An important starting point is that incentive programmes should be performance-based with relevant, measurable, transparent and monitorable performance requirements. As share-based remuneration schemes are often complex and decided at the general meeting, a clear and early dialogue with shareholders by the Board responsible is also recommended before proposals are made.

The Fund's voting guidelines include its approach to remuneration issues. These

have been updated to be in line with the IÄF recommendations, but also to clarify and give examples of our assessment criteria. During the year, we voted against nine proposed incentive programmes as they either comprised subsidies that were not linked to performance targets or were otherwise deemed to lack relevant performance targets.

Gender balance of the Board and management of Swedish listed companies

Since the introduction of the AP2 Female Representation Index, the proportion of women on the Boards of listed companies has increased steadily, from 6.1 per cent in 2002 to 36.5 per cent in 2025 – the highest proportion measured to date. The proportion of women in the management of listed companies has also increased, from 11.1 per cent in 2002 to 29.2 per cent, which is also the highest level to date. The number of companies with no women at all on the Board is 14, the same as in the previous year.

The Fund's Female Representation Index survey also shows that the proportion of women is higher in companies with a nomination committee, and if the nomination committee has

at least one woman, the proportion of female members is higher than for companies with a nomination committee without women. This result is in line with our view that participation in nomination committees is a good way for owners to exercise active, forward-looking ownership. For the 2025 AGM season, we were represented on 15 listed companies' nomination committees and for the 2026 season we are represented on 12 listed and continued two non-listed companies' nomination committees.

» [Read more about AP2 Female Representation Index 2025 on the Fund's website.](#)

Development of corporate governance in Asia

The development of Japanese corporate governance continues and we are involved in the engagement by the Asian Corporate Governance Association (ACGA), including dialogues with Japanese companies.

In South Korea, corporate governance deficiencies and other factors have had a dampening effect on the market capitalisation of Korean companies for a long time. After many years of engagement by ACGA and others, it is gratifying to note that major changes were made in corporate governance in 2025. This has probably had a positive effect on companies' market capitalisation in the country.



Progress in 2025

We updated our voting guidelines to reflect Swedish and global developments in this area. The guidelines are published on the Fund's website.

Signatures of the Board of Directors

Andra AP-fonden (AP2) has prepared a Sustainability Report for the 2025 financial year. The Sustainability Report is based on the AP Funds' joint guidelines for reporting on how the goal of exemplary management has been achieved. AP2 endeavours to comply with the Swedish Annual Accounts Act's guidelines for sustainability reporting in its previous wording, i.e. SFS 2016:947 (which includes the directive on non-financial disclosures).

The Sustainability Report is included in this document, which also includes Andra AP-fonden's statutory Annual Report for 2025. The Sustainability Report comprises pages 24–31 and pages 79–84. Andra AP-fonden's statutory Sustainability Report follows the financial year and is published annually. The previous report was published in February 2025. No significant changes took place in the Fund during the reporting period. Andra AP-fonden presents a separate, detailed Sustainability Report that is published on the Fund's website.

Gothenburg, 16 February 2026

Ingrid Tersander Albinsson
Acting Chair

Mikael Bohman

Hanse Ringström

Agneta Wallmark

Rikard Andersson

Torbjörn Dalin

Åsa Erba Stenhammar

Catrina Ingelstam

Auditor's opinion on Andra AP-fonden's Sustainability Report

For Andra AP-fonden, company reg. no. 857209-0606

Assignment and division of responsibility

The Board of Directors is responsible for the Sustainability Report for 2025, which is on pages 24–31 and pages 79–84, and for its presentation in accordance with Andra AP-fonden's sustainability reporting principles.

Purpose and scope of the examination

Our examination was conducted with guidance from FAR's recommendation RevR 12 Auditor's opinion on the statutory

sustainability report. This means that our examination of the Sustainability Report is substantially different and 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.

Opinion

A Sustainability Report has been prepared.

Gothenburg, 16 February 2026

Helena Kaiser de Carolis
Authorised Public Accountant

Peter Nilsson
Authorised Public Accountant



Fund governance

Fund Governance Report

The Annual Accounts Act and the Swedish Code of Corporate Governance require Swedish listed companies to submit a corporate governance report. The Code provides guidance on good practice for other operators on the Swedish market. This Fund Governance Report is inspired by the Code of Corporate Governance, while also taking account of the special characteristics that apply to the AP Funds. Like the other AP Funds, AP2 is a government agency. However, there is a difference between the AP Funds and other government agencies. The main difference is that the AP Funds have an independent position in relation to the Government. The activities are almost exclusively regulated by law and the Government therefore has no corresponding right of regulation over the funds.

The Board of Directors

The Board of Directors of AP2 shall comprise of a maximum of nine members appointed by the Swedish Government. Two members are appointed following proposals from organisations that represent employees' interests, and two following proposals from organisations that represent employers' interests.

The Chair and Vice Chair are appointed by the Government, selected from the five members of the Board not put forward by employer or employee organisations. Each member shall be appointed on the basis of their ability to promote the management of the Fund.

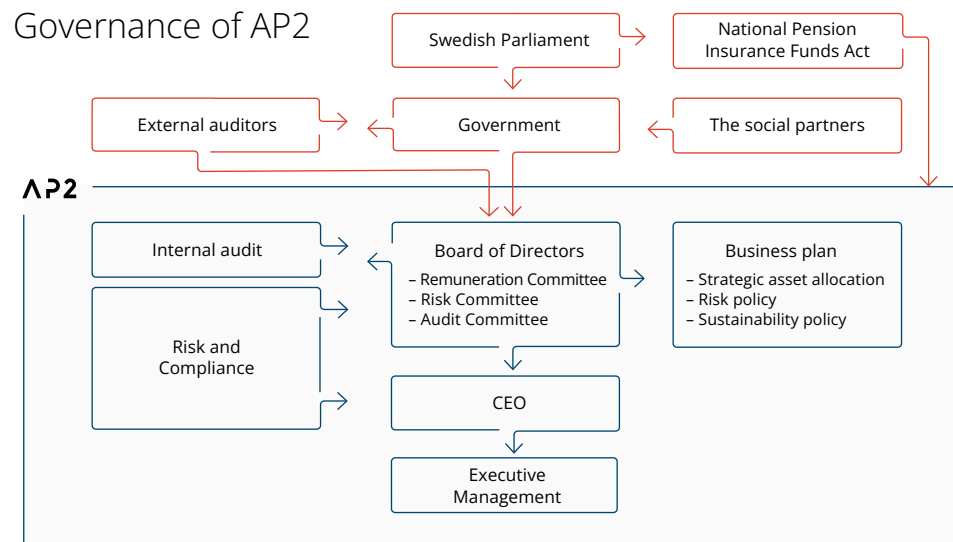
On 20 March 2025, the Government decided to appoint Board member Anna-Karin Jatko as the new Chair of AP2's Board of Directors, and she took up the position on the same day. Anna-Karin replaced Jan Roxendal, who left the Board on 30 April after eight years. At the same time, Catrina Ingelstam was appointed as a new member of AP2's Board of Directors from 30 April.

On 28 May 2025, the Government decided on the Board of AP2, with no further changes. To date, the Government has chosen to implement twelve-month mandate periods for the Board members, with the result that current appointments remain in effect until the Fund's income statement and balance sheet for 2025 have been approved.

The Board of Directors has full and undivided responsibility for operations. Within the parameters established by the Swedish Parliament, it is responsible for the organisation of the Fund and the management of its assets. In instances where the work of the Board is not regulated by the provisions of the National Pension Insurance Funds Act, it is regulated by the rules of procedure annually adopted by the Board.

Fees and other remuneration paid to the Board members are determined by the Swedish Government. Annual remuneration is SEK 200 000 to the Chair, SEK 150 000 to the Vice Chair and SEK 100 000 to the other members of the Board. The Swedish Government has determined that a total

Governance of AP2



The Swedish Parliament decides on the National Pension Insurance Funds Act, which governs the Fund's activities.

The Government appoints the members of the Board, four of whom are proposed by employee organisations. The Government also appoints external auditors and carries out an annual evaluation of the Fund's operations.

External auditors examine the Fund's accounts and management and report to the Government and the Board.

The Board of Directors annually adopts a business plan with strategic asset allocation, a risk policy and a sustainability policy.

Risk and Compliance is the second line of defence and reports to the CEO and the Board.

Internal Audit is the third line of defence and reports to the Board.

of SEK 100 000 may be paid for committee work. Board members have not received remuneration for their work in the Remuneration Committee. The Chair has received SEK 30 000 and a Board member has received SEK 25 000 for work in the Risk Committee. The chair has received SEK 20 000 and a Board member received SEK 15 000 for work in the Audit Committee.

Work of the Board

The key duties of the Board of AP2 are to set business goals, recruit, monitor and assess the CEO and take decisions concerning organisation-wide strategic issues, including the composition of the Fund's strategic asset allocation. Effective control and follow-up procedures are essential to ensure that the Board's decisions are implemented, that the risks in the organisation are managed and that operations are conducted in an appropriate manner in all other respects. The Board held six ordinary meetings and two extraordinary meetings during the year. In October 2025, the Board's strategy meeting discussed, among other things, the Fund's long-term business plan, global megatrends and ongoing changes to the management strategy, as well as the plan for the incorporation of AP6's assets and liabilities. The extraordinary meetings discussed the reorganisation of the AP Funds and in particular the incorporation of assets and liabilities from AP6. In addition to the Board members, Board meetings are attended by the Fund's CEO and the Secretary to the Board. Other Fund employees may also attend in an advisory role as experts or to present a report. The CEO's performance is evaluated once a year. The CEO does not attend this meeting.

Fund targets

The Fund is committed to generating a solid return on invested capital to minimise the consequences arising out of activation of the automatic balancing mechanism. Based on its mission, AP2 has established strategic asset allocation and targets for management that are expected to generate a long-term average nominal annual return of 7 per cent, which means approximately 5 per cent in real terms.

Strategic asset allocation

A decision has been made regarding the strategic asset allocation for 2026.

Discussion about return, risk, sustainability matters and costs

The Fund's management performance in the form of return and risk is reported on at all Board meetings. At each meeting, the Board discusses fundamental sustainability and ownership matters. It also regularly discusses strategic asset allocation, capital market developments and the Fund's risk management. The Board reviews cost trends on a quarterly basis and regularly assesses the cost effectiveness of the Fund. Its annual responsibilities include decisions to approve the year-end accounts, the budget, business plan and strategic asset allocation.

Board committees

The Board has set up a Remuneration Committee. The Remuneration Committee consists of the Fund's Chair and Vice Chair. The CEO and HR Manager usually present reports at Remuneration Committee meetings. The CEO is not present when the Committee determines their remuneration.

The Remuneration Committee is a drafting committee for the Board, tasked with considering the level of remuneration for the CEO and establishing guidelines for the remuneration of the Fund's Executive Management. Swedish Government guidelines on terms of employment for AP Fund employees are monitored and checked against the Fund's own guidelines and to ensure their correct implementation. Information on discussions in the Remuneration Committee is submitted for consideration by the Board at the next Board meeting.

The Board has set up a Risk Committee. The role of the Risk Committee is to act as an advisory, supervisory and preparatory body for the Board concerning the Fund's risk control and risk management activities. The Risk Committee comprises two members of the Board. The Fund's CEO and the Head of Risk and Return Analysis attend the Risk Committee to present reports.

The Risk Committee is not authorised to make decisions on behalf of the Board or Fund, except in cases where such authority has been delegated by the Board. The responsibility of the Board and its individual members is in no way limited by the establishment of the Risk Committee or its duties. The Committee performs its duties according to rules of procedure set by the Board annually and holds at least six meetings a year, one of which is a joint meeting with the Audit Committee. In 2025, the Risk Committee examined trends in relation to financial, operational and impact risks, and reviewed the Fund's risk management and value creation in the various management stages. In addition, the Committee worked on

the incorporation of AP6 and the development of reporting. The current risk situation and the Fund's return development were also presented and discussed at each meeting.

The Board has set up an Audit Committee. The role of the Audit Committee is to act as an advisory, supervisory and preparatory body for the Board concerning financial reporting, accounting, internal control, compliance and external and internal auditing. The Audit Committee comprises two members of the Board. The Fund's CEO, Head of Finance and Business Control and the Head of Compliance attend the Audit Committee to present reports, together with the Fund's external and internal auditors. The Audit Committee also has a separate dialogue with the Fund's external auditors once a year.

The Audit Committee is not authorised to make decisions on behalf of the Board or Fund, except in cases where such authority has been delegated by the Board.

The responsibility of the Board and its individual directors is in no way limited by the establishment of the Committee or its duties. The Audit Committee held six meetings in 2025, one of which was a joint meeting with the Risk Committee for the annual review of the Fund's progress on operational risks, data security and compliance reporting. During the year, the committee's main focus was on monitoring the internal audit assignments determined by the Board, monitoring the work on the accounting consequences of the incorporation of AP6,

dialogue with the Fund's external auditors and reporting by the Head of Compliance at each meeting.

Evaluation of Board performance

The performance of the Board is subject to annual evaluation. This year's evaluation was conducted via a survey in early 2025, followed by interviews with all members conducted by an external consultant. The results of the evaluation were presented to the Board and discussed at the meeting in April. Considerable emphasis is placed on continually improving the work of the Board, also in relation to collaboration with the Fund's Executive Management.

Audit

AP2's auditors are appointed by the Swedish Government. On 28 May 2025, the Government

decided to appoint Peter Nilsson and Helena Kaiser de Carolis from PwC as auditors of AP2. PwC is also responsible for the audit of the other AP Funds, and Peter Nilsson has been appointed as coordinating auditor for the AP Funds.

The Government mandate is effective until adoption of the Fund's income statement and balance sheet for 2025.

The auditors present an auditor's report on the findings of their work and deliver a direct verbal report to the Board at least once a year. They also present written reports on the findings of their audits of the annual accounts and the management of the Fund. The auditors also submit a report to the Ministry of Finance once a year.

The services of the auditors include a review of operating activities, the management of the Fund, the annual accounts and the annual report. The auditors express their opinion on the annual accounts and the management of the Fund based on the findings of their audit. The audit assignment also involves ascertaining that AP2 complies with the generally accepted accounting and valuation principles jointly determined by the AP Funds, and that the annual accounts that have been prepared provide a true and fair view of operations.

The work also involves reviewing that AP2 has prepared a Sustainability Report, and examining the Fund's guidelines on remuneration. These guidelines must be in accordance with the Government's guidelines for remuneration of senior executives and employees and the auditors also examine compliance with them. A separate statement has been submitted.

» [Read more on the Fund's website.](#)

Internal control

The Board has ultimate responsibility for the Fund's internal control. In the Fund's business plan, the Board has established frameworks and guidelines for the overall division of responsibility, risks, risk limits and procedures for monitoring and controlling compliance with the business plan. The CEO is responsible for ensuring that business is conducted within defined frameworks and investment provisions, and that control and monitoring activities are carried out daily.

Components and principles



Board of Directors 2025

Member of the Board	Remuneration Committee	Risk Committee	Audit Committee	Attendance/ total number of Board meetings
Anna-Karin Jatko, Chair	X		X	8/8
Ingrid Albinsson, Vice Chair	X	X		8/8
Mikael Bohman			X	8/8
Rikard Andersson		X		8/8
Torbjörn Dalin				8/8
Agneta Wallmark				8/8
Åsa Erba Stenhammar				8/8
Catrina Ingelstam, entered upon the Board in April 2025				5/8
Hanse Ringström				8/8
Jan Roxendal, left the Board in April 2025				2/8

AP2 is a government agency that conducts asset management activities. As such, the Fund sets high standards for its internal governance and control practices, and this has laid the foundation for a strong approach to control and risk throughout the organisation. In the absence of a mandatory set of external regulations, the Fund has chosen to base the structure of its internal governance and control on the framework of the COSO (Committee of Sponsoring Organizations of the Treadway Commission). The structure for AP2's internal governance and control is built around five components with underlying principles, as illustrated on the right.

The Fund's system and organisation both support the 'four eyes principle' for all transactions and there is a high degree of automation in daily recurring processes. Risk and Compliance report to the Board. This ensures objectivity and allows for healthy questioning.

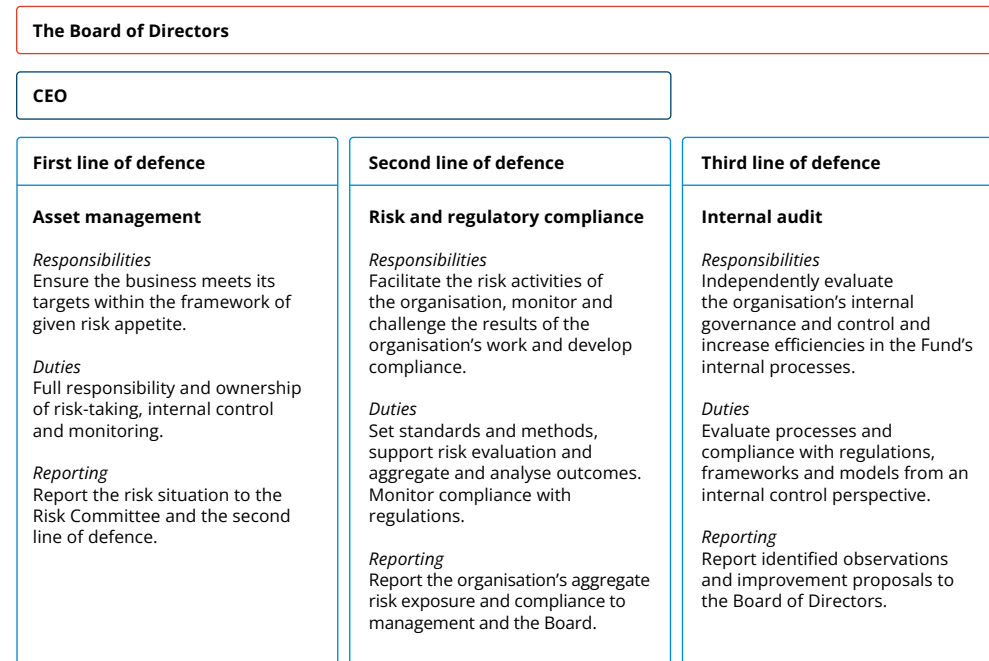
AP2 uses the Three Lines of Defence model as a structured process to ensure that its risk management and control systems are effective. The Fund's three lines of defence are illustrated on the right.

