

4P

2025
Annual Report

The logo consists of a large, stylized white 'A' and 'P' on a dark blue background. The 'A' is formed by two thick diagonal lines meeting at the top, and the 'P' is a solid block letter.

FJÄRDE AP-FONDEN

AP4's mission is to contribute to the financial security of current and future pensioners in Sweden by managing part of the Swedish national pension system's buffer capital.

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The Fourth Swedish National Pension Fund's (AP4's) report for 2025 includes, apart from the annual report, also a business review with sustainability reporting and a fund governance report. AP4's sustainability reporting is based on the AP Funds' joint guidelines for reporting how the goal of exemplary management has been achieved. AP4 also strives to follow the guidelines for sustainability reporting set out in the Swedish Annual Accounts Act, as amended by SFS 2016:947 (which includes the directive on non-financial disclosures). Figures in parentheses pertain to the preceding year.



The Year 2025

Key metrics

578.1

SEK billion in fund capital.

34.4

SEK billion in net result.

4.6

SEK billion, net, transferred from AP4 to the pension system.

6.3%

return after costs. Over a ten-year measurement horizon, the return has averaged 8.0% per year.

0.08%

in total costs. Operating expenses amounted to 0.06% and commission expenses amounted to 0.02%.

42

nomination committees of Swedish listed companies in which AP4 has worked.

82

investor bodies in unlisted investments AP4 has been active in.

1,334

general meetings of Swedish and foreign listed companies at which AP4 has voted.

6%

lower carbon footprint. Since 2010, the portfolio's carbon footprint has decreased by 72%.

4.2

SEK billion in new thematic sustainability investments.



2025 – A special year for AP4

AP4 reported a return for the full year 2025 of 6.3% after costs, a return that we are satisfied with given the uncertain and rapidly changing market situation. The net result for the year was SEK 34.4 billion, which means that fund capital increased to SEK 578.1 billion at the end of the year after net payments from AP4 to the pension system of SEK 4.6 billion during the year. Following the transfer of assets from AP1 at the turn of the year, the fund capital increased to SEK 833.8 billion at the beginning of 2026.

2025 was a very special year for AP4. This is because our previously initiated change of portfolio system coincided with the consolidation of the Stockholm-based AP Funds decided by the Swedish Parliament. Changing portfolio systems that include functionality all the way from the front office to the custodian bank is the most extensive and complex project a pension fund can undertake. In terms of workload and complexity, the consolidation process was an undertaking of similar magnitude.

This means that AP4 has successfully completed in a single year probably the two largest projects we have ever undertaken. On top of that, we have also skilfully managed our asset portfolio in a highly complex global environment. All in all, this makes me very proud of the efforts of AP4's employees in 2025.

A degree of optimism and USA still centre of attention

At the beginning of 2025, there was some optimism that the economy would start to pick up again in Sweden following a prolonged slump. This proved not to be the case. Instead, 2025 was characterised by uncertainty and a feeling that in many areas we found ourselves in uncharted territory. In many ways,

the still relatively new administration in the USA has been at the centre of events, with a flurry of new and sometimes contradictory policy announcements. It is also increasingly clear that the Trump administration is serious about changing the world order, at least in some areas.

Now, as we begin 2026, there is once again a degree of optimism, and a feeling that "surely now it's time for the Swedish economy to pick up". There are several indications that this could in fact come to pass. Swedish interest rates have been cut and we can also expect significant real wage increases in 2026. In addition, fiscal policy in 2026 will be expansionary, involving tax cuts, increased public spending and greater investment.

Taken together, these stimuli should have a substantial positive impact on domestic consumption and Swedish economic activity. It is too early to start making assumptions, however. The global situation remains highly uncertain. It would come as no surprise for events to occur outside Sweden that dispel this budding optimism and push back the hopes of an economic upturn once more.

There are also some positive signs for the rest of Europe that growth, which has been structurally weak,

could pick up at least slightly in the coming years. However, hopes of higher growth are more likely to be fuelled by fiscal stimulus (not least in Germany) than by any successful productivity-enhancing reforms. Unfortunately, the pace of implementation appears to be slow, at least so far, with regard to many of the proposals of varying scope to strengthen Europe's long-term competitiveness that were presented in 2024 by Enrico Letta and Mario Draghi at the request of the European Commission.

Robust portfolio and proactive approach

Over the past decade or so, the global economy and the financial markets have undergone a number of rather dramatic developments, each of a very different nature. A key lesson to take from this almost perpetually uncertain economic backdrop and regularly shifting market environments is the importance of taking a long-term view, combined with the aim of building a robust and diversified portfolio. The latter is a task that needs to be approached with great humility, recognising that it will never be fully mastered and understanding that it is work that will never be finished. The portfolio's risk and return characteristics need to be continuously analysed, developed and adapted to a constantly changing and uncertain global environment.

AP4 uses a long-term economic scenario analysis as a basis for the strategic allocation. The aim is to secure, as far as possible, the portfolio's return potential in the main scenario of the analysis, while also offering at least acceptable characteristics for the other scenarios, not least the more negative ones. Taking this approach, AP4 has gradually changed,

adapted and improved the characteristics of the investment portfolio over many years.

Maintaining this long-term perspective is key, but it is equally important to ensure the flexibility of the asset management organisation to quickly adapt the portfolio's risk and positioning to more temporary changes in market sentiment. The year 2025 contained periods of varying dynamics, as well as fairly large relative price changes across different asset classes. This has provided interesting opportunities for our asset management to actively adjust our asset allocation within and between equities, fixed income and currencies during the year.

Successful consolidation of the Stockholm-based buffer funds

In 2025, the Swedish Parliament decided to make changes to the management of buffer capital in the AP Funds. This decision meant, among other things, that the three Stockholm-based buffer funds were to be consolidated into two by transferring AP1's assets and liabilities to AP3 and AP4 respectively, while the assets and liabilities of Gothenburg-based AP6 were to be transferred to AP2. The legislative changes entered into force on 1 January 2026.

The consolidation of pension funds with global investment portfolios in both listed and unlisted assets is a complex and challenging task. It is only natural, therefore, that the past year has been one of intensive preparatory work, focusing on ensuring an orderly and responsible handover from AP1 to AP3 and AP4. This extensive work has been carried out with close collaboration between the three AP Funds, the special investigator appointed by the government, the AP Funds' auditor and the Ministry of Finance.

Based on the planning work carried out, the Stockholm-based AP Funds were successfully consolidated at the beginning of 2026. In total, listed and unlisted assets totalling SEK 511.5 billion were

transferred from AP1 to AP3 and AP4 as part of the consolidation. This meant that only SEK 8.7 billion, less than 2 per cent of AP1's fund capital, could not be transferred and instead remains in AP1. AP4 will manage these assets separately until such time as it is possible and appropriate for these assets to be transferred to AP3 and AP4.

It is also pleasing to report that it was possible to prepare and implement the complex consolidation of the Stockholm-based AP Funds while at the same time maintaining focus on the core business of managing the fund capital for the greatest benefit of the pension system. In addition, the consolidation has been implemented in a cost-effective way for the pension system, which means, among other things, that from as early as 2027 the savings for the pension system are expected to be in the region of SEK 150–200 million annually.

AP3 and AP4 would like to thank AP1 and its employees for their cooperation in 2025 in implementing the consolidation in a responsible manner.

A new state-of-the-art portfolio system

For a pension fund to change virtually its entire system environment while continuing normal operations could somewhat casually be likened to performing a simultaneous heart and lung transplant on a patient who continues to live their life as normal during the procedure. The change of system is also a multi-year project that has gone through various phases such as requirements specification, procurement, configuration and implementation, to ultimately ensure that the new system platforms could be successfully commissioned in autumn 2025. The project has been carried out in close collaboration with AP3.

With the launch of the new portfolio system, AP3 and AP4 have implemented modern, cloud-based system platforms that significantly enhance



AP4 has successfully completed in a single year probably the two largest projects we have ever undertaken.

Niklas Ekvall, CEO

functionality and efficiency all the way from investment decision to custodian bank. There is no doubt that the new system installations will be of great benefit to our respective organisations for many years to come.

The fact that AP3 and AP4 now have similar system platforms, together with the experiences gained from the many years spent working together to implement them, also offers great potential for further value-creating collaboration between our funds. There is also already very clear evidence of this. Our joint systems project has given AP3 and AP4 major experience in running complex projects, as well as building closeness and great trust between our organisations. This has already proved invaluable in the planning and successful implementation of the consolidation of the Stockholm-based AP Funds.

Stronger conditions for the future

For AP4, the last few years have meant very focused and extremely intensive work on simultaneous system and consolidation projects. With the

completion of these major projects, AP4 is now entering a new phase. We will once again be able to devote all our energy to managing the buffer capital in the best way possible and continuing to develop AP4.

We will also be able to tackle this forward-looking work from a new position of strength. The combination of professional operations and strength that AP4 has built up over the past decade, a new state-of-the-art portfolio system, a larger and broader capital base and competent new employees have strengthened and improved our conditions. AP4 now has everything in place to be able to continue providing world-class professional and cost-effective pension management for a long time to come.

The workload on AP4's employees has been extremely high for virtually all of 2025. Despite this, we have never lost focus on delivering on our mission and tasks. We have pulled together and been there for each other throughout. I've said it many times before, but I still feel like saying it again. It is a very great honour to have such competent, professional and loyal colleagues and to manage money in the public pension system together with you. It's the best job in the world.

Stockholm, 19 February 2026

Niklas Ekvall, CEO

Portfolio development – AP4 contributes to the stability of the pension system

Return after costs

AP4's mission is to contribute to the stability of the pension system by generating a return that over time exceeds the performance of the income index. This is because the pension liability in the income pension system is increased in line with the income index.

AP4's Board of Directors has also set a return target that is based on an assessment of the pension system's long-term return requirement, generation neutrality and an assessment of the medium-term market conditions. The return target, which is CPI + 3.5 percentage points, aims to achieve well-balanced risk-taking in asset management based on these conditions.

AP4's return at fund level is evaluated over two time periods – since the start of the new pension system in 2001 and over the last ten-year period. AP4 has exceeded both the performance of the income index and the return target over both these time periods, meaning that AP4 has contributed to the funding and stability of the pension system.

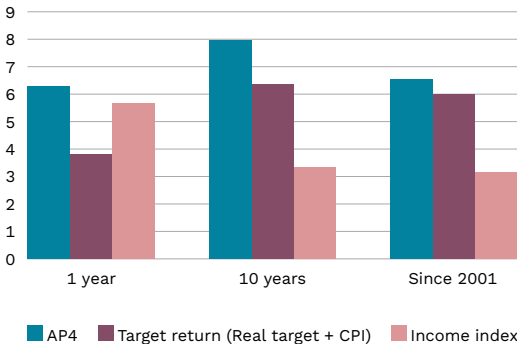
In 2025, the portfolio return was 6.3% (10.1%) after costs. This was higher than both the performance of the income index of 5.7% (2.6%) and the Board's return target of 3.8% (3.8%).

Contribution to the pension system

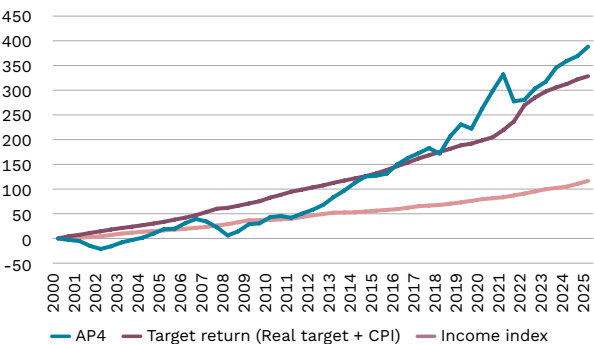
On the launch of the new pension system in 2001, AP4's opening fund capital was SEK 134 billion. During the period 2001–2025, AP4 paid a net sum of SEK 68 billion to the pension system to cover deficits in pension payments. If the opening fund capital had yielded the same return as the income index up to and including 2025, the net result contribution would have been almost SEK 150 billion and the fund capital would have amounted to around SEK 220 billion. AP4's return has been significantly higher than the performance of the income index, however, resulting

in total fund capital at the end of 2025 of SEK 578 billion. This represents a net result contribution that surpasses the performance of the income index by over SEK 360 billion, which has helped to strengthen the pension system accordingly.

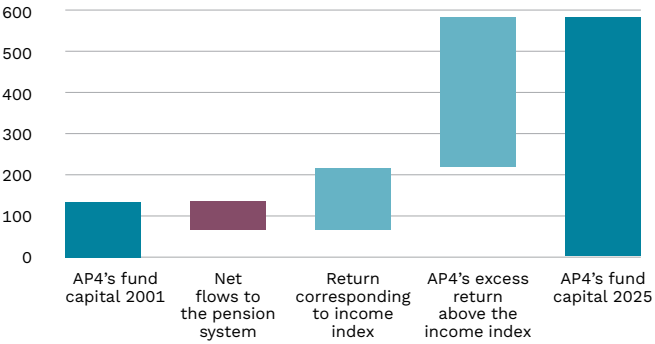
Annualised return after costs, %



Return after costs since start in 2001, %



Contribution to the pension system 2001–2025, SEK bn



Asset allocation

Every three years, AP4 conducts an Asset Liability Management (ALM) analysis that analyses the assets and liabilities of the pension system in order to understand the pension system's long-term need for a return over 40 years. The most recent was carried out in 2023 and a new ALM analysis is planned for 2026.

The Board then establishes the Dynamic Normal Portfolio (DNP), a benchmark portfolio for operative asset management that defines the weight of each asset class and its benchmark index. The DNP is reviewed and updated every two years, most recently in 2024. With the DNP and an active risk mandate (in the form of tracking error), AP4's organisation then manages the portfolio by making actual investments in the Operative Portfolio (OP).

AP4 conducts cost-effective asset management

It is vitally important that AP4 conducts cost-efficient asset management that provides a good return after costs and also boosts confidence in AP4 as an agency and a manager of public pension funds.

AP4's total management cost was 0.08% (0.07%) for 2025, measured as a percentage of the average fund capital, of which AP4's internal operating expenses amounted to 0.06% (0.06%).

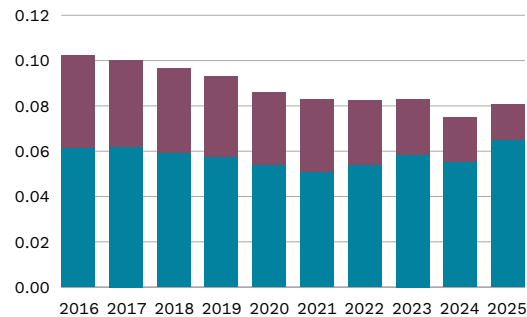
Commission expenses consist of fees paid to external asset managers and custodian fees. These amounted to 0.02% (0.01%) and are the result of an active decision to manage certain assets using external asset managers. This is done when it is deemed to provide a higher return after costs than building up internal asset management.

Asset allocation as per 31/12/2025



Global equities	35%	Global fixed income	18%
Swedish equities	15%	Swedish fixed income	18%
Defensive equities	7%	Real assets	16%

Management cost ratio, %



Operating expenses Commission expenses

Award for AP4

AP4 has received a number of awards over the years for asset management and sustainability work, including European Pension Fund of the Year at the Investment & Pensions Europe (IPE) Awards 2022, the Long-Term Investment Strategy award in 2023 and the Commitment to Diversity award in 2024. AP4 received another industry award in 2025.

Environmental Finance's Sustainable Investment Awards 2025: Sovereign Wealth Fund of the Year

Based on the quantitative climate scenario analysis conducted in 2024.

The quantitative climate scenario analysis uses model-based frameworks from partners to estimate the impact, in terms of risk and return, of the sustainability transition and climate change on AP4's portfolio. The results showed AP4's portfolio outperforming a global equity index in terms of Scope 1 and 2 emissions, fossil fuels and alignment with the Paris Agreement. This is an indication that AP4 has a portfolio that is better adapted to handling the climate transition and climate change than a broad global equity index.

Market development and portfolio return in 2025

The financial markets performed strongly in 2025 despite significant macroeconomic uncertainty caused by geopolitical friction, increased trade barriers and shifting monetary policies. Following a turbulent first quarter, global risk appetite gradually recovered as inflationary pressures eased and central banks adopted a more neutral stance. For AP4, 2025 was a year when the long-term nature and diversification of the portfolio, along with our mandate to act in periods of market stress, helped to achieve a stable return despite a highly complex global environment.



Magdalena Högberg /
Head of Allocation, Liquid
Markets & Analysis

Macroeconomic background

The Swedish economy began the year weakly but showed increasingly clear signs of recovery during the second half. GDP increased by around 1.5–2.0% for the year as a whole, driven mainly by consumption and renewed investment activity. The rate of inflation (CPIF) fell back to around the Riksbank's target, allowing for interest rate cuts during the year. The labour market was weak, but stabilised gradually towards the end of the year.

The euro area recorded modest but positive growth of around 1.5%, while inflation fell back to levels close to the ECB's target. The ECB chose to pause further interest rate cuts after the reduction in June. Rising real wages, together with investment linked to the EU Recovery plan, mitigated the impact of weak external demand.

The US economy continued to show resilience, despite trade concerns, and grew by around 2%. There were signs of a slowdown in the labour market towards the end of the year, however. The Federal Reserve made three interest rate cuts in the autumn, ending in the range of 3.50–3.75%, citing lower inflation and increased labour market risks.

Financial markets

Despite recurrent market volatility – particularly in the context of trade policy manoeuvres in the run-up to 'Liberation Day' – the stock markets performed strongly over the year. After being dominated by the USA in 2024, the rally broadened and several regions, principally emerging markets, outperformed US equities on a full-year basis.

Government bond yields fell over the year. The US ten-year yield fell from highs of more than 4.8% to around 4% at the end of the year, while the corresponding Swedish and German yields ended at around 2.9% and 2.8% respectively. The credit markets

were further strengthened by narrowing credit spreads, which particularly favoured bonds with high credit ratings. The currency market was characterised by a weakened dollar and a clearly strengthened krona.

Broad return in 2025

The portfolio returned 6.3% after costs in 2025, corresponding to a net result of just over SEK 34 billion. All major asset classes, with the exception of open currency exposure, made a positive contribution. Global equities rose by 17.5%, Swedish equities by 5.6% and Defensive equities by 8.3%. Fixed income returned 5.2% and Real assets also made a positive contribution, with a 4.3% return. Open currency exposure had a negative return of -3.2%, due mainly to the strong appreciation of the Swedish krona.

The portfolio benefited from diversification in 2025, in particular through a strong return from exposure to equities in emerging markets. Several major macro-based and valuation-driven positions also performed well – for example, our position on a stronger krona and positions on falling interest rates in the USA and rising interest rates in Japan. We continue to use our long-term approach to take positions in the event of major mispricings or market downturns. In 2025, this was mainly evident following the 'Liberation Day' falls, when we bought equities and increased the credit risk in the portfolio at attractive levels.

Our active currency management, our active global equity mandates and our fixed income management all outperformed their return targets. Despite this, the overall active return was negative, primarily as a result of weak performance in Swedish equity management, where the large proportion of holdings in smaller companies led to a poorer return compared with the market as a whole. The return for Real assets was slightly positive but fell short of the return target for the period. The strong performance on listed

equity markets also meant a negative relative return for unlisted equity investments, despite a positive absolute return.

Update of the underlying scenario analysis

AP4's long-term allocation is based on a scenario analysis with a ten-year perspective, where a base scenario is compared with a number of alternative macroeconomic outcomes. Given the extensive changes in trade policy and geopolitical developments in 2025, we chose to reassess and challenge the 2024 scenario analysis that provided the basis for the Fund's benchmark portfolio.

The review showed that we had already largely factored the change in US trade policy and its global implications into our analysis for 2025. The spread of possible macroeconomic outcomes has widened, however, reinforcing the need for a broad and diversified portfolio. This is particularly true in light of increased concentration risk connected with AI and increased country concentration in several market indexes.

We have worked to strengthen the portfolio's resilience to inflation and macroeconomic uncertainty since 2018 by increasing the share of Real assets and introducing the Defensive equities asset class in AP4's benchmark portfolio, the DNP. For 2025, AP4 increased the share of Defensive equities in the DNP benchmark portfolio in order to increase its robustness. In the early part of the year, and in particular during the volatile period around 'Liberation Day', Defensive equities made a significant contribution to the portfolio, outperforming both Global and Swedish equities. In the autumn, however, as volatility decreased and AI-related themes dominated, the trend slowed.

Outlook for 2026

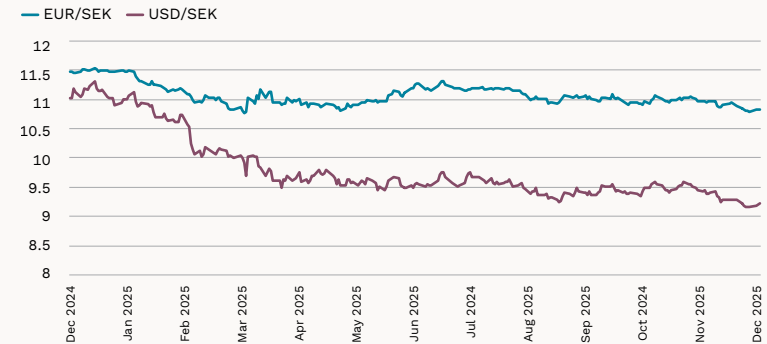
Growth is expected to remain positive in 2026, supported by stronger real incomes and a near-neutral monetary policy. According to consensus forecasts, growth in the USA is expected to slow to just under 2%, but our assessment is that growth will be higher than this. Strong investment activity in AI, tax cuts and a focus on economic development ahead of the midterm elections indicate a higher outcome for US growth. Further interest rate cuts by the Fed are also expected to stimulate the economy. The prospects for growth in Europe have been strengthened by decisions that allow for more expansionary fiscal policy, particularly in Germany. The effects are expected to be gradual.

At the same time, uncertainties remain concerning geopolitical risks and the development of global trade. We also consider the risk of higher inflation to have increased and expect the impact of US tariffs to be reflected in prices in 2026, suggesting that inflation could end up above target.

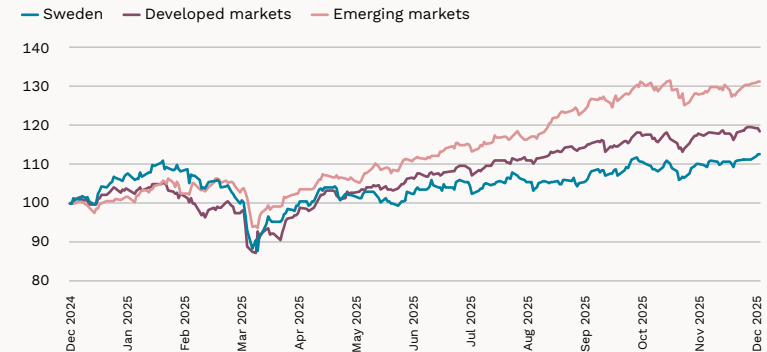
Increased global focus on AI-related investments, such as data centre expansion and energy infrastructure along with the associated capital requirement, has led to several elements of the portfolio gaining a more direct or indirect exposure to the theme of AI. This is particularly true of investments within the energy sector, in our unlisted infrastructure investments and in both listed and unlisted credits. The high valuation and large capital requirements are likely to entail a risk of capital misallocation. As with previous technology shifts, however, the underlying technology is expected to create long-term winners, even if they are not always obvious from the outset.

The growing correlation between traditionally defensive sectors, such as Utilities, and AI-driven structural trends means it is particularly important to take care in the formulation of defensive equity exposure going forward.

Exchange rate trends in 2025



Stock markets in 2025, local currency



Consolidation of AP Funds

In 2025, the Swedish Parliament decided to make changes to the management of buffer capital in the AP Funds. This decision means, among other things, that the three Stockholm-based buffer funds are consolidated into two by transferring AP1's assets and liabilities to AP3 and AP4 respectively, while the assets and liabilities of Gothenburg-based AP6 are transferred to AP2. The legislative changes enter into force on 1 January 2026.

The year was dominated by the consolidation work, where the focus has been on ensuring an orderly and responsible handover from AP1 to AP3 and AP4. This extensive work has been carried out with close collaboration between the three AP Funds, the special investigator appointed by the government and the Ministry of Finance. During the 2025 wind-down period, AP1 has continued to carry out its ongoing asset management activities as an independent authority.

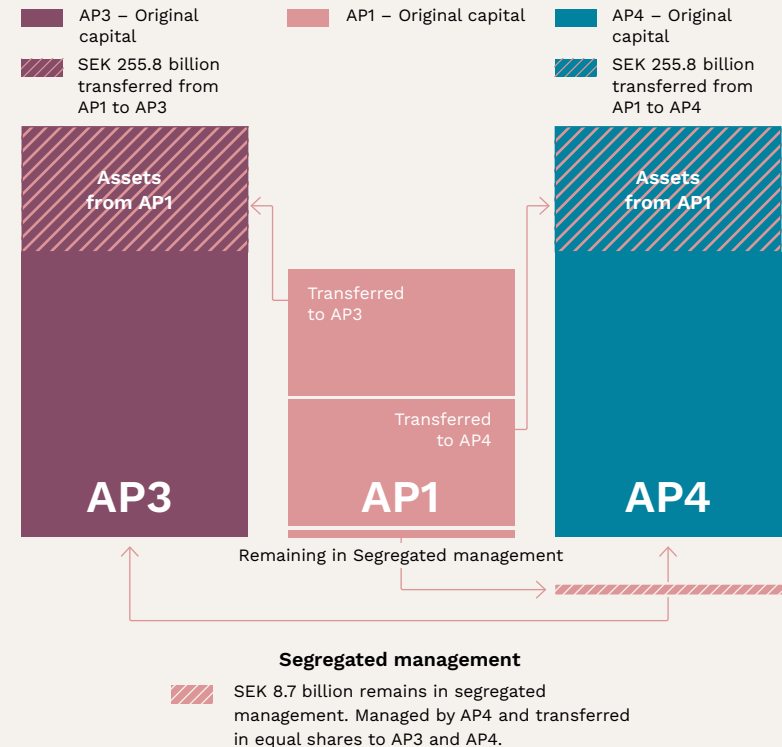
At the beginning of 2026, AP1's assets and liabilities were transferred to AP3 and AP4. Of AP1's closing fund capital in 2025 of SEK 520.2 billion, listed equities, fixed income assets and unlisted investments with a total value of SEK 511.5 billion were transferred in equal shares to AP3 and AP4. This corresponded to more than 98% of AP1's closing fund capital in 2025. A description of the disclosures relating to the consolidation is provided in Note 1 on page 47. A summary of the transfer is provided in Note 22 on page 63.

The government has decided that certain assets can be managed separately for a transitional period. This segregated management remains subject to the law governing AP1 in certain aspects, but the

tasks that would otherwise have been performed by AP1's Board of Directors shall instead be performed by AP4's Board of Directors. This is against this background of AP4's Board of Directors adopting and signing AP1's annual report for 2025. Following the transfer of assets from AP1 to AP3 and AP4 at the beginning of 2026, assets of SEK 8.7 billion remained in AP1, which will be managed separately by AP4 from 2026. Segregated assets corresponded to less than 2% of AP1's closing fund capital in 2025. Segregated assets consist mainly of unlisted funds for which it is not deemed cost-effective or otherwise beneficial to the pension system to transfer these assets to AP3 and AP4. Certain equities, of very limited value, are under sanction or are delisted and therefore cannot be moved but remain under segregated management.

AP4 shall manage these segregated assets in the best interests of the pension system and, where possible and appropriate, transfer the segregated assets and the proceeds received from such assets in equal shares to AP3 and AP4. AP3 and AP4 have agreed in part on the collaboration needed for AP4's task of managing and ultimately transferring the segregated assets.

Transfer of assets at the beginning of 2026



Changes to the income pension system



Mikael Anveden /
Head of Strategic
Investment Analysis



Jens Cronsten /
Senior Quantitative
Analyst

Over the past two years, the Pensions group, which brings together representatives of all the parliamentary parties, has launched several reviews to strengthen the income pension system. The decisions and proposals now presented mark important steps towards a more long-term and stable pension system.

Many of the issues now under discussion have been debated for a long time. The decisions on these mark an important step towards establishing clarity and sustainability in the pension system. AP4 is in favour of regular reviewing the system and the buffer funds, as this is vital for ensuring that goals are achieved and for strengthening confidence in the public pension system.

Analysis of distribution of surplus

In February 2024, the Pensions group agreed to draw up proposals on how to handle surpluses in the pension system. In August 2025, the memorandum Distributable surplus in the income pension system

(Ds 2025:24) was published, which detailed a proposal to introduce a gas. The memorandum was sent for consultation during the autumn and AP4 was one of the consultative bodies that submitted comments.

AP4 in favour of the introduction of a gas

AP4 welcomes the Pensions group's proposal to manage distributable surpluses in the long term within the framework of the income pension system through the introduction of a gas. AP4 believes that a gas that complements the current brake will lead to better symmetry in the income pension system and that a degree of distribution of the surplus in the pension system is sustainable in the long term," says Mikael Anveden, Head of Strategic Investment Analysis.

AP4 also welcomes the fact that the income pension system's debt of approximately SEK 100 billion to the government budget is to be written off through the proposal and considered finally settled. For pensioners and pension savers, the introduction of a gas means higher expected pensions in the long run, but also an increased risk of the brake being applied. It is therefore important that the gas is designed in a way that is as generation-neutral as possible.

We therefore believe that the proposal for a gas when the balance ratio exceeds a certain level should be supplemented with a requirement for a minimum funding ratio in the system, i.e. the proportion of the pension liability that is represented by financial assets in the AP Funds. We also believe that the system would benefit from the introduction of a distribution cap that limits the size of the distribution in any given year," says Jens Cronsten, Senior Quantitative Analyst, Strategic investment analysis.

Other noteworthy changes to the pension system

The target age is being introduced in 2026, replacing the previous retirement age. This is dynamic and adjusts in line with increases in life expectancy to ensure the system is sustainable. From 2026, the target age will be 67, which means that the minimum retirement age for the income pension will be 64. This strengthens the balance ratio and the robustness of the system, but we still know little about how workers will adapt," says Jens Cronsten.

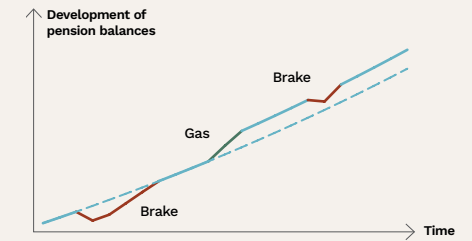
Another way of increasing pensions is to increase contributions. The Pension levels and pension contributions report (SOU 2025:41) analyses whether the current contribution level is adequate. It was presented in summer 2025, but no changes have been proposed.

The commission to review the buffer funds (Fi 2023:E), which was set up in 2023 to modernise and streamline the management of the buffer capital, has led to a reduction in the number of AP Funds, which came into effect on 1 January 2026. See also page 10.

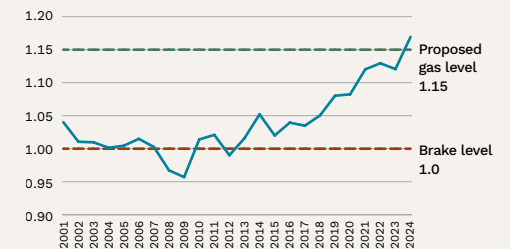
AP4's future with a potential gas

The details concerning the design of the gas have not yet been finalised. We are expecting a decision in spring 2026 and will then conduct an Asset Liability Management (ALM) analysis to assess the impact on the portfolio. As part of our consultation work, AP4 has already performed simulations of the income pension system to analyse assets and liabilities. Our assessment is that the gas does not involve any major changes in portfolio strategy and if designed correctly can strengthen pensions and increase the autonomy of the system," concludes Mikael Anveden.

The introduction of a gas in the pension system would complement the current brake and is expected to result in higher pensions.



The balance ratio has risen over the past ten years and is expected to continue rising. It is therefore necessary to address the issue of a distributable surplus.



Successful implementation of new portfolio system



Oscar Blomquist /
Head of Risk & Systems,
Project Manager AP4

Nicklas Wikström /
Head of Risk &
Operations,
Sponsor AP4

AP4, together with AP3, has completed its migration to a new and modern unified system infrastructure. The new portfolio system replaces most of the previous systems and covers the entire business flow – from analysis and order placement to portfolio management, risk measurement, compliance and financial reporting. It provides greater efficiency, transparency and flexibility in the investment process.

Launch of effective, future-proof, system support

As part of the modernisation and streamlining of AP4's system support, a new portfolio system was launched in autumn 2025. This followed preparatory work that has been ongoing since 2023.

🗨️ The project has involved a large number of AP4's personnel in both the support and asset management organisations, along with a number of consultants shared with AP3. Changing portfolio systems requires careful planning at all stages of the project to ensure smooth and stable asset management during the launch period. AP4, in collaboration with AP3, has now achieved this and successfully implemented the new system support," says Oscar Blomquist, Head of Risk & Systems and Project Manager at AP4.

Objectives achieved

🗨️ Normal trading and portfolio management was possible in the new system environment as early as the first business day after launch. As the system is now being fine-tuned, with working methods and roles gradually being established, the objectives specified before the procurement are being achieved, including being able to respond more quickly to new and changing

needs from both operations and the outside world. This includes delivering informed analyses faster and reducing the time to investment decision. Increasing the transparency and availability of data for reporting and compliance monitoring ultimately leads to lower operational risk through reduced complexity in infrastructure and management," says Nicklas Wikström, Head of Risk & Operations and sponsor of the new system at AP4.

The more efficient system support now frees up time for strategically important development and analysis and establishes a system support that is standardised, flexible and scalable and also less reliant on people. AP4 is now well equipped to handle future changes on the capital markets in the new system environment. This also comes with a strong partner in AP3 for future collaborations and synergies through our almost identical system platforms.

Retrospective

System implementation began in 2019 with a situation analysis together with the other AP Funds, which then led to a requirements specification and a joint procurement process with AP3. The implementation work has brought AP3 and AP4 closer together, partly through large-scale cooperation on system development and support, and partly through harmonisation of the core of the AP Funds' respective IT environments – the portfolio systems.

🗨️ There has been extensive interaction between the system developers at AP3 and AP4 during this project and we have established close cooperation between the Funds. The opportunities to drive change and development together for many years to come, with significant synergy effects, make us a strong

counterparty for driving development on the market," says Oscar Blomquist on the extensive project work that has now been completed.

The timing of the procurement coincided with upgrades at several system suppliers, which meant that AP3 and AP4 were together in a strong position to specify requirements for the supplier and to make a stronger joint case for our way of working. This has enabled us, together with the system supplier and AP3, to drive development and customise the system during the course of the project to meet the needs of the two AP Funds.

Outlook

The modular nature of the portfolio system makes it easier for AP4 to supplement the system environment in the future with new functionality based on externally driven changes, such as new regulations, and in particular to meet the requirements of a forward-looking asset management organisation. The solution also uses cloud-based technology, enabling AP4 to easily integrate new data sources cost-effectively, which is key to success in a data-driven age.

🗨️ One major advantage of AP4's new system environment is that the various parts of the organisation are now able to use the same financial data in their processes, as everything has been brought together in one central database. This ensures a high level of quality in the data for decision-making and reporting and also provides excellent conditions for streamlining AP4's processes. With the system having now been in operation for a couple of months, we can already see that we have been able to streamline processes in several areas and we look forward to continuing to work on this in 2026," concludes Nicklas Wikström.

This is AP4

The pension system has been strengthened over time thanks to the AP Funds' good return, changing demographics with a growing population, more people in gainful employment, and the replacement of the retirement age with a target age that tracks average life expectancy.

As a pension fund within the Swedish income pension system, AP4 is an asset manager that aims to strengthen the pension system. Our asset management is based on the statutory mandate, our vision, investment philosophy and operational strategy, as well as our values.

The pension system and AP4

AP4’s mission is to manage part of the Swedish national pension system’s buffer capital in order to strengthen the pension system with a high long-term return and thereby contribute to the financial security of current and future Swedish pensioners.

AP4 is a government agency and its mission in the pension system is governed by The National Pension Funds (AP Funds) Act. The mission involves – in addition to managing the capital to achieve a high long-term return – managing the fund capital in an exemplary way through responsible investments and responsible ownership. The law also stipulates a specific focus on promoting sustainable development without compromising on the overall objective of a high return.

The income pension system

Everyone who has worked in Sweden receives a national public pension, which is based on their own income during their working life. The national pension system has two parts, the income pension and the premium pension. Every year, 18.5% of the pensionable income of those who have worked or received other pensionable income is allocated to the pension system. 16 percentage points go towards the person’s income pension and 2.5 percentage points towards the premium pension. Payment is made in part through payroll taxes that are paid by the employer and in part through the national public pension tax that all wage-earners pay. In addition, outside of the public pension system, it is common for people to have occupational pensions, which are paid for by their employer, as well as private pension savings.

The role of the AP Funds

The income pension system is one where the pension contributions paid by people who have worked during

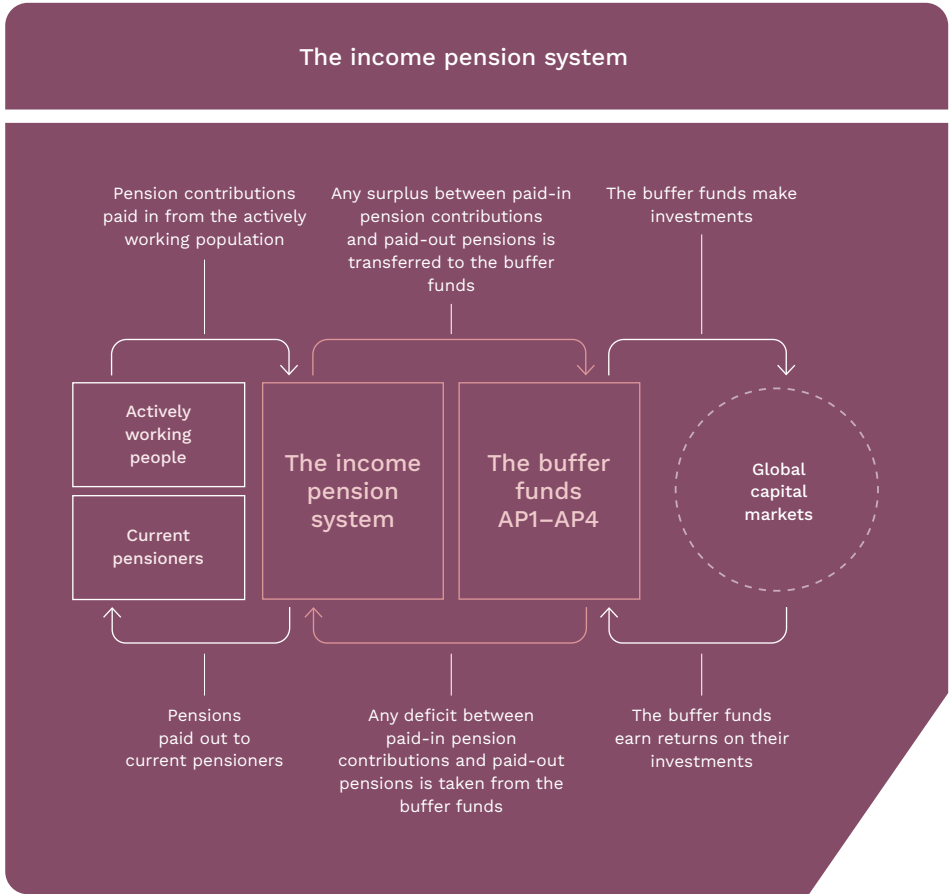
the year are used to pay pensions to current pensioners. If payments to the system during a given year are less than what is needed to pay out pensions, a deficit arises. In such case, the AP Funds’ managed capital is used as a buffer to cover the deficit and, conversely, if payments to the system are greater than what is needed to pay out, the money goes to the AP Funds (AP1–AP4) for management.

If the pension system for some reason becomes unbalanced, i.e. the obligations become greater than the assets, a balancing mechanism is activated, referred to as the brake. Through this balancing, income pensions are upwardly indexed at a slower pace until the pension system’s assets are once again as large as its obligations.

The pension system has gradually been strengthened thanks to good returns from the AP Funds, changing demographics with a growing population, more people in gainful employment, and changes to the pension system such as the introduction of the target age. The system has worked well and as intended.

The AP Funds’ support to the pension system over time

When the new pension system was launched in 2001, it was estimated that the AP Funds would be net contributors to the pension system for the period from around 2010 to 2050, mainly due to a larger proportion of pensioners relative to the actively working population during this period and the phasing out of the previous pension system. Since 2009, when the four AP Funds began paying out money to the pension system, AP1–AP4 have together paid around SEK 270 billion to the pension system. Thanks to the gradual strengthening of the pension system, the AP Funds are now expected to be net contributors for only a few more years. This is because of the large numbers of people born in the 1990s and 2000s that are actively working and paying money into the system.





AP4's strategic platform

AP4's purpose is to help strengthen the pension system by managing its fund capital to achieve a high long-term return, making responsible investments and taking active ownership responsibility. AP4's strategic platform is based on the statutory mandate, our vision, investment philosophy and operational strategy, as well as our values. We strive to be a global role model in our industry and to act with courage and a long-term approach. In this way, we contribute to the financial security of current and future Swedish pensioners.

Our mission

AP4 is a government agency tasked with managing fund capital for a high long-term return so as to provide the greatest possible benefit to the income pension system. This work also considers how to reduce the risk of pension cuts. The fund capital must also be managed in an exemplary way through responsible investments and responsible ownership, without compromising the goal of achieving a high long-term return.

The solvency of the pension system is ensured by the AP Funds having the necessary payment capacity. This means that pensions can be paid even when pension payments exceed pension contributions.

Our vision

Our vision is to be a global role model that delivers a first-class return and takes a long-term, sustainable and responsible approach. Our vision is a fundamental part of our identity and our work and it drives our efforts to be at the forefront of pension funds.

Long-termism is an important aspect of our vision and we benefit from our unique mandate to be long-term, which allows us to capture risk premiums. We have the courage to believe in ourselves and act accordingly and we also have the resilience to hold on to investment decisions that we believe in.

Sustainability and responsibility are also central elements of our vision. We invest sustainably and we take responsibility for the companies we have a stake in. We are conscious that we are managing the money of current and future pensioners and we take this responsibility very seriously. As a key operator in society, we give consideration to our stakeholders and we act responsibly with the capital that we manage.

Our values

At AP4, we work for a healthy corporate culture, which is one of the most important preconditions for building and maintaining a sustainable and successful organisation. Our values underpin our actions to achieve our full potential and best results together.

Our investment philosophy

The investment philosophy is based on three distinguishing features that define AP4 as an asset manager, as well as six different investment beliefs that specify how we are to act to create added value in our asset management. The investment philosophy is described on page 18.

Our operational strategy – strategic development areas

AP4's operational strategy describes the focus and activities for AP4's development as an asset management organisation. The operational strategy is based on six key development areas. Three of these areas are central to AP4's operations as an asset manager – the investment portfolio, system support and sustainability. The other three areas describe how we need to work together to develop as an organisation and achieve our goals.

Our employees

Our employees are vital for our value creation in the public pension system and it is they who help us to fulfil our mission. It is therefore crucial for us to attract, retain and develop people with different perspectives and mindsets if we are to remain a leading pension fund, both now and in the future.

Employees with great responsibility

Working at AP4 is an opportunity to contribute to a socially important mission, to use your specialist expertise and to continuously develop and grow in your role. We are a cost-efficient organisation that conducts knowledge-intensive operations with relatively few employees. This means that every employee has great responsibility and plays an important role in the operation's results and success.

This also entails a dependence on individual persons, which is why it is important to identify the right competencies in every recruitment process to develop and drive the business forward in the long term. AP4 has a major need for a range of key competencies and regular competence inventories are made, resulting in development plans at both unit and individual levels.

Work environment and culture

A good, positive corporate culture is one of the most important preconditions for building and maintaining an organisation that is sustainable and successful over time. Encouraging a balanced work life combined with good leadership are therefore important areas that AP4 works with on a continuous basis.

AP4 conducts an annual employee survey and, in the interim, more frequent and less extensive pulse measurements. All employees at AP4 are involved in developing action plans based on the results of the employee survey and pulse measurements, both at unit level and in a dedicated employee group.

Key metrics for employees and AP4's direct environmental impact are presented on page 78.

Strategic development areas

- Future-proofed investment portfolio
- First-class system support
- Leadership in sustainability
- Continuous development for specialists
- Simplicity as a guiding principle
- Creative co-operation




 A photograph of four children playing on a blue and purple court. The children are in various poses, some jumping or running. The background is a bright blue wall. The text 'Strategy and operations' is overlaid in large white font on the bottom left.

Strategy and operations

Over the past two years, the Pensions group, which brings together representatives of all the parliamentary parties, has launched several reviews to strengthen the income pension system. Many of the issues now under discussion have been debated for a long time. The decisions and proposals now presented mark important steps towards establishing clarity, a long-term perspective and stability within the income pension system.

AP4's asset management structure takes advantage of the opportunity to invest over several time horizons. The pension system's needs are analysed for the long term over 40 years and from a medium-term perspective of 5–15 years that takes into account macroeconomic and market conditions. Individual investment decisions are made with time horizons of up to 10 years.

Asset management structure designed for the mandate

The goal of AP4's asset management is to achieve a high long-term return that contributes to the pension system's strength and lowers the risk for reduced pensions.

Investment philosophy dictates overarching focus

AP4's asset management is based on the long-term needs of the pension system, the statutory assignment and associated investment regulations and the investment opportunities this provides.

AP4's Board has adopted an investment philosophy that is based on AP4's mission and the preconditions it includes and that constitutes an overall direction for operative asset management.

The investment philosophy is characterised by three essential distinguishing features, i.e. preconditions that to some extent distinguish AP4 and create opportunities for successful asset management. These features are:

- the ability to act long-term
- a large degree of freedom to formulate the asset management in the best way within the framework of The National Pension Funds (AP Funds) Act
- a portfolio size that enables cost-efficient asset management without limiting investment opportunities.

These features are complemented with so-called investment beliefs, which clarify how AP4 is to act to create value added in asset management.

The investment beliefs pertain to:

- well-balanced risk-taking
- inefficient markets

- diversification
- sustainability
- competent organisation
- structured processes

Asset management structure with three time horizons

The asset management structure takes advantage of the opportunity to invest over several time horizons. For each time horizon, the Board stipulates goals and investment guidelines.

1. Long-term real return target

From a 40-year perspective, AP4 performs an Asset Liability Management analysis (ALM analysis) that assesses the pension system's long-term need for return levels and the need for payments from the AP Funds to cover any deficits. When doing so, AP4 applies the principle of generation neutrality, i.e. that one generation should not receive a higher pension at the expense of another generation. These assessments are made with a time perspective of up to 40 years. The analysis of the pension system is combined with a very long-term assessment of expected returns for various asset classes. This culminates in a long-term return target, which is currently a 3.5% annual real rate of return, and decisions on ranges for the portion of equities in the portfolio (50–70%), the fixed income portfolio's average duration (3–9 years), and currency exposure (20–40%). It

is AP4's assessment that this creates the conditions for achieving an average return over a 40-year period with well-balanced risk-taking that enables an equilibrium in the pension system's assets and liabilities, thereby avoiding automatic balancing in the pension system.