Asset Management which, according to the model, is the first line of defence, has ownership of the risk. It has the delegated responsibility to implement the Fund's approved risk strategy. Asset Management must ensure that the Fund adheres to the defined limits as required by law, that are determined by the Board or that apply to the Fund's activities through other decisions.

The second line of defence is performed primarily by the Risk and Compliance functions. They monitor, control and report the Fund's risks. They also report how the Fund complies with internal and external regulations. The Risk Department is organisationally independent of the functions that take active business decisions. Risk control is based on an effective and transparent risk reporting and analysis process. Daily reports are presented to the Fund's Executive Management, regularly to the Board via reports, at meetings of the Risk Committee and at Board meetings. The Compliance function is responsible for monitoring and verifying compliance with the regulatory framework applicable to the Fund's activities and for providing advice and support to the organisation on compliance-related matters. This includes monitoring and internally communicating changes in applicable regulations and assisting with their implementation.

The third line of defence consists of an external independent internal audit function. This evaluates and improves efficiency in a systematic and structured way in the Fund's risk management, internal controls and management processes. Decisions on annual internal audit services are taken by the Board. The findings of the internal audit are reported to the Audit Committee and to the Board at the intervals set by the Committee. The 2025 internal audit assignment concerned review of the Fund's process for company dialogue and review of internal governance and control linked to the Fund's new management model. Reporting on the completed audit will be in February 2026.

Three lines of defence



Board of Directors



Anna-Karin Jatko

Chair since March 2025, Board member since 2024. Economist. Former Director General of EKN. Vice Chair of Vinnova, member of the Board of Business Sweden and Swedish Financial Benchmark Facility. Born 1965.
Anna-Karin resigned on 5 February 2026.



Ingrid Tersander Albinsson

Member of the Board since 2023. Vice Chair. BA in Economics. Member of the Board of Nasdaq Stockholm AB, PRI Pensionsgaranti, KK-stiftelsen and Inda Capital AB. Born 1963.
Acting Chair from 5 February 2026.



Hanse Ringström

Member of the Board since 2018. Board member of SEB Ukraina, and others.
Born 1948.



Åsa Erba Stenhammar

Member of the Board since 2020. Chief negotiator for the Swedish Union of Civil Servants.
Born 1972.



Agneta Wallmark

Member of the Board since 2021. Master of Laws, MSc in Economics and Business. Board member certification from Harvard Business School in 2024. Chair of Skandia's Nomination Committee for General Council elections.
Born 1960.



Rikard Andersson

Member of the Board since 2022. Master's in Business Administration. CEO of Ruth Asset Management AB.
Born 1972.



Mikael Bohman

Member of the Board since 2022. Degree in Market Economics, DIHM. Chair of the Board of Sparbankstiftelsen Västra Mälardalen, Finansarbetsgivarna, Mälardalen Chamber of Commerce and several Board posts.
Born 1965.



Torbjörn Dalin

Member of the Board since 2023. MSc in Economics and Business. Chief economist at the trade union organisation Kommunal.
Born 1972.



Catrina Ingelstam

Member of the Board since 30 April 2025. MSc in Economics and Business. Chair of the Board of SH Pension tjänstepensionsförening, Board member of Kommuninvest, Swedfund International and Sparbanken Mälardalen and committee posts.
Born 1961.

Executive Management



Eva Halvarsson

CEO.
Employed since 2006.
Other roles: Board member of Vasakronan AB, Advisory Board at the University of Gothenburg School of Business, Misum, Korsvägen Foundation, Karl-Adam Bonniers Stiftelse and FinansKompetensCentrum.
Born 1962.



Anna Hammer

Chief Investment Officer (CIO).
Employed since 2025.
Born 1977.



Martin Jonasson

General Counsel. Secretary to the Board.
Employed since 2001.
Other roles: Member of the Board of De Blindas Vänner.
Born 1964.



Åsa Norman

Head of Communications and Sustainability.
Employed since 2021.
Born 1969.



Henrik Westergård

Head of Risk and Return Analysis.
Employed since 2012.
Other roles: Board member of Varbergs Sparbank.
Born 1973.



Ola Eriksson

Head of Business Support.
Employed since 2001.
Other roles: Member of the Centre for Finance (CFF) foundation at the School of Business at the University of Gothenburg
Born 1965.



Directors' Report

Result and performance

At the year-end, the Fund's capital stood at SEK 475.2 billion. The net result for 2025, SEK 20.9 billion, reflects the performance of the equity markets but was also affected by SEK becoming stronger.

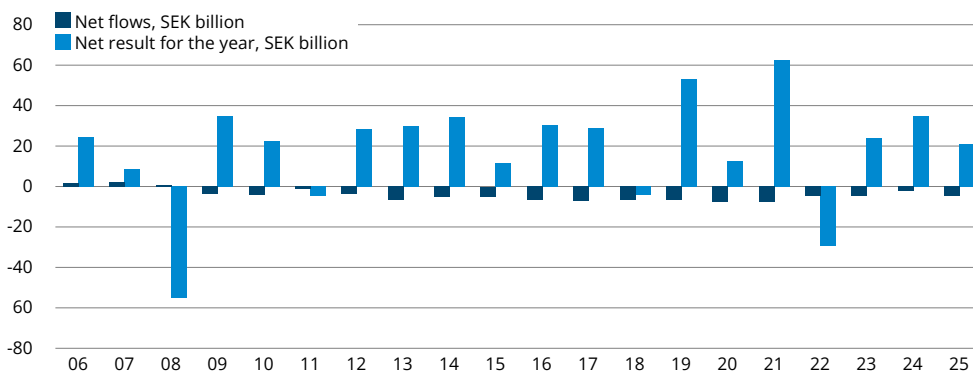
AP2's net outflow for the year to the national pension system was SEK 4.6 billion.

The Fund capital is affected by two factors; the net result for the year and net flows within the pension system. For 2025, Fund capital increased by a net amount of SEK 16 291 (32 844) million as a result of the positive earnings of SEK 20 856 (34 868) million and of negative net flows of SEK -4 565 (-2 024) million to the pension system. The flows consisted of both pension contributions

and pension disbursements, at a net amount of SEK -4 264 (-1 740) million, and expenses for administration of the pension system, which had an impact on the Fund capital of SEK -301 (-284) million.

For the seventeenth consecutive year, the net flow from the AP Funds to the pension system was negative. Since its inception, AP2 has thereby disbursed a net total of SEK 74 billion to cover the ongoing shortfall in the pension system.

AP2's performance and flows 2006-2025



The Fund's capital growth, SEK million	2025	2024
Fund capital at start of year	458 884	426 040
Pension contributions received	91 698	89 188
Pension disbursements	-95 962	-90 928
Administration payments	-301	-284
Net result for the year	20 856	34 868
Fund capital at year-end	475 175	458 884

10-year overview	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fund capital, SEK billion	475.2	458.9	426.0	407.1	441.0	386.2	381.3	334.8	345.9	324.5
Net outflows to national pension system, SEK billion	-4.6	-2.0	-4.8	-4.7	-7.5	-7.9	-6.5	-6.8	-7.4	-6.6
Net result for the year, SEK billion	20.9	34.9	23.8	-29.2	62.3	12.8	53.0	-4.3	28.8	30.5
Return on total portfolio before expenses, %	4.7	8.3	6.0	-6.6	16.4	3.7	16.1	-1.2	9.1	10.5
Return on total portfolio after expenses, %	4.6	8.2	5.9	-6.7	16.3	3.5	15.9	-1.3	9.0	10.3
Absolute risk, ex ante, %	10.6	11.3								
Currency exposure, %	30	24	22	23	34	34	34	32	33	31
Management expense ratio, excl. commission expenses, %	0.06	0.07	0.07	0.06	0.06	0.06	0.07	0.06	0.06	0.07
Management expense ratio, incl. commission expenses, %	0.08	0.08	0.09	0.11	0.11	0.14	0.15	0.14	0.15	0.15
Annualised return after operating expenses, 5 years, %	5.4	5.2	6.6	5.2	8.5	7.3	7.4	6.9	9.8	10.6
Annualised return after operating expenses, 10 years, %	6.4	6.3	6.8	7.4	9.5	7.7	8.4	8.8	6.0	5.5



Portfolio target, strategy and return

Strategic asset allocation and value creation strategies

The most important decision in AP2's management concerns the long-term composition of the portfolio, i.e. the strategic allocation. The choice of strategic asset allocation is based on an analysis of the future development of the pension system and on the Fund's internally developed ALM (Asset Liability Management) model. The ALM model simulates the annual development of the pension system over 30 years or more. On the basis of the simulations, the portfolio composition can be identified that is deemed to meet the target best, i.e. that minimises the expected pension shortfall on account of automatic balancing. The assumptions fed into the ALM model include demographic trends in Sweden, trends in macroeconomic variables and return assumptions for financial assets.

In addition to the strategic asset allocation, value is mainly created through the selection of:

- Medium to long-term strategies for each asset class.
- Asset and currency allocation (dynamic allocation) in the medium term.
- Short to medium-term security choices.

The Fund's Board of Directors has set a management target of generating an additional percentage point of return over and above the six percentage points

set by the strategic asset allocation. The target is to be achieved without materially increasing the risk and, overall, this means that the annual return on the Fund capital is expected to be 7 per cent over time with probable high variation between years. Strategies for each asset class and security choices are described in more detail below.

Dynamic asset allocation

AP2 has a dynamic approach and continuously adapts its investments to contribute to the Fund's total return. Currency exposure and the proportion of equities and fixed-income securities, plus regional allocation in listed equities, are adjusted according to how the fund assesses future risks and opportunities.

The main tool for continuously adapting the portfolio to the prevailing situation in the business environment to create a good total return is dynamic asset allocation. There decisions are made about medium-term deviations from the long-term strategic allocation. These decisions are based on relevant predictive key ratios and structured analysis of the business environment and can be implemented both through the allocation of capital within the portfolio and derivative exposure.

Allocation deviations also come from systematically

model-based mandates, where derivative exposures in equities, fixed-income securities and currency are taken based on statistical signals.

Total portfolio

The return in 2025 was 4.7 per cent (excluding costs) in nominal terms.

The largest positive contribution to the return comes from the Fund's developed market equities as a result of the Fund's large allocation to the asset

class and the good performance of the equities. The allocation to emerging market equities also made a strong contribution to the portfolio.

Among interest-bearing assets, credits contributed most to the result.

During the year, the Swedish krona appreciated, particularly against the US dollar, which benefitted hedged returns on foreign assets, while the Fund's currency exposure made a negative contribution

to returns. The overall currency exposure is part of the Fund's long-term strategy as the law limits the amount of currency exposure that the AP Funds may have. The Fund's choice of strategy in Swedish equities with an allocation to small companies made a negative contribution to the return, as small companies underperformed large ones during the year. The strategy choice to invest in non-listed equities in the form of real assets also affected returns for the year as the asset classes underperformed listed equities in developed markets.

In the past 10 years, AP2 has generated a return of 85 per cent, corresponding to an average annual return of 6.4 per cent. Adjusted for inflation, this corresponds to a real annual return of 3.4 per cent, higher than the income index for the same period.

The return figures for each asset class are presented as if they were entirely hedged. Returns from currency exposure are recognised separately.

Asset class exposure and return in 2025

Asset class	Strategic asset allocation, %	Actual portfolio exposure		Active asset allocation, %	Return, %	Contribution, %
		%	SEK billion			
Equities						
Swedish equities	9	11.5	55	2.5	7.7	0.8
Developed markets equities	20	23.5	111	3.5	14.9	3.2
Emerging markets equities	10	10.5	50	0.5	28.0	2.4
Private equity	10	12.1	57	2.1	7.9	1.0
Real assets	18	14.9	71	-3.1	-4.5	-0.8
	67	72.5	344	5.5	9.5	6.6
Fixed-income securities						
Government bonds in developed markets	13	9.7	46	-3.3	2.6	0.3
Credit bonds in developed markets	11	9.4	45	-1.6	6.2	0.6
Bonds in emerging markets	5	5.0	24	-	7.5	0.4
Private debt	4	3.6	17	-0.4	8.6	0.3
	33	27.7	132	-5.3	5.2	1.6
Currency contribution						
Other*		-0.2	-1.0	-0.2		-3.5
Total	100	100	475	-	4.7	4.7
Currency exposure	31.3	29.5		-1.8		

The return figures for each asset class are presented as if they were entirely hedged. Returns arising from currency exposure are recognised separately.

*Market value of currency hedging, overlay and absolute return mandates.

Evaluation index at 31 December 2025

Assets	Index
Equities	
Sweden	SBX
Developed markets	MSCI World
Emerging markets	MSCI EM
Private equity	MSCI ACWI
Real assets	MSCI ACWI
Fixed-income securities	
Government bonds in developed markets	SHB Swedish All Bond (HMSA)
Credit bonds in developed markets	Bloomberg Credit*
Bonds in emerging markets	J.P. Morgan GBI EM Global Diversified**
Private debt	Morningstar LSTA US Leveraged Loan

* Adjusted index.

** Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 201[7], J.P. Morgan Chase & Co. All rights reserved.

Equities – targets and results

AP2's equities exposure is allocated to Swedish equities and equities in developed markets and emerging markets, private equity funds and real assets. In total, the equity asset class returned just over 9 per cent during the year.

The investment process varies depending on whether the assets are listed or non-listed. The listed assets also vary in that the foreign equities are managed using a quantitative strategy and the Swedish equities using a fundamental process.

Listed equities

In listed equities, the Fund seeks to create value in two stages, first by selecting an index that outperforms a traditional broad index over the medium term. Four listed equity portfolios are compared against internally developed indices, where both AP2's two foreign portfolios and the portfolio for large Swedish companies are more equally weighted than the corresponding market-weighted indices for each region. The portfolio for small Swedish companies, on the other hand, is similar to a market-weighted index. Indices have historically been constructed to maximise the Sharpe ratio, resulting in more equally weighted indices with lower company-specific risk. During the year, the Fund began a review of the index structure to ensure that the indices deliver the characteristics sought by the Fund. AP2 began with a review of the developed countries index, which is also the Fund's largest exposure. This

work has resulted in an index that is closer to market-weighted than before, but with some deviations owing to both return expectations and sustainability factors. A review of other indices in listed equities has been started and will be completed in 2026.

In addition to the value creation in the index structure itself, the Fund also aims to generate excess returns compared to the index. This is done via two different processes. The Fund's foreign equities are managed quantitatively, and the companies are mainly selected systematically via internally developed mathematical models that predict future returns. The Swedish mandates are instead managed fundamentally with an investment process based on the selection of individual companies using a bottom-up model. Equities are selected based on internal company and equity analysis by means of a consistent, structured process with a long-term investment horizon.

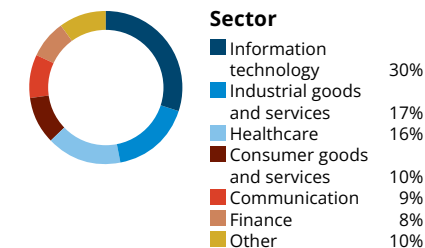
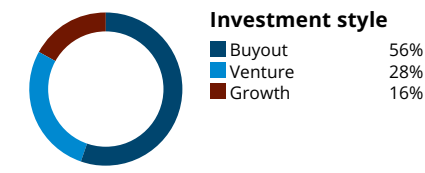
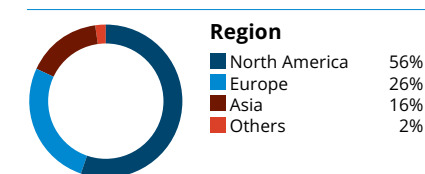
The return on the Fund's listed equities showed relatively large differences between the different mandates. Emerging markets equities were the best performers at 28 per cent, with strong tailwinds from the technology-heavy stock markets in South Korea and Taiwan. Equities in developed markets rose by 15 per cent, with strong contributions from the performance of Google and Nvidia, among others. Swedish equities returned 8 per cent, with the portfolio

of large companies the best performer at 12 per cent. Holdings in several of the banks performed very strongly, but the return was held back by the fact that the Fund did not hold Saab for most of the year. The Fund's portfolio of small companies had a tough year, losing 4 per cent, with several of the medical technology holdings such as Surgical Science and Xvivo Perfusion performing poorly. The bright spots were Plejd and Embracer, as well as the bid for the Fund's longstanding holding in IAR Systems.