2. Medium-term real return target

From a medium-term perspective, with a 5–15 year interval, it is possible to make assessments in greater detail of macroeconomic parameters such as growth and inflation. It is also possible to make a market assessment that takes into account valuation levels, for example. These assessments form the foundation of a more detailed analysis of expected returns for various asset classes. This leads to the Board's decisions about the Dynamic Normal Portfolio (DNP), which is the benchmark portfolio for asset management that comprises a weighted market index.

Decisions are also made on a medium-term return target over 10 years, which is a 3.5% annual real return. For 2025, this target was raised from 3.0% to 3.5%. Since interest rate levels normalised in 2022, the conditions for normalised returns on assets have improved, enabling the medium-term return target, which is supplementary to the long-term return target, to be adjusted in line with the long-term return target of a 3.5% annual real return.

3. Day-to-day asset management with active return target

The operative asset management thereafter comes into play, making investment decisions with a time horizon of up to 10 years. This entails allocation decisions among various asset classes and a broadening to assets that are not represented in the DNP. The goal of asset management is to outperform the return of the DNP by 1 percentage point per year with a 5-year evaluation horizon. The asset management is governed by a risk mandate of a maximum 5% active risk in relation to the DNP.

Within the context of ongoing asset management, decisions are also made on the choice of investment strategy, such as active or passive management, and whether management should take place internally within AP4 or externally. AP4 uses external management where the asset management strategy is difficult to pursue internally or where it is not cost-effective to develop internal management. Active management is ideally conducted within strategies with structurally great opportunities to generate excess returns, for example due to structural imbalances in financial pricing or significant barriers to entry. AP4 decides on the choice of management strategy, based on an assessment of what is expected to provide the best return after costs for the chosen strategy.

Finally, ongoing investment decisions are made regarding individual investments and other financial instruments within the asset classes and asset management mandate.

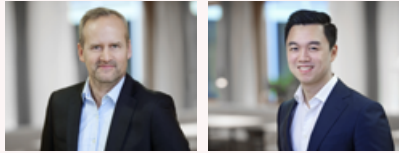
The Board governs and follows up

AP4's Board of Directors adopts an annual business plan and the governance documents that regulate AP4's asset management structure, including sustainability work. The governance documents are reviewed every year and are revised when necessary. The Board of Directors has assigned AP4's CEO the task of managing sustainability matters in the investment operations. The CEO reports on a regular basis to the Board about how such matters are managed and about the achievement of goals.

Portfolio asset classes and management

AP4 invests in a number of asset classes in order to provide the conditions for achieving the return target over time. AP4 invests in equities and fixed income, in Sweden and globally, and in listed and unlisted assets. A more detailed description of asset management is provided on pages 19–24.

Asset management by asset class: Global equities



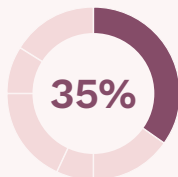
Pontus Lidbrink /
Head of Systematic
Equities

William Gan /
Analyst, Systematic
equities

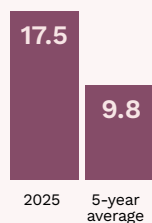
Strategy: Includes systematic quantitative management combined with fundamental company selection in climate-intensive sectors. An alpha platform, emerging markets and unlisted equities are managed through external funds.

Sustainability in asset management: Implements low-carbon strategies, fundamental company selection in resource-intensive sectors, conducts company dialogues in collaboration with other investors and votes at shareholder meetings.

Share of portfolio 2025



Return 2025



Global equities – with systematic sustainability strategies

AP4's global equity portfolio is broad, diversified and designed to deliver a long-term stable excess return. The internal systematic element concentrates on continuously implementing and further developing AP4's sustainability strategies, based on a data-driven investment process.

Management mainly takes place internally and systematically using quantitative methods. The management of climate-intensive sectors is handled separately by AP4's fundamental equities team, as described on page 32. In addition, an alpha platform and emerging markets are managed externally. Unlisted equities are also managed through external funds.

Sustainability strategies and climate targets

AP4's climate strategies are based on the analysis of detailed company-specific data, and the management strategies are continuously developed as new insights and better measurement methods become available. By integrating climate data throughout the investment process, we create a diversified portfolio that reduces climate impact while delivering a stable return," says Pontus Lidbrink, Head of Systematic Equities.

We are continuing our efforts to reduce the carbon emissions of the portfolio. In addition to direct emissions (Scope 1) and emissions from electricity consumption (Scope 2), we also consider indirect emissions (Scope 3). Our internally developed model,

the AP4 Alignment Score, assesses the positioning of companies in the climate transition by evaluating how well they are aligned with the 2°C target and how they are expected to be impacted by a future energy transition, and it rewards those companies that invest in research, development and innovation to reduce their climate impact.

AP4 continuously analyses the impact of various climate parameters on the portfolio and we seek to reduce the systematic risks in the portfolio and to strengthen the portfolio's long-term resilience. We also monitor related areas such as biodiversity, physical climate-related risks and global water scarcity," says William Gan, Systematic equities analyst.

Return and portfolio structure

Creating a portfolio that generates a stable excess return relative to the benchmark index is central to us. History shows that we have done well in this respect, but we aim to continue our development. The portfolio is currently based on several independent alpha sources and management strategies, creating a robust and well-diversified structure that stands firm in various market conditions.

In turbulent times, when sustainability strategies have generally underperformed the broad equities market, we are proud to have continued to deliver a positive active return. Our portfolio has proven itself robust and has withstood challenges such as trade tariffs and political uncertainty," says Pontus Lidbrink.

Market trends and AI

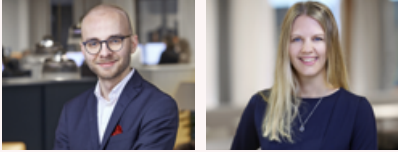
A dominant theme during the year has been the strong growth in AI-related investments, such as graphics cards, data centres and energy infrastructure. Despite the portfolio's broad spread, there is a concentration in the ten largest holdings, where eight of these are directly linked to AI or AI-driven transition. Many established software companies are now facing competition from start-ups that are building their business around the latest AI technology," says William Gan.

At the same time, the market has been flipped, with traditional quality companies, those with stable cash flow and high profitability, performing weaker than the broad indexes. Some of our strategies have had significant exposure to quality companies, but thanks to the portfolio's diversification, the return has been compensated from other parts of the portfolio," says Pontus Lidbrink.

External management

Elements of the portfolio are managed externally, mainly in those areas where we believe specialist expertise strengthens overall performance, such as emerging markets and a separate alpha platform. AP4's global equities exposure is complemented by unlisted investments that give us access to themes and alpha sources that are not always to be found on listed markets. Our external managers are strategic partners who contribute to knowledge sharing and our continued development," concludes Pontus Lidbrink.

Asset management by asset class:
Defensive equities



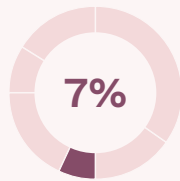
Nils Everling /
Portfolio Manager
Systematic equities

Julia Ripa /
Senior Analyst
Systematic equities

Strategy: Quantitative management.

Sustainability in asset management: Adds return potential and has a stabilising effect in a more challenging economic environment. Does not invest in excluded companies.

Share of portfolio 2025



Return 2025



Defensive equities – for challenging markets

Defensive equities is an asset class designed to strengthen the portfolio in the challenging market environments that are found in AP4’s scenario analysis. This asset class was introduced into the portfolio in 2022 with the aim of improving expected returns in less favourable market scenarios, while also diversifying the risk in equities exposure.

By investing in high-quality, low-volatility companies, Defensive equities complement AP4’s exposure to the Swedish equities and Global equities asset classes, particularly during periods of macroeconomic uncertainty and weaker market scenarios.

The initial weighting for Defensive equities on launch in 2022 was 5% of the Dynamic Normal Portfolio (DNP), the benchmark portfolio decided on by the Board and the basis for asset allocation in operative asset management. The share of Defensive equities was increased to 7% of the DNP for 2025.

Defensive equities are managed through a combination of internal management mandates and external management. Internal management is based on quantitative equity selection in developed markets and aims to create well-diversified exposure to high-quality companies with low volatility, such as Mastercard, Nestle and ABB. The defensive approach is expected to provide a more stable return profile compared with broad market indexes and reduce the portfolio’s vulnerability to large stock market falls, for example connected with the high concentration of US

tech stocks in global indexes,” says Julia Ripa, Senior Analyst, Systematic equities.

“The composition of Defensive equities is dynamic and is continuously adjusted based on AP4’s scenario analysis and view of market risks. This ensures that the asset class can continue to provide diversification as AP4’s long-term macroeconomic analysis develops,” says Julia Ripa.

During the year, AP4 also supplemented its management of Defensive equities by investing in external funds. These complement internal management by providing additional perspectives, analytical methods and data access.

A separate internal mandate is managed with a strategy that seeks exposure to a range of company characteristics that drive returns, without compromising the defensive nature of the portfolio.

This can mean considering sentiment indicators or investor positioning. This type of management integrates large language models (LLM) in the design of quantitative indicators used for equity selection, for example by extracting and structuring data from unstructured sources such as public company documents and news articles. This means we do not have to rely solely on standardised databases from external providers. The availability of this kind of unstructured data has never been a limiting factor, but AI is helping us to utilise it on a scale not previously

possible,” says Nils Everling, Portfolio Manager, Systematic equities.

However, the use of LLMs requires attention to ensure that a model simulation does not use more recent information than was available at the time of the investment on which the model is intended to be based. As LLMs are updated regularly, this entails a risk that the model will then have access to information that extends beyond the simulation period, making model tests unusable.

Despite these limitations, AI-driven indicators can add value. At AP4, we manage a quantitative platform that gives us the technical support to handle new data sources in a scalable way, and continuously formulate and analyse new indicators that can increase the effectiveness of our quantitative management models,” says Nils Everling.

“The market has been volatile at times in 2025, but ultimately rewarded expansionary and higher-risk companies rather than the quality companies selected in the Defensive portfolio. Despite this, the quantitative strategy has performed well, as sentiment, positioning and valuation have also been significant market drivers, which the strategy has been able to capture,” concludes Nils Everling.

Asset management by asset class: Fixed income



Torbjörn Kronblad /
Head of Fixed
Income

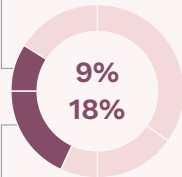
Per Svensson /
Senior Portfolio
Manager, Alternative
investments

Strategy: Active management of global and Swedish fixed income assets under two mandates, one for government and supranational bonds (known as SSA) and one for liquid credits. Global fixed income also contains a mandate to manage illiquid, high-yield credits.

Sustainability in asset management: Assesses sustainability trends in investment decisions, invests in green and social bonds.

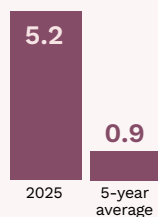
Share of portfolio 2025

Swedish fixed income



Global fixed
income

Return 2025



Fixed income – good return in 2025

The liquid and creditworthy fixed income portfolio is managed internally at AP4 through investments in bonds issued by governments and supranational organisations, as well as bonds issued by companies. The liquid portfolio is also complemented by investments in illiquid high-yield credits.

Management of government bonds

Fixed income management began the year positioned for falling long-term US interest rates, which benefited from lower inflation, a progressively weaker labour market and indicators pointing to a slowing economy. In the euro area, AP4 was exposed to lower interest rates and narrowing government bond spreads, which was challenged in March when large-scale fiscal stimulus was announced at both national and EU levels. This led to broad-based interest rate rises in the euro area. At the same time, a large short position in Japanese government bonds made a significant positive contribution, driven by higher inflation and a positive growth outlook in Japan, resulting in rising interest rates,” says Torbjörn Kronblad, Head of Fixed Income.

After ‘Liberation Day’ on 2 April, the market situation changed rapidly. US rates rose, the euro area interest rate spread widened and Japanese rates fell back as the market removed expectations of further rate hikes. Against this background, we increased exposure to lower long-term US interest rates, which later became an important driver of returns.

“The US labour market weakened further during the second half of the year, while inflation remained stable and leading indicators pointed to a weaker economy. This created favourable conditions for the portfolio’s positioning. Long-term US interest rates fell sharply in one of the biggest surprises of the year, with the USA one of only a few global markets to see interest rates fall. This provided a clear positive relative return contribution and was a key driver of performance.

At the same time, the positioning in the euro area developed well as interest rate spreads narrowed in the autumn. In Japan, interest rates rose sharply for longer maturities, further strengthening the portfolio’s return. All in all, these factors contributed to a good active return and the year ended as one of our best,” says Torbjörn Kronblad.

Management of credits

Corporate bonds were also affected by the Trump administration’s trade deal manoeuvres, with interest rate spreads against government bonds rising in both the USA and Europe from the beginning of the year until late spring. During the second half of the year, as trade agreements were finalised and negotiations continued, resulting in a reduction in the scope of trade agreements, these interest rate spreads narrowed. The more optimistic market led to large flows into credits, clearly reflected in the strong demand for new issues but also in the secondary market. This contributed to a further narrowing of interest rate spreads. Credits may remain in demand into 2026, especially as the focus on interest rates and future rate cuts may have a positive impact on these spreads.

“The credit portfolio also delivered a high active return during the year, mainly through positioning for narrowing interest rate spreads, which we increased in the spring. As the uncertainty surrounding the trade agreements reduced and the market stabilised, the portfolio benefited from this tactical positioning,” says Torbjörn Kronblad.

Illiquid credits

In addition to these two internally managed mandates, the Global fixed income asset class also contains an externally managed portfolio of illiquid, high-yield credits. Illiquid credits account for approximately 2.5% of AP4’s overall portfolio and have two strategic purposes. One is to help diversify and complement the liquid parts of the fixed income portfolio by allowing for a differentiated credit exposure and contributing to overall portfolio diversification characteristics. The other is to strengthen the return potential of the asset class,” says Per Svensson, Senior Portfolio Manager, Alternative investments.

“This asset class has grown strongly since the global financial crisis and is benefiting from changes to the regulatory landscape, with capital adequacy rules restricting banks from participating to the same extent as before. Much of this lending now takes place through funds that specialise in lending within different segments. The ability to have an allocation to illiquid credits over time enables us to capitalise on this higher return potential,” concludes Per Svensson.

Asset management by asset class: Currency



Per Berglund /
Head of Currency

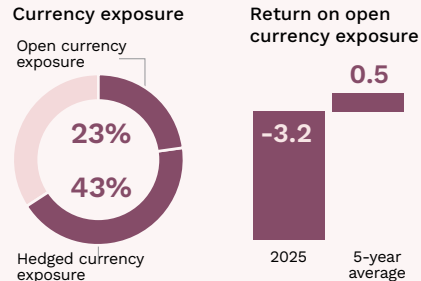


Mark Wong /
Portfolio Manager,
Currency

Strategy: Currency hedging part of AP4's open underlying currency exposure from investments in foreign equities and fixed income assets.

Active internal management of currency exposure in a separate mandate.

The return below refers to open currency exposure.



Currency management – risk management and opportunities

As a global investor with exposure to foreign currencies, the aim of currency management is to strike a balance between stabilising the value of the portfolio and generating a return. This is done by managing risk through strategic hedging and by capitalising on market opportunities through active currency management.

Strategic currency hedging

AP4's underlying currency exposure amounted to 66% of the fund capital and open currency exposure was 23% at year-end. Open currency exposure returned -3.2% in 2025 against the backdrop of the appreciation of the Swedish krona during the year. Over 5 years, the return has averaged 0.5% per year.

“Strategic currency hedging plays an important role in reducing the overall risk in the portfolio. Hedging parts of our foreign assets counteracts the effects of sharp and unpredictable currency movements, helping to stabilise the value of our assets over time. When calculating the strategic currency hedge, we take into account the risk-mitigating properties of the currency exposure together with its valuation. At the same time, we work with active management, where the goal is to create added value by acting on mispricing in the market over a shorter time horizon,” says Per Berglund, Head of Currency.

Active currency management

“For the analysis process and decision-making in our active currency management, we have a quantitative platform with systematic signals. These data-driven

models support us in both hedging and active risk-taking. By combining fundamental macro analysis with systematic models, we ensure robust and modern management that contributes to a stable return for the pension system,” says Mark Wong, Portfolio Manager, Currency.

“A clear shift in global capital flows had a major impact on the currency market in 2025. Political uncertainty in the USA, changing interest rate spreads between currencies and increased currency flows for hedging purposes contributed to a marked weakening of the US dollar during the year. In this market environment, the dollar lost its traditional role as a safe haven, mainly due to the escalating trade war and growing doubts about the independence of the Federal Reserve. Trade conflicts created uncertainty about US trade and growth, while indications of political interference in monetary policy undermined confidence in the dollar. At the same time, there was a clearer link between falling US asset prices and a weaker dollar, accelerating capital outflows,” says Per Berglund.

At the turn of the year 2024/25, we judged the US dollar to be significantly overvalued according to our valuation models. During the first quarter, as Trump's trade policy agenda with regard to Canada and Mexico started to become clearer, our conviction that the dollar would weaken significantly over the year was reinforced.

In the first half of 2025, AP4 benefited from the weakening of the US dollar against the Swedish krona. The volatility on the currency market subsequently

decreased significantly and the USD/SEK traded within a relatively narrow range. Our strategy has therefore shifted from being trend-driven to more tactical, with a focus on managing the position within the narrow price range. We also held positions for a higher EUR/USD at the same time, which proved favourable as the dollar weakened broadly against major currencies. The combination of these positions has made a positive contribution to our overall FX strategy over the year.

“There remains great uncertainty about the dollar's future development, but there are strong indications of further weakening. The escalating trade war has created significant uncertainty about US growth and exports, while the independence of the Federal Reserve has also been questioned. The potential replacement of Jerome Powell with a more politically compliant chair would further increase market concerns about the credibility of US monetary policy and so increase the risk of a weaker dollar. The combination of these factors means that the dollar is likely to remain under pressure in the near future,” says Mark Wong.

“We believe that the Swedish krona has good prospects for strong development in 2026. Expansionary fiscal policy, combined with increased borrowing via the Swedish National Debt Office, is creating attractive investment opportunities in Swedish government bonds with high credit ratings and a gradual stabilisation of the housing market. After several years of capital outflows, we are now seeing a clear turnaround, where inflows to Swedish assets should increase and so benefit the krona,” concludes Per Berglund.

Asset management by asset class: Swedish equities



Jannis Kitsakis /
Head of Swedish
Equities

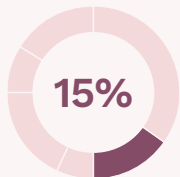
Strategy

Management is based on fundamental company analysis. The goal is to identify companies with long-term favourable growth in value and equities with revaluation potential. Active corporate governance is a key part of the strategy.

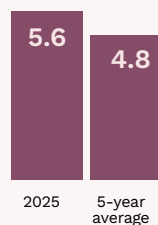
Sustainability in asset management

Sector-based risk analysis of sustainability challenges. Works on nomination committees to establish the best possible boards; also votes at general meetings.

Share of portfolio 2025



Return 2025



Swedish equities – affected by global uncertainty

AP4's Swedish equity management has a long history of active fundamental management. This means that we try to identify companies with good opportunities for value creation and which can generate a return for their shareholders. We make extensive use of fundamental analysis to find the right companies and we use our local network to maintain a close relationship with the holdings.

“Our mandate is long-term, which means we can bear risk over time. This is an important parameter, as it allows us to be patient in our investments even during challenging times. However, a prerequisite is that we have balance in our portfolio so that risk-taking takes place in a structured way,” says Jannis Kitsakis, Head of Swedish Equities.

Corporate governance is a cornerstone of Swedish equity management's investment philosophy and we aim to be an active owner. A key channel for our corporate governance is our work on nomination committees. In addition, we often hold dialogue with companies and other major shareholders on, for example, incentive schemes or other board proposals at general meetings.

“In 2025, the Swedish stock market generated a return of 12.7% (measured by the broad SIXRX index). This is certainly worse than many other stock exchanges globally, but is a perfectly acceptable return given the uncertainties there have been and the volatility that these uncertainties have created

during the year. Companies and investors have both had to deal with an uncertain and changing political environment. Geopolitical unrest, wars, the Trump administration's trade tariff manoeuvres and various political statements – also mainly from the USA – led to major stock market falls during the year, both generally for the stock market as a whole, but sometimes only at company and sector level,” says Jannis Kitsakis.

AP4's Swedish equity management generated a return of 5.6% in 2025, which is lower than the market as a whole. Our portfolio distribution has an overweight of small and medium-sized companies relative to the stock market as a whole. Over time, this has been a favourable strategy that has aligned well with our long-term mandate, as smaller companies generally grow faster than larger companies over time. This strategy was not as successful in 2025 however. The rise on the Stockholm Stock Exchange in 2025 was unevenly distributed, with larger companies on aggregate performing around 15–20 percentage points better than smaller companies, depending on the comparison index.

“AP4 has a broad portfolio containing over 100 equities. Some examples of the equities in our portfolio that have had a good year and contributed positively to the total return are Sandvik (+52%), which has benefited from a strong mining economy, Sinch (+52%), which delivered both growth and improved margins following some challenging years, BioArctic

(+56%), which has achieved commercial success with its Alzheimer's drug and also signed valuable contracts for its promising BrainTransporter technology, and Ovzon (+249%), which has received strong orders for its satellite communication services.

Unfortunately, we also hold equities that have had a challenging year. A recurring theme among underperforming equities has been companies that have shown high growth historically but have been unable to sustain that growth in 2025. Examples of three such companies that we own are Surgical Science (-79%), which lost a contract with its largest customer, Yubico (-69%), which has suffered from reduced demand from the public sector in the USA, and Xvivo (-62%), which saw a temporary slowdown on the transplant market,” says Jannis Kitsakis.

“Looking ahead to 2026, our assessment is that things look relatively good for the Swedish stock market and our Swedish equity portfolio. The business cycle looks set to improve for many Swedish companies, with hopes of increased investment in many areas, such as infrastructure, construction and renovation, as well as stronger consumer demand. Our expectation is that this will also lead to general increases in company profits, as many forecasts suggest. Finally, looking at our portfolio, most of our holdings have a strong financial position and an optimistic outlook on the future,” concludes Jannis Kitsakis.

Asset management by asset class: Real assets



Christian Sommer /
Senior Portfolio
Manager, Alternative
investments

Marcus Falkman /
Portfolio Manager,
Alternative
investments

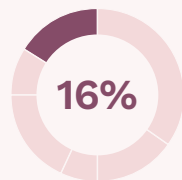
Strategy

Investments through funds, platforms and co-investments in unlisted companies and assets within infrastructure and real estate, as well as investments in listed and unlisted real estate companies.

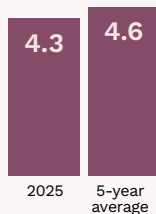
Sustainability in asset management

Thematic focus with an emphasis on investments that support the sustainability transition, such as in renewable energy. Fossil energy is excluded. Evaluates and stipulates requirements for investments. Active corporate governance work and dialogue with investments on climate impact and climate strategy.

Share of portfolio 2025



Return 2025



Infrastructure – stable long-term investments with a focus on dividends

Infrastructure is managed within a broad mandate covering large parts of the world in a balanced, well-diversified portfolio. The largest sectors are digital infrastructure and renewable energy. Geographically, most of the portfolio is in Europe, with significant exposure also to North America and emerging countries such as India.

Infrastructure investments complement the real estate investments made in the asset class Real assets and provide stability and inflation protection in AP4's overall portfolio. AP4 began building up the infrastructure portfolio in 2018 and it has now grown to almost SEK 30 billion, corresponding to 5.1% of AP4's fund capital. In addition, AP4 has made further investment commitments of approximately SEK 11 billion within infrastructure, which have not yet been invested.

Only unlisted assets are included in AP4's portfolio of infrastructure investments and they have a low correlation with the stock market. The portfolio consists of around 30 active investments in partnership with 12 external managers and contains hundreds of underlying assets.

“The largest proportion of AP4's investments in infrastructure is accounted for by stable, low-risk, operational assets with expected positive real cash flows (often called ‘core infrastructure’). These investments are held for a long time with a focus on high dividends and a degree of inflation protection. They provide an important base for the portfolio, with a portfolio share of around 55%,” says Christian Sommer, Senior Portfolio Manager, Alternative investments.

The portfolio is complemented by investment strategies that involve active company building with a focus on growth and acquisitions, as well as new construction projects in infrastructure, which involve higher risk and also a higher expected return.

“Active company building is a slightly higher-risk strategy that focuses more on add-on acquisitions and the expansion of existing infrastructure assets in the portfolio. In these cases, the asset manager chooses to take steps to maximise the value of the investment,” says Marcus Falkman, Portfolio Manager, Alternative investments.

New construction projects involve the construction of new infrastructure assets. These projects involve relatively higher risk than assets that are already operational and they do not generate regular income at the time of investment, but the expected return is higher.

“Digital infrastructure and renewable energy account for the majority of AP4's portfolio, evenly distributed between funds and platforms, with the greatest weight in Europe. Examples of sectors we have invested in include wind power, hydropower, district heating, data centres, fibre, waste management and water treatment. Among subsectors, data centres in the USA have delivered the highest return in 2025, while fibre in the UK has had a negative return,” says Christian Sommer.

The infrastructure portfolio has been successfully built up and yielded a stable annual return of 6.7% over five years, expressed in Swedish kronor. The return has not

been affected by stock market volatility and has had a low correlation with the stock exchange.

“Inflation protection has also been trialled with relatively good results, as many infrastructure investments have long-term contracts, some of them inflation-indexed, which provided a degree of protection during periods of high inflation such as 2022–2023,” says Marcus Falkman.

“In 2025, several co-investments were made with our external managers. For example, AP4 was a co-investor when the asset manager syndicated its investment in Swedish company OX2, a leading player in onshore wind power in the Nordic region. A new opportunistic fund investment was made in infrastructure during the year, with a focus on North America. This is a strategy that has previously been lacking in the portfolio and which involves exploiting the uncertain and turbulent macroeconomic environment to identify interesting investments,” says Marcus Falkman.

The portfolio's return since its launch and also over the past 5 years has been in line with the European and global infrastructure markets, i.e. around 8–9% per year in local currency.

“Infrastructure benefits from strong long-term trends such as the energy and climate transition, electrification and digitisation. Our view is that infrastructure will continue to be an attractive and important asset class in the future,” concludes Christian Sommer.

Focus areas for sustainability in asset management

AP4 has defined two sustainability areas that are financially material, as they have an impact on the portfolio's long-term return and risk characteristics and are also investable.

1. Climate & Environment

We identify systemic risks with global impacts on society, economies and expected returns. We include matters such as climate change, climate transition, resource efficiency, biodiversity and hazardous emissions.

→ Read more on pages 30–33.

2. Corporate Governance

We take responsibility for contributing to the good development of the companies and better risk-adjusted returns. We address issues such as shareholders' rights, board composition, diversity, remuneration issues and transparency, as well as aspects of business conduct such as corruption and human rights.

→ Read more on pages 34–37.

Sustainability in asset management

A key requirement for successful long-term asset management is to integrate sustainability aspects into investment processes and individual investment decisions, as this is deemed to contribute to a better risk-adjusted return over time.

Governance of AP4's sustainability work

As AP4 manages public pension funds, the starting point for sustainability matters is the core values of the Swedish state. The AP Funds have developed a common set of values for managing the Funds' assets, common guidelines for which assets the Funds should not invest in and common guidelines for reporting the sustainability objective.

AP4's overall management of sustainability and corporate governance issues is described in the sustainability policy and the ownership policy, respectively, which are adopted annually by the Board of Directors. These policies stipulate the objectives, goals and guidelines for sustainability work. They apply to all investment activities, whether the investments are made in Sweden or internationally, and to internal asset management and external management assignments.

The CEO has overall responsibility for sustainability matters in day-to-day operations. Unit managers in asset management and portfolio managers are responsible for dealing with sustainability matters within their respective investment mandates. The CEO reports the progress and development of sustainability work to the Board on a regular basis.

Broad management of sustainability aspects AP4's fundamental approach is a broad perspective on sustainability aspects in its investment activities, where material sustainability aspects within climate and environment, social responsibility and corporate governance are considered and managed.

AP4's management analyses and integrates sustainability aspects into its asset management tailored to each asset class and management model.

AP4's investments in listed equities and credits are subject to regular screening for violations of international conventions. If a company is identified in this process, a more in-depth analysis is initiated, followed by dialogue, which is AP4's main means of influencing companies. AP4 engages in dialogue with companies through its own management and through the Council on Ethics of the AP Funds. Read more about the Council on Ethics on pages 28–29.

Five implementation strategies

AP4 has five main implementation strategies for sustainability in asset management:

1. Measuring and reporting on sustainability

AP4 continuously evaluates sustainability data for use in asset management strategies and in reporting. Transparent reporting is also something that AP4 expects from the companies and organisations in which AP4 is invested.

2. Integrating sustainability in investment processes

AP4 integrates sustainability factors in its investment decisions, tailored to each asset class and investment process. Sustainability is an important evaluation criterion for external management assignments.

3. Influencing as an owner, investor and societal actor

Corporate governance is a tool for creating and safeguarding asset value over time. AP4 takes responsibility as an owner and investor by influencing companies through dialogues, as well as other investors and political decision-makers, on sustainability matters. AP4 works together with other investors to achieve greater strength in dialogues and other advocacy work.

4. Reducing sustainability risks in the portfolio

AP4 is reducing its exposure to assets associated with elevated sustainability risks. AP4 also excludes companies whose activities are not deemed to align with an exemplary interpretation of the international conventions that Sweden has signed or the international guidelines that Sweden supports. Nor does AP4 invest in securities issued by companies or countries that are subject to EU or UN sanctions.

5. Investing in strong sustainability trends

AP4 makes thematic investments that contribute to and benefit from the sustainability transition. Understanding and analysis of various sustainability aspects can contribute to the return by identifying investment opportunities, such as specific sectors or companies that can be expected to contribute to and benefit from the transition to a more sustainable society.

Stakeholder dialogue provides better understanding

AP4’s mission involves continuous dialogue and collaboration with a number of different stakeholder groups, which in various ways both influence and are impacted by the AP Funds’ activities. Engaging in dialogue with these stakeholders provides an understanding of the AP Funds’ mission and activities, our returns and our sustainability work. To increase the transparency of our reporting and communication, it is therefore important to take the views of stakeholders into account in these areas. A description of stakeholders and dialogues is provided on page 79.

Risk analysis

To complement the stakeholder dialogue, and to gain a better understanding of the risk areas that may impact on AP4, a risk analysis is performed within asset management to identify and assess material sustainability risks in the investment portfolio. This risk analysis is based on the standards and risk areas contained in the ESRS and applies the principle of double materiality, i.e. based on the two dimensions of impact materiality and financial materiality.

A more detailed description of the sustainability risks is provided on page 82.

Impact materiality

Impact materiality describes how the activities of the portfolio companies may have a negative impact on people and the environment. Risks relating to the portfolio’s impact were assessed as being greatest within:

- climate change
- business conduct
- workers in the value chain
- biodiversity

Financial materiality

Financial materiality describes how people and the environment may affect the financial position of the companies. A concentration of sustainability risks was identified within the energy, raw materials, power and industry sectors. Financial risks for the portfolio were assessed as being greatest within:

- climate change
- biodiversity
- consumer behaviour
- business conduct

Sustainability areas according to ESRS	Impact materiality:	Financial materiality:
	Risk of impact of AP4’s investment portfolio on the external environment	Risk of external impact on AP4’s investment portfolio
Climate change	●	●
Emissions	●	●
Water and marine resources	●	●
Biodiversity and ecosystems	●	●
Circular economy	●	●
Own workforce	●	●
Workers in the value chain	●	●
Impact on communities	●	●
Consumers and end-users	●	●
Business conduct	●	●

● Assessed as higher risk ● Assessed as medium risk ● Assessed as lower risk

Assets in which fund capital is not invested

As AP4 manages public pension funds, the core values of the Swedish state provide the starting point for how the fund capital is invested.

The core values of the Swedish state are specified as follows:

- Sweden's instrument of government, which is based on democracy, fundamental rights and freedoms, the equal value of all people and the freedom and dignity of the individual
- UN international conventions to which Sweden is a signatory, including those relating to the environment, human rights, labour law, corruption and inhumane weapons
- The ILO core conventions
- International frameworks that Sweden supports, such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights (UNGPR)
- Sweden's positions on issues of international law

Common Fund guidelines

The AP Funds have developed a common set of values, guidelines for reporting the sustainability objective and for which assets the Funds should not invest in. These are available on AP4's website.

Application of exclusions

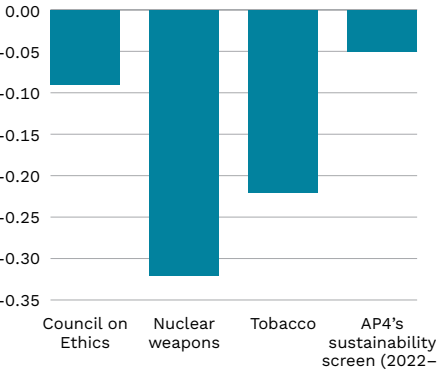
Sustainability-based exclusions are removed from the DNP benchmark portfolio decided by the Board of Directors. If the exclusion relates to directly owned holdings, these are divested directly from the portfolio, whether equities or fixed income assets. In cases where AP4 has invested in a mutual fund, AP4 evaluates the fund manager's sustainability process and the likelihood of the manager investing in a company that AP4 has excluded. AP4 requests an assurance from the manager that it only holds the asset in question as an exceptional case and informs the manager that holding an excluded company may mean that the fund management assignment is ended. The sustainability work of external managers and the underlying holdings are then followed up on a regular basis by AP4.

Return impact of sustainability-based divestments

AP4 monitors the return impact of sustainability-based divestments over the evaluation horizon of five years, or from the start of the sustainability decision in the case of a period shorter than five years. The return contribution shows the effect of having opted out of these companies compared with the global equity portfolio's benchmark index. These decisions are not business-based, however, in the sense that they are expected to contribute to the return.

Not owning the companies that have been excluded by the Council on Ethics, companies with operations in nuclear weapons and tobacco, and AP4's sustainability screen have all reduced the return over the past five years.

Impact on return of sustainability decisions over 5 years (2021–2025), %



Refers to the accumulated return over 5 years, or less if the decision relates to a period shorter than 5 years. The return contribution is calculated on the basis of Global equities.

AP4 does not invest in:



Nuclear weapons

AP4 does not invest in nuclear weapons companies as the continued updating and modernisation of nuclear weapons programmes is not in line with the Non-Proliferation Treaty's aim of eliminating these weapons in the long term.



Tobacco and cannabis

The WHO Framework Convention on Tobacco Control seeks to sharply reduce tobacco consumption, which is why AP4 does not invest in tobacco companies. AP4 also does not invest in companies active in cannabis, based on the UN conventions on narcotic preparations.



Fossil-based companies that are not aligned with the Paris Agreement

AP4 does not invest in companies in which thermal coal or oil sands constitute a significant part of the sales, as these energy sources are not aligned with the Paris Agreement.



Cluster munitions and mines

Based on the UN's Mine Ban Treaty and the Convention on Cluster Munitions, AP4 does not invest in companies that operate in this area.



Specific companies

AP4's sustainability screen excludes companies linked to serious violations of international conventions. AP4 also excludes specific companies following the recommendation of the Council on Ethics.



2025

35 ongoing reactive company dialogues

9 proactive projects in the focus areas

55 companies identified with confirmed or risk of violation

30 milestones achieved in reactive company dialogues

3,007 of the AP Funds' companies were screened

The Council on Ethics of the AP Funds – a key part of AP4’s sustainability work

The Council on Ethics of the AP Funds (the Council on Ethics) is a collaboration between AP1–AP4 to use their joint strength to influence companies to strive for sustainable value creation and for transparent reporting.

The Council on Ethics works mainly with companies in the AP Funds’ equity portfolios of foreign listed companies. The collaboration between the AP Funds in the joint Council on Ethics improves time and cost efficiency and provides more capital and greater strength as a party in advocacy dialogues. The collaboration also provides an opportunity to engage in more company dialogues and international investor initiatives.

One of the most important tasks of the Council on Ethics is to identify, analyse and influence listed companies that are deemed to be in violation of international conventions and encourage them to address and remedy accidents and incidents that have occurred. Another aim of this work is to ensure that the company has systems and procedures in place to prevent future incidents and accidents.

The Council on Ethics is also tasked by the AP Funds to work proactively on prioritised, material and complex sustainability risks and so support or complement the work carried out by the respective AP Funds.

Reactive advocacy for greater corporate responsibility

In 2025, there were 3,007 companies screened and 55 were found to have a confirmed violation of an

international convention or a suspected risk of a violation. At the beginning of the year, the Council on Ethics was conducting reactive advocacy dialogues with 47 companies in all parts of the world. The progress of the company dialogues is measured in terms of the milestones achieved. During the year, the Council on Ethics held dialogues with seven companies which achieved the final objectives specified by the Council on Ethics and these company dialogues have therefore been successfully concluded. This means that the Council on Ethics has influenced these companies to address and remedy problems and, not least, ensure that measures are taken to prevent anything similar from recurring.

Project work in system-critical areas

The proactive work of the Council on Ethics takes the form of projects and during the year it worked on nine projects and investor initiatives, including direct dialogue with global companies. Below are the overarching, prioritised focus areas in which the proactive projects take place.

Antimicrobial resistance

Antimicrobial resistance (AMR) is considered a significant systemic risk for both society and the AP Funds’ portfolios over time and the Council on Ethics works to increase awareness of AMR and to influence positive change through dialogues with relevant companies. AMR occurs when bacteria, viruses, fungi and parasites no longer respond to medicines, making infections more difficult to treat and increasing the risk

of disease spread, severe illness and death.

The main contributor to the development of AMR is the overuse and misuse of antibiotics in intensive industrial animal production.

Climate

The climate transition is system-critical and the Council on Ethics is working in two areas: the mining sector’s handling of sustainability challenges given the increased demand for critical minerals and metals as part of the transition, and the transition of emission-intensive industries, with a focus on steel production. This work complements and supports the climate work and investments of each AP Fund.

Tech companies and human rights

Online platforms and big tech companies are playing an increasingly important role in society. This brings many opportunities but also presents several human rights challenges. The Council on Ethics leads an international collaboration project involving over 30 international institutional investors and conducts advocacy dialogues with a number of major tech companies, such as Alphabet (Google), Meta Platforms (Facebook) and Microsoft, with the aim of influencing the companies to strengthen their human rights work.

Water

Having access to enough water of good quality is essential for everything from health and sanitation to food production, power generation and other industrial processes. Water is also affected by other global challenges, including climate change, biodiversity loss and forced migration.

Child labour and forced labour

Child labour and forced labour occur all over the world, but are particularly common in certain industries and regions. Companies can be exposed to this in their direct operations or through their supply chains. This is a serious problem and the Council on Ethics strives to prevent companies from exploiting workers both through dialogue with individual companies that have significant negative impacts and proactively at sector level.

Breakdown of reactive company dialogues

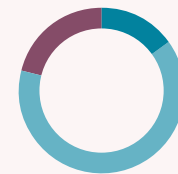
Breakdown of the Council on Ethics' reactive company dialogues in 2025 by region, sector and sustainability area, where it is suspected or confirmed that a violation of an international convention occurred.



	2025	2024
Screening of the AP Funds' holdings		
Number of screened companies in the AP Funds' portfolios	3,007	3,307
of which, with confirmed violation	6	12
of which, at risk of violation	49	77
of which, with no remarks from screening	2,952	3,218
Outcome of number of companies in active dialogue		
Number of companies in active dialogue at start of year	47	54
Companies with concluded dialogue with objectives achieved	-7	-8
Companies with concluded dialogue for other reasons ¹	-3	-
Companies with which new dialogues have been opened during the year	6	3
Companies recommended for exclusion by the Council on Ethics	0	-1
Changes in the AP Funds' holdings	-8	-1
Number of companies in active dialogue at end of year	35	47

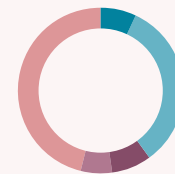
- Number of companies with concluded dialogue for other reasons, such as the company having sold the business concerned.
- Other refers to the sectors Energy, Utilities and IT.

Reactive dialogues



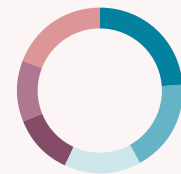
By sustainability area

- Environment 15%
- Social issues 64%
- Corporate governance 21%



By region

- Africa 7%
- Asia/Pacific 33%
- Europe 8%
- Latin America 6%
- North America 46%



By sector

- Consumer goods 24%
- Healthcare 18%
- Materials 15%
- Financials 12%
- Industrials 12%
- Other² 19%

Focus area: Climate & Environment

Climate & Environment is a focus area for sustainability in AP4's asset management activities. The focus area includes climate change and climate adaptation, as well as areas such as biodiversity, resource efficiency and waste.

Climate & Environment is financially material and entails a systemic risk that affects the ecological, social and financial stability in both the global economy and in individual countries. Sectors and companies with links to Climate & Environment are exposed to significant risks and opportunities – physical, regulatory, technological and social. These risks could have a substantial impact on asset values and opportunities to generate returns over the long term.

The last hundred or so years of industrialisation and development of society have increased the global temperature by more than 1°C. The current Nationally Determined Contributions to reduce carbon dioxide emissions are not enough and the world is heading towards a temperature increase of 2°C or significantly more by 2100. With rising temperatures and increased risk of extreme weather events causing widespread damage to nature and people, the cost of not acting quickly enough is far too high. AP4 analyses the climate transition to identify what needs to be prioritised if the world is to successfully meet its climate targets and achieve climate neutrality. This analysis represents a key tool for AP4's climate scenario analysis and its

thematic sustainability analysis and it also provides the basis for individual investment decisions in the asset management organisation.

Climate transition in line with the Paris Agreement

AP4 supports the Paris Agreement and the more ambitious Swedish environmental objective to achieve net zero GHG emissions (CO₂e) by 2045. In 2025, the listed equity portfolio's CO₂e Scope 1 + 2 emissions were reduced by 6%. AP4 has reduced CO₂e emissions for the listed equity portfolio by 72% since 2010. AP4's target is to further cut emissions in half from the 2020 level by 2030, with the ambition to achieve net zero emissions by 2040 at the latest.

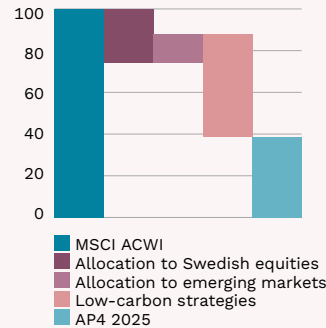
Transparent climate reporting

AP4 measures and reports CO₂e emissions in accordance with joint guidelines used by the AP Funds. AP4 reports CO₂e emissions for listed equities, unlisted real estate companies, liquid credits and government bonds. Together, these account for 82% of AP4's fund capital at the end of the year. See pages 84–85 for a breakdown of CO₂e emissions over time. AP4 is working continuously to broaden its measurement and reporting to cover an even larger share of the portfolio as data with sufficient coverage and quality becomes available.

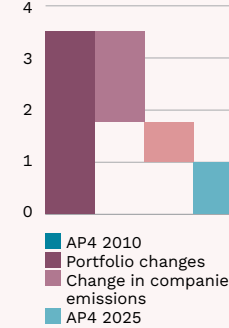
Investments in strong sustainability trends

The key to a successful climate transition is the rapid expansion of a fossil-free energy system. This will

Contribution to lower CO₂e emissions compared with global equity index, %

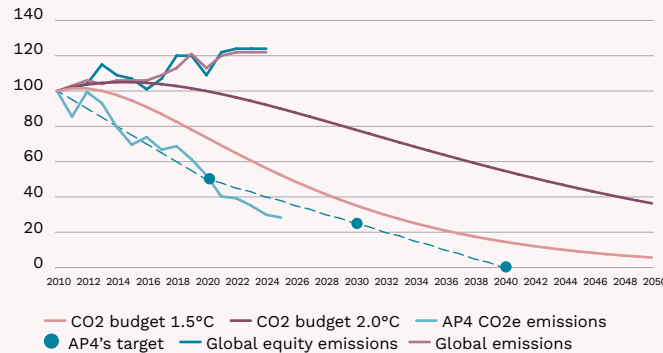


Change in CO₂e emissions 2010–2025, MtCO₂e



Since 2010, AP4's carbon emissions have decreased by 6%. Overall this means that AP4's carbon footprint is approximately 61% lower than for a broad global equity index. Of the emissions reduction since 2010, 50 percentage points are attributable to the fact that AP4 has reduced the portfolio's carbon emissions through portfolio changes. Companies' emissions reductions over the same period accounted for a reduction of 22 percentage points. Achieving the climate goals going forward requires that the companies that AP4 has ownership in continue to reduce carbon emissions in their own respective operations.

Annual greenhouse gas emissions, CO₂e¹



AP4's carbon emissions for the listed equity portfolio have continued to decrease. Unfortunately, we are not seeing a corresponding trend in global emissions, nor in the emissions of listed companies globally. For AP4 to achieve its net zero target, the portfolio companies need to reduce their emissions.

1. Source: Robbie Andrew (2019) based on Global Carbon Project and IPCC SR15 and AP4's calculations. AP4's emissions relate to the listed equity portfolio's Scope 1 and 2 emissions. Global emissions from the IPCC. Global equities relate to MSCI ACWI and Scope 1. Index 2010 = 100.

require significant investment in the generation, storage and distribution of fossil-free electrical energy. Access to reasonably priced energy is a prerequisite for maintaining a standard of living that makes the climate transition socially acceptable and therefore politically feasible. AP4 continuously analyses sustainability trends and developments in various sectors. The different asset management units actively seek out investments that they believe will contribute to and benefit from the transition to a sustainable society. The goal is to make good investments from both sustainability and financial perspectives. Thematic investments are based on an analysis that AP4 conducted for the first time in 2018 and which has since been updated on a regular basis. The analysis was based on a broad analysis of external factors to identify investment themes covering around 90% of global greenhouse gas emissions.

The following five main investment themes were identified:

- Decarbonise the energy system
- Clean up industry
- Fossil-free transport
- Protect the biosphere
- Green buildings and infrastructure

The thematic analysis focuses on understanding which value chains are affected and which are expected to be the winners and losers in the sustainability transition. The thematic analysis underpins all investment processes, forms the basis for fundamental selections in resource-intensive sectors and also provides a basis to help identify dedicated thematic investments.

Based on the thematic sustainability analysis, during 2025 AP4 made new investments amounting to a total of SEK 4.2 billion. These investments consisted primarily of new commitments in unlisted equities, as

well as liquid bonds. The themes of Green buildings and infrastructure, Decarbonise the energy system, and Social sustainability (incl. health) were the main investment themes during the year.