Private equity

The strategy in private equity is to invest in a selective range of managers of high institutional quality that are judged to have a long-term sustainable market position and an attractive strategy. AP2 continuously monitors market developments and ensures good knowledge through regular updates with managers and actors and various market analyses. Investments are made in a global perspective, with the strategy based on a target allocation by region and investment style. A continuous pace of investment is sought to ensure access to the desired exposure and to ensure diversification across market cycles and trends. The overall goal of the strategy is to deliver a return over time that is higher than the listed market based on the chosen benchmark. It has been decided that the target allocation for private equity, as a proportion of AP2's total portfolio, will increase from 10 to 15 per cent as of 2026.

AP2's private equity portfolio



Assets under management in the market for non-listed assets, including private equity, continues to grow, albeit at a slightly slower pace than in previous years. Some additional observations are that:

- Investments, additional investments and divestments increased over the year compared to 2024.
- The ownership period of private equity funds tends to become longer as operational value creation accounts for an increasing share of value creation. This varies across sectors, partly depending on how dependent the sector is on the macroeconomic situation.
- In the short term of three years, there have been several periods, such as the current one, in which non-listed equities had a lower return than listed equities. In the long term, non-listed equities have continued to generate higher returns than listed equities.

AP2 is represented in a significant proportion of LPACs (Limited Partners Advisory Committees), five of which relate to funds in which commitments were made in 2025. AP2 is also involved in a number of Advisory Committees on sustainability-related issues.

During the year, 12 new investments were made in which the total commitment was equivalent to SEK 6.5 billion, with good diversification by region and investment style. The private equity portfolio is globally well-diversified, with prominent allocation to innovation, climate-related investments and healthcare.

At the year-end, the market value of private equity totalled SEK 57 billion. In 2025, SEK 6.5 billion (including management fees) was invested, and SEK 6.8 billion was repaid. The return for the year was 8 per cent.

Private equity is a long-term asset class for which returns should be measured over multiple and longer time horizons rather than single years. Over three, five and ten years, the portfolio has delivered annualised returns (excluding hedging) of 4 per cent, 16 per cent and 15 per cent, respectively.

Since its inception, the portfolio has generated an annual net return higher than the listed stock market (MSCI ACWI benchmark) and also above the fund's expected target return. In the past three years, however, listed equities, led by a few companies, have generated a higher return than the private equity portfolio.



Fixed-income securities – targets and results

AP2's fixed-income investments are in government bonds, credit bonds, emerging market bonds and private debt. Investments are made partly in Swedish bonds and partly in global fixed-income markets, where the return is affected by whether the investments are hedged or not. The contribution from our active investment decisions, i.e. deviation from the benchmark index, has been positive in all management mandates in the fixed-income portfolio.

Government bonds and green bonds

The management of government bonds is based on a fundamental analysis focusing on macroeconomic factors and their impact on monetary policy and financial markets. The aim is to identify bonds with high current yields and good liquidity over the long term. Investment opportunities are analysed through the slope of the yield curve, spreads between different borrowers and pricing based on macroeconomic and monetary policy developments. For green bonds, the quality of the issuer's green borrowing programme and reporting on the climate benefits of investments are also assessed.

During the autumn, the Fund changed its portfolio structure and now has a Swedish portfolio and a global portfolio with a broader mandate for sustainable investments than just green bonds.

The return on bond investments in a year is influenced by the level of interest rates and the movement of interest rates during the year. A falling interest rate has a positive impact, while a rising interest rate means that the price of the bond falls and the yield is lower. In 2025, a number of central banks continued (or started) to cut their policy rates. The exception is Japan, which started a period of increases. The advantage of a broad global portfolio is that it gives the Fund exposure to countries at different stages of the economic cycle, providing diversification.

Short-term interest rates are driven by central banks, while longer-term bond rates have other drivers. Longer-term interest rates have risen in many countries over the year as expansionary financial policy requires governments to borrow more money, increasing the supply of bonds and pushing up their rates.

The Swedish krona appreciated strongly against other currencies during the year, which had a negative impact on the return on investments in foreign assets. However, bond investments in major currencies are hedged to minimise volatility in management performance. Including hedging, the result for the year was just under 3 per cent for government bonds.

Credit bonds and emerging market bonds

Global corporate bonds and emerging market bonds are mainly managed using quantitative models. Quantitative management is based on internal mathematical models that systematically predict future returns. Investment ideas must have a logical explanation, be verified with historical data and be assessed to work in the future. The global corporate bond portfolio follows a Paris-Aligned Benchmark (PAB). Emerging market bonds are divided into two mandates: bonds issued in USD and bonds issued in local currency.

The risk premium we receive for investing in what are considered riskier investments, i.e. corporate bonds and emerging market bonds, declined over the year, favouring the returns on these investments. At the same time, the krona appreciated, which had the opposite effect. Corporate bonds returned 5 per cent and emerging market bonds issued in USD 13 per cent, showing that these generated a higher return for the additional risk the Fund takes. Emerging market bonds, issued in local currency, also performed strongly, returning 8 per cent.

Private debt

This mainly involves management of corporate credits and insurance-related assets. AP2's investments include private debt funds with corporate credits, where loan terms are specific

to each loan, unlike public market credits. Investment decisions are mainly about selecting the right fund manager. Insurance-related assets consist mainly of insurance-linked securities (ILS), which are not correlated with the general financial market.

The fall in the risk premium during the year also favours the return on private debt, and the Fund had a good return in hedged terms. The return on investments in insurance-linked securities depends partly on the risk-free interest rate and partly on a spread over it. In 2025, the return on investments in private corporate credits was 6 per cent and on insurance-related assets 10 per cent.

Real assets – targets and results

The asset class consists mainly of traditional real estate, renewable energy infrastructure production, and timberland and farmland properties. The portfolio had a total return of -4 per cent in 2025. The weak performance during the year is mainly explained by a continued high level of interest rates, which depressed valuations and increased financing costs, and by inflation, which pushed up costs. In addition, macroeconomic and regulatory uncertainty had a negative impact on liquidity. Since the Fund's inception, real assets have generated an annual return of 11 per cent (excluding hedging).

The Fund has decided to reduce the target allocation to real assets by 5 percentage points as of 2026, as a result of a corresponding increase to private equity.

Swedish and foreign real estate

The Fund's non-listed real-estate holdings currently consist mainly of a 25 per cent stake in Vasakronan Holding AB, a 41 per cent stake in US Office Holdings and a 25 per cent stake in Cityhold Office Partnership (via Chaptwo S.à.r.l). All investments focus on high-quality, traditional real estate, centrally located in real-estate markets with good liquidity. To increase the diversification of the portfolio, it has been supplemented over time with real estate funds, mainly located in emerging Asian countries.

The return on the Fund's investments in Swedish and foreign real estate was 4 per cent and -14 per cent, respectively, in 2025.

The real-estate sector has been challenging for several years, with rising interest rates and increased yield requirements, particularly in the foreign holdings. Hybrid working has changed the demand for office space – companies have sought smaller, high-quality spaces in central locations to increase office presence, while vacancies have increased in poorer locations. After three challenging quarters in 2025, the trend turned around towards the end of the year, especially in prime locations in Europe and New York. Increased office presence is now gradually reducing vacancies, which, with low new construction and falling interest rates, means that the bottom is considered to have been reached.

The return on Swedish and foreign real estate since inception is 13 per cent and 6 per cent, respectively (excluding hedging).

Sustainable infrastructure

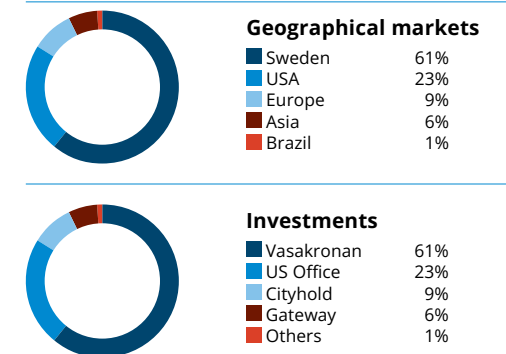
AP2 has had a sustainable infrastructure portfolio since 2020. Investments are mainly made in fund structures and co-investments with activities that are related to sustainable development in line with the Paris Agreement and without compromising on return expectations. The main focus of the investments should be on renewable

energy generation, but the portfolio may also include investments in battery plants, power grids, hydrogen expansion, etc. The portfolio also has two different risk levels in terms of capital allocation, with around 20 per cent intended to be allocated to riskier investments within the asset class than the remainder. The portfolio is currently made up of just over 10 investments with a good spread in terms of location and sector. During the year, an investment was made in Sandbrook Climate Infrastructure Partners II.

Developments in sustainable infrastructure were varied over the year. The surge in demand for electricity, driven by AI and data centres, among others, had a positive impact on producers that own and operate facilities with long-term contracts and stable cash flows. In contrast, volatile electricity prices, increased costs and decreasing subsidies had a negative impact on small developers.

The return for the year is -10 per cent. The return since inception is 3.5 per cent (excluding hedging). The return for the year was negatively affected by a write-down of AP2's holding in Generate Capital, which was affected by low liquidity and regulatory changes in the US. Generate Capital operates within sustainable infrastructure and invests in, runs and finances energy, mobility, water and waste projects.

AP2's traditional real estate portfolio



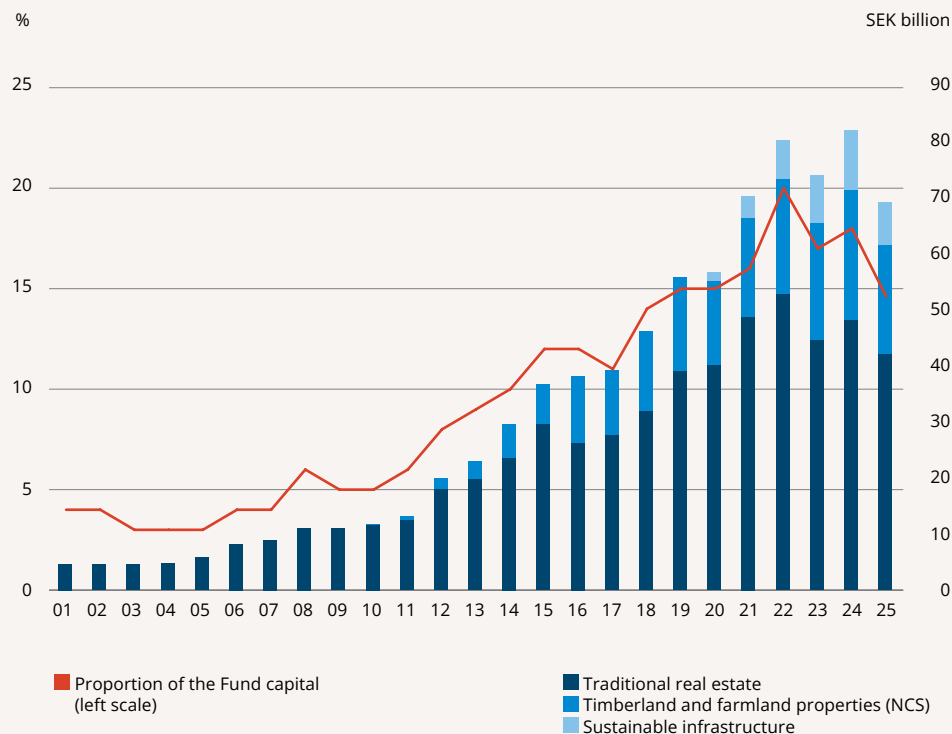
Natural Climate Solutions (NCS)

The Fund's NCS portfolio consists of investments in timberland and farmland properties spread across several continents. Protecting, restoring and improving land and its management can increase carbon sequestration and reduce greenhouse gas emissions. Land thus provides natural climate solutions (NCS). The Fund's managers in both timberland and farmland spend a lot of time, resources and research on improving their practices in terms of land use, carbon sequestration, environmental stewardship and emissions reduction. The Fund also developed a number of climate and environment-related criteria for its timberland and farmland properties. These investments are classified as targeted sustainability investments.

The NCS portfolio currently consists of thirteen different funds/companies. For AP2, it is important to choose fund managers that subscribe to the same values of long-term, responsible and sustainable investment. The farmland properties are focused mainly on the production of cereals and oil plants in the US, Australia and Brazil. The timberland properties are mainly located in the US, Australia and New Zealand and are focused on forestry for pulpwood and saw timber.

In 2025, the return on the Fund's NCS portfolio was -3 per cent. After a few years of very strong returns, commodity prices have fallen back somewhat and both timberland and farmland valuations have stabilised.

Development of AP2's real assets



Currency exposure

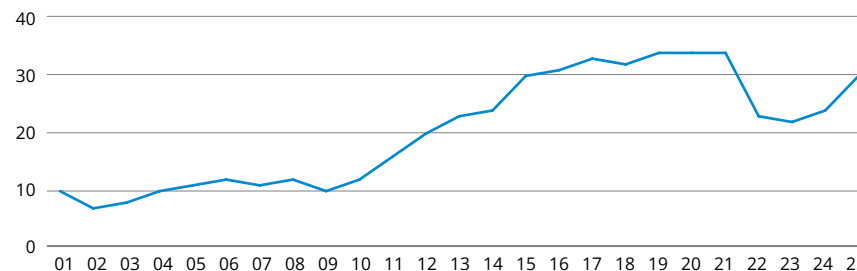
Andra AP-fonden's currency exposure is due to the fact that the Fund's assets in foreign currency are only partially hedged. The Fund chooses hedging ratios so that the overall risk is as low as possible, within set limits.

Since AP2 invests in a globally diversified portfolio, the value of the assets is affected, all else being equal, by changes in exchange rates against the Swedish krona. Under the National Pension Insurance Funds Act, exposure to foreign currencies may not exceed 40 per cent. Therefore, the Fund must at least partially hedge the value of foreign assets back to Swedish kronor. However, currency exposure can contribute to diversification, which is why the fund has chosen not to remove the exposure completely.

The Fund's choice of long-term currency exposure aims to minimise the risk of the overall portfolio. However, the exposure to certain currencies, such as emerging market currencies, is normally left unhedged. The Fund also dynamically changes its exposure over time, depending on the state of the business environment, to boost returns.

At the year-end, 30 (24) per cent of the Fund's portfolio was exposed to foreign currency. The portfolio's total currency exposure in 2025 had a negative impact on income owing to the net appreciation of the Swedish krona against other currencies, with a total foreign exchange loss of SEK -23.8 (0.8) billion.

Currency exposure, growth since start, %



The statutory limit for currency exposure is 40 per cent.

Currency exposure at 31 December 2025, equivalents in SEK million

	USD	TWD	INR	KRW	EUR	Other	Total
Equities and participations	136 038	15 808	12 046	10 343	21 104	53 419	248 758
Bonds and other fixed-income securities	60 002	-	2 392	-	24 226	30 497	117 117
Foreign exchange derivatives	-160 574	-32	-9	-42	-37 335	-29 282	-227 274
Cash	1 907	-	-	27	505	-860	1 579
Currency exposure, net	37 373	15 776	14 429	10 328	8 500	53 774	140 180

Currency exposure is reported in accordance with the Fund's actual management of currency risk, which means that it is based on the currency of the marketplace and not on the domicile of each company.

Risk control

The Swedish Parliament has formulated clear guiding principles as to how the AP Funds should interpret their mandate as fund managers. The AP Funds should approach financial risk in an effective manner with a focus on future pensions. Apart from a few constraints, the AP Funds have been awarded considerable freedom in selecting appropriate risk and investment strategies, independent of one another. The chosen strategy should be neutral with regard to different generations, and a readiness to pay ongoing pensions should be taken into account.

The starting point for AP2's investment strategy and financial risk-taking is that the AP Funds are only able to influence future pensions to the extent that their portfolio management activities impact the pension system's automatic balancing mechanism. The Board of Directors has therefore clarified the Fund's goal for its asset management activities so that the consequences for future pensions of activating the automatic balancing mechanism are minimised. This is the primary risk that affects the shaping of the investment strategy rather than the selected portfolio's risk profile. The vast majority of the financial risk that the Fund chooses to take in its portfolio management operations comes from its long-term exposure to financially motivated risk premiums, as expressed by the strategic allocation.

The level of financial risk is thus directly linked to the Fund's assessment of the development of the total pension system over the coming decades. This is determined largely by demographics,

immigration, employment levels, economic growth and other factors beyond the control of the Fund. The financial risk-taking is also governed by the Fund's assessment of the financial markets' long-term prospects for generating returns. A key starting point for the choice of strategy is that the size of the AP Funds is relatively limited in relation to the pension system as a whole. This means that the Funds need to take considerable financial risk.

The long-term allocation of capital and spread of risk that the Fund believes will minimise the negative effects on future pensions has a relatively high percentage of higher-risk assets. This means that the portfolio value is expected to show, from time to time, greater variation than if the allocation of assets had been more defensive.

A guiding principle for the development of the Fund's long-term investment strategy is to diversify the risk-taking in the portfolios as much as possible, without compromising on

the requirement for a high return. By doing so, the Fund aims to minimise the risk of negative income pension growth over the long term and limit short-term portfolio risk as far as possible.

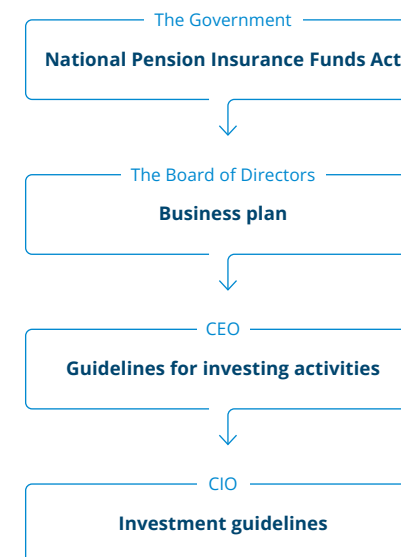
There are various ways to describe the long-term orientation the Fund chooses for its portfolio. It can be described as allocation of capital across various assets and strategies. It can also be described in terms of expected future returns. A third description is the portfolio's expected risk profile, which is key to achieving the overall goal to minimise the risk of lower pensions in the future, which is the mission that the AP Funds have been instructed to focus on.

Four levels

The Fund's risk-taking is controlled through four framework levels. The National Pension Insurance Funds Act provides the top level of risk management for the Fund's investment activities. Furthermore, the Business Plan sets the level of the Board of Directors and the Investment Guidelines set the level of the CEO for limiting risk-taking and describing risk management. Investment Guidelines represent the allocation of risk mandates to individual portfolio managers by the Chief Investment Officer (CIO).

The starting point for the Fund's risk-taking is the annual ALM study. This is based on a number of assumptions about long-term market growth and risk levels for various asset classes, and is a key tool in designing the strategic asset allocation.

Levels of risk control



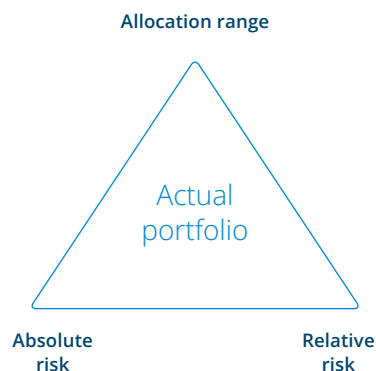
The Board's overall governance of the Fund's risk-taking is referred to as the strategic risk framework and consists of three parts: equity/fixed income/currency allocation ranges, absolute risk limits and relative risk limits against the evaluation index.

The Fund's risk function

Day-to-day risk management comprises three independent yet interrelated parts.

Risk and return planning

The Fund's Board of Directors has set a management target of generating an additional percentage point of return over and above the six percentage points set by the strategic asset allocation. The target is to be achieved without materially increasing the risk and, overall, this means that the target for the return on the Fund capital is 7 per cent over time. Decisions made in the organisation must be within the risk framework set by the Board.



Given the risk framework, the Fund's risk-taking is planned in an annual process that results in return targets for both teams and individual portfolio managers. The Fund's Strategy Committee is responsible for ensuring that the portfolio remains within the Board's risk framework.

Compliance

The Compliance function is responsible for checking and monitoring compliance with the external and internal rules that are relevant to AP2's operations. The Fund is not under the supervision of the Swedish Financial Supervisory Authority (FI) and the main law that governs AP2's activities is the National Pension Insurance Funds Act. On the other hand, the Fund operates in capital markets that are governed by laws and regulations with which it must comply directly or indirectly. An important part of the work of the Fund's compliance function is therefore to train staff in new or amended internal or external rules and to participate in assessing the consequences of these changes.

Risk Management

Risk Management is responsible for the control and analysis of the Fund's financial and operational risks. This function is operationally separate from the asset management organisation, ensuring complete independence. The department is also responsible for developing guidelines and risk models, as well as providing advice and support to the Fund's Executive Management and portfolio management teams.

The Fund's risks

The most significant risks to which the Fund may be exposed can be grouped into financial (market risk, credit risk and liquidity risk), operational and impact risks. Overall, sustainability risks may affect all these risks.

Financial risks

In the area of financial risks, the Fund focuses on the risk and return of the portfolio in different dimensions and time horizons. It also monitors diversification, concentration and various types of stress test.



Market risk

Market risk refers to the risk that fair value or future cash flows from a financial instrument will vary due to changes in market rates.

In the day-to-day portfolio management process, market risk is measured in both absolute and relative terms. The market risks most relevant to AP2 are share price risk, interest rate risk and exchange rate risk. The Fund analyses and monitors the market risk at total fund level, by asset class and by mandate. In this process, the Fund relies on a number of tools and methods, such as risk attribution, stress tests and scenario analyses.

It also conducts ongoing ad hoc analyses to identify the risk-taking in different parts of the portfolio. Furthermore, the Fund conducts evaluations of risk models, as well as assessments and reviews of the limit structure.

Credit risk

Credit risk refers to the risk of loss arising from a credit commitment not being fulfilled. The credit risk comprises:

Counterparty risk
The risk of a counterparty in an OTC/deposit transaction becoming insolvent and unable to fulfil its obligations.

Issuer risk
The risk of an issuer becoming insolvent and unable to fulfil its obligations.

Settlement risk
The risk of the counterparty being unable to deliver on the terms of a contract on the agreed payment date.

Concentration risk
The risk arising when large, important or substantial volumes and/or commitments are concentrated among a limited number of issuers or on a specific sector or geographical region.



Ways in which the Fund limits credit risk in the fixed-income portfolio include statutory credit checks and exposure limits. The Fund uses median ratings from credit rating agencies Standard & Poor's, Moody's and Fitch Ratings to assess credit risk. If only two agencies publish a rating, the most conservative rating is selected. If a rating is available from just one agency, the credit risk is based on this. In addition, the Fund has credit risk in fixed-income funds and non-listed assets.

Counterparty risk is monitored and analysed on a daily basis. A credit assessment is performed on each new counterparty. This is followed by continual evaluation of all current relationships. The purpose and nature of the specific business relationship is always the starting point for this. As well as the counterparty risk associated with deposits and over-the-counter (OTC) derivatives, there is a risk in respect of clearing institutes concerning cleared transactions, although this is minimal. Counterparty risk is limited by means of a Credit Support Annex (CSA) agreement with the counterparty.

Issuer risk is not limited to the risk that the issuer may become insolvent. Losses often arise long before the cancellation of payments. AP2 mitigates issuer risk by setting credit risk limits for both individual issuers and groups of issuers. This is achieved, for example, by limiting the total credit risk posed by different groups of issuers based on credit ratings per security.

Settlement risk is minimised by automatically checking purchases and sales of equities and bonds with reference to the broker/counterparty. Special attention is paid to any non-compliances that can be corrected quickly. Payment and transfer of the transaction take place at the same time.

The Fund manages concentration risk by analysing the geographical and sector allocation, as well as the allocation per issuer and issuer group. The most influential factor in managing concentration risk is the choice of benchmark index.

Liquidity risk

Liquidity risk is the risk that a security cannot be sold in a timely manner without incurring a considerable loss or cost. The AP Funds must also be prepared to transfer funds to the Swedish Pensions Agency. The Fund's liquidity risk is restricted by the National Pension Insurance Funds Act, which requires that at least 20 per cent of the Fund's assets be placed in debt instruments at low credit and liquidity risk, and that a maximum of 40 per cent of the fair value of the assets that the Fund holds may be invested in illiquid assets. The liquidity risk on the liability side is very small and consists of derivative liabilities.

Sustainability risk

One example of a sustainability risk that affects financial risk is fossil fuel reserves. The risk means that the assets may be abandoned as a result of the transition to a fossil-free society and are thus at risk of devaluation. This can be seen as a sustainability risk, but it is implemented in the form of a financial risk.

Operational risks

Within operational risks, the Fund focuses on those risks that have an impact on the business, such as people/organisation, systems, cyber and information security risks, projects and processes.



Operational risk is the risk of losses arising from deficiencies or failures in internal processes, human error, faulty systems or external events. AP2 identifies operational risks using analytical methods and tools, including self-assessment, incident logs, process analysis and workshops.

The operational risks are analysed based on an assessment of their likelihood and impact. The analysis forms a basis for prioritising risks and an action plan is created for the largest risks.

Process mapping is one of the tools used to identify operational risks. A process organisation with a process sponsor, sub-process owner, process manager, process team and process support has been appointed and there is a structure for follow-up.

Sustainability risk

The most common sustainability risk factor under operational risks is reputational risk, i.e. the risk of the investment operations causing a loss of confidence in the organisation or the pension system.

Impact risks

Within impact risks, the Fund focuses on the risks arising from our investments that affect people or the environment.



As well as the grouping of risks into financial and operational risks, there is also the risk that an investment might cause harm to human life or the environment, without necessarily having any impact on financial or operational risks. These risks can be categorised under impact risks.

High impact risks affect the Fund's ability to achieve its goal of exemplary management. The risk of the Fund contributing to violations of human rights through its investments is one example of this kind of risk.

Risk 2025

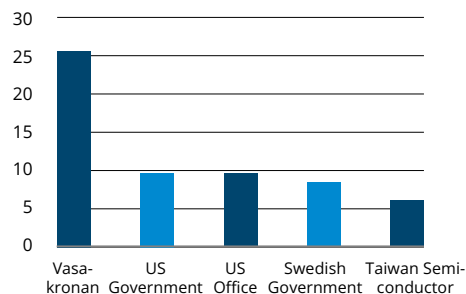
The Fund's one-day 95 per cent VaR (Value at Risk) is estimated to be approximately SEK 5.2 billion, as the table shows. In other words, with an assumed probability, the Fund is expected to lose a maximum of SEK 5.2 billion a day per month. The Fund's annual volatility is estimated to be approximately SEK 50.4 billion. The Fund thus estimates that with standard deviation probability, next year's results will be between plus/minus SEK 50.4 billion, provided that the positions from year-end do not change.

At 31 December, the fixed-income portfolio duration was 5.6 (5.9) years.

The credit quality of the fixed-income portfolio changed somewhat during the year. The Fund had 25 (22) per cent rated AAA, 14 (14) per cent rated AA, 19 (20) per cent rated A, and 24 (30) per cent rated BBB. The credit risk expressed in SEK billion is shown in the graph on the right.

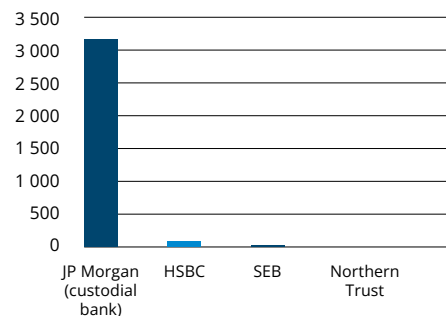
Exposure to issuers, SEK billion

■ Equities
■ Bonds



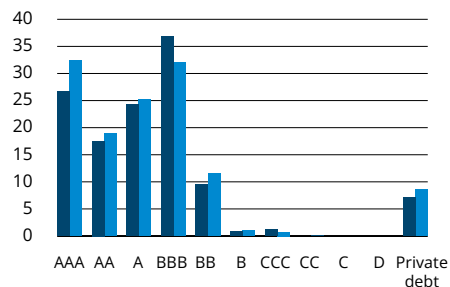
Counterparty risk, SEK million

■ Bank/Deposit
■ FX forward



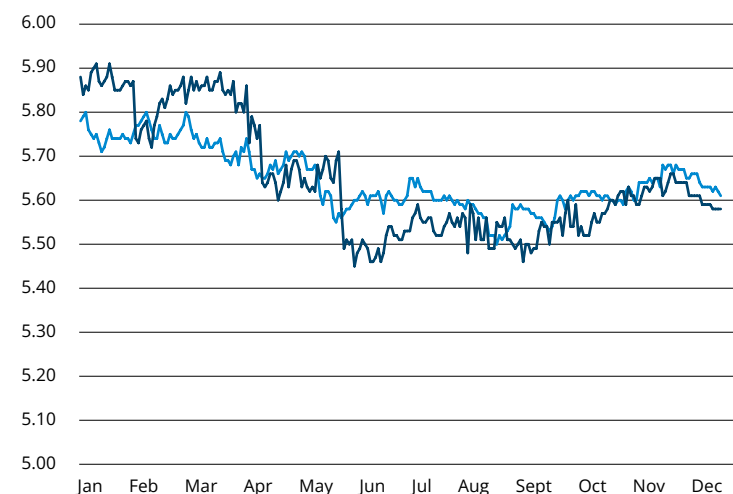
Credit risk, SEK billion

■ 2024
■ 2025



Fixed-income portfolio duration in 2025, year

■ AP2 ■ Index



Risk calculated as Value-at-Risk (VaR) for Andra AP-fonden's total portfolio, 2025

	Contribution to ex-ante VaR (95%, 1 day)	Contribution to ex-ante volatility (1 year)	Percentage risk (%)	Percentage market value (%)
Equities	4 949	47 755	95	72
Fixed-income securities	246	2 376	5	28
Currency risk	30	289	0	-
Total AP2	5 225	50 420	100	100

VaR and volatility are calculated according to MSCI BarraOne's parametric factor model, which uses an eight-year half-life for factor volatility and an eight-year half-life for correlations.

A growing organisation for a stronger future

At Andra AP-fonden, we know that it is our competent employees who matter most. Their knowledge and commitment are key to meeting our targets. That is why the Fund invests heavily in creating a pleasant working environment and leadership that provides inspiration and support.

We are a knowledge-driven organisation, with the important mission of managing part of the buffer capital in the public pension system. This means we need smart, reliable and committed employees who are ready to take on challenges. Our vision is to be a leading pension manager in a changing world, and that requires drive, responsibility and a desire for constant development. We work to ensure that all our staff feel motivated and ready to deliver their best.

More skilled employees recruited

According to a decision by the Swedish Parliament, AP6's assets and liabilities will be incorporated into AP2 as of 1 January 2026. The incorporation has involved extensive work in close cooperation between AP2 and AP6. To deal with the increased

capital and create the best possible management, we worked during the year to strengthen the organisation. In 2026, we will welcome around 10 new colleagues in management, business support, risk, legal and sustainability – an important step to strengthen our resources.

Strategy and development

An important part of our long-term strategy is to build an efficient, cost-conscious organisation. We are committed to attracting, retaining and developing our employees to remain a leading pension manager.

Continuous learning

Skills development is a cornerstone of our work. All employees are offered continuous



development in their fields and we encourage internal knowledge sharing. Our culture is based on developmental leadership. We place great importance on our managers being role models and acting in line with the Fund's values: results-driven, committed, accountable and transparent.

Targets and monitoring

Based on the Fund's business plan, we define targets and action plans at individual, department-specific and Fund-wide levels. In the annual appraisals, we identify performance and potential. Regular employee surveys help us focus on improving employee satisfaction and commitment.

Diversity and inclusion

We believe in the power of diversity and an inclusive approach. This is why we want to be an attractive employer for everyone with the right skills, regardless of age, ethnicity or gender. We offer flexible working hours, personal responsibility and parental pay to create a workplace with a good work-life balance.

Pay

To attract and retain the best employees, we endeavour to offer competitive pay. We use independent statistics on comparable organisations to ensure market pay levels. All employees are covered by collective agreements to ensure the best possible working conditions.

» [Find out more about pay on page 65.](#)

Significant events after the end of the financial year

Transfer of assets from Sjätte AP-fonden

On 1 January 2026, amendments to the National Pension Insurance Funds Act (2000:192) came into force.¹ The legislative amendments meant, among other things, that Sjätte AP-fonden ceased operations at the end of 2025.

Assets that could not be transferred at year-end remain in Sjätte AP-fonden. Such assets will be managed in segregation from other assets. Segregated assets of Sjätte AP-fonden will be managed by Andra AP-fonden.

A special coordinator was appointed by the Swedish Government² to assist the AP Funds with this transfer. The coordinator's interim report³ provided further guidelines for the

transfer of assets and liabilities by the AP Funds and guidelines for Andra AP-fonden's management of Sjätte AP-fonden's segregated assets.

As the amendments to the National Pension Insurance Funds Act (2000:192) entered into force on 1 January 2026, they have no impact on the annual report for 2025. A description of the impact on the financial statements going forward is provided in Note 20.

Outgoing Chair of the Board

The Chair of the Board, Anna-Karin Jatko, left the Board of Andra AP-fonden on 5 February 2026. On the same day, Ingrid Tersander Albinsson was appointed acting Chair of the Board.

- 1) The Swedish Parliament adopted the amendments on 20 May 2025 after the Finance Committee, in its report 2024/25:FU36, supported the Government's proposal in Bill 2024/25:133 More efficient management of the buffer capital.
- 2) A special coordinator for the Gothenburg-based AP Funds was appointed by the government on 20 March 2025 under committee terms of reference Dir. 2025:33.
- 3) SOU 2025:106

Costs

Andra AP-fonden works extensively on cost effectiveness and takes an overall view of all processes from a cost perspective.

During the budget process, each person with budget responsibility is involved in both their own budget and the Fund's overall budget. The Fund also maintains a continuous focus on costs that impact net income for each asset class, such as transaction costs.

The management expense ratio for 2025, including commission expenses, was unchanged compared with the previous year, at 0.08 per cent. The management expense ratio, excluding commission expenses, fell slightly to 0.06 per cent.

For several years, AP2 has participated in an international benchmarking study on the cost effectiveness of pension funds. The method enables a comparison that takes into account several factors that have a strong impact on the overall cost of managing a fund: the volume of assets under management, the degree of assets

under active management and external mandate, and the relative allocations for each class of asset. The latest analysis for 2023 shows that the Fund performs its asset management duties in a successful, cost-effective manner. The Fund's cost level was well below that of the comparison group, mainly owing to a lower proportion of external management and cost-effective internal management.

The following pages show a breakdown of the various costs affecting the result of the Fund.

Commission expenses

Commission expenses are recognised in the income statement as a deduction under Operating income. These comprise external expenses for asset management services such as custodial expenses and fixed fees to external asset managers, as well as fixed fees for listed funds.