Technology is developing at a rapid pace and the cost of a particular technology is usually critical to its success. AP4 is following developments in areas such as hydrogen production, energy storage and carbon capture.

Influence as owner

Over time AP4 has reduced the carbon emissions of its portfolio through portfolio changes. To achieve the climate targets, the companies that AP4 has ownership in must also reduce carbon emissions in their own respective operations.

Responsible, long-term owners have an important role here. Many of the companies that currently have a large carbon footprint will be important for the transition. International owners together play an important role in exerting influence to ensure the transition is as effective as possible. Investors can define thresholds for unacceptable activities, such as the exploration and new exploitation of coal and oil. AP4 believes that systematically divesting from these companies is neither taking responsibility nor making a constructive contribution to the transition.

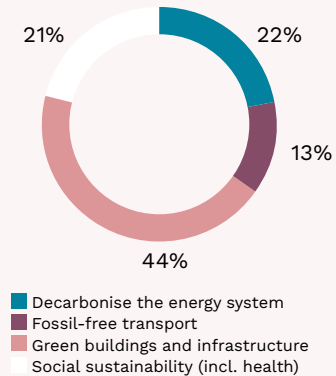
In its ownership role, AP4 influences companies and cooperates with other investors to broaden knowledge about how the climate issue can be addressed in the asset management operations. AP4 also engages in dialogues with political decision-makers to create conditions for the climate transition.

Thematic investments

AP4 identifies sustainability areas and global trends in which investments can generate expected favourable returns and contribute to sustainable development. The analysis focuses on understanding which value chains are affected and which are expected to be the winners and losers in the sustainability transition. The UN's 2030 Agenda, with its Global Goals, is aimed at governments rather than companies. Most of AP4's thematic investments are nevertheless considered to contribute directly or indirectly to several of the Global Goals.

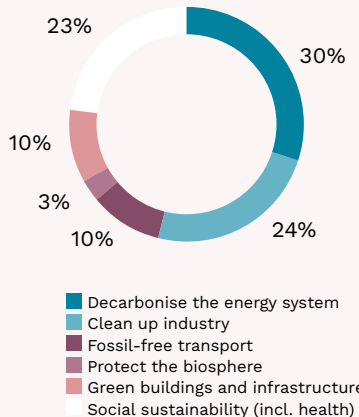
Breakdown of thematic sustainability investments 2025

In 2025, thematic investments were made totalling SEK 4.2 billion.



Breakdown of thematic sustainability investments 2021–2025

During the period 2021–2025, AP4 has made investments totalling SEK 46.7 billion.





Jan Petersson /
Senior Equity Manager,
Fundamental equities



Fredrik Skoglund /
Portfolio Manager,
Fundamental equities

Global equity management of climate-intensive sectors

For several years, AP4 has been working with active fundamental equity management in what we define as the climate-intensive sectors. These include energy and utilities companies, basic industries such as mining, forestry, steel and cement, transport companies and vehicle manufacturers.

“In order to warrant a place in AP4’s portfolio, a company must, in our assessment, have an ambitious and realistic energy transition plan in place. At the same time, we take a dose of economic realism into account when making our investments. We invest with the aim of reducing carbon emissions, but not at the expense of returns. An important aspect of our management, therefore, is finding companies where the energy transition provides good opportunities to generate a return,” says Jan Petersson, Senior Equity Manager, Fundamental equities.

While the climate transition has been the focus of many investors globally for a number of years, the focus has shifted sharply since Donald Trump took over the presidency of the United States. One of Trump’s mantras has been ‘drill, baby, drill’, along with the repeal of the Inflation Reduction Act and the US withdrawal from the Paris Agreement. Many of the USA’s biggest asset managers have also chosen to leave international cooperation organisations where they had been working together to persuade industry to reduce its emissions, for fear of reprisals from the new administration.

“Meanwhile, rising energy prices following Russia’s invasion of Ukraine have made conditions worse for European industry. The EU’s decision not to manufacture fossil fuel-powered cars in Europe after 2035 has been pushed back,” says Fredrik Skoglund, Portfolio Manager, Fundamental equities.

“During these turbulent years for the climate transition, AP4 has maintained, and will continue to maintain, an ambitious investment assessment of the conditions for the transition, regardless of how the political winds are blowing. We have always chosen to be invested in the energy sector, provided we have seen that the companies we are investing in have sufficiently ambitious transition programmes, even if they are currently extracting oil and gas. We are not wavering in our transition ambitions, even if the winds, for now at least, are blowing in a different direction. The climate transition is too important to be viewed from an opportunistic perspective, while at the same time we have never abandoned the principle of striving for the most long-term sustainable return possible,” says Jan Petersson.

“During the year, we began active management of the automotive sector within the active global equity management team. We have performed a major internal analysis of the cement industry, which accounts for around 6% of the world’s carbon emissions, but at the same time is a vital industry for economic growth through the construction of

both infrastructure and housing. The conclusion of the analysis is that this is an industry that is very well suited to carbon capture as part of the solution to tackle the high levels of emissions. During the year, for example, the first large-scale commercial carbon capture facility was launched in Brevik, Norway, by German company Heidelberg Materials, which is one of AP4’s largest holdings in the climate-intensive sectors. The company has taken things further and is now building an even larger carbon capture facility in the UK,” says Fredrik Skoglund.

“Based on our thematic analysis, we have also had a strong focus on the entire value chain from the production of renewable energy to its transmission to the increasingly energy-intensive data centres that are the result of the rapid development of artificial intelligence. The energy consumption for this is expected to double by 2030, which will require a major expansion of the energy grid,” concludes Jan Petersson.

Metrics and goals:
Focus area: Climate & Environment

Goal	Outcome	
→ Contribute to a decrease in global climate emissions in accordance with the Paris Agreement	<p>-6% Change in portfolio's CO2e emissions in 2025.</p> <p>-72% Change in portfolio's CO2e emissions since 2010.</p>	<p>AP4's portfolio is to reach net zero by 2040 at the latest.</p> <p>Intermediate target to cut CO2e emissions in half by 2030 at the latest compared with 2020.</p> <p>For performance over time, see table in the Operational Data section on page 84.</p>
→ Make investments that reduce climate risk in the portfolio	<p>39% Portfolio's CO2e emissions as share of global equity index (MSCI ACWI).</p> <p>45% Portfolio's CO2e intensity as share of global equity index (MSCI ACWI).</p>	<p>Measures the listed equity portfolio's CO2e emissions based on each company's CO2e emissions weighted according to AP4's share of ownership in the respective companies.</p> <p>Measures the respective companies' CO2e emissions in relation to their revenue, weighted according to AP4's portfolio share in the respective companies.</p>
→ Make proactive investments that contribute to and benefit from the climate transition	<p>SEK 4.2 bn Proactive investments based on sustainability trends that contribute to and benefit from the transition to a sustainable society.</p>	<p>New commitments to proactive sustainability investments in the unlisted portfolio amounted to SEK 3.0 billion.</p> <p>In 2025, such new investments amounted to SEK 0.2 billion within listed equities and SEK 1.0 billion within fixed income.</p>

Goal	Outcome	
→ Evaluate potential asset management strategies based on identified indicators	<p>Achieved: Description of analysis and implementation.</p>	<p>Management of quantitative systematic global equities. See interview on page 19.</p> <p>Updated roadmaps for climate-intensive sectors. See interview on page 32.</p>
→ Advocate for climate transition	<p>-6% Changed CO2e emissions owing to AP4's portfolio changes in 2025.</p> <p>0% Changed CO2e emissions owing to portfolio companies' reduced emissions in 2025.</p>	<p>AP4 has reduced the portfolio's CO2e emissions through portfolio changes. Since 2010, emissions have been reduced by 50 percentage points due to portfolio changes and by 22 percentage points as a result of reductions in emissions by companies. To achieve the climate goals, the companies that AP4 has invested in must also reduce CO2e emissions in their respective operations.</p> <p>AP4 supports organisations such as the Institutional Investors Group on Climate Change (IIGCC) and Climate Action 100+ (CA100+). The latter aims to influence the 169 companies with the largest carbon emissions to take measures to reduce their carbon footprints.</p> <p>In 2025, AP4 has conducted company dialogues on climate goals within the energy sector.</p>



Focus area: Corporate governance

AP4's corporate governance work aims to generate the highest possible return over time with the goal that the companies' operations will develop and be conducted responsibly.

Active corporate governance is an effective tool for creating and preserving shareholder value over time. Within the corporate governance framework, AP4 works with matters such as board composition, capital structure, structuring of long-term remuneration programmes, diversity of human capital, the portfolio companies' work with sustainability matters and transparency in reporting. The work takes into account the views of the company's various stakeholders in order to best promote the company's long-term development. AP4 takes into consideration other owners' interests as well as what is best for the company in question.

Owners and market participants

Well-functioning stock markets are fundamental for long-term investors to be able to generate high and long-term sustainable returns. AP4 often works together with other owners and market participants through various cooperation initiatives and industry organisations, as described on page 38.

Ownership policy – a guardrail

AP4's corporate governance work aims to create the most value for each individual company and is based on the assessment that is continuously made of each individual company's specific situation and needs. The work is also based on the key principles of

the ownership policy concerning shareholder rights, influence on material matters including sustainability, and the importance of transparent and relevant information. AP4's corporate governance work is characterised by responsibility, active engagement and a long-term approach.

The tools and conditions for exercising corporate governance vary between different forms of investment. Ownership tools used by AP4 include ongoing dialogue with companies in which AP4 is an owner, both individually and in conjunction with other shareholders, work on nomination committees and voting at general meetings.

Corporate governance in Swedish companies

AP4's holdings in Swedish listed equities are selected through fundamental active management, which has resulted in AP4 becoming a significant owner in a number of companies. AP4 is among the ten largest owners in more than 100 companies and among the five largest owners in around seventy companies. We closely monitor developments in these companies and maintain an ongoing dialogue with their boards and management. AP4's decisions and positions on corporate governance are based on an individual analysis of each company's situation and conditions for value creation.

AP4 participated on the nomination committees of 42 companies ahead of their annual general meetings for 2025 and has a responsibility for evaluating the work and performance of the boards as well as for succession within the boards.

In addition to the decisions that are customarily

handled by nomination committees, AP4 works mainly with governance issues that are subject to a resolution at a general meeting of shareholders, such as capital structure, remuneration and incentive programmes, and strategic matters. AP4 also works with a specific focus on incentive programmes. Programmes must provide clear incentives and train the executive management's focus on the long-term development that we want to see at the individual companies.

Work on nomination committees

AP4 was represented on the nomination committees of 42 companies ahead of their annual general meetings for 2025. At a majority of the companies, AP4 has been working on the nomination committees for many years, which provides the opportunity to deepen our knowledge and understanding of the challenges that the companies face. In 2025, the value of the holdings in these companies represented just over 50% of the total value of AP4's Swedish equity portfolio. Working on nomination committees provides an opportunity to influence long-term value creation in a large part of the total Swedish equity portfolio and is also a significant risk management tool for AP4.

As an active owner, one of the most important duties is to evaluate and make recommendations for elections of company boards. AP4 does this by serving on nomination committees, where a significant aspect entails evaluating the board's work and performance, and analysing and identifying the competencies and experience that are needed for each individual company's board. These assessments by AP4 are always grounded in the analysis that is continuously performed for each investment. AP4 interviews some or all of the board members of all companies. Typically all board members are interviewed and the chair of the board is interviewed to a special extent.

Over time, AP4 has seen that the workload for boards of listed companies has grown in scope,

complexity and time. This has required a greater work effort by directors and placed higher demands on experience and expertise that are essential to the individual company. The recruitment of new members is usually based on a long-term succession plan and has a strong focus on the specific challenges and competence needs of the companies. Recruitment processes are increasingly adopting a global perspective in order to find the most suitable candidates.

Increased diversity on company boards

For many years, AP4 has advocated for at least one person from the underrepresented gender being included as a final candidate in nominations for new board members. This has yielded good results over time and has helped bring about a higher share of women on the company boards for which AP4 participates on the nomination committee. For the companies in which AP4 worked on the nomination committee in 2025, the share of women directors increased by 1.7 percentage points, from 36.1% to 37.8%. This is the largest increase in a single year for companies in which AP4 participates in the work of the nomination committee. The average level for listed Swedish companies overall is 36.5% in 2025. The proportion of women among newly elected directors where AP4 worked on the nomination committees was 64%.

Voting at general meetings of Swedish companies

AP4 prioritises general meetings of Swedish companies in which it has a significant shareholding or where AP4 is one of the company's larger owners, as well as general meetings at which a matter of a principle nature is addressed. Through its work on nomination committees ahead of the 2025 AGM season, AP4 contributed to proposals on the election of board

Work on nomination committees

Work on nomination committees	2025	2024	2023	2022	2021
Swedish nomination committees on which AP4 has worked, number	42	46	56	46	40
– corresponding % share of the number of companies in which AP4 was offered a seat on the nomination committee due to its ownership	82%	92%	93%	92%	85%
Share of women on Swedish company boards where AP4 worked on the nomination committee, %	38%	36%	38%	38%	36%
Share of newly elected women directors on Swedish company boards where AP4 worked on the nomination committee, %	64%	45%	54%	39%	20%

Voting at general meetings

Voting at general meetings	2025	2024	2023	2022	2021
Voting at general meetings (annual and extraordinary) in Sweden, number	121	136	131	125	147
– corresponding % participation at AGMs of AP4's total number of holdings in listed Swedish equities	78%	79%	74%	88%	69%
Voting at general meetings of foreign companies (annual and extraordinary), number	1,213	1,221	1,216	1,267	1,064
– corresponding % participation at general meetings of AP4's total number of holdings in listed global equities	100%	100%	100%	100%	77%

chairs, board members, board fees and auditors at 42 companies.

Many of the matters that were addressed ahead of and at Swedish companies' annual meetings in 2025 involved remuneration, capital structure and board work – matters that AP4 has worked with for many years. AP4 and the majority of Swedish owners want to see remuneration programmes with relevant and clear performance requirements. During the year, AP4 considered around 80 proposals for employee incentive programmes. In around 25 cases, AP4 engaged the company in a detailed dialogue before

its board adopted the proposal. In a dozen or so cases, AP4 voted in favour of such proposals only after the companies had amended the proposals based on AP4's views. In four cases AP4 voted against the proposals, typically owing to insufficient, or the absence of, performance criteria. Two proposals were submitted relating to incentive programmes for board members. Such proposals often have a short-term focus and, in addition, complex terms that could affect the integrity of the board members, which is why AP4 does not normally support such proposals. Since AP4 has consistently communicated this view, the

number of proposals has decreased over time at the companies where AP4 is an owner.

AP4 usually votes in favour of authorisations for issues without preferential rights of up to 10%. AP4 supports larger authorisations only in exceptional cases, where special reasons exist. In a few cases, AP4 has supported authorisations for up to 20% at smaller companies with a large predictable capital requirement, predominantly companies in the Life Sciences sector. Most shareholder proposals submitted to general meetings of Swedish companies by individual smaller shareholders have been of such an operational nature that AP4 has determined that a general meeting is not the right decision-making forum and has therefore voted against them. In certain cases it was determined that the proposal was not in the company's or shareholders' interests.

Corporate governance in foreign companies

AP4's ownership in foreign companies is more dispersed and its share of ownership is often less than 0.1% of the company. AP4 uses a number of different ownership tools abroad, such as individual

dialogue with companies, dialogue with companies in conjunction with other shareholders, collaboration in various investor initiatives, and voting and submitting proposals at general meetings. AP4 votes on the basis of AP4's Ownership Policy and taking into account differences in the laws, regulations and practices of local markets. Shareholders' rights, influence and transparency of information provided by companies vary from country to country.

Examples of AP4's work during the year, in its proactive efforts to combat the serious global systemic risk of antibiotic resistance, included voting in favour of shareholder proposals that call for increased transparency from companies on how they use and manage antibiotics in their operations, for example medicines designed for use in animal husbandry, or by specifying requirements for subcontractors of meat raw materials, such as fast food restaurants. The serious systemic risk of growing antibiotic resistance could eventually make relatively simple operations impossible and increase the risk of serious illness and death. One of the focus areas of the Council on Ethics of the AP Funds, a collaboration between AP1-AP4, is its work to combat antibiotic resistance.

AP4 collaborates with over 60 international investors in the Investor Initiative on Hazardous Chemicals (IIHC), where we engage together in dialogue with chemical companies to increase transparency and work to reduce, phase out and develop alternatives to so-called "forever chemicals" such as PFAS. The IIHC is coordinated by ChemSec, experts in hazardous chemicals.

AP4 conducts ongoing ownership dialogues with several companies on issues such as the companies' sustainability work to manage climate risk and to reduce their greenhouse gas emissions. AP4 is also pushing for increased public transparency in the companies' reporting. At French energy company TotalEnergies, for example, AP4 has held an in-depth dialogue on the company's climate transition work and its sustainability work relating to issues such as human rights and environmental challenges in the various countries where the company operates. Several meetings were held during the year. At TotalEnergies' AGM, AP3 and AP4 jointly requested further information on sustainability aspects of the company's operations in Africa.

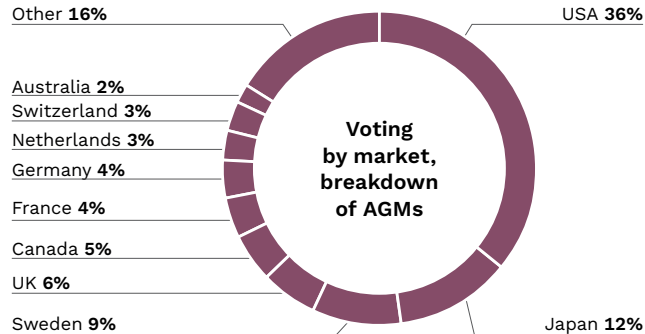
During the year, the US administration's views on matters such as sustainability, climate and gender equality influenced both US states and public authorities to take a number of decisions that weaken the rights of non-controlling shareholders, among others. These include, for example, restrictions on the fundamental right of non-controlling shareholders to submit shareholder proposals to the general meeting. This overall negative trend in the sustainability and corporate governance of US companies applies to several areas that AP4, as a responsible owner, cares about, such as climate transition, increased transparency from companies and equality. AP4 is closely monitoring developments in the USA, which is a significant market in the index, and how changes in the laws and regulations there affect large US-listed companies with international operations, among others.

Voting at general meetings of foreign companies

Abroad, AP4 votes, for example, in favour of proposals that protect the rights of small shareholders, the opportunity for shareholders to submit proposals at general meetings and to convene extraordinary general meetings, for greater diversity on company boards, that the CEO and chair of the board are not the same person, and that the auditor's mandate is for no longer than 10 years. AP4 supports proposals that are designed to ensure the companies do good work and have transparent reporting on sustainability, i.e. how the company manages climate and environment, social responsibility and corporate governance. This includes, for example, how the companies work to reduce their emissions of carbon dioxide and hazardous chemicals, protect human rights and the health and safety of their employees, promote good business ethics, combat corruption and ensure transparency concerning any lobbying activities of the company.

In 2025, AP4 voted against 9% of proposals for the election of directors. These mainly pertained to the re-election of directors or a chair of a board committee that drafted proposals to the general meeting that were not in compliance with generally accepted corporate governance practice. This also applied to directors concerned who failed to heed the urgings of previous general meetings for improvements. These may relate, for example, to the content and transparency of remuneration for senior executives, lack of diversity on the board or the proposal of the CEO also being chair of the board, as well as transparency relating, for example, to remuneration programmes for senior executives where the composition and independence of the board were not in compliance with best practice.

AP4 voted against 28% and 53%, respectively, of board recommendations pertaining to variable remuneration programmes and takeover protections.



With respect to shareholder proposals pertaining to climate matters, health, corporate governance, social aspects and human rights, AP4 voted in favour of the shareholder proposals in 72% of cases. Occasionally, similar shareholder proposals are submitted to several companies on different sustainability matters. In those cases where shareholders have proposed something that the company in question has already provided information about or has already achieved, or if the proposal is too detailed, AP4 has generally voted against the proposal. There are certain shareholder proposals, therefore, that AP4 does not support.

Corporate governance in unlisted companies

AP4 makes unlisted investments in real estate companies, funds and private equity companies. AP4 seeks to be a responsible and actively engaged long-term owner and investor. Active engagement and corporate governance are effective tools for contributing to the positive development of the companies and funds in which AP4 invests, which over time contributes to higher long-term value growth and reduced risks in these investments.

AP4 wants to be a significant investor for our partners and is represented on a total of 82 investor bodies such as boards or LPACs, corresponding to 85% of investments. AP4 is active on the boards of eight unlisted companies. Alongside the formal corporate governance regulated in investor agreements, AP4 also pursues informal governance, mainly through a range of dialogues. This may involve driving issues through dialogue with management or the asset management team in accordance with AP4's ownership agenda that have not yet been adopted by the board or discussions with other owners or investors in order to bring about change or development.

Finally, AP4 also works long-term in various industry organisations and forums to create better conditions for good corporate governance.

Metrics and goals: Focus area Corporate governance

Goal	Outcome	
→ Participate on nomination committees by virtue of ownership stake	42 Number of nomination committees in listed Swedish companies	One of the most important duties for an active owner is to evaluate and appoint a company's board. AP4 does this by serving on the nomination committees of listed companies. AP4 has chosen to refrain from taking a seat on a small number of nomination committees, for example because the company holding is being divested or in some cases when another institutional owner is deemed well suited for the work.
	54% Share of portfolio value where AP4 is represented on nomination committees	
	82 investor bodies in unlisted investments	AP4 has served on 82 investor bodies in unlisted investments, including boards, nomination committees and investor committees.
→ Advocate for greater diversity among board members, especially in terms of gender balance	64% Share of women among newly elected directors	The share of women among newly elected directors was higher in 2025 than in the previous year.
→ Exercise voting rights at Swedish companies' AGMs	121 Number of Swedish company AGMs at which AP4 voted	AP4 prioritises general meetings of Swedish companies in which it has a significant shareholding or where AP4 is one of the company's larger owners as well as general meetings at which a matter of a principle nature is addressed.
→ Exercise voting rights at foreign companies' AGMs	1,213 Number of foreign company AGMs at which AP4 voted	When AP4 votes at general meetings of foreign companies, its focus is on issues related to transparent reporting and satisfactory handling of issues that pertain to climate matters, the environment, social aspects and corporate governance.
→ Support initiatives that advocate for shareholders' rights and companies' work with sustainability	Achieved Qualitative assessment	AP4 is a co-founder of the Institutional Owners Association (IÅF) and a member of the ICGN. AP4 also supports the Institutional Investors Group on Climate Change (IIGCC), the Transition Pathway Initiative (TPI) and Climate Action 100+ (CA100+), which strive to influence companies with the largest carbon emissions to take measures to reduce their carbon footprints. See also next page.

AP4's sustainability collaborations

By collaborating with other investors in the area of sustainability, AP4 gains greater strength to influence companies toward change. Presented here are a few investor collaborations and industry organisations that AP4 works through.



Institutional Owners Association

An association for institutional owners on the Swedish stock market that works to promote positive development of self-regulation on the stock market. IÄF is one of the principals of the Association for Generally Accepted Principles in the Securities Market, which operates through a number of self-regulation bodies in the Swedish market, including the Swedish Securities Council, the Swedish Securities Council's self-regulation committee, the Swedish Corporate Governance Board, the Council for Swedish Financial Reporting Supervision and the Swedish Financial Reporting Board.



The Institutional Investors Group on Climate Change

A membership body for institutional investors to work together to curb climate change. Among other things, the IIGCC facilitates collaboration between institutional investors and the coordination of advocacy dialogues with companies, politicians and other investors. The IIGCC develops guidance, tools and frameworks.