» What are these expenses?

External management fees

» These are payments to external asset managers to cover the cost of managing the Fund's capital. The asset management can be conducted on a discretionary basis or via the manager's funds, and relates exclusively to assets classified as listed assets, that is not non-listed assets such as private equity funds or real-estate funds.

» Why does the Fund incur this cost?

» Capital is allocated to a number of different asset classes for the purposes of diversifying the portfolio. Certain asset classes are managed externally, for example because AP2 lacks the internal resources or is unable to create sufficient economies of scale to manage the assets in-house. The asset managers selected specialise in this asset class, which means that in addition to diversifying the portfolio, the investments can also generate attractive returns.

» This year's and previous year's costs

» External asset management fees were SEK 52 (58) million in 2025. These costs are affected primarily by the performance of the investments. The externally managed capital (which determines the level of the management fees) now solely comprises investments in alternative risk premiums, specifically funds that specialise in premiums for reinsuring insurance companies.

Custodial expenses

» These are fees to the Fund's custodial bank for the safekeeping of securities, payments and for matching transactions. With regard to safekeeping, the cost is linked to the market value of the assets being stored. For payments and transaction flows, the cost is largely dependent on the number of transactions.

» AP2 carries out much of its asset management activities in-house. This affects the level of custodial expenses, as to a great extent they are dependent on the market value of the internally managed capital, and how intensive the management is in terms of transactions. These expenses are also affected by the type of asset deposited with a custodial bank. Assets exposed to emerging markets, for example, are relatively expensive to place on deposit.

» Custodial expenses amounted to SEK 31 (15) million in 2025. At the end of 2023 a change of custodial bank took place, which affected the costs for 2024 as the new agreement entailed an initial fee-free period. The previous year's custodial bank costs were therefore significantly lower than our long-term expectation.

Operating expenses

Operating expenses are recognised separately in the income statement and comprise personnel costs and other administrative expenses. Operating expenses amounted to SEK 288 (291) million. Recognised in relation to average Fund capital during the year, this corresponds to a cost level (management expense ratio excluding commission expenses) of 0.06 (0.07) per cent.

Personnel costs

» They are salaries, pension premiums, allowances and costs relating to conferences and training.

» To be a leading pension manager in a changing world, the Fund needs to employ specialists within a number of different areas. Continuing professional development is also essential if the Fund is to remain at the forefront of the industry.

» Costs for the year decreased from SEK 174 million in 2024 to SEK 172 million in 2025. The decrease is mainly on account of vacancies during part of the year. The number of employees at year-end totalled 69 individuals (70). Find out more under Note 5 on pages 64–65.

Other administrative expenses

» Other administrative expenses are internal costs apart from personnel costs. Administrative expenses comprise costs relating to premises, information and IT costs, purchased services and other expenses.

» These costs are associated with day-to-day operations and the management of the Fund. The approach that AP2 takes to asset management requires access to a vast amount of information and a number of systems. This is the single largest internal cost item apart from personnel costs. System and IT costs are essential in order to pursue high-quality, secure operations. Information costs are driven both by the need for information on securities to enable carefully balanced investment analyses, and to enable continual assessment of the level of risk in the portfolio.

» Costs for the year decreased from SEK 117 million in 2024 to SEK 116 million in 2025. The decrease is mainly on account of non-recurring costs in 2024. Find out more under Note 6 on page 66.

Costs affecting net income

Costs such as performance-based fees, management fees for non-listed equities and participations and brokerage commission, affect the net income of the respective asset class, and are therefore not recognised as a cost item in the income statement. However, details of some costs are provided in the notes.

» What are these costs?

Performance-based fees

» They are payments to external asset managers that are made when they have delivered an excess return against a predetermined level or benchmark. This means a variable fee that is a form of profit-sharing between the asset manager and AP2.

Brokerage commission

» A brokerage commission is paid on the purchase and sale of equities, participations and forward contracts. When buying and selling other asset classes, the transaction cost is limited strictly to the difference between the buy and sell rates, known as the 'spread'. Brokerage commission for listed equities and participations is recognised as a deductible item in Net income for listed equities and participations. See Note 2 on page 63.

Management fees for non-listed assets

» They are payments to managers of non-listed assets to cover the cost of managing the capital that AP2 invests in their funds. The payment structure in these funds is often designed so that payment occurs continually based on the capital that AP2 has undertaken to invest in the fund over time. When the fund is wound up by divesting the underlying assets, the management fees paid are first paid back to AP2, then (if the fund has generated a profit) AP2 receives a previously agreed return and any remaining profit is distributed between the asset manager and AP2. As the management fees will be paid back in the future, the costs are recognised as a portion of the cost of the investment, thus affecting the unrealised net income for non-listed assets. Once the management fees have been repaid, there is a positive impact on the unrealised net income.

» Why does the Fund incur this cost?

» Fees to external asset managers may consist of both a fixed fee and a variable element, which is regulated by the contract with the manager. A higher variable element may entail a lower fixed fee, and vice versa. Different asset managers have different models for fees. AP2 has a mix of fee models among its external asset managers, which is down to contract negotiations with each asset manager. A profit-sharing model means that the Fund shares the risk with the manager, and boosts the incentive for them to deliver a healthy return. It also means that the costs may fluctuate over time.

» The cost of brokerage fees is linked to how much trading the Fund carries out in equities, participations and forward contracts. Since AP2 continually rebalances internally managed equity mandates to restore portfolio weightings to strategic levels, trading needs to take place in the market.

» Capital is allocated to a number of different asset classes for the purposes of diversifying the portfolio. Non-listed assets often require a long-term approach, which AP2 is able to undertake via its mission. The Fund has been investing in non-listed assets since 2001.

» This year's and previous year's costs

» Costs in 2025 totalled SEK 36 (15) million. At year-end, the Fund had only one asset manager able to earn a performance-based fee.

» Brokerage commission paid in 2025 for equities and participations totalled SEK 131 (106) million. Costs amounted to 0.05 (0.04) per cent of the total trading volume. The following five counterparties (listed in alphabetical order) received 65 per cent of total brokerage fees: Bank of America, Barclays, Citibank, JP Morgan och UBS. Brokerage commission paid in 2025 for forward contracts totalled SEK 5 (4) million.

» The costs that are recognised relate to payments to non-listed funds for ongoing management. During the year, these payments amounted to SEK 866 (829) million. SEK 768 (562) million was paid back from funds in connection with the divestment of underlying holdings during the year. This means that the unrealised income was affected by a net amount of SEK -98 (-267) million.



Financial statements

Andra AP-fonden 2025

Income statement

Amounts in SEK million	Note	Jan-Dec 2025	Jan-Dec 2024
Operating income			
Net interest income	1	5 189	4 723
Dividends received		5 457	4 602
Net income, listed equities and participations	2	29 026	18 491
Net income, non-listed equities and participations	3	3 300	6 074
Net income, fixed-income securities		3 236	617
Net income, derivative instruments		-5 274	-3 368
Net income, foreign exchange gains/losses		-19 707	4 093
Commission expenses, net	4	-83	-73
Total operating income		21 144	35 159
Operating expenses			
Personnel costs	5	-172	-174
Other administrative expenses	6	-116	-117
Total operating expenses		-288	-291
NET RESULT FOR THE YEAR		20 856	34 868

Balance sheet

Amounts in SEK million	Note	31 Dec 2025	31 Dec 2024
ASSETS			
Equities and participations			
Listed	7	198 725	181 961
Non-listed	8	132 858	146 895
Bonds and other fixed-income securities	9	133 409	129 335
Derivative instruments	10	6 029	2 508
Cash and bank balances		7 016	5 502
Other assets	11	20	40
Prepaid expenses and accrued income	12	2 513	2 495
TOTAL ASSETS		480 570	468 736
FUND CAPITAL AND LIABILITIES			
Liabilities			
Derivative instruments	10	1 269	8 913
Other liabilities	13	3 315	147
Deferred income and accrued expenses	14	811	792
Total liabilities		5 395	9 852
Fund capital			
Fund capital at start of year	15	458 884	426 040
Net payments to the national pension system		-4 565	-2 024
Net result for the year		20 856	34 868
Total Fund capital		475 175	458 884
TOTAL FUND CAPITAL AND LIABILITIES		480 570	468 736
Pledged assets and contingent liabilities			
Other pledged assets and contingent liabilities	16	24 456	48 001
Commitments		49 746	49 436

Accounting policies and valuation principles

Under the National Pension Insurance Funds Act (2000:192), the annual report must be prepared in line with generally accepted accounting principles, on the understanding that the assets in which the Fund's capital is invested are recognised at market value. On this basis, the First to Fourth AP Funds have drafted and implemented joint accounting policies and valuation principles, as applied and summarised below.

The AP Funds' accounting policies and valuation principles are being gradually adjusted to comply with the international IFRS accounting standard. Full compliance with the IFRS standard would not materially affect the recognised net result and capital. Andra AP-fonden meets the requirements for definition as an investment company as per IFRS 10. The only significant differences from IFRS requirements are that no cash flow statement is prepared and that IFRS 16 is not applied.

Trade date accounting

Transactions in securities and derivatives in the money and bond market, equity market and currency market and non-listed equities are recognised in the balance sheet at the trade date, i.e. the date when the material rights and related risks are transferred between the parties. Any amounts receivable from or payable to the other party between the trade date and settlement date are recognised under other assets and other liabilities respectively. Other transactions, especially those involving borrowing and lending, are recognised in the balance sheet as per the settlement date, in line with generally accepted market practice.

Netting

Financial assets and liabilities are netted in the balance sheet when there is a legal right to net transactions and an intention to make a net payment or to realise the asset and pay the liability simultaneously.

Foreign currency translation

Transactions in foreign exchange are translated into Swedish kronor at the rate applied on the transaction date. On the balance sheet date, assets and liabilities in foreign currency are converted into Swedish kronor at rates on the balance sheet date. Foreign exchange gains/losses on assets and liabilities in foreign currency are separated into that part attributable to the change in value of the asset or liability in local currency, and that part attributable to the change in the exchange rate. Foreign exchange earnings arising from the change in the exchange rate is recognised in the income statement under Net income, foreign exchange gains/losses.

Equities in subsidiaries/associated companies

In compliance with the Swedish National Pension Funds Act, both equities in and loans to subsidiaries/associated companies are recorded at fair value. Fair value is determined using the same methods applied to non-listed equities and participations. There is no requirement to prepare consolidated accounts. Loans to subsidiaries and associated companies that are intended to be held to maturity are valued at fair value through the Fair value option in IFRS 9. However, the entire change in value is recognised as part of the shareholding under Net income, non-listed equities and participations.

Valuation of financial instruments

All Fund investments are measured at fair value, with realised and unrealised changes in value recognised in the income statement. Consequently, both realised and unrealised income are included in net income by asset class. Equity instruments are held for trading and are therefore measured at fair value in the income statement. Debt instruments are held for trading and are therefore measured at fair

value in the income statement. Loans to subsidiaries and associated companies are intended to be held to maturity, but the fair value option is used to ensure that the National Pension Insurance Funds Act's requirements for fair value measurement is met. In cases where reference is made below to the selected index provider, see page 43 for information on the current index. The AP Funds monitor all their assets based on fair value. For a description of how fair value is determined for the Fund's various investments, see below.

Listed equities and participations

In the case of equities and participations traded on a regulated market or trading platform, fair value is based on the official market rate applied at the balance sheet date, according to the Fund's selected index supplier, usually the average market rate. Holdings not included in the index are measured at the listed rates observable on an active market. Commission paid is taken up as income under Net income, listed equities.

Non-listed equities and participations

For equities and participations not traded on a regulated market or trading platform, fair value is based on the valuation received from the counterparty or other external party. This valuation is updated when a new valuation is received and adjusted for any cash flows until the end of the accounting period. Where the Fund has good reason to believe that the value measurement is incorrect, the received value is adjusted.

The valuation of non-listed participations follows IPEV (International Private Equity and Venture Capital Valuation) Guidelines or similar valuation principles, first and foremost being based on transactions with third parties, although other valuation methods may also be employed.

The valuation of non-listed real estate equities is based on the material value method, insofar as the equity has not been subject to transactions on a secondary market. Deferred tax liabilities relating to holdings in non-listed real-estate companies are measured at the value applied to the actual property transactions, as distinct from the value recognised in the accounts of the real-estate companies.

Bonds and other fixed-income securities

For bonds and other fixed-income assets, fair value is based on the official market rate (usually the bid rate) applied at the balance sheet date, according to the Fund's selected index supplier. Holdings not included in the index are measured at the listed rates observable on an active market. Where such instruments are not traded on an active market, and where no reliable listed market rates are available, the instrument is measured using generally accepted valuation models, whereby cash flows are discounted according to a relevant valuation curve.

Interest calculated according to the effective interest method, based on accrued acquisition value, is recognised as interest income. Amortised cost is the discounted net present value of future payments, where the discount rate is the effective interest rate at the time of acquisition. This means that acquired surplus or deficit values are recognised on an accrual basis over the remaining duration or until the next change in coupon rate, and recognised as interest income. Changes in value arising from changes in interest rates are recognised under Net income, fixed-income securities, while changes in value arising from foreign exchange gains/losses are recognised under Net income, foreign exchange gains/losses.

Derivative instruments

For derivative instruments, fair value is based on their listed rates at year-end. Where such instruments are not traded on an active market, and where no reliable listed market rates are available, the instrument shall be measured using generally accepted valuation models in which the input data consists of observable market data.

Derivative contracts with a positive fair value at the balance sheet date are recognised as assets, while contracts with a negative fair value are recognised as liabilities. Changes in value arising from foreign gains/

losses are recognised in the income statement under Net income, foreign exchange gains/losses, while other changes in value are recognised under Net income, derivative instruments.

Repurchase transactions

In a true repurchase transaction, also known as a 'repo', the asset sold continues to be recognised in the balance sheet and the payment received is reported as a liability. The security sold is recognised as a pledged asset among memorandum items in the balance sheet. The difference between the payment in the spot leg and forward leg is recognised on an accrual basis over the term and recognised as interest.

Securities lending

Securities on loan are reported in the balance sheet at their fair value, while compensation received is recognised as interest income in the income statement. Collateral received for securities on loan consists of securities and/or cash. Where Andra AP-fonden has rights of disposal over the cash received as collateral, this is recognised in the balance sheet as an asset and a corresponding liability. Where the Fund lacks these rights of disposal of the collateral, the collateral received is recognised not in the balance sheet but in a separate note, under 'Pledged assets and contingent liabilities'. The value of securities on loan and their collateral is also recognised under this heading.

Items recognised directly in Fund capital

Contributions to and disbursements from the pension system are recognised directly in Fund capital.

Commission expenses

Commission expenses are recognised in the income statement as a deduction under Operating income. These comprise external expenses for asset management services such as custodial expenses and fixed fees to external asset managers, as well as fixed fees for listed funds. The performance-based fees, which are paid when the asset manager attains a return on investment in excess of the agreed level, where profit-sharing is applied, is recognised as a deductible item under net income for the relevant asset class in the income statement.

Management fees for non-listed equities and participations are recognised as acquisition expenses and thus included in unrealised result.

Operating expenses

All management expenses, excluding brokerage commission, fees to external asset managers and custodial expenses, are recognised under Operating expenses. Investments in equipment and proprietary and purchased software are usually expensed as incurred.

Tax

Andra AP-fonden is exempt from all income tax on investments in Sweden. The tax some countries levy on dividends, as well as withholding tax, is netted in the income statement under the respective income classes.

As of 2012, Andra AP-fonden became VAT registered. Consequently, VAT is due on acquisitions outside Sweden. The Fund is not entitled to recover VAT that has been paid. Expensed VAT is included in the respective cost item.

Amounts are in millions of kronor (SEK m), unless otherwise stated.

Notes to the income statement and balance sheet

Note 1. Net interest income

Amounts in SEK million	Jan–Dec 2025	Jan–Dec 2024
Interest income		
Bonds and other fixed-income securities	5 062	4 597
Other interest income	150	165
Total interest income	5 212	4 762
Interest expense		
Other interest expense	-23	-39
Total interest expense	-23	-39
Net interest income	5 189	4 723

Note 2. Net income, listed equities and participations

Amounts in SEK million	Jan–Dec 2025	Jan–Dec 2024
Net income, listed equities and participations	29 157	18 597
less brokerage commission	-131	-106
Net income, listed equities and participations	29 026	18 491

Note 3. Net income, non-listed equities and participations

Amounts in SEK million	Jan–Dec 2025	Jan–Dec 2024
Capital gains	4 113	4 087
Unrealised changes in value	-813	1 987
Net income, non-listed equities and participations	3 300	6 074

External management fees for non-listed assets are recognised as a component of the initial value of the asset and therefore have a negative impact on unrealised net income for non-listed assets. Consequently, refunded management fees have a positive impact on unrealised net income. During the year, a total of SEK 866 (829) million was paid in management fees relating to non-listed assets. Repayment of SEK 768 (562) million was also made during the year and the unrealised income for non-listed equities and participations was consequently impacted by a net amount of SEK -98 (-267) million.

Note 4. Commission expenses, net

Amounts in SEK million	Jan–Dec 2025	Jan–Dec 2024
External asset management fees, listed assets	52	58
Other commission expenses, including custodial expenses	31	15
Total	83	73

Commission expenses do not include performance-based expenses. Performance-based expenses for the year totalled SEK 36 (15) million and reduced net income for the respective asset classes.

External management mandates at 31 December 2025, SEK million	Average assets under management in 2025	Market value 31 Dec 2025*	% Fund capital	External management expense
Listed external fixed-income funds	11 014	10 818	2	52
Investments in non-listed funds	78 593	79 219	17	-
Total capital assets under external management and management costs	89 607	90 037	19	52

* Market value including allocated liquidity, derivative instruments and accrued interest.

Note 5. Personnel

Number of employees	2025			2024		
	Total	Men	Women	Total	Men	Women
Average number of employees	66	44	22	68	44	24
Number of employees, 31 December	69	43	26	70	46	24
Number of persons in Executive Management Team, 31 December	6	3	3	6	4	2

Personnel costs in SEK thousand, 2025	Salaries and fees	Pension expenses	Of which salary exchange	Social charges incl. Special employer's contributions	Total
Chair of the Board	215	–	–	70	285
CEO	4 909	1 771	240	1 975	8 655
Board of Directors, excluding Chair	957	–	–	257	1 214
Executive Management Team, excl. CEO					
Chief Investment Officer (CIO), from April	2 362	440	–	887	3 689
Head of Business Support	2 430	1 508	–	1 215	5 153
General Counsel	2 751	910	96	1 131	4 792
Head of Communications and Sustainability	1 692	654	120	731	3 077
Head of Performance and Risk Management	2 110	894	120	881	3 885
Other employees	71 745	34 924		30 616	137 285
Total	89 171	41 101		37 763	168 035
Other personnel costs					4 328
Total personnel costs					172 363

Personnel costs in SEK thousand, 2024	Salaries and fees	Pension expenses	Of which salary exchange	Social charges incl. Special employer's contributions	Total
Chair of the Board	215	–	–	70	285
CEO	4 755	1 726	240	1 916	8 397
Board of Directors, excluding Chair	939	–	–	219	1 158

Executive Management Team, excl. CEO

Chief Investment Officer (CIO)	3 560	688	–	1 366	5 614
Head of Business Support	2 103	1 406	–	1 003	4 512
General Counsel	2 600	865	96	1 052	4 517
Head of Communications and Corporate Governance, until end of May	918	252	50	372	1 542
Head of Communications and Corporate Governance, from start of May	1 058	317	–	435	1 810
Head of Performance and Risk Management	2 069	887	120	867	3 823
Other employees	71 488	35 750		30 759	137 997
Total	89 705	41 891		38 059	169 655

Other personnel costs					4 078
Total personnel costs					173 733

Board of Directors

Fees and other remuneration paid to the Board members are determined by the Swedish Government. Annual remuneration is SEK 200 000 to the Chair, SEK 150 000 to the Vice Chair and SEK 100 000 to the other members of the Board. The Swedish Government has determined that a total of SEK 100 000 may be paid for committee work. Board members have not received remuneration for their work in the Remuneration Committee. The Chair has received SEK 30 000 and a Board member has received SEK 25 000 for work in the Risk Committee. The Chair has received SEK 20 000 and a Board member has received SEK 15 000 for work in the Audit Committee.

Other directorships held by Board members

See page 38.

CEO

In the CEO's contract of employment, the Fund undertakes to pay pension premiums and health insurance up to a pensionable age of 65 years, in the form of an annual premium corresponding to 30 per cent of the gross salary. Where employment is terminated by the Fund, the CEO is entitled to a severance payment equivalent to 18 months' salary, in addition to salary during the six-month period of notice, less income from new employment. Calculation of severance payment is based on the cash monthly salary at the end of the notice period. Benefits received by the CEO amount to SEK 9 (9) thousand.

Executive Management Team

In addition to salaries, other remuneration and pension, the Executive Management Team received benefits as per the following disclosure:

Chief Investment Officer (CIO) SEK 51 000 (81 000), Head of Business Support SEK 5 000 (4 000), General Counsel SEK 6 000 (6 000), Head of Communications and Sustainability SEK 52 000 (4 000), Head of Performance and Risk Management 5 000 (4 000). Senior executives come under the terms of the pension agreement between BAO (The Employers' Organisation of the Swedish Banking Institutions) and AKAVIA/CR/CF (SACO), The Swedish Confederation of Professional Associations.

Swedish Government guidelines specify 6 months' notice and 18 months' severance pay for senior executives. A senior executive of Andra AP-fonden appointed before the Government guidelines came into force has a 12-month notice period without severance pay. These terms have not been renegotiated, as this would incur higher costs for the Fund.

Salary exchange

All employees are offered the opportunity to exchange part of their salary for additional pension contributions.

Preparation and decision process

The fees paid to the Board of Directors are determined by the Swedish Government. The Board of Directors sets the CEO's salary and guidelines on remuneration for senior executives.

Government guidelines

Each year, Andra AP-fonden participates in a salary and benefits survey in which an independent party produces comparative statistics for different staff categories at relevant and comparable entities. The purpose of the survey is to report on market-based salary and employment conditions. For 2025, the Fund's remuneration levels were compared with 20 or so private and state organisations in the financial sector, including the other AP Funds. The Fund's remuneration policy is based on the level of remuneration being close to the median for the benchmark group.

In the opinion of the Board, the levels of remuneration paid to senior executives and other Fund employees are reasonable, well balanced, competitive, capped and adequate, and promote high ethical standards and a good organisational culture. They are not market-leading salaries when benchmarked against similar institutions, but are moderate and fall within the employee remuneration parameters set by the Board. The Board is satisfied that the Fund is in compliance with Swedish Government guidelines on remuneration, apart from the aforementioned exception regarding period of notice. The combined costs incurred in connection with termination of employment are well within the limits defined in the Swedish Government. More information is available on the Fund's website.

Other

In accordance with Swedish law, trade unions are free to operate at Andra AP-fonden. The Fund has no employees under the age of 18.

Note 6. Other administrative expenses

Amounts in SEK million	Jan-Dec 2025	Jan-Dec 2024
Costs for premises	5	6
Information and IT expenses	83	85
Purchased services	18	15
Other costs	10	11
Total other administrative expenses	116	117
Auditors' fees		
Audit assignments		
PwC	0.94	0.87
Auditing services in addition to the audit		
PwC	-	-
Total remuneration to PwC	0.94	0.87

Note 7. Equities and participations, listed

Amounts in SEK million	31 Dec 2025	31 Dec 2024
Swedish equities	50 788	45 066
Foreign equities	147 937	136 895
Total	198 725	181 961

Like others participants engaged in long-term asset management, Andra AP-fonden is also active in securities lending. The lending takes place to counterparties that have high credit ratings and provide collateral that exceeds the market value of securities lent.

In 2025, income from securities lending totalled SEK 50 million. This made a positive contribution to the Fund's return and is recognised as interest income in the income statement. Collateral received for securities lent is disclosed in Note 16.

A complete list of Swedish and foreign holdings is available on the Fund's website.

Five largest holdings in Swedish equities	Number of shares	Fair value
Swedbank A	6 591 821	2 117
Assa Abloy B	5 412 018	1 942
Hexagon B	15 839 559	1 734
Volvo B	5 852 136	1 732
SEB A	8 367 371	1 632

Five largest holdings in foreign equities

Taiwan Semiconductor Manufacturing Co Ltd.	13 391 000	6 090
Nvidia Corp.	1 735 800	2 984
Apple Inc.	1 058 900	2 654
Hynix Semiconductor Inc.	516 831	2 153
Samsung Electronics Co Ltd.	2 785 083	2 137

Note 8. Equities and participations, non-listed

Amounts in SEK million	31 Dec 2025	31 Dec 2024
Swedish equities in associated companies	25 613	25 074
Foreign equities in associated companies and subsidiaries	24 985	34 541
Other non-listed foreign equities and participations	82 260	87 280
Total	132 858	146 895

Amounts in SEK million	Comp. reg. no.	Registered office	Number of shares	Share of capital/ voting rights, %	31 Dec 2025 Fair value	31 Dec 2024 Fair value	Equity	Profit/loss
Swedish equities in associated companies								
Vasakronan Holding AB	556650-4196	Stockholm	1 000 000	25	25 613	25 074	83 703	3 003
4 to 1 Investments AB	559313-2490	Stockholm	6 250	25	0	0	1	-2
4 to 1 Investments KB	969795-3033	Stockholm		25	0	0	0	-2
Total Swedish equities in associated companies					25 613	25 074		
Foreign equities in associated companies and subsidiaries								
Chaptwo S.à.r.l.		Luxembourg		100	1 518	1 487		
Lewis & Clark Timberlands LLC		USA		24	1 646	1 877		
Molpus Nordic Woodlands L.P.		USA		99	1 919	2 277		
TIAA-CREF Global Agriculture LLC		USA		23	3 600	4 180		
TIAA-CREF Global Agriculture II LLC		USA		25	6 685	7 907		
U.S. Office Holdings L.P.		USA		41	2 590	3 581		
U.S. Core Office APTWO L.P. *		USA		99	4 670	8 174		
U.S. Office APTWO JV II L.P.**		USA		99	2 357	2 683		
Total foreign equities in associated companies and subsidiaries					24 985	32 166		

* Holding company with a 41 per cent stake in US Core Office Holding L.P. and minority stakes in other real estate, together with NPS and Tishman Speyer, etc.

** Holding company with minority stakes in other real estate, together with NPS and Tishman Speyer, etc.

Amounts in SEK million	Registered office	Share of capital, %	31 Dec 2025 Acquisition value	31 Dec 2024 Acquisition value
Five largest holdings in other non-listed foreign equities and participations				
Generate Capital, PBC	USA	6	2 906	2 906
KKR US Direct Lending (EEA) Feeder SCSp	Luxembourg	10	1 257	1 161
TPG Rise Climate, L.P.	USA	2	1 085	890
CVC Capital Partners VIII, L.P.	Jersey	0.4	1 034	1 044
MGG SF Evergreen Unlevered Fund II (Cayman), L.P.	Cayman Islands	33	1 011	628

A complete list of Swedish and foreign holdings is available on the Fund's website.

Note 9. Bonds and other fixed-income securities

Amounts in SEK million	31 Dec 2025	31 Dec 2024
Breakdown by issuer category		
Swedish Government	5 400	2 434
Swedish municipalities	61	92
Swedish mortgage institutions	1 885	546
Other Swedish issuers		
Financial companies	15 808	3 090
Non-financial companies	69	277
Foreign governments	53 549	49 001
Other foreign issuers	56 637	73 895
Total	133 409	129 335
Breakdown by type of instrument		
Other bonds	120 395	115 009
Non-listed loans	2 196	2 678
Participations in foreign fixed-income funds	10 818	11 648
Total	133 409	129 335

Note 10. Derivative instruments

Amounts in SEK million	31 Dec 2025 Fair value		31 Dec 2024 Fair value	
	Positive	Negative	Positive	Negative
Equity-related instruments				
Forward contracts	-	-	-	-
Total	-	-	-	-
of which cleared	-	-	-	-
Interest-related instruments				
FRAs/Forward contracts	4	-	-	24
Total	4	-	-	24
of which cleared	-	-	-	-
Currency-related instruments				
Options, held	36	-	33	-
Options, pledged	-	4	-	0
Forward contracts	5 989	1 265	2 475	8 889
Total	6 025	1 269	2 508	8 889
of which cleared	-	-	-	-
Total derivative instruments	6 029	1 269	2 508	8 913

No derivative positions have a longer maturity than 12 months. Pledged put options are part of the Fund's strategy to reduce total risk. The net position of put options has a limit on maximum loss. In the case of currency options sold, Andra AP-fonden is always required to fulfil the commitments of the options contract, i.e. once the Fund has sold a currency option, the buyer is entitled to exercise it whether or not this is

advantageous at the current rate. For other put options issued, the Fund has no delivery requirements.

Use of derivative instruments

Derivative instruments are the primary means of providing currency hedging for the Fund's portfolios. They also contribute to more efficient asset management, create added value and reduce risk. Andra AP-fonden's use of derivatives is regulated in the Fund's business plan. One of the restrictions is that call options and forward contracts may only be issued if adequate collateral is available in the form of holdings in underlying assets. In 2025, derivatives were primarily used in the following areas:

- Foreign exchange derivatives – forward contracts and options – for managing the Fund's currency exposure.
- Equity derivatives – mainly standardised equity-index forward contracts – for efficient rebalancing of the portfolio and when adopting positions in tactical asset allocation.
- Interest rate derivatives – mainly standardised interest rate forwards and interest rate swaps – for rebalancing, tactical asset allocation and managing the Fund's interest risk. Limited utilisation of interest rate options to position the Fund in respect of interest rate risk.
- Structured derivatives – used to create exposure to market fluctuations that are not available in traditional equity, interest rate or foreign exchange derivatives.
- Positions are taken through derivatives within the framework of the Fund's tactical allocation mandates and alternative risk premium mandates. These mandates are able to be utilised using short and long positions in the permitted asset classes.

Derivative exposures are continuously monitored and analysed. Equity and interest rate derivatives are traded mainly on standardised markets in cleared products, which is why counterparty risks are limited to the clearing institute. Trading in currency and credit market derivatives is not standardised, which means there is exposure to counterparty and delivery risks with respect to the Fund's counterparties.

The CEO approves and sets limits for the counterparties that the Fund uses for non-standardised products and the exposure is continuously monitored. For OTC trading, the Fund requires standardised contracts, such as ISDAs and, to an increasing extent, CSAs, which regulate the collateral between counterparties.

Note 11. Other assets

Amounts in SEK million	31 Dec 2025	31 Dec 2024
Receivables, assets sold but not settled	10	31
Other receivables	10	9
Total	20	40

Note 12. Prepaid expenses and accrued income

Amounts in SEK million	31 Dec 2025	31 Dec 2024
Accrued interest income	1 910	1 778
Accrued dividends	124	218
Restitutions	444	475
Other prepaid expenses and accrued income	35	24
Total	2 513	2 495

Note 13. Other liabilities

Amounts in SEK million	31 Dec 2025	31 Dec 2024
Liabilities, assets purchased but not settled	-	25
Accounts payable	10	13
Other liabilities*	3 305	109
Total	3 315	147

* Other liabilities consist mainly of the countervalue of the cash collateral received that was booked over the turn of the year.

Note 14. Deferred income and accrued expenses

Amounts in SEK million	31 Dec 2025	31 Dec 2024
Accrued interest expense on currency forwards	785	764
Other accrued expenses	26	28
Total	811	792

Note 15. Fund capital

Amounts in SEK million	31 Dec 2025	31 Dec 2024
Fund capital at start of year	458 884	426 040
Net payments to the national pension system		
Pension contributions received	91 694	89 186
Pension disbursements to the Swedish Pensions Agency	-95 959	-90 923
Transfer of pension entitlements to EC	0	-1
Adjustment of pension entitlements regarding previous years	1	-2
Administration payment to the Swedish Pensions Agency	-301	-284
Total net payments to the national pension system	-4 565	-2 024
Net result for the year	20 856	34 868
Fund capital at year-end	475 175	458 884

Note 16. Pledged assets and contingent liabilities

Amounts in SEK million	31 Dec 2025	31 Dec 2024
Other pledged assets and contingent liabilities		
Securities on loan against cash and securities collateral received*	23 033	14 521
Collateral pledged in connection with exchange-cleared derivatives	1 294	2 069
Collateral pledged in connection with OTC derivatives (CSA contracts)**	129	31 411
Total	24 456	48 001
Commitments		
Commitments regarding future investments, non-listed holdings	45 244	44 936
Subscription commitments, certificates	4 500	4 500
Guarantee of new issue	2	-
	49 746	49 436

* Collateral received for securities on loan is SEK 24 002 (15 406) million.

** Carrying amount of liabilities relating to cash collateral received for OTC derivatives is SEK 3 295 (102) million. Collateral received in the form of securities for OTC derivatives is SEK 4 355 (91) million.

Note 17. Financial instruments, price and value hierarchy

Valuation of Fund capital – Market-listed assets

The great majority of the Fund's assets are market-listed, which means they are traded in an active market at prices that represent actual and regularly occurring market transactions. Andra AP-fonden's market-listed assets are measured on a daily basis at listed market rates and comprise equities, bonds, derivatives, funds and currencies.

Values of OTC derivatives are measured on the basis of either theoretical models or valuations from external parties. Valuation of the Fund's holdings in currency forward contracts, interest rate swaps and currency options are measured on the basis of theoretical models, in which the model's subjective parameters are currently solely the choice of interest rate curves, volatility curves and method to calculate and estimate future values (interpolation and extrapolation). The same method is applied for overnight deposits, short-term certificates of deposit and similar instruments.

For other OTC derivatives, valuations from external parties are used exclusively without subjective parameters from the Fund. At year-end 2025, the Fund's portfolios contained only a few outstanding structured OTC derivatives.

During periods when the market lacks liquidity for market-listed securities, a higher degree of subjectivity is required to measure the value. At such times, the market exhibits a sharp increase in differences between bid and offer rates, which can also lead to marked differences between market participants. At times like these, Andra AP-fonden takes a conservative valuation approach. If an asset is deregistered, market listings in alternative marketplaces are taken into consideration. In such instances, each individual security is appraised separately.