Principles for Responsible Investments

An organisation that works for responsible investment aimed at increasing the responsible action of companies and operators in relation to ethics and the environment. AP4 has been a signatory of the principles since 2007.



Investor Initiative on Hazardous Chemicals (IIHC)

An investor-led collaboration of 60 institutional investors coordinated through ChemSec, the International Chemical Secretariat, a non-profit environmental organisation. Its goal is to reduce the adverse effects of hazardous chemicals and the associated economic risks through joint advocacy dialogue with companies. The investors are demanding greater transparency in company reporting, a public, time-bound phase-out plan and that the companies develop safer alternatives to hazardous chemicals.



International Corporate Governance Network

An international collaboration led by institutional investors that promotes the development of effective standards of corporate governance and investor stewardship worldwide to contribute to effective markets and sustainable economies. The ICGN was established in 1995.



Transition Pathway Initiative

An international collaboration led by institutional investors that provides an open database assessing how companies are transitioning in line with the Paris Agreement. The assessment is academically robust and independent and is based on public information and uses transparent methodology. The company assessments provide support for other investor collaborations such as CA100+. AP4 collaborates with AP1, AP3 and AP7, which have a joint representative in the TPI's investor Steering Group.



Climate Action 100+

An investor-led collaboration that aims to engage in dialogue with and influence the listed companies that emit the largest amounts of greenhouse gases to take necessary action on climate change.

The Fourth Swedish National Pension Fund’s sustainability report for 2025

The Fourth Swedish National Pension Fund (AP4) 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 asset management has been achieved. AP4 strives to follow the guidelines for

sustainability reporting set out in the Swedish Annual Accounts Act, as amended by SFS 2016:947 (which includes the directive on non-financial disclosures).

Sustainability reporting is presented in this report on pages 13-38 and on pages 75-87.

Auditor’s opinion regarding the Fourth Swedish National Pension Fund’s sustainability report

For the Fourth Swedish National Pension Fund, corporate identity number 802005-1952

Engagement and responsibility

It is the Board of Directors that is responsible for the sustainability report for the year 2025 and for its preparation in accordance with the Fourth Swedish National Pension Fund’s principles for sustainability reporting.

The scope of the audit

Our examination has been conducted in accordance with FAR’s auditing standard RevR 12, The auditor’s opinion regarding 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.

Stockholm, 19 February 2026

Johan Gyllenhoff
Chair of the Board

Henrik Rättzén
Vice Chair of the Board

Helén Eliasson

Monika Elling

Lars Fresker

Per Strömberg

Roine Vestman

Ingrid Werner

Aleksandar Zuza

Niklas Ekvall
CEO

Stockholm, 19 February 2026

Helena Kaiser de Carolis
Authorised Public Accountant

Peter Nilsson
Authorised Public Accountant



Annual Report

In 2025, the Swedish Parliament decided to make changes to the management of buffer capital in the AP Funds. The legislative changes, which entered into force on 1 January 2026, mean, among other things, that the three Stockholm-based buffer funds are consolidated into two by transferring AP1's assets and liabilities to AP3 and AP4 respectively, while the assets and liabilities of Gothenburg-based AP6 are transferred to AP2.

AP4's return after costs was 6.3% for 2025. The net result for the year was SEK 34.4 billion. After net payments for the year of SEK 4.6 billion from AP4 to the pension system, AP4's fund capital increased from SEK 548.2 billion at the beginning of 2025 to SEK 578.1 billion at its end. At the beginning of 2026, assets were transferred from AP1 to AP4. As a result, the fund capital increased to SEK 833.8 billion.

Directors' Report 2025

AP4's return after costs was 6.3% (10.1%). The net result was SEK 34.4 (50.7) billion. Fund capital at year-end 2025 amounted to SEK 578.1 (548.2) billion. Over the last ten-year period, 2016–2025, the return after costs has averaged 8.0% (8.0%) per year and the cumulative surplus over the ten-year period has been SEK 326.8 billion.

Result and fund capital

The net result for the year was SEK 34.4 (50.7) billion. After the net transfer for the year of SEK 4.6 (2.0) billion from AP4 to the national pension system, AP4's fund capital increased by SEK 29.8 (48.7) billion from SEK 548.2 billion at the beginning of 2025 to SEK 578.1 billion at its end.

SEK billion	2025	2024
Fund capital, opening balance	548.2	499.6
Net payments to the pension system	-4.6	-2.0
Net result for the year	34.4	50.7
FUND CAPITAL, CLOSING BALANCE	578.1	548.2

Mission, commitment and long-term return target

AP4's mission is based on the statutory mission to manage the fund assets in such a way that they provide the greatest possible benefit to the income pension system. The total risk level must be low and the fund capital must be invested at the chosen risk level in a way that achieves a high long-term return.

In order to give substance to the long-term mission, every three years AP4 conducts an Asset Liability Management (ALM) analysis of its obligations in the pension system. In this analysis, AP4 strives to strike a balance between the expected return and risk that best contributes to a long-term strengthening of the pension system while at the same time limiting the risk for reductions of outgoing pension payments through

activation of the automated balancing mechanism. In this work, AP4 ensures that one generation of pensioners does not benefit at the expense of another.

The analysis is used to set AP4's long-term return targets and suitable long-term ranges for the proportion of equities, currency exposure and average duration of fixed income investments.

AP4 last performed such an ALM analysis in 2023 and concluded that the long-term real return target of 3.5% on average per year should be maintained. The appropriate range for AP4's equity allocation was kept unchanged at 50–70% of the fund capital. The ranges for currency exposure and the average duration of the fixed income portfolio were also kept unchanged at 20–40% and 3–9 years respectively. This is deemed to continue to ensure a well-considered balance between the system's long-term financial position and the risks for balancing.

In 2026, AP4 will carry out a new ALM analysis.

Benchmark portfolio and medium-term return target

The Dynamic Normal Portfolio (DNP) embodies the Board's decisions on AP4's medium-term asset allocation. The DNP is a benchmark portfolio of a number of asset classes represented by various market indexes – where such relevant indexes exist – such as for listed equities and fixed income assets. A real return target is set for the asset class Real assets. Decisions on sustainability-based exclusions are reflected in the design of the DNP. In connection with decisions on the DNP, the Board also decides on a medium-term return target over a 10-year period.

Every two years, AP4 performs an analysis of medium-term macroeconomic and market-related conditions. This analysis provides the basis for the Board's decisions on the DNP and medium-term return target. Such an analysis was most recently performed in 2024 and led to decisions on the following changes for 2025:

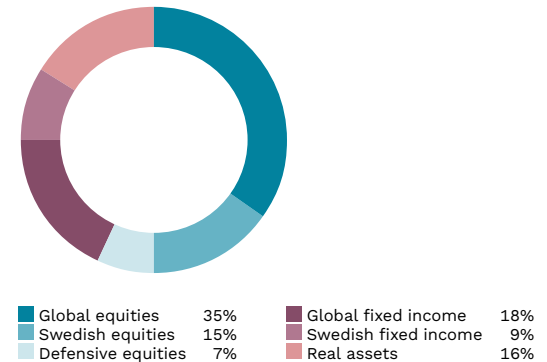
- The proportion of the Defensive equities asset class in the DNP increased from 5% to 7%, with a corresponding decrease in Fixed income from 27% to 25%.

- The duration of the Global fixed income asset class increased from 5 to 6 years.
- The medium-term return target increased from 3.0% to 3.5% per year.

A new analysis will be performed in 2026.

AP4's long-term mission and the higher expected return for equities compared with fixed income assets justifies a higher allocation to equities in the portfolio. AP4 has considerable exposure to Sweden in equities and fixed income investments, which is justified partly by higher expected returns relative to many other markets and partly to favourable opportunities for AP4 to generate excess returns in this market as well as to lower currency hedging costs.

Asset allocation as per 31/12/2025



Operative portfolio

The day-to-day management of AP4's fund capital is based on the asset allocation stipulated by the DNP and the active risk mandate of 5% active risk (ex-ante tracking error) that the Board has decided on. The portfolio's active return is evaluated in relation to the performance of the DNP. The total return for AP4's portfolio was 6.4% (10.2%) before costs and 6.3% (10.1%) after costs.

All asset classes reported a positive return in 2025. The strong performance of the global stock markets and falling interest rates in 2025 were the main contributors to the positive return. The appreciation of the Swedish krona during the year led to a negative net result contribution from open currency exposure. The Global equities asset class had a return of 17.5% (17.4%), Swedish equities 5.6% (8.4%) and Defensive equities 8.3% (14.5%). The Global fixed income asset class had a return of 6.4% (0.1%) and Swedish fixed income 2.9% (3.6%). Real assets, consisting mainly of unlisted real estate and infrastructure, reported a return of 4.3% (2.9%).

Annual return, %	AP4	Return target	Income index
1 year	6.3	3.8	5.7
5 years	6.1	7.5	3.8
10 years	8.0	6.3	3.3
Since 2001	6.5	6.0	3.1

AP4's long-term return is evaluated over two time periods – since the start of the new pension system in 2001 and over the last ten-year period. The goal is to exceed both the performance of the income index and the return target set by the Board of Directors.

Since the start in 2001, the annualised return after costs has averaged 6.5% (6.6%), compared with the real return target which, indexed for inflation, has averaged 6.0% (6.1%). The income index has increased by 3.1% (3.0%) per year over the same period of time.

Over the past ten-year period, the return after costs has averaged 8.0% (8.0%) per year, the real return target has averaged 6.3% (6.4%) per year and the income index has increased by an average of 3.3% (3.0%) per year.

The active return relative to the DNP was -0.1 (-1.4) percentage points before costs. The reason for the negative active return in 2025 was the Swedish equities asset class underperforming the benchmark index. The other asset classes achieved a positive active return in 2025.

Asset class	Market value, SEK bn	Portfolio-return ¹ , %	Exposure ² , %	Return contribution ¹ , %	Net result contribution ² , SEK bn
Global equities	205.1	17.5	35.5	6.2	33.6
Swedish equities	85.7	5.6	14.8	0.9	4.8
Defensive equities	40.3	8.3	7.0	0.6	3.3
Global fixed income	105.5	6.4	18.2	1.1	6.1
Swedish fixed income	49.7	2.9	8.6	0.2	1.3
Real assets	91.7	4.3	15.9	0.7	3.8
Other assets ³	0.0	0.0	0.0	0.0	0.0
Currency	0.0	-3.2	0.0	-3.3	-18.2
Total investments	578.0	6.4	100.0	6.4	34.7

- 1) Portfolio return, return contribution and net result contribution are reported before costs. The portfolio return after costs was 6.3% (10.1%). The net result after costs was SEK 34.4 (50.7) billion.
- 2) Underlying values of derivative instruments in the passive allocation are distributed among the respective asset classes.
- 3) Consists mainly of various overlay mandates.

AP4's active return is evaluated over a five-year period. For the most recent evaluation period, the active return for AP4's portfolio has, on average, been -1.2 (0.7) percentage points per year, which is lower than the active return target of 1.0 percentage points per year. The main reason for the active return being lower than target is that 2020, with its positive active return of 2.4%, falls outside the rolling 5-year horizon, while in addition Swedish equities had a negative return in 2025.

Other assets consist mainly of asset allocations in the form of so-called overlay mandates. The return contribution in 2025 was 0.0 (0.0) percentage points.

Annual active return before costs, %	2025	5 years (2021–2025)
AP4	-0.1	-1.2
Active return target	1.0	1.0

Portfolio risks

Portfolio risk for the operative portfolio at year-end 2025, measured as a 12-month historical standard deviation based on daily observations, increased to 6.8% from the preceding year's level of 5.4%. Using daily market movements during a one-year period as a measure of risk is standard practice, but has limited relevance as AP4's investment horizon is considerably longer and a significant portion of the portfolio consists of unlisted investments with less frequent remeasurements.

Active risk for the Operative portfolio is measured in relation to the DNP. Active risk for AP4's operative asset management, measured with a 12-month historical standard deviation based on daily observations, increased during the year and was 1.7% (1.4%) at year-end. The main reason for this was greater volatility on the equity markets in 2025 compared with the previous year. Further information is provided in Note 20.

Equities exposure

Equities exposure at year-end was 57.3% (57.3%). Equities exposure varied during the year between 54.3% (55.1%) and 59.4% (58.2%).

Currency exposure

Open currency exposure, i.e. the share of assets in foreign currencies that is not neutralised through currency hedges, was 23.1% (19.4%) of total assets at year-end. The return contribution from AP4's open currency exposure was -3.2 (1.1) percentage points. Over a five-year period, AP4's open currency exposure has contributed an average of 0.5 (0.9) percentage points to the return per year. AP4's open currency exposure in the operative portfolio in 2025 varied between 19.0% (17.9%) and 23.6% (22.0%).

Interest rate risk

Interest rate risk, measured in terms of modified duration, varied during 2025 between 4.6% (4.0%) and 5.4% (5.4%). At year-end, modified duration of the fixed income portfolio was 5.0% (4.8%). The share of listed AAA¹ credit risk classified bonds decreased during the year and was 26% (56%) of the fixed income portfolio at year-end. The share of BBB¹-rated bonds at year-end was 13% (22%).

Exposure to issuers

AP4's ten largest exposures to issuers together amounted to slightly more than SEK 146 (187) billion at year-end 2025. Of these, 43% (54%) consisted of sovereign exposures and 19% (13%) consisted of exposures to the banking and financial sector. The ten largest holdings in the banking and financial sector represented a combined exposure of SEK 52 (46) billion.

Costs

AP4's total management cost ratio was 0.08% (0.07%), measured as a percentage of average fund capital. The total management cost consists of operating expenses and commission expenses.

1. The credit risk classification (rating) presented pertains to an internal standard. The assessment in this standard is based on the ratings issued by the selected rating agency (Moody's Analytics UK Ltd).

Multi-year overview

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Opening fund capital (SEK bn)	548.2	499.6	460.5	527.6	449.4	418.0	349.3	356.6	333.9	310.0
Net payments to the pension system (SEK bn)	-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 bn)	34.4	50.7	43.9	-62.5	85.7	39.3	75.2	-0.5	30.1	30.5
Closing fund capital (SEK bn)	578.1	548.2	499.6	460.5	527.6	449.4	418.0	349.3	356.6	333.9
Return, total portfolio before costs (%)	6.4	10.2	9.6	-11.8	19.3	9.7	21.8	-0.1	9.2	10.1
Return, total portfolio after costs (%)	6.3	10.1	9.6	-11.9	19.2	9.6	21.7	-0.2	9.1	10.0
Active return before costs (%) ¹	-0.1	-1.4	-3.4	-3.8	3.5	2.4	4.4	2.3	-1.1	1.0
Return, total portfolio after costs, annualised 5 yrs (%)	6.1	6.8	8.9	6.9	11.6	9.8	9.3	8.1	11.5	12.0
Return, total portfolio after costs, annualised 10 yrs (%)	8.0	8.0	8.5	9.2	11.8	9.7	9.9	9.9	7.3	6.7
Standard deviation total portfolio, ex-post (%) ²	6.8	5.4	5.7	9.4	6.1	13.6	5.3	6.4	4.1	7.3
Standard deviation total portfolio, ex-post, 10 yrs (%) ³	8.7	9.1	9.1	9.0	7.8	8.3	6.7	7.5	8.6	8.8
Active risk ex-post, active management (%) ⁴	1.7	1.4	1.8	2.0	1.9	1.7	1.2	1.5	1.7	2.7
Currency exposure (%)	23	19	22	19	21	21	20	18	18	27
Share of externally managed capital (%) ⁵	21	21	21	20	16	14	15	16	17	23
Asset management costs, excl. commission expenses (%)	0.06	0.06	0.06	0.05	0.05	0.06	0.06	0.06	0.06	0.06
Asset management costs incl. commission expenses (%)	0.08	0.07	0.08	0.08	0.08	0.09	0.10	0.10	0.10	0.10

1) AP4's operative portfolio is evaluated against a benchmark portfolio made up of a number of market indexes with set asset weights. The market indexes used are standardised and hedged to SEK for simplification and in order to increase transparency, AP4 is able to use its tax status as a state pension fund and during 2025 this gave a positive contribution of 0.18 (0.17) percentage points.

2) Pertains to daily return data unless indicated otherwise.

3) Pertains to quarterly data for total assets.

4) Active risk, calculated as standard deviation, measured on a yearly basis, in the difference in the return between the operative portfolio and the benchmark portfolio.

5) Includes investments in private equity companies.

Operating expenses

Operating expenses consist mainly of personnel costs, information costs and IT costs. AP4's operating expenses amounted to SEK 358 (291) million. This corresponds to a management cost ratio of 0.06% (0.06%), measured in terms of operating expenses as a proportion of average fund capital.

Personnel costs amounted to SEK 175 (170) million. The increase compared with the previous year is mainly the result of general salary development.

Information costs and IT costs amounted to SEK 119 (84) million. The change compared with the previous year is the result of general cost increases, costs associated with the implementation of a new portfolio system, and preparations for the consolidation of the AP Funds.

Other management costs amounted to SEK 64 (37) million. The increase compared with the previous year is the result of general cost increases, the system implementation carried out in 2025, and preparations for consolidation.

Commission expenses

Commission expenses consist mainly of fees paid to external asset managers and of custodian fees.

Commission expenses amounted to SEK 89 (104) million. This corresponds to a commission expense ratio of 0.02% (0.01%), measured in terms of commission expenses as a proportion of average fund capital.

Commission expenses decreased as a result of lower external management fees, due to the liquidation of certain external fund investments. The proportion of externally managed capital was 21% (21%) at year-end.

Consolidation and collaboration between the AP Funds

In 2025, the collaboration has mainly concerned preparations for the consolidation of the AP Funds on 1 January 2026. The focus has been on ensuring an orderly and responsible handover from AP1 to AP3 and AP4. This extensive work has been carried out with close collaboration between the three AP Funds, the special investigator appointed by the government, and the government itself. During the 2025 wind-down period, AP1 has continued to carry out its ongoing asset management activities as an independent authority.

The AP Funds' Collaboration Council was established in 2016 with the aim of collaborating in areas outside of the investment operations

with the goal of achieving cost efficiency, efficient use of resources and exchange of experience and knowledge. Collaboration takes place in eleven collaboration groups, all of which are driven based on the value added that is created for each of the individual AP Funds as well as for the Funds jointly.

Implementation of a new portfolio system

Together with AP3, AP4 has procured and implemented a new portfolio system. The portfolio system procured covers the entire business flow and includes analysis and portfolio management, order placement, compliance monitoring, transaction administration, financial accounting, and the monitoring and reporting of risk and return. The new portfolio system is standardised, flexible and scalable and will replace several existing systems, helping to simplify the system infrastructure and reduce dependency on human resources. The benefits of the new system solution will also increase the ability to respond more rapidly to new and changing needs both from within the organisation and from the outside world. Production started in 2025.

Personnel

The average number of employees during the year was 68 (67), calculated as full-time equivalents. At year-end the total number of employees was 72 (69). Employee turnover at AP4 was 13% (21%). After adjusting for temporary/hourly rate employees, primarily students, employee turnover was 6% (11%).

In May 2025, the government decided to reappoint the entire Board of Directors of AP4. No changes were made in terms of individual members or to the roles of Chair and Vice-Chair of the Board.

Remuneration

For a manager of public pension funds it is essential that employee remuneration levels for AP4's employees are reasonable, justifiable and explainable. AP4 strives to ensure that its remuneration is in line with the market and enables AP4 to recruit and retain competent personnel. AP4 shall not be a salary leader. The Board bears ultimate responsibility for remuneration issues. Every year, the Board adopts principles for remuneration and other terms of employment.

The Board is responsible for monitoring compliance with the government's guidelines for terms of employment for senior executives

in the AP Funds. The Board solicits the help of external consultants to monitor compliance with the remuneration principles. The Board has appointed a Remuneration Committee that is tasked with serving in an advisory role for the Board and for drafting remuneration matters for the CEO and senior executives. The Remuneration Committee also conducts drafting work for matters related to AP4's principles for remuneration and other terms of employment for all employees.

In 2025, total remuneration for an AP4 employee consisted of fixed salary, pension provisions and other benefits. Other benefits are of limited value and are offered to all employees. Examples include healthcare insurance, group insurance and a wellness subsidy. At year-end, AP4 had five parking spaces that employees could use in exchange for taxation as benefit. Further information is provided in Note 6 and in AP4's Fund Governance Report on pages 67–74.

Significant events after the end of the financial year – Transfer of assets from AP1

On 1 January 2026, changes to The National Pension Funds (AP Funds) Act came into force¹. These legislative changes meant, among other things, that AP1 ceased operations at the end of 2025. AP1's assets and liabilities were transferred to AP3 and AP4 at the beginning of 2026. As far as possible, these assets and liabilities were divided equally between AP3 and AP4.

Assets that could not be transferred at year-end remain in AP1 and under its corporate identity number. Such assets are to be managed separately from other assets. These segregated assets at AP1 are to be managed by AP4.

A special investigator was appointed by the government² to assist the AP Funds in this transfer. The investigator's interim report³ provided further guidelines for the AP Funds' transfer of assets and liabilities as well as guidelines for AP4's management of AP1's segregated assets.

For a more detailed description of the assets and liabilities transferred to AP4, see Note 22.

1. The Swedish parliament decided this on 20 May 2025 after the Committee on Finance, in its report 2024/25:FiU36, supported the government's proposal in Bill 2024/25:133 More efficient management of the buffer capital.
 2. A special investigator for the Stockholm-based AP Funds was appointed by the government on 20 March 2025 under committee directive Dir. 2025:32.
 3. Interim report On the transfer of the First AP Fund's operations and assets to the Third and Fourth AP Funds SOU 2025:105.

Income Statement

SEKm	Note	2025	2024
OPERATING INCOME			
Net interest income	2	3,867	4,041
Dividends received		7,132	5,744
Net income, listed equities and participations	3	36,893	32,184
Net income, unlisted equities and participations	4	3,034	1,466
Net income, fixed income assets		651	-1,759
Net income, derivative instruments		1,093	1,066
Net income, changes in exchange rates		-17,814	8,366
Commission expenses	5	-89	-104
TOTAL OPERATING INCOME		34,767	51,004
OPERATING EXPENSES			
Personnel costs	6	-175	-170
Other administrative expenses	7	-183	-121
TOTAL OPERATING EXPENSES		-358	-291
NET RESULT FOR THE YEAR		34,409	50,713

Balance Sheet

SEKm	Note	31/12/2025	31/12/2024
ASSETS			
Equities and participations, listed	8, 19	337,152	330,690
Equities and participations, unlisted	9, 18, 19	105,428	102,405
Bonds and other fixed income assets	10, 19	118,078	119,709
Derivative instruments	11, 19, 21	10,856	6,050
Cash and cash equivalents		11,011	6,512
Other assets	12, 21	50	183
Prepaid expenses and accrued income	13	1,779	2,179
TOTAL ASSETS		584,354	567,728
LIABILITIES AND FUND CAPITAL			
Liabilities			
Derivative instruments	11, 21	6,125	17,504
Other liabilities	14, 21	119	444
Prepaid income and accrued expenses	15	26	1,540
Total liabilities		6,270	19,488
Fund capital			
Fund capital, opening balance	16	548,240	499,551
Net payments to the pension system		-4,565	-2,024
Net result for the year		34,409	50,713
Total fund capital		578,084	548,240
TOTAL LIABILITIES AND FUND CAPITAL		584,354	567,728
Pledged assets, contingent liabilities and commitments	17, 18		

Notes

The Fourth Swedish National Pension Fund (AP4), corporate identity number 802005-1952, is one of the buffer funds in the Swedish national pension system and has its registered office in Stockholm. The annual report for the 2025 financial year was approved by the Board of Directors on 19 February 2026. The income statement and balance sheet are subject to government approval.