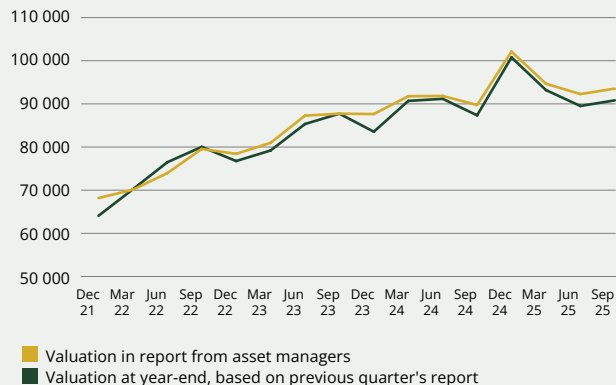
Valuation of Fund capital – Non-listed assets

For assets not measured on an active market, different measurement methods are used to calculate fair value at the valuation date.

The fair value is considered to be equal to the price at which a transaction between informed and mutually independent parties can be completed. For Andra AP-fonden, these non-market-listed assets consist of traditional real estate, private equity funds, timberland and farmland (NCS), sustainable infrastructure and non-listed credit funds, and amount to 28 per cent of the total portfolio.

The valuation of non-listed participations follows IPEV (International Private Equity and Venture Capital Valuation) Guidelines or similar valuation principles, first and foremost being based on transactions with third parties, although other valuation methods may also be employed.

Validation of valuations with delayed reporting, SEK million



Analysis of the impact on the income statement as a result of delayed publication shows that Andra AP-fonden's valuations in the official year-end accounts are lower than those in the final report from the asset managers.

Valuation of holdings is based on the most recent interim reports received from the respective managers. Asset managers mainly use discounted cash flows, the net asset value method and multiple valuation to calculate fair market values. The interim reports are normally available within 90 days of a quarterly financial statement. This means that when Andra AP-fonden's holdings were valued at year-end

2025, the valuation at 30 September 2025 was mainly used, adjusted for inflows and outflows during the fourth quarter. The Fund has used this valuation method consistently since its inception.

An analysis of what impact this delay has had since December 2021 shows that Andra AP-fonden's valuation in the official year-end accounts has mainly been lower than that in the final report from the asset managers.

Fair value

Fair value is defined as the price that would, at the valuation date, be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The Fund's holdings are therefore divided into three different levels and classified on the basis of which input data are used for the valuation. Andra AP-fonden classifies its assets at fair value according to the following hierarchy.

Amounts in SEK million	31 Dec 2025			Total fair value
	Level 1	Level 2	Level 3	
Equities and participations, listed	198 725	-	-	198 725
Equities and participations, non-listed	-	-	132 858	132 858
Bonds and other fixed-income securities	120 450	10 763	2 196	133 409
Derivative assets	-	6 029	-	6 029
Derivative liabilities	-	-1 269	-	-1 269
Financial assets and liabilities, measured at fair value	319 175	15 523	135 054	469 752*

* The difference compared to recognised Fund capital refers to items unrelated to financial investments, such as interim items and other assets/liabilities.

Amounts in SEK million	31 Dec 2024			Total fair value
	Level 1	Level 2	Level 3	
Equities and participations, listed	181 961	-	-	181 961
Equities and participations, non-listed	-	-	146 895	146 895
Bonds and other fixed-income securities	115 143	11 514	2 678	129 335
Derivative assets	-	2 508	-	2 508
Derivative liabilities	-	-8 913	-	-8 913
Financial assets and liabilities, measured at fair value	297 104	5 109	149 573	451 786*

* The difference compared to recognised Fund capital refers to items unrelated to financial investments, such as interim items and other assets/liabilities.

Level 1: Financial instruments traded in an active market. The market is considered active if quoted prices are regularly updated more frequently than once a week and if these prices are used without adjustment for closing market prices.

Level 2: Financial instruments that are traded in a market that is not considered active but where there are quoted prices that are used without adjustment for closing or observable input data that are regularly updated for indirect valuation based on generally accepted models.

Level 3: Financial instruments for which significant unobservable inputs are used in valuation, or that cannot otherwise be classified as Level 1 or Level 2.

Level 3 primarily contains the Fund's holdings in private equity funds and non-listed real estate, where the valuation is not based on observable market data. Changes in value in the income statement are recognised primarily under Net income, non-listed equities and participations.

Change during 2025 in Level 3

Amounts in SEK million	Equities and participations, listed	Equities and participations, non-listed	Bonds and other fixed-income securities	Total
Carrying amount at start of year	-	146 895	2 678	149 573
Invested	-	11 426	-	11 426
Sold/repaid during the year	-	-9 787	-267	-10 054
Realised profit	-	3 910	-	3 910
Unrealised change in value	-	-19 586	-215	-19 801
Reclassifications	-	-	-	-
Carrying amount at year-end	-	132 858	2 196	135 054

Change during 2024 in Level 3

Amounts in SEK million	Equities and participations, listed	Equities and participations, non-listed	Bonds and other fixed-income securities	Total
Carrying amount at start of year	-	127 275	2 479	129 754
Invested	-	13 001	89	13 090
Sold/repaid during the year	-	-7 996	-	-7 996
Realised profit	-	4 086	-	4 086
Unrealised change in value	-	10 529	110	10 639
Reclassifications	-	-	-	-
Carrying amount at year-end	-	146 895	2 678	149 573

Sensitivity analysis, non-listed assets

Timberland and farmland properties (NCS)

Growth in the value of timberland and farmland properties is largely determined by the demand for timberland and farmland raw materials. However, the value of timberland and farmland can vary considerably within the same region and can be correlated to a large extent with the raw material prices. A farmland property's operational focus, quality of the land, size of the forest asset, long-term felling plan, infrastructure, topography and various macroeconomic factors are parameters that significantly affect the value of an individual asset.

In the long term, the value of timberland and farmland is mainly determined by the expected income from forestry and agriculture, combined with interest rate levels. The value of timberland and farmland tends to rise when interest rates are low and raw material prices are high. Conversely, the value of the land tends to fall as interest rates rise, as the discounting of future income from the use of the land then increases. Higher interest rates reduce the price of forest and agricultural raw materials and result in lower income for the operators and, ultimately, lower the value of the land. However, the grain price needs to fall fairly dramatically over an extended period to have any significant effect on land values.

Private equity funds

The valuations of the individual companies in a private equity fund are determined largely by the following factors:

- Profit growth through increased sales and improved margins. This is achieved, for example, through increased market share, development or innovation of products and services, geographical expansion, operational improvements, acquisitions, consolidation, etc.
- Multiple expansion achieved by the company attaining a higher quality or through the listed market's growth.
- Reduced debt.

Guidelines for valuation of fair value of this type of investment include measurement models which in many cases include valuations in listed companies in relevant benchmark groups. Consequently, the companies' valuations are affected by a listed market, but not to the same extent and always with a three-month lag as valuations are performed quarterly.

In Andra AP-fonden's experience, most asset managers generally adopt a conservative approach in their valuations, something that is especially apparent in markets with rapid and sharp rises in share prices.

Traditional real estate

Although many different factors affect the performance and financial position of real-estate companies, the growth in value of the companies' real estate is the area of risk that has the greatest impact on their profit. The market value of the real estate is affected by changed assumptions about rental and vacancy levels, as well as running costs and dividend yield requirements. These assumptions are based on the economic growth of the markets where the real estate is located. Economic growth is assumed to generate an increase in demand for premises and thus a decrease in vacant leases, with potential for higher market rents. The single most important factor is the yield requirement.

For Andra AP-fonden's holdings in traditional real-estate companies, the combined effect on the Fund's share in profits of a planned change in dividend yield requirement of +/-0.25 per cent of the companies' reported pretax profit/loss is estimated at SEK -3.1 billion and SEK 3.4 billion respectively.

Sustainable infrastructure

The valuation of companies and funds in the sustainable infrastructure portfolio is driven, as with the valuation of private equity funds, by performance and assumptions about the underlying companies' earnings growth and improved margins, and any reduction in debt. Different valuation models, such as cash flow analysis and multiple valuation, are often combined. Most investments in the portfolio relate to companies developing new infrastructure, in which case the companies' projects are initially valued at the total costs incurred until an end-customer contract is signed and a cash flow analysis is possible.

Non-listed credit funds

For obvious reasons, there is no market data for non-listed credit funds. Value is instead measured by making various assumptions, primarily regarding risk. The data used may also contain price information, data on volatility, specific credit data, liquidity and other factors. A distinction is often made between a market-based valuation and an earnings-based valuation.

The market-based valuation approach is based on comparable transactions in the public market, whereas an earnings-based valuation is derived from a present value calculation of future cash flows from the asset, which is then adjusted based on liquidity, credit quality and other risk factors.

As private debt is almost exclusively issued with variable interest, changes in interest rates should not affect a market-based valuation of this portfolio other than marginally. Rising interest rates may, however, affect the earnings-based valuation, due to increasing cash flows, although this takes place at the expense of a rising level of risk as not all borrower may cope with higher interest rates. The opposite is true, of course, during times of falling interest rates.

As with private equity funds, the external asset managers hired by Andra AP-fonden for investments in private debt tend to take a conservative approach to valuation, with only small ongoing changes in valuations occurring as a result of external factors.

Note 18. Financial risks

The liquidity risk is mitigated by the 20 per cent rule (external investment regulations for the AP1–AP4 Funds, which state that at least 20 per cent of the AP Funds' total capital must be invested in securities with low credit and liquidity risk). Plus, no more than 40 per cent of the fair value of the assets held by the Fund may be invested in illiquid assets. In 2025, the Fund's investment in securities with a low credit and liquidity risk was around 23 per cent and its investment in illiquid assets was 30 per cent. The liquidity risk on the liability side is very small and consists of derivative liabilities.

Share of portfolio with low credit and liquidity risk in 2025, %



■ Proportion of fixed-income securities with low credit and liquidity risk
■ 20 per cent rule

Financial assets and liabilities that are netted in the balance sheet or subject to offsetting agreements

31 Dec 2025, SEK million	Gross amount	Netted amount in the balance sheet	Net amount in the balance sheet	Amounts not netted in the balance sheet		Net amount after set-off	Other*	Total in the balance sheet
				Set-off of financial instruments by agreement	Collateral received/given			
ASSETS								
Derivatives	6 025	–	6 025	–9	–7 650	–1 634	4	6 029
Total	6 025	–	6 025	–9	–7 650	–1 634	4	6 029
LIABILITIES								
Derivatives	1 269	–	1 269	–9	–129	1 131	–	1 269
Total	1 269	–	1 269	–9	–129	1 131	–	1 269

31 Dec 2024, SEK million	Gross amount	Netted amount in the balance sheet	Net amount in the balance sheet	Amounts not netted in the balance sheet		Net amount after set-off	Other*	Total in the balance sheet
				Set-off of financial instruments by agreement	Collateral received/given			
ASSETS								
Derivatives	2 508	–	2 508	–28	–193	2 287	–	2 508
Total	2 508	–	2 508	–28	–193	2 287	–	2 508
LIABILITIES								
Derivatives	8 889	–	8 889	–28	–31 411	–22 550	24	8 913
Total	8 889	–	8 889	–28	–31 411	–22 550	24	8 913

* Other instruments in the balance sheet that are not subject to agreements that allow set-off.

Note 19. Related parties

The purpose of this note is to disclose how Andra AP-fonden's financial performance and position have been affected by transactions and by accounts outstanding, including commitments, with related parties in compliance with the definitions given in IAS 24.

Those defined as related parties to Andra AP-fonden are companies in which the Fund controls at least 20 per cent of the voting rights (see associated companies, Note 8), as well as the Fund's Board members and Executive Management Team. See Note 5 for information on salaries and remuneration to Andra AP-fonden's Board members and Executive Management Team.

Amounts in SEK million	31 Dec 2025	31 Dec 2024
Related parties, voting rights		
Vasakronan Holding AB, 25 per cent		
Interest income	9	9
Commitment to purchase, at Vasakronan's request, commercial paper in the company up to, at any given time, a maximum combined amount of	4 500	4 500
Chaptwo S.å.r.l., 100 per cent		
Interest income	86	88
Shareholder loans, including accrued interest	2 303	2 852
Shareholder contribution/repayment during the year	125	20
Investment commitment	–	151
4 to 1 Investments AB, 25 per cent		
Shareholder contribution	0	0
4 to 1 Investments AB, 25 per cent		
Capital contribution	0	0

Note 20. Significant events after the end of the financial year

Reorganisation of the AP Funds

As a result of a legislative amendment to the National Pension Insurance Funds Act (2000:192), the activities of Sjätte AP-fonden have ceased, whereby the assets and obligations of Sjätte AP-fonden will be transferred over time to Andra AP-fonden free of charge.

Andra AP-fonden has assessed that the economic significance of the transfers of the assets should be seen as a contribution, which means that the transferred assets will be recognised as an increase in the Fund capital with a corresponding increase in recognised assets. Carrying amounts will be based on the fair value (market value) at the date of transfer. The date of transfer is determined by the date on which the return on the transferred assets accrues to Andra AP-fonden, i.e. no gain or loss will be recognised in connection with the transfer.

During the 2026 financial year, up to the date of publication of this annual report, no assets have been transferred.

The remaining assets of Sjätte AP-fonden totalled SEK 83.5 billion at the date of publication of this annual report. These remaining assets will gradually be transferred to Andra AP-fonden free of charge. Consequently, the value of these remaining assets will be affected by future changes in market value and the amount stated above should therefore not be seen as an estimate of the size of future transfers to Andra AP-fonden. Moreover, it is difficult to assess when these assets can be transferred owing to contractual, legal restrictions or other market conditions.

Andra AP-fonden has been given the task of managing the remaining segregated assets of Sjätte AP-fonden. The Board of Directors of Andra AP-fonden has established a policy for the segregated management of assets in Sjätte AP-fonden. The return from the separate management, after deduction of costs, shall be transferred to Andra AP-fonden. The Fund is responsible for their management and makes decisions based on what is deemed to be in the best interests of the income pension system.

Andra AP-fonden is responsible for costs attributable to Sjätte AP-fonden if the funds received from the assets managed in segregation are not sufficient to cover the costs.

Outgoing Chair of the Board

The Chair of the Board, Anna-Karin Jatko, left the Board of Andra AP-fonden on 5 February 2026. On the same day, Ingrid Tersander Albinsson was appointed acting Chair of the Board.

The Annual Report for 2025 has been approved
by the Board of Directors

Gothenburg, 16 February 2026

Ingrid Tersander Albinsson
Acting Chair

Mikael Bohman

Hanse Ringström

Agneta Wallmark

Rikard Andersson

Torbjörn Dalin

Åsa Erba Stenhammar

Catrina Ingelstam

Our auditor's report was submitted on 16 February 2026

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

Peter Nilsson
Authorised Public Accountant
Appointed by the Swedish Government

Auditor's Report

For Andra AP-fonden, company reg. no. 857209-0606

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Auditor's Report on the annual financial statements Opinion

We have audited the annual report of Andra AP-fonden for 2025. The Fund's annual report is presented on pages 40–75 of this document.

In our opinion, the annual report has been prepared in accordance with the National Pension Insurance Funds (AP Funds) Act (2000:192) and gives a true and fair view, in all material respects, of the financial position of Andra AP-fonden at 31 December 2025, and of its financial performance for the year in accordance with the requirements of the National Pension Insurance Funds Act.

The Directors' Report is consistent with the other sections of the annual report.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in more detail in the Auditor's Responsibilities section. We are independent of Andra AP-fonden, in accordance with generally accepted auditing standards in Sweden, and we have fulfilled our other 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.

Other information than the annual report

This document also contains other information than the annual report and this is presented on pages 1–39 and 79–84. The Board of Directors and the CEO are responsible for the other information.

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

In connection with our audit of the annual report, our responsibility is to read the other information identified above and, in doing so, consider whether the information is materially inconsistent with the annual report. We also consider other knowledge we have obtained during the audit and assess whether, in other respects, this information appears to contain material misstatements.

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

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual report and for being satisfied that it gives a true and fair view in accordance with the National Pension Insurance Funds Act. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of an annual report that is free from material misstatement, whether due to fraud or error.

In preparing the annual report, the Board of Directors and the CEO are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to the ability to continue as a going concern and using the going concern basis of accounting, unless the Board of Directors and the CEO either intend to liquidate the Fund, cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

As part of an audit in accordance with ISAs, 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 to respond to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or disregard of internal controls.

- we obtain an understanding of the Fund's internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- we evaluate the appropriateness of the accounting principles used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.
- we conclude on the appropriateness of the Board's and the CEO's use of the going concern basis of accounting in the preparation of the annual report and, based on the audit evidence obtained, we also conclude on whether any material uncertainties exist related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the Auditor's Report to the related disclosures in the annual report regarding such material uncertainty or, if such disclosures are inadequate, to modify our opinion on the annual report. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- we evaluate the overall presentation, structure and content of the annual report, including the disclosures, and whether the annual report represents the underlying transactions and events in a manner that gives a true and fair view.

We are required to inform the Board of Directors, among other matters, of the planned scope, direction and timing of the audit. We are also required to inform the Board of Directors of significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Report on other legal and regulatory requirements

Opinion

In addition to our audit of the annual report, we have also audited the inventory of the assets managed by Andra AP-fonden. We have also audited whether there are any observations otherwise about the Board's and the CEO's management of Andra AP-fonden in 2025.

Our audit has not identified any issues in respect of the inventory of the assets or their management.

Basis for opinion

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities according to this are described in more detail in the Auditor's responsibilities section. We are independent of Andra AP-fonden, in accordance with generally accepted auditing standards in Sweden, and we have fulfilled our other 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 Andra AP-fonden's organisation and the management of Andra AP-fonden's affairs. As part of its responsibilities, it must continuously assess Andra AP-fonden's financial situation and ensure that Andra AP-fonden's organisation is designed to allow accounting processes, fund management and Andra AP-fonden's financial matters to be controlled in a satisfactory manner. The CEO is responsible for the day-to-day administration according to 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 of Andra AP-fonden are managed in a satisfactory manner.

Auditor's responsibilities

Our objective regarding the audit of the management of the Fund, and thereby our opinion on the management, is to collect 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 Andra AP-fonden for the 2025 financial year.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always identify actions or omissions that can result in observations.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgement and maintain professional scepticism throughout the audit. The review of the management of the Fund is based primarily on the audit of the financial accounts. Additional review procedures that are carried out are based on our professional judgement with consideration of risk and materiality. This means that we focus our review on measures, areas and conditions that are significant to the business and where non-compliance and breaches would materially affect Andra AP-fonden's situation. We examine and review decisions made, support for decision-making, actions taken and other circumstances that are relevant to our opinion on the Fund's management.

Gothenburg, 16 February 2026

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

Peter Nilsson
Authorised Public Accountant
Appointed by the Swedish
Government

7

Appendix



Governance of sustainability

Organisation and division of responsibility

According to its mission, AP2 must manage its capital in an exemplary manner through responsible investment and responsible ownership. AP2's Board establishes guidelines and policies on sustainability and governance issues and has mandated the CEO of the Fund to manage these in the ongoing operations of the Fund. The Fund's Executive Management, including the Fund's head of communications and sustainability, are responsible for the strategic sustainability work, implementation and follow-up.

The day-to-day work is managed in the Fund's various departments in collaboration with the sustainability group, which is also responsible for business intelligence, analysis, stewardship, external collaborations, monitoring and reporting. Ongoing stewardship work for Swedish companies is conducted by the Fund's Corporate Governance Group, which consists of members of the Fund's Executive Management, the stewardship analyst and the head of equities management.

At each Board meeting, AP2's Board receives a report on the Fund's sustainability work.

Guiding documents for sustainability work

AP2 has a number of policies and guidelines that form the basis of its sustainability work, with the primary document being the Fund's sustainability policy. Information on, and training in these policies and guidelines are provided on a continuous basis. The Fund undertakes an annual review of policies and guidelines, with follow-up via controls and procedures for its activities.

Regulations and conventions that also form the basis of AP2's sustainability work include the OECD Guidelines for Multinational Enterprises and Corporate Governance, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the Swedish Companies Act and the Swedish Code of Corporate Governance. The Fund also adheres to other specific corporate governance codes such as the ICGN Global Stewardship Principles and the UK Stewardship Code. AP2 supports and implements the UN-backed Principles for Responsible Investment (PRI).

Prevention of corruption and bribery

AP2 works actively to counteract the risk of corruption and bribery. As part of the Fund's work to prevent corruption and bribery, the compliance function carries out an annual risk analysis of the corruption risks faced by the Fund. This risk analysis is the basis for the design of

the preventive measures and the follow-up of measures taken. AP2's compliance function holds reviews and training programmes and reports to the CEO and the Board of Directors through the Audit Committee regarding the Fund's work to prevent corruption and bribery.

The Fund has anti-corruption and anti-bribery rules, which are approved by the Board of Directors. The overall position against corruption and unethical behaviour is formulated in the Fund's Ethics Policy. In addition, AP2 has policies on hospitality and gifts, conflicts of interest and whistleblowing.

Whistleblower function

AP2 has a whistleblower policy, which is adopted by the Board of Directors. The purpose of the policy is to clarify to employees how they can report inappropriate behaviour without the risk of subsequent reprisals. Employees can choose to blow the whistle in writing or verbally or book a meeting with the compliance function or the Chair of the Board. It is possible to make an anonymous report. The Fund's employees are informed about the whistleblower policy and how it works when they join AP2 and regularly throughout their employment. Information about whistleblowing is also available on the Fund's intranet.

Sustainability data

Internal environmental indicators	2025	2024	2023
Electricity, kWh	67 925	58 262	76 680
Renewable electricity, %	100	100	100
Business travel			
Carbon emissions from domestic and international travel, tonnes CO ₂ e	171	98	91
Employee statistics			
	2025	2024	2023
No. of permanent staff	69	70	68
Female staff, %	38	34	35
Female staff in Executive Management, %	50	33	33
Women on the Board, %	55	44	38
Average age, years	50	49	49
Median age, years	51	50	50
Staff turnover, %	4.5	1.5	1.4
Absence due to illness, %	1.6	1.6	0.9

Portfolio carbon footprint

As companies in the portfolio improve and increase their reporting of CO₂e data, AP2 also revises historical data. There may therefore be deviations in comparison with previous reports. For 2025, AP2 reports greenhouse gas emissions for 93 per cent of the portfolio's market value.

Carbon footprint of all asset classes, Scope 1, 2 and 3	2025	2024	2023	2022	Base year 2019
Listed equities	5.35	5.45	5.01	6.16	9.53
Corporate bonds	0.98	0.97	0.85	1.10	1.39
Government bonds	0.05	0.03	0.03	0.03	0.03
Non-listed real estate	0.16	0.12	0.16	0.07	0.01
Timberland properties	0.23	0.19	0.53	0.55	0.55
Farmland properties	0.13	0.12	0.09	0.08	0.07
Sustainable infrastructure	0.03	0.04	0.02	0.00	0.00
Private equity	0.71	0.71	0.71	0.71	0.71
Total carbon emissions (million tCO₂e)	7.65	7.64	7.4	8.71	12.29
Share of portfolio market value (%) with reported CO ₂ e	93				

Carbon footprint of the listed equity portfolio	2025	2024	2023	2022	Base year 2019
Carbon emissions, Scope 1, 2 and 3 (million tCO₂e)	5.4	5.5	5.0	6.2	9.5
Change in the portfolio's total carbon emissions from the previous year (%)	-2.0	8.8	-18.8	-18.6	
– of which the change related to changes in the portfolio's holdings (% units)	-1.8	11.8	-21.4	-33.4	
– of which the change related to changes in the companies' emissions (% units)	-0.2	-3.0	2.6	14.8	

Carbon footprint of the listed credit portfolio	2025	2024	2023	2022	Base year 2019
Carbon emissions, Scope 1 and 2 (million tCO ₂ e)	0.1	0.1	0.1	0.2	0.3
Carbon emissions, Scope 3 (million tCO ₂ e)	0.9	0.9	0.7	0.9	1.1
Portfolio-weighted carbon intensity (WACI), Scopes 1 and 2 (tCO ₂ e/SEK million)	9.0	8.7	9.2	12.9	21.3
Portfolio-weighted carbon intensity (WACI), Scope 3 (tCO ₂ e/SEK million)	80.7	67.1	50.7	55.7	66.7
Carbon emissions, Scope 1, 2 and 3 (million tCO ₂ e)	1.0	1.0	0.9	1.1	1.4
Portfolio-weighted carbon intensity (WACI), Scopes 1, 2 and 3 (tCO ₂ e/SEK million)	89.7	75.8	59.9	55.7	88.0
Mapped market value as a share of total Fund capital, %	12				

Carbon footprint of the listed equity portfolio	2025	2024	2023	2022	Base year 2019
Carbon emissions, Scope 1 and 2 (million tCO₂e)	0.3	0.3	0.4	0.6	0.9
Change in the portfolio's carbon emissions from the previous year (%)	1.2	-20.9	-36.3	-9.1	
– of which the change related to changes in the portfolio's holdings (% units)	0.0	-15.2	-39.4	-20.3	
– of which the change related to changes in the companies' emissions (% units)	1.2	-5.7	3.1	11.2	
Carbon emissions, Scope 3 (million tCO ₂ e)	5.0	5.1	4.6	5.5	8.5
Relative carbon emissions, Scope 1 and 2 (tCO ₂ e/SEK million)	2.2	2.6	4.5	7.4	11.6

Carbon footprint of the listed equity portfolio	2025	2024	2023	2022	Base year 2019
Portfolio-weighted carbon intensity (WACI), Scope 1 and 2 (tCO₂e/SEK million)	5.1	5.0	5.7	8.2	13.7
Change in the portfolio's carbon intensity from the previous year (%)	0.0	-11.0	-30.7	-9.1	
– of which the change related to changes in the portfolio's holdings (% units)	-6.2	7.0	-28.6	5.8	
– of which the change related to changes in the companies' carbon intensity (% units)	6.2	-18.0	-2.1	-14.9	
Mapped market value as a share of total Fund capital, %	37				
Portfolio-weighted carbon intensity (WACI), Scope 3 (tCO ₂ e/SEK million)	87.0	86.9	80.0	97.6	108.5

Portfolio-weighted carbon intensity (WACI), Scope 1, 2 and 3 (tCO₂e/SEK million)	2025	2024	2023	2022	2019
92.1	92.0	85.6	105.8	122.3	
Change in the portfolio's carbon intensity from the previous year (%)	0.4	7.3	-19.0	-5.7	
– of which the change related to changes in the portfolio's holdings (% units)	-3.5	16.2	-10.5	-8.8	
– of which the change related to changes in the companies' carbon intensity (% units)	3.9	-8.9	-8.5	3.1	

Carbon emissions, Scope 1, 2 and 3. Total of owned share of portfolio companies' individual carbon emissions based on Enterprise Value Including Cash, EVIC.

Relative carbon emissions, Scope 1 and 2. Total of owned share of portfolio companies' individual carbon emissions in relation to portfolio market capitalisation.

Portfolio-weighted carbon intensity (WACI), Scope 1, 2 and 3. Total individual carbon intensity of each portfolio company, i.e. a company's carbon emissions in relation to its turnover, weighted according to each individual company's share of the portfolio.

The formulae for the above indicators are available on the Fund's website. CO₂e (carbon dioxide equivalent) is a unit of measurement that enables comparisons of the climate impact of different greenhouse gases.

Stakeholder dialogues

Stakeholder dialogues	Stakeholder groups	Impact on/by AP2	Dialogue/format	Material issues	Examples of dialogues in 2025
For those for whom we perform our mission	Principals: Swedish Parliament, Swedish Government and the pensions group.	AP2 is affected by legislation, Board appointments and evaluation. AP2 makes an impact through annual evaluation, dialogue and feedback.	Dialogue with Government evaluator for annual reporting. The evaluator's conclusions and suggestions for improvement are taken into account. Meetings with representatives of principals on specific issues.	Returns, exemplary management, reporting, the pension system.	Meetings and exchange of information in connection with the Government's annual evaluation of the AP Funds. Meetings with coordinators in connection with the investigation of the AP Funds. Collaboration with the Government's coordinator, information to the Ministry of Finance and consultation comments in connection with the implementation of the Swedish Parliament's decision on the incorporation of AP6. Information to the Finance Committee on the investment in Northvolt. Consultation comment on proposal for gas in the pension system.
	General public: Current and future pensioners.	AP2 is affected by the expectation of high returns and sustainable management. AP2 makes an impact by contributing to a robust pension system.	Detailed external financial and sustainability reporting, meetings with representatives, website.	Returns, exemplary management, the pension system.	Ongoing dialogue with interested parties via info-email regarding a variety of issues, mostly concerning holdings in the portfolio.
With those with whom we perform our mission	Employees: Current and future employees.	AP2 is affected through engagement and participation. AP2 makes an impact by being an attractive employer.	Regular employee surveys to create continuous improvements in the working environment. Daily dialogue with employees, performance appraisals and incident follow-ups. Speaking and participating in seminars. Website, annual report and social media (LinkedIn).	Remuneration, conditions, working environment, development opportunities, responsible investor.	Ongoing communication and opportunity for feedback via weekly meetings and staff conference with all employees, departmental meetings and performance appraisals. Seminars for students and discussions on skills needs and students' views on future work together with the University of Gothenburg School of Business.
	Portfolio companies and external managers: Majority-owned companies, listed/non-listed directly owned companies, indirectly owned companies under external management, external managers.	AP2 is affected by the companies and managers contributing to the Fund's return and sustainability targets. AP2 makes an impact through dialogue and active ownership.	Regular dialogues with external managers on returns and sustainability matters. Annual evaluation, voting at general meetings, participation in nomination committees and boards.	Returns, sustainability targets, strategies, stewardship.	Sustainability meeting with majority-owned property companies. Participated in nomination committees and boards. Dialogues with Swedish companies in cases where AP2 votes against AGM proposals. Communicated the Fund's voting guidelines. Dialogues with companies linked to sustainability focus areas.
	The financial sector: Financial service providers, counterparties, partnerships.	AP2 is affected through services and partnerships. AP2 makes an impact by setting requirements. AP2 makes an impact through engagement.	Regular dialogues. Networking with Swedish and international industry colleagues to pursue common issues and exchange expertise, e.g. Council on Ethics, PRI, IÁF.	Reporting, sustainability data, implementation of sustainability policy.	Ongoing dialogue with counterparty analysts. Dialogue on counterparty evaluation. Enhanced collaboration with the Council on Ethics on voting issues. Dialogue with Swedish banks. Numerous partnerships with international investors. Frequent dialogue with custodial bank and proxy voting advisor.
	Suppliers: Office, administration and IT services.	AP2 is affected by the price/quality of goods and services. AP2 makes an impact by setting requirements in procurement.	Meetings, contracts and monitoring. Information from suppliers is used in the Fund's sustainability work. Important source of information for development in the field.	Contract terms, quality, sustainability.	Ongoing dialogues with suppliers and deeper dialogue in the context of procurement. In 2025, fruit, and fire protection were procured for the office.

Stakeholder dialogues	Stakeholder groups	Impact on/by AP2	Dialogue/format	Material issues	Examples of dialogues in 2025
Those who are affected by our investments	Civil society and nature: Stakeholder organisations, local community, academia.	AP2 is affected by organisations drawing the Fund's attention to challenges and opportunities.	Dialogues with organisations and experts with knowledge of the issues and local conditions.	Sustainability work, reporting, standpoints, research, new insights.	Ongoing collaboration and dialogue with organisations with expertise, such as FAIRR, Global Canopy, ChemSec, Ceres, Shift and Investor Alliance for Human Rights. Annual meeting via the Council on Ethics with Swedish stakeholder organisations. Collaboration with academia through, among other things, BIOPATH in biodiversity, thesis collaboration with students from Chalmers and the University of Gothenburg School of Business, the CEO's board involvement in FinansKompetensCentrum, the University of Gothenburg School of Business' Advisory Board and MISUM.
		AP2 makes an impact via investments in companies and thematic engagement with the companies.			
		AP2 is affected by scientific facts.			
Other stakeholders	Media: Swedish and foreign media.	AP2 is affected by reviews of its operations and business intelligence.	Meetings, press releases, social media posts. Answers to questions from journalists.	The AP Funds' mission and role in the pension system, returns, sustainability work.	Ongoing contact with journalists. Press releases, news articles, interviews, posts on LinkedIn.
		AP2 makes an impact through interviews, press releases, meetings, financial reports.			

Stewardship

Summary of AP2's voting on individual issues at Swedish general meetings in 2025

Issue	Board's proposals			Shareholder's proposals		
	Number	AP2 for	AP2 against	Number	AP2 for	AP2 against
Board of Directors	231	226	5	-	-	-
Incentive scheme/remuneration	137	126	11	-	-	-
Adoption of financial statements, appointment of auditors, etc.	308	308	-	-	-	-
Capital structure, organisation, acquisitions	152	152	-	-	-	-
Environment and health	-	-	-	3	-	3
Corporate governance	128	128	-	8	-	8
Social issues and human rights	-	-	-	-	-	-
Total	956	940	16	11	-	11

Summary of AP2's voting on individual issues at foreign general meetings in 2025

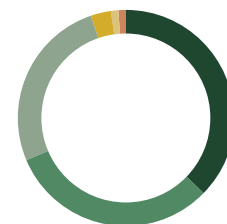
Issue	Board's proposals			Shareholder's proposals		
	Number	AP2 for	AP2 against	Number	AP2 for	AP2 against
Board of Directors	8 524	7 478	1 046	142	52	90
Incentive scheme/remuneration	1 797	1 125	672	45	21	24
Adoption of financial statements, appointment of auditors, etc.	2 316	1 850	466	71	29	42
Takeover defence	96	59	37	-	-	-
Capital structure, organisation, acquisitions	1 098	796	302	8	5	3
Environment and health	6	5	1	62	45	17
Corporate governance	296	275	21	70	47	23
Social issues and human rights	59	59	-	135	79	56
Total	14 192	11 647	2 545	533	278	255

Nomination committees in which AP2 participated prior to the 2025 AGMs

Company	Women on the Board, %	Number of newly elected women	Net change in number of women compared to previous year
Alcadon	20	0	0
Arise Windpower	17	1	0
Bufab	43	1	1
Coor Service Management	57	1	0
Evolution	33	0	0
Ferroamp	25	0	0
Genovis	20	0	0
IAR Systems	40	1	0
Kambi	29	1	1
LumenRadio	40	0	0
MilDef	29	1	0
NCAB	50	2	1
Plejd	33	0	0
Promimic	33	1	1
Xspray Pharma	29	1	1
Fifteen nomination committees in total	33	10	5

Nomination committees	2025	2024	2023
Swedish nomination committees in which AP2 worked, number	15	11	12
Proportion of women on Swedish company boards in which AP2 worked in the nomination committee, %	33	27	42
Proportion of newly elected women on Swedish company boards in which AP2 worked in the nomination committee, %	67	17	40

Voting by region, incl. Sweden 2025



North America	37%
Asia	31%
Europe	26%
South America	3%
Africa	2%
Oceania	1%

AP2

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