Note 1. Accounting and valuation policies

According to The National Pension Funds (AP Funds) Act (Lagen (2000:192) om allmänna pensionfonder), the annual report shall be prepared in accordance with generally accepted accounting principles, entailing that the assets that the AP Funds invest in shall be recognised at market value. Based on this principle, the First, Second, Third and Fourth Swedish National Pension Funds (AP1–AP4) have drawn up and applied uniform accounting and valuation policies, as summarised below.

The AP Funds' accounting and valuation policies are gradually being adapted to International Financial Reporting Standards (IFRS). A complete adaptation to IFRS would not materially affect the reported results and capital. AP4 meets the requirement to be classified as an investment company in accordance with IFRS 10. Compared with the current IFRSs, the only major difference is that a statement of cash flows has not been prepared and that IFRS 16 has not been applied.

Trade date accounting

Transactions in securities and derivative instruments in the money market, bond market, stock market and currency market, as well as unlisted equities, are recognised on the balance sheet as per the trade date, i.e. at the point in time when the material rights and risks are transferred between parties. The receivable from or liability to the counterparty between the trade date and settlement date is recognised under Other assets and Other liabilities, respectively. Other transactions, mainly transactions relating to borrowing and lending, are recognised on the balance sheet as per the settlement date, which is consistent with market practice.

Net accounting

Financial assets and liabilities are reported net on the balance sheet when there is a legal right to offset transactions and there is an intention to settle net or realise the asset and settle the liability simultaneously.

Translation of foreign currencies

Transactions in foreign currency are translated to Swedish kronor (SEK) at the exchange rate in effect on the transaction date. On the balance sheet date, assets and liabilities in foreign currency are translated to SEK at the exchange rate in effect on the balance sheet date. Changes in the value of assets and liabilities in foreign currency are broken down into a part attributable to the change in value of the asset or liability in local currency and to a part attributable to the changed exchange rate. The exchange gain or loss that arises from changes in exchange rates is reported in the income statement on the line "Net income, changes in exchange rates".

Equities in subsidiaries and associated companies

According to The National Pension Funds (AP Funds) Act, both equities in and loans to subsidiaries and associated companies are measured at fair value. Fair value is determined using the same methods used for unlisted 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 measured at fair value in accordance with the fair value option provided in IFRS 9. However, the entire change in value is reported as part of the shareholding on the line Net income, unlisted equities and participations.

Valuation of financial instruments

All of AP4's investments are measured at fair value, whereby realised and unrealised changes in value are recognised through profit or loss. The lines Net income/loss for the various asset classes thus include realised and unrealised gains or losses. Equity instruments are held for trading and are therefore measured at fair value through profit or loss. Debt instruments are held for trading and are therefore measured at fair value through profit or loss. Loans to subsidiaries and associated companies are intended to

be held to maturity; however, the fair value option is used here in order to be in compliance with the requirements in The National Pension Funds (AP Funds) Act for fair value measurement. The AP Funds measure all of their assets at fair value. There follows a description of how fair value is determined for AP4's various investments.

Listed equities and participations

For equities and participations traded in a regulated market or trading platform, fair value is determined based on official year-end market quotations according to AP4's designated index provider, usually an average price. Holdings not included in an index are valued at quoted prices observable in an active market. Brokerage fees paid are recognised as expenses under Net income, listed equities and participations.

Unlisted equities and participations

For equities and participations not traded on a regulated market or trading platform, fair value is determined based on a valuation obtained from the counterparty or other external party. The reported value is updated when a new valuation has been obtained and is adjusted for any cash flows up to the end of the accounting period. In cases where AP4 has good reason to believe that the valuation is incorrect, an adjustment is made of the received valuation.

Valuations of unlisted participations shall follow the International Private Equity and Venture Capital Valuation Guidelines (IPEV) or equivalent valuation principles and shall be based primarily on transactions with third parties, although other valuation methods may also be used.

Valuations of unlisted real estate equities are based on a valuation according to the net asset value method to the extent that the equities have not been subject to transactions on a secondary market. Holdings in unlisted real estate companies are valued, taking into account deferred tax liabilities, at the value used for property transactions, which differs from the valuation that is used in the accounting of the real estate companies.

Bonds and other fixed income assets

For bonds and other fixed income assets, fair value is calculated based on the official market quotation on the balance sheet date (usually the bid rate) according to AP4's designated index provider. Holdings not included in an index are valued at quoted prices observable in an active market. In cases where an instrument is not traded in an active market, and reliable market prices are not available, the instrument is measured using generally accepted valuation models, which entails that cash flows are discounted to the relevant yield curve.

Interest income includes interest calculated using the effective interest method based on amortised cost. Amortised cost is the discounted present value of future payments, where the discount rate consists of the effective interest rate at the date of acquisition. This means that acquired surplus and deficit values are allocated over the remaining term or until the next interest rate adjustment and are included in reported interest income. Changes in value attributable to changes in interest rates are reported in "Net income, fixed income assets", while changes in value attributable to exchange rate changes are reported in "Net income, changes in exchange rates".

Derivative instruments

For derivative instruments, fair value is based on year-end quotations. In cases where an instrument is not traded in an active market and reliable market prices are not available, the instrument is measured using generally accepted valuation models, in which observable market data is used as the input data.

Derivative contracts with positive fair value on the balance sheet date are reported as assets, while contracts with a negative fair value are reported as liabilities. Changes in value attributable to changes in exchange rates are reported in the income statement under "Net income, changes in exchange rates", while other changes in value are reported as "Net income, derivative instruments".

Repurchase transactions

In genuine repurchase transactions, so-called repos, the sold asset remains on the balance sheet and the payment received is recognised as a liability. The sold security is recognised as a pledged asset on the balance sheet among memorandum items. The difference between the settlement in the spot and futures markets is allocated over the term and recognised as interest.

Securities lending

Loaned securities are reported on the balance sheet at fair value, while the consideration received for the loan is reported as interest income in the income statement. Collateral received for loaned securities can consist of securities and/or cash. In cases where AP4 has the right of disposal over cash received as collateral, the collateral is reported on the balance sheet as an asset and corresponding liability. In cases where AP4 does not have disposal over the collateral, it is not reported on the balance sheet, but is specified separately in a note under the heading "Pledged assets, contingent liabilities and commitments". This item also includes the value of loaned securities and their related collateral.

Items recognised directly against fund capital

Incoming and outgoing payments that have been made against the pension system are reported directly in fund capital.

Commission expenses

Commission expenses are recognised in the income statement as a deduction from operating income. They consist of external costs for asset management services, such as custodian fees and fixed fees to external asset managers as well as fixed fees for listed funds. Performance-based fees, which are paid when asset managers achieve returns above the agreed level where profit-sharing is applied, are recognised as a deduction under net income for the relevant asset class.

Asset management fees for unlisted equities and participations are recognised as an acquisition cost and are therefore included in the unrealised result.

Operating expenses

All asset management costs, excluding brokerage fees, fees paid to external asset managers and custodian fees, are recognised as operating expenses. Investments in equipment including internally developed and purchased software that are not of significant importance are normally expensed on an ongoing basis. Investments that do not meet these criteria are capitalised and depreciated over their estimated economic life.

Taxes

AP4 is exempt from all income tax on investments in Sweden. Taxes on dividends and withholding taxes assessed in certain countries are reported net in the income statement under the respective income classes.

AP4 has been registered for value-added tax (VAT) since 2012 and is thereby subject to VAT on purchases made abroad. AP4 is not entitled to recover VAT paid. Expensed VAT is included in the expense item to which it belongs.

Amounts in SEK millions

Amounts are specified in millions of Swedish kronor (SEKm), unless otherwise indicated.

Disclosures related to the consolidation of AP Funds

Given that The National Pension Funds (AP Funds) Act enters into force on 1 January 2026, this has no direct impact on the assets, liabilities, income and expenses recognised in the financial statements of 31 December 2025. A description of the impact of the legislative changes on financial reporting going forward is provided in Note 22.

Note 2. Net interest income

	2025	2024
Interest income		
Bonds and other fixed income assets	3,682	3,629
Other interest income	224	412
Total interest income	3,906	4,041
Interest expense		
Other interest expenses	-39	0
Total interest expense	-39	0
NET INTEREST INCOME	3,867	4,041

Note 3. Net income, listed equities and participations

	2025	2024
Income, listed equities and participations	36,955	32,232
Less brokerage fees	-62	-48
NET INCOME, LISTED EQUITIES AND PARTICIPATIONS	36,893	32,184

Note 4. Net income, unlisted equities and participations

	2025	2024
Capital gains/losses	832	371
Unrealised changes in value	2,202	1,095
NET INCOME, UNLISTED EQUITIES AND PARTICIPATIONS	3,034	1,466

External asset management fees for unlisted assets are reported as part of the asset's cost and are thereby charged against unrealised net income for unlisted assets. Consequently, refunded management fees have a positive effect on unrealised income. During the year a total of SEK 506 (347) million was paid in asset management fees for unlisted assets, of which SEK 506 (347) million qualifies for refunds. Also during the year, SEK 55 (42) million was refunded, and the unrealised result for unlisted equities and participations was thereby negatively affected by SEK 451 (-305) million net.

Note 5. Commission expenses

	2025	2024
External asset management fees, listed assets	-74	-91
Other commission expenses, including custodian fees	-15	-13
COMMISSION EXPENSES	-89	-104

Commission expenses do not include performance-based fees. Performance-based fees for the year totalled SEK 96 (147) million and affect net income for the respective asset classes.

Note 6. Personnel

Number of employees

	2025		2024	
	Total	Women	Total	Women
Average number of employees ¹	68	27	67	26
Number of employees, 31 December ²	72	28	69	26
Number of persons in Executive Management, 31 December	8	3	7	3

1. The average number of persons employed is converted to full-time equivalents.
2. The number of employees as at 31 December refers to the total number of employees, both permanent and temporary.

Salaries and fees

Board fees are set by the government and were increased most recently in 2020 pursuant to government decision FI2020/00074/FPM of 9 January 2020. The Board sets the terms of employment for the CEO based on a recommendation from the Remuneration Committee. Every year, under commission by the Board of Directors and Remuneration Committee, an external consultant performs an examination of remuneration levels for senior executives of AP4. The Board can thereby verify that AP4 complies with the government's guidelines for remuneration of senior executives of the AP Funds. Read more about remuneration in the Fund Governance Report.

Variable remuneration

The Board of Directors has decided that as of 2024, variable remuneration will no longer apply. For 2024, SEK 138 thousand has been reversed in respect of variable remuneration relating to 2023.

Pensions and similar benefits

The CEO's employment contract includes special stipulations for pension benefits and severance pay. The ordinary retirement age is 65, however, the employee has the right to remain in service until the end of the month in which they turn 69 (69).

Starting in 2023, pursuant to the Employment Protection Act (Lag om anställningsskydd – LAS), employees have the right to remain in service until the end of the month in which they turn 69. A mutual notice period of six months applies for the CEO. In the event that the Fund serves notice, the CEO is also entitled to severance pay equal to 18 months' salary. Severance pay is paid out monthly and is reduced by any other income from salary, assignments or own business.

Other members of the Executive Management as well as other employees have individual employment contracts in which the notice period is based on the applicable collective agreement between the Employers of the Financial Sector (Finansarbetsgivarna) and the Swedish Confederation of Professional Associations (SACO). Pension entitlements are either defined-benefit solutions (BTP2) in accordance with the applicable collective agreement between Finansarbetsgivarna and SACO, or defined-contribution solutions (BTP1) in accordance with AP4's pension policy, entailing a pension contribution of 30% of salary amounts higher than 7.5 times the Income Base Amount. The BTP2 plan is being phased out and all new employees from 1 January 2025 onwards will be enrolled on the BTP1 plan.

All employees are entitled to exchange a portion of their gross salary for pension contributions. In such cases, the pension contribution is increased by 5.8%, which corresponds to the difference between AP4's cost for payroll tax and its cost for the special employer's payroll tax on pension contributions. The procedure is cost-neutral for AP4.

AP4 has arranged private health insurance for all employees that covers a portion of the loss of income in the event of prolonged illness. The insurance is income-based and is activated in the event of illness lasting more than 90 days.

Other benefits

All employees have the opportunity to take out healthcare insurance and group life insurance, which are taxed as employment benefits.

AP4 also has 5 (5) parking spaces that employees have been able to book and these have been taxed as an employment benefit during the year.

The total benefit value of the employment benefits above in 2025 was SEK 368 (357) thousand.

Note 6. Personnel cont.

Personnel costs, SEK thousand, 2025	Salaries and fees	Variable remuneration	Pension costs	Of which, salary exchange	Social security costs ²	Total
Board of Directors and CEO						
Chair of the Board Johan Gyllenhoff	211	-	-	-	66	277
Other board members ¹	939	-	-	-	295	1,234
CEO Niklas Ekvall	4,836	-	2,785	1,105	2,117	9,738
Other members of the Executive Management						
Head of Swedish Equities Jannis Kitsakis	2,828	-	1,468	13	1,204	5,500
Head of Risk & Operations Nicklas Wikström	1,927	-	1,253	444	874	4,054
General Counsel Theresa Einarsson ³	936	-	446	63	390	1,772
Head of Sustainability, Finance & Communication Tobias Fransson	2,454	-	1,458	-	1,084	4,996
Head of Allocation, Liquid Markets & Analysis Magdalena Högberg	2,954	-	1,022	-	1,147	5,123
Head of Alternative Investments Jenny Askfelt Ruud	2,543	-	949	-	1,003	4,495
Head of HR Anette Segercrantz	1,814	-	451	-	667	2,932
Other employees	72,144	-	25,877	1,915	28,983	127,004
Total	93,586	-	35,709	3,540	37,830	167,125
Other personnel costs						8,277
TOTAL PERSONNEL COSTS						175,402

- Individual directors' fees are reported in the Fund Governance Report.
- Social security costs also include payroll tax.
- Theresa Einarsson was a member of the Executive Management until 30 June 2025. Max Mennfort took up the position of Interim General Counsel on a consultancy basis from 1 July 2025.

Personnel costs, SEK thousand, 2024	Salaries and fees	Variable remuneration	Pension costs	Of which, salary exchange	Social security costs ²	Total
Board of Directors and CEO						
Chair of the Board Johan Gyllenhoff	217	-	-	-	68	285
Other board members ¹	871	-	-	-	273	1,144
CEO Niklas Ekvall	4,580	-	2,730	1,105	2,101	9,411
Other members of the Executive Management						
Head of Swedish Equities Jannis Kitsakis	2,800	-	1,349	-	1,207	5,356
Head of Risk & Operations Nicklas Wikström	1,877	-	1,149	370	869	3,895
General Counsel Theresa Einarsson	1,869	-	882	127	801	3,552
Head of Sustainability, Finance & Communication Tobias Fransson	2,369	-	1,257	-	1,049	4,675
Head of Allocation, Liquid Markets & Analysis Magdalena Högberg	2,828	-	993	-	1,129	4,950
Head of Alternative Investments Jenny Askfelt Ruud	2,500	-	923	-	1,009	4,432
Other employees	72,469	-138 ³	26,291	2,246	28,872	127,494
Total	92,380	-138	35,574	3,848	37,379	165,195
Other personnel costs						5,157
TOTAL PERSONNEL COSTS						170,352

- Individual directors' fees are reported in the Fund Governance Report.
- Social security costs also include payroll tax.
- Reversal of variable remuneration in 2023.

Note 7. Other administrative expenses

	2025	2024
Cost of premises	16	14
Information and IT costs	119	84
Purchased services	38	13
Other administrative expenses	10	10
TOTAL OTHER ADMINISTRATIVE EXPENSES	183	121
The item Purchased services includes fees paid to the accounting firm as follows:		
Audit assignment, PwC	1.0	1.0
Other audit services, PwC	0.1	0.1
Total fees paid to accounting firm	1.1	1.1

Note 8. Equities and participations, listed

	31/12/2025 Fair value	31/12/2024 Fair value
Swedish equities	97,898	99,249
Foreign equities	168,045	169,757
Participations in Swedish funds	507	811
Participations in foreign funds	70,702	60,873
TOTAL EQUITIES AND PARTICIPATIONS, LISTED	337,152	330,690

The scope of loaned securities as well as collateral received is shown in Note 17. A complete specification of shareholdings is available on AP4's website: www.ap4.se.

Note 8. Equities and participations, listed cont.

Five largest holdings of Swedish equities

31/12/2025	No. equities	Fair value	Capital, %	Votes, %
Lifco AB	23,240,000	8,180	5.12	3.19
Swedish Orphan Biovitrum AB	20,335,402	6,768	5.69	5.69
Atlas Copco AB	42,004,247	6,366	0.85	0.28
Getinge AB	21,000,000	4,595	7.71	4.81
Skandinaviska Enskilda Bank AB	19,400,000	3,785	0.95	0.96

31/12/2024

Lifco AB	23,671,010	7,589	5.21	3.25
Swedish Orphan Biovitrum AB	20,763,106	6,590	5.83	5.83
Atlas Copco AB	41,281,227	6,305	0.84	0.3
Getinge AB	21,007,390	3,814	7.71	4.81
Beijer Ref AB	20,461,256	3,337	4.04	2.69

Five largest holdings of foreign equities

31/12/2025	No. equities	Fair value
Nvidia Corp	4,211,049	7,240
Apple Inc	2,538,148	6,361
Microsoft Corp	1,267,509	5,651
Alphabet Inc-cl a	1,905,639	5,559
AstraZeneca Plc	1,914,270	3,264

31/12/2024

Apple Inc	2,695,399	7,458
Nvidia Corp	4,458,449	6,615
Microsoft Corp	1,261,880	5,877
Alphabet Inc	2,051,893	4,304
Amazon.Com Inc	1,539,246	3,731

Note 9. Equities and participations, unlisted

	31/12/2025 Fair value	31/12/2024 Fair value
Equities in Swedish associated companies	50,074	46,944
Equities in foreign associated companies	1,147	1,371
Equities and participations in other Swedish unlisted companies	10,149	10,195
Equities and participations in other foreign unlisted companies	44,058	43,895
TOTAL EQUITIES AND PARTICIPATIONS, UNLISTED	105,428	102,405

Note 9. Equities and participations, unlisted cont.

Equities in associated companies, 31/12/2025	Corporate identity number	Domicile	No. equities	Capital, %	Votes, %	Fair value	Equity	Net result
Equities in Swedish associated companies								
Vasakronan Holding AB	556650-4196	Stockholm	1,000,000	25	25	25,613	83,692	2,991
Rikshem Intressenter AB	556806-2466	Stockholm	250	50	50	14,952	27,114	806
LSTH Svenska Handelsfastigheter AB	559009-2325	Stockholm	14,149,433	50	50	5,302	8,358	-1,233 ⁴
Polhem Infra KB	969789-2413	Stockholm	-	33	33	4,059	12,179	-128
Cinder Invest AB	559256-2630	Stockholm	10,000	20	20	148	605	3
4 to 1 Investments AB	559313-2490	Stockholm	6,250	25	25	0	1	-2
4 to 1 Investments KB	969795-3033	Stockholm	-	25	25	0	0	-2
AP4 Alternative Investments AB ¹	559386-5347	Stockholm	25,000	100	100	0	0	0 ⁴
AP4 Alternative Investments KB	969797-3965	Stockholm	-	100	100	0	0	0 ⁴
AP4 Investment AB ²	559130-3929	Stockholm	50,000	100	100	0	0	0 ⁴
AP4 Investment KB	969784-9959	Stockholm	-	100	100	0	0	0 ⁴
Polhem Infra AB	559183-3917	Stockholm	20,000	33	33	0	1	0
Total equities in Swedish associated companies						50,074		
Equities in foreign associated companies								
ASE Holdings II S.à.r.l.		Luxembourg	479,928,632	45	45	707	Not public	Not public
ASE Holdings III S.à.r.l.		Luxembourg	715,075,291	36	36	342	Not public	Not public
ASE Holdings S.à.r.l.		Luxembourg	5,746,493	38	38	98	Not public	Not public
Total equities in foreign associated companies						1,147		

Other holdings, 31/12/2025

Five largest holdings in other equities and participations, Swedish unlisted companies³

	Corporate identity number	Domicile	Capital, %	Votes, %	Acquisition cost
Proventus Capital Partners IV B AB	559116-2580	Stockholm	18	0	1,646
P Capital Partners V B AB	559344-9563	Stockholm	17	0	1,424
Infranode I (No. 1) AB	556982-5283	Stockholm	20	0	954
Alfvén & Didrikson AB	556954-4066	Stockholm	26	17	761
Gullspång Re:Food II Invest AB	559328-3467	Stockholm	25	9	700

Five largest holdings in other equities and participations, foreign unlisted companies³

	Domicile	Capital, %	Votes, %	Acquisition cost
Infrastructure Alliance Europe 1 SCSp	Luxembourg	26	-	2,802
Infrastructure Alliance Europe 2 SCSp	Luxembourg	37	-	2,719
Bridgepoint Direct Lending III Unlevered B SCSp	Luxembourg	9	-	2,209
LCM Partners COPS 4 SLP	Luxembourg	19	-	1,662
ASP LUX RAIF – PC FUND II	Luxembourg	12	-	1,572

1. AP4 and AP4 Alternative Investments AB co-own AP4 Alternative Investments KB (969797-3965), in which AP4 has a significant influence.
2. AP4 and AP4 Investment AB co-own AP4 Investment KB (969784-9959), in which AP4 has a significant influence.
3. Refers to AP4's holdings in limited partnerships and other similar structures in which AP4 does not have significant influence.
4. Refers to figures published as at 31 December 2024.

A complete specification of shareholdings is available at www.ap4.se.

Note 9. Equities and participations, unlisted cont.

Equities in associated companies, 31/12/2024	Corporate identity number	Domicile	No. equities	Capital, %	Votes, %	Fair value	Equity	Net result
Equities in Swedish associated companies								
Vasakronan Holding AB	556650-4196	Stockholm	1,000,000	25	25	25,074	82,700	3,798
Rikshem Intressenter AB	556806-2466	Stockholm	250	50	50	14,555	26,307	1,005
LSTH Svenska Handelsfastigheter AB	559009-2325	Stockholm	14,149,433	50	50	4,364	8,358	-1,233 ⁵
Polhem Infra KB	969789-2413	Stockholm	-	33	33	2,804	8,410	375
Cinder Invest AB	559256-2630	Stockholm	10,000	20	20	147	601	22
4 to 1 Investments AB	559313-2490	Stockholm	6,250	25	25	0	1	-1
4 to 1 Investments KB ¹	969795-3033	Stockholm	-	25	25	0	1	-5,805
AP4 Alternative Investments AB ²	559386-5347	Stockholm	25,000	100	100	0	0	0
AP4 Alternative Investments KB	969797-3965	Stockholm	-	100	100	0	0	0
AP4 Investment AB ³	559130-3929	Stockholm	50,000	100	100	0	0	0
AP4 Investment KB	969784-9959	Stockholm	-	100	100	0	0	0
Polhem Infra AB	559183-3917	Stockholm	20,000	33	33	0	1	1
Total equities in Swedish associated companies						46,944		
Equities in foreign associated companies								
ASE Holdings II S.à.r.l.		Luxembourg	479,928,632	46	46	878	Not public	Not public
ASE Holdings III S.à.r.l.		Luxembourg	715,075,291	36	36	389	Not public	Not public
ASE Holdings S.à.r.l.		Luxembourg	5,746,493	38	38	104	Not public	Not public
Total equities in foreign associated companies						1,371		

Other holdings, 31/12/2024	Corporate identity number	Domicile	Capital, %	Votes, %	Acquisition cost
Five largest holdings in other equities and participations, Swedish unlisted companies⁴					
Proventus Capital Partners IV B AB	559116-2580	Stockholm	18	0	2,193
P Capital Partners V B AB	559344-9563	Stockholm	17	0	989
Infranode I (No. 1) AB	556982-5283	Stockholm	20	0	914
Alfvén & Didrikson AB	556954-4066	Stockholm	26	17	784
Areim Investment 3-5 AB	559111-1165	Stockholm	49	9	641
Five largest holdings in other equities and participations, foreign unlisted companies³					
Infrastructure Alliance Europe 2 SCSp		Luxembourg	37	-	2,703
Infrastructure Alliance Europe 1 SCSp		Luxembourg	26	-	2,688
Bridgepoint Direct Lending III Unlevered B SCSp		Luxembourg	9	-	2,069
ASP LUX RAIF – PC FUND II		Luxembourg	12	-	1,925
LCM Partners COPS 4 SLP		Luxembourg	19	-	1,660

- The underlying investment in Northvolt has been written down to zero as the company is being reorganised through a Chapter 11 process in the USA and it is currently very difficult to assess any potential remaining value.
- AP4 and AP4 Alternative Investments AB co-own AP4 Alternative Investments KB (969797-3965), in which AP4 has a significant influence.
- AP4 and AP4 Investment AB co-own AP4 Investment KB (969784-9959), in which AP4 has a significant influence.
- Refers to AP4's holdings in limited partnerships and other similar structures in which AP4 does not have significant influence.
- Refers to figures published as at 31 December 2023.

A complete specification of shareholdings is available at www.ap4.se.

Note 10. Bonds and other fixed income assets

	31/12/2025 Fair value	31/12/2024 Fair value
Breakdown by issuer category		
Swedish government	148	176
Swedish mortgage institutions	26,693	25,567
Other Swedish financial companies	7,420	8,521
Swedish non-financial companies	430	400
Foreign governments	64,075	64,612
Other foreign issuers	19,311	20,433
TOTAL BONDS AND OTHER FIXED INCOME ASSETS	118,077	119,709
Breakdown by type of instrument		
Other bonds	110,992	113,105
Subordinated loans	6,230	5,319
Promissory note loans	-	10
Shareholder loans	-	-
Participations in Swedish fixed income funds	-	-
Participations in foreign fixed income funds	855	1,275
Other instruments	-	-
TOTAL BONDS AND OTHER FIXED INCOME ASSETS	118,077	119,709

The scope of loaned securities as well as collateral received is shown in Note 17.

Note 11. Derivative instruments

	31/12/2025 Fair value		31/12/2024 Fair value	
	Positive	Negative	Positive	Negative
Equity-related instruments				
Forward contracts	-	-	-	-
Swaps	-	-	-	-
Total equity-related instruments	-	-	-	-
Of which cleared	-	-	-	-
Interest-related instruments				
FRA/Forward contracts	-	-	-	-
Swaps	11	32	303	369
Total interest-related instruments	11	32	303	369
Of which cleared	-	-	-	-
Currency-related instruments				
Options	641	337	620	196
Forward contracts	2,600	585	5,127	16,857
Swaps	7,604	5,171	-	82
Total currency-related instruments	10,845	6,093	5,747	17,135
Of which cleared	-	-	-	-
TOTAL DERIVATIVE INSTRUMENTS	10,856	6,125	6,050	17,504
Of which cleared	-	-	-	-

For details about areas of use and risk management for derivative instruments, see Note 20.

Note 11. Derivative instruments cont.

Maturity analysis

Most of AP4's derivatives have maturities of less than one year. Only a few currency futures, currency options, interest rate futures, credit default swaps, cross currency basis swaps, inflation swaps and a total return swap have a longer maturity. Of these, 3 (5) contracts have a negative fair value. These are presented in the tables below.

Maturity analysis of derivative positions with negative fair value, with terms longer than 12 months, 2025

Maturity structure Term	>1 yr <3 yrs	>3 yrs <5 yrs	>5 yrs <10 yrs	>10 yrs
Cross Currency Basis Swap	-32	-	-	-
Credit Default Swap	-	-	0	-
Inflation Swap	-	0	-	-
Total	-32	0	0	-

Maturity analysis of derivative positions with negative fair value, with terms longer than 12 months, 2024

Maturity structure Term	>1 yr <3 yrs	>3 yrs <5 yrs	>5 yrs <10 yrs	>10 yrs
Cross Currency Basis Swap	-	-83	-	-
Credit Default Swap	-	-373	-	-
Currency forward contracts	-	0	-	-
Total	-	-456	-	-

Note 12. Other assets

	31/12/2025	31/12/2024
Receivables from sold unliquidated assets	45	176
Other assets	5	7
TOTAL OTHER ASSETS	50	183

Note 13. Prepaid expenses and accrued income

	31/12/2025	31/12/2024
Accrued interest income	1,108	1,647
Accrued dividends and repayments	590	482
Other prepaid expenses and accrued income ¹	81	50
TOTAL PREPAID EXPENSES AND ACCRUED INCOME	1,779	2,179

1. This item includes prepaid licence fees of SEK 64 (37) million recognised in the income statement over 12 years.

Note 14. Other liabilities

	31/12/2025	31/12/2024
Accounts payable	35	20
Liabilities for purchased unliquidated assets	75	417
Other liabilities	9	7
TOTAL OTHER LIABILITIES	119	444

Note 15. Prepaid income and accrued expenses

	31/12/2025	31/12/2024
Accrued interest expenses	0	1,522
Accrued personnel costs	13	13
Accrued external asset management fees	-	1
Other accrued expenses	13	4
TOTAL PREPAID INCOME AND ACCRUED EXPENSES	26	1,540

Note 16. Fund capital

	31/12/2025	31/12/2024
FUND CAPITAL, OPENING BALANCE	548,240	499,551
Net payments to the pension system		
Paid-in pension contributions	91,695	89,186
Pension funds disbursed to the Swedish Pensions Agency	-95,959	-90,923
Transfer of pension rights to EG	0	-1
Settlement of pension rights	1	-2
Administration fees to the Swedish Pensions Agency	-301	-284
Total net payments to the pension system	-4,565	-2,024
Net result for the year	34,409	50,713
FUND CAPITAL, CLOSING BALANCE	578,084	548,240

Note 17. Pledged assets, contingent liabilities and commitments

	31/12/2025	31/12/2024
Pledged assets and contingent liabilities		
Securities loaned against collateral received in the form of securities ¹	23,808	24,112
Collateral pledged for exchange-cleared derivative contracts	4,914	3,806
Pledged assets pertaining to OTC derivative contracts ²	0	12,488
Commitments		
Investment commitments for future payments for alternative and strategic investments	31,455	30,450
Subscription commitments, see Note 18	4,000	4,549
Other commitments, see Note 18	5,000	5,000

1. Collateral received for loaned securities amounts to SEK 24,860 (25,114) million.

2. Collateral received for OTC derivative contracts amounts to SEK 5,089 (137) million.

Note 18. Related parties

The purpose of this note is to disclose how AP4's result and financial position have been affected by transactions and outstanding balances, including commitments, with related parties in accordance with the definitions in IAS 24. With respect to salaries and remuneration paid to the Board of Directors and senior executives, see Note 6. All associated companies are considered to be related parties to AP4, see also Note 9.

	31/12/2025	31/12/2024
Vasakronan Holding AB		
Interest income	9	9
Dividends received	500	-
Commitments ¹	4,500	4,500
Rikshem Intressenter AB		
Interest income	15	15
Commitments ²	5,000	5,000

Note 18. Related parties cont.

	31/12/2025	31/12/2024
LSTH Svenska Handelsfastigheter AB		
Shareholder contributions during the year	-	564
Polhem Infra KB		
Contributions during the year	1,233	255
ASE Holdings II S.à.r.l.		
Dividends received	17	-
ASE Holdings III S.à.r.l.		
Interest income	1	1
Shareholder contributions during the year	-	68
Shareholder loans	9	10
Cinder Invest AB		
Shareholder contributions during the year	-	5
Dividends received	-	-
ASE Holdings S.à.r.l.		
Shareholder contributions during the year	17	33
Commitments	-	49
4 to 1 Investments AB		
Shareholder contributions during the year	0	0
4 to 1 Investments KB		
Contributions during the year	0	0

1. At the request of Vasakronan, AP4 has committed to buying commercial paper in the company up to a value reported above.

2. At the request of Rikshem, AP4 has committed to providing loan financing to the company up to a value reported above.

Note 19. Financial instruments, price and valuation hierarchy

Fair value	31/12/2025 Level 1	31/12/2025 Level 2	31/12/2025 Level 3	31/12/2025 Total
Financial assets				
Equities and participations, listed	308,721	28,431	0	337,152
Equities and participations, unlisted	-	-	105,428	105,428
Bonds and other fixed income assets	113,959	3,263	855	118,078
Derivative instruments	1	10,855	-	10,856
Total financial assets	422,681	42,549	106,283	571,514
Financial liabilities				
Derivative instruments	0	-6,125	-	-6,125
Total financial liabilities	0	-6,125	-	-6,125
NET FINANCIAL ASSETS AND LIABILITIES	422,681	36,424	106,283	565,389

Changes in Level 3	Equities and participations, unlisted	Equities and participations, listed	Bonds and other fixed income assets
Opening balance, 01/01/2025	102,405	-	1,285
Invested	9,103	-	21
Sold/repaid	-4,212	-	-105
Realised change in value	36	-	11
Unrealised change in value	-1,903	-	-356
Transfers from Level 1 or 2	-	-	0
Transfers to Level 1 or 2	-	-	0
Closing balance, 31/12/2025	105,428	-	855

Fair value	31/12/2024 Level 1	31/12/2024 Level 2	31/12/2024 Level 3	31/12/2024 Total
Financial assets				
Equities and participations, listed	284,725	45,965	-	330,690
Equities and participations, unlisted	-	-	102,405	102,405
Bonds and other fixed income assets	113,736	4,688	1,285	119,709
Derivative instruments	-	6,050	-	6,050
Total financial assets	398,461	56,703	103,690	558,854
Financial liabilities				
Derivative instruments	-	-17,504	-	-17,504
Total financial liabilities	-	-17,504	-	-17,504
NET FINANCIAL ASSETS AND LIABILITIES	398,461	39,199	103,690	541,350

Changes in Level 3	Equities and participations, unlisted	Equities and participations, listed	Bonds and other fixed income assets
Opening balance, 01/01/2024	88,588	-	4,430
Invested	9,874	-	582
Sold/repaid	-1,978	-	-715
Realised change in value	489	-	32
Unrealised change in value	5,432	-	-3,044
Transfers from Level 1 or 2	-	-	-
Transfers to Level 1 or 2	-	-	-
Closing balance, 31/12/2024	102,405	-	1,285

Note 19. Financial instruments, price and valuation hierarchy cont.

Level 1. Instruments with publicly quoted prices

Financial instruments traded in an active market. A market is considered to be active if it has quoted prices that are regularly updated more frequently than once a week and if the prices used are unadjusted for settled trades in the market. Approximately 75% of AP4's investments are classified in this level.

Level 2. Valuation methods based on observable market data

Financial instruments traded in a market that is not considered to be active, but where there are quoted prices that are unadjusted for trades, or observable input data that is updated regularly for indirect valuation using generally accepted models. At AP4 this category mainly includes market-quoted equity funds that are not considered to be active but where there is observable input data that is regularly updated for indirect valuation as well as OTC derivatives such as forward exchange contracts and interest rate swaps, but also fixed income instruments and funds containing interest-related instruments with low liquidity. OTC derivatives are valued using discount curves that are indirectly based on regularly updated observable input data that is interpolated or extrapolated to calculate non-observable interest rates. Input data for these interest rates that is used to discount the future cash flows of the instrument for valuation is updated regularly and is observable, though this does not apply for the interest rates. These instruments are therefore classified as Level 2.

Level 3. Valuation techniques based on non-observable market data

Financial instruments that are valued using a significant amount of non-observable data or that cannot otherwise be classified as Level 1 or Level 2. These mainly include unlisted equities and shareholders loans in directly held real estate companies and unlisted equities in private equity firms. For private equity firms, the IPEV's principles are used as the main framework and include several valuation methods such as valuation based on actual transactions, multiples valuations, calculations of net asset value and discounted cash flows. For holdings in directly owned real estate

companies, the principles of IPD Svenskt Fastighetsindex are used as the main framework, with two basic methods: the local market price method and the indirect return method (NPV approach). With the local market price method, the property holdings are compared with similar properties sold on the open market, while the indirect return method involves the use of forecast future cash flows discounted to net present value.

Sensitivity analysis

According to IFRS, a sensitivity analysis shall be presented using an alternative valuation for Level 3 assets. In terms of valuation methodology, an alternative valuation of these assets is associated with major difficulties. Generally speaking, for unlisted properties the yield requirement is of central importance, but assumptions about factors such as vacancies, operating costs, market and profit growth are also of great importance. For private equity firms, profit growth and the stock exchange's P/E multiple valuations are important.

Level 3 valuations normally include a delay, which in a positive-trending market entails a conservative valuation and vice versa. A sensitivity analysis of Vasakronan, AP4's largest property holding, with a fair value of equities and participations of SEK 25.6 billion, i.e. nearly 25% of unlisted equities in Level 3, has been performed by the real estate company. According to this analysis a change in required yield by +/- 0.25 percentage points would change the value of the shareholding in Vasakronan by approximately SEK -2.3/+2.6 billion.

For the valuation of AP4's investments in private equity firms reported in unlisted equities, corresponding to SEK 42.2 billion, significant assumptions are made about valuation multiples and future cash flows. A changed assumption for the EV/EBITDA multiple by +/- 5% would result in a change in the valuation of these investments by SEK +/- 5.3 billion. The valuation of AP4's high-yield fixed income assets reported in unlisted equities, as well as bonds and other fixed income assets, corresponding to SEK 14.2 billion, is based substantially on discount rates for interest income and repayment of loans. A change in the discount rate of +/- 1 percentage point for all maturities would result in a change in value by SEK +/- 0.3 billion.

Note 20. Risks

There follows a description of the management of AP4’s main risks, which comprise operational and financial risks.

Operational risk

By operational risk is meant the “risk of loss resulting from inadequate or failed processes, human error, defective systems or external events”. The definition includes legal risks. Examples of operational risks include conscious or unconscious mismanagement, which can be caused by substandard routines or instructions, inadequate systems, insufficient control and audit, and by criminal actions or external events.

The overall goal in managing operational risk is to achieve and maintain a good control culture and to reduce significant operational risks within AP4.

Established, Fund-wide process and methodology

Operational risks in AP4 are to be managed through an established joint-Fund process and methodology. This process includes process mapping, identification and valuation of risks, and shall be conducted for all identified processes. Key controls shall be in place for all material risks, which as far as possible reduces the likelihood of risks materialising or mitigates the consequences when undesirable events occur despite all. In the gradation of risks, existing key controls shall be quality-assured to ensure they have the desired functionality and are effective.

As part of the operational risk management process it is especially important to evaluate change processes and their effects on the operations. Operational risks are evaluated specifically in connection with the implementation of new products, system changes and organisational changes.

To minimise operational risks, a clear division of responsibilities and authorities shall be documented in written rules. Applicable processes and routines shall ensure good internal control and be documented in relevant instructions.

Responsibility and organisation

In the day-to-day activities all managers and employees shall maintain an awareness of risks in the business and their key controls, and act in such a way to ensure that the operations, assets or trust in AP4 among parties in the external operating environment are not jeopardised. Further, all units are responsible for ensuring that the daily operations meet the requirements for good internal control and allocate sufficient resources for this.

The operations, with the process owner as the responsible party, shall identify, assess and manage the risks in their respective areas of operation. Risk & Operations is responsible for supporting and coordinating the management of operational risks throughout AP4. This responsibility includes developing and providing expert and methodology support and following up, evaluating and developing the risk management process. In addition, Risk & Operations is responsible for conducting follow-ups at least yearly to ensure compliance with the joint risk management methodology for operational risks for all identified processes in AP4. The same applies for significant, identified change processes such as implementation of new products, system changes and organisational changes.

AP4’s Legal unit is responsible for legal risk aspects of contracts and similar.

Financial risks

Financial risks, consisting mainly of market, credit and liquidity risks, are monitored and controlled by the independent Risk & Operations unit, which reports directly to the CEO and the Board of Directors. The goal of asset management is to only take positions that are expected to generate favourable returns within established risk mandates. Therefore, the main risks that AP4 exposes itself to should consist of transparent financial risks, and in such case predominantly market risks where there are good opportunities to forecast risk premiums.

Market risks

Market risk is the risk that the value of an instrument will be negatively affected by variations in share prices, exchange rates or market interest rates. Since AP4’s holdings consists mainly of listed instruments with daily

pricing in liquid markets, there are good opportunities to regularly measure and report on market risks through both forecast and realised risk levels. AP4’s goal is to hold a high proportion of listed equities and fixed income instruments.

Equity price risk

Equity price risk refers to the expected variation in the market value of equities. Equity price risk is managed through diversification across regions, countries and sectors.

Interest rate risk

Only AP4’s fixed income assets are included in the measurement of interest rate risk, which refers to expected variations in the market value of AP4’s fixed income assets caused by nominal interest rate movements in fixed income markets. AP4 manages interest rate risk through diversification across regions and yield curves.

Currency risk

Currency risk refers to expected variations in exchange rates for assets denominated in foreign currencies. Currency risk arises in connection with investments that are quoted in foreign currencies. The National Pension Funds (AP Funds) Act limits the total currency exposure in AP4 to a maximum of 40 percentage points. AP4’s investment policy determines the ultimate currency exposure in the Dynamic Normal Portfolio (DNP).

Real estate price risk

By real estate price risk is meant the expected variation in the market value of real estate. Real estate price risk is managed through diversification of property types, such as office, residential, industrial, etc., and of regions, mainly within Sweden but also via other countries.

Risk in investments

Value at Risk (VaR) is used as a metric to calculate financial risk. Value at Risk is defined as the maximum loss that can arise with a given probability over a given period of time. In the table below, a time period of 1 year and 95% confidence level are used, unless stated otherwise.

Note 20. Risks cont.

Asset classes, 31/12/2025	VaR, ex-ante holding period 12 months	Contribution volatility % 12-month portfolio	VaR holding period 1 day ²
Global equities ¹	40,526	4.3	1,909
Swedish equities	16,956	1.8	960
Defensive equities	6,473	0.7	284
Global fixed income ¹	1,426	0.1	57
Swedish fixed income	399	0.0	6
Real assets ¹	11,856	1.2	90
Currency and Other	-1,392	-0.1	72
Total investments	76,244	8.0	3,378

Asset classes, 31/12/2024	VaR, ex-ante holding period 12 months	Contribution volatility % 12-month portfolio	VaR holding period 1 day ²
Global equities ¹	38,337	4.2	1,449
Swedish equities	21,823	2.4	682
Defensive equities	5,135	0.6	194
Global fixed income ¹	3,454	0.4	125
Swedish fixed income	390	0.0	16
Real assets ¹	24,110	2.7	105
Currency and Other	-2,852	-0.3	-20
Total investments	90,397	10.0	2,551

- For certain AP4 assets, market quotations of asset prices with good periodicity are not available, or underlying holdings of an index are also missing. This makes it difficult to forecast the risks for these assets in AP4's risk system, Axioma. AP4 has therefore chosen to use alternative listed securities or other approximations for these holdings. Approximations have been used for a total of 18.5% of assets. Approximations have been made as follows. Unlisted assets in global fixed income (2.5%), global equities (2.2%) and real assets (13.8%) are modelled by assigning each investment a certain sensitivity to one of the risk system's predefined PE factors and a curve factor. Each PE factor has in turn been assigned sensitivity to a set of the system's other risk factors, such as Country, Growth, etc.
- To enable comparisons with AP1, AP2 and AP3, AP4 has also estimated VaR based on a one-day holding period, a 95% confidence level, and a data length of one year in which the observations are given equal weight. In this context a simulation method with historical return distribution has been used for the calculation.

Note 20. Risks cont.

Currency exposure

AP4 hedges investments using currency derivatives to control its open currency exposure. AP4's open currency exposure at year-end was 23.1% (19.4%). AP4's currency exposure is shown in the table below.

Currency exposure 31/12/2025	USD	JPY	TWD	HKD	CHF	INR	Other	Total
Equities and participations	153,639	11,973	6,948	8,666	6,160	5,177	92,869	285,432
Bonds and other fixed income assets	51,630	9,679	-	-	-	-	24,154	85,463
Derivative instruments, excl. currency derivatives	-	-	-	-	-	-	-	-
Other receivables and liabilities, net	6,597	463	-	49	94	-	1,735	8,938
Currency derivatives	-163,682	19,888	-821	-3,059	-784	-264	-97,589	-246,311
Currency exposure, net	48,184	42,003	6,127	5,656	5,470	4,913	21,169	133,522

Currency exposure 31/12/2024	USD	JPY	NOK	HKD	CHF	INR	Other	Total
Equities and participations	154,359	11,176	1,067	7,730	5,779	6,658	91,724	278,493
Bonds and other fixed income assets	52,192	9,711	-	-	-	-	26,182	88,085
Derivative instruments, excl. currency derivatives	-	-	-	-	-	-	-67	-67
Other receivables and liabilities, net	2,274	319	-371	91	141	-	2,095	4,549
Currency derivatives	-160,117	4,519	6,298	-1,859	-633	-1,518	-111,338	-264,648
Currency exposure, net	48,708	25,725	6,994	5,962	5,287	5,140	8,596	106,412

Credit risk

Credit risk refers to the risk that an issuer or counterparty cannot meet its payment obligations. Credit exposure refers to the value that is exposed to credit risk through contracts with counterparties or issuers. Credit exposure thus includes both issuer and counterparty exposures. Total credit risk is limited by the selection of the interest rate index in the DNP and limits per rating category. Credit risk per pool of issuers or issuer is restricted by limits which include both issuer and counterparty risk.

The CEO approves all counterparties with which AP4 may conduct transactions (regarding both standardised and non-standardised instruments). Furthermore, it has been determined that when trading in OTC derivatives, ISDA (International Swaps and Derivatives Association) Master Agreements and CSAs (Credit Support Annex) are applied with all large counterparties.

Rating classes ¹ , 31/12/2025	Non-standardised derivatives			
	Bonds ² , exposure	Fair value ²	Collateral/ security	Residual risk
AAA	30,565	-	-	-
AA	53,983	2,702	-2,986	-284
A	17,897	1,977	-3,381	-1,404
BBB	15,896	-	-	-
BB	-	-	-	-
No rating ³	-	-	-	-
Total credit risk exposure	118,341	4,679	-6,367	-1,688

Rating classes ¹ , 31/12/2024	Non-standardised derivatives			
	Bonds ² , exposure	Fair value ²	Collateral/ security	Residual risk
AAA	66,594	-	-	-
AA	9,239	-7,673	4,811	-2,862
A	16,369	-4,737	6,558	1,821
BBB	26,357	-	798	798
BB	279	-	-	-
No rating ³	607	-	-	-
Total credit risk exposure	119,445	-12,410	12,167	-243

1. The credit risk classification (rating) presented pertains to an internal standard. The assessment in this standard is based on the ratings issued by the selected rating agency (Moody's Analytics UK Ltd).
2. Fair value, including accrued interest.
3. Pertains to subordinated loans, bonds and shareholder loans in Alternative investments and Real estate.

Note 20. Risks cont.

Management of derivatives

AP4 uses derivatives in most asset management mandates. Derivatives have several areas of use and purposes, where the most important are:

- Hedging of AP4's foreign investments, where derivatives are the only alternative.
- Improving the efficiency of index management, where derivatives are used to minimise transaction costs and simplify administration.
- Improving the efficiency of active management, where derivatives are used to minimise transaction costs and simplify administration as well as to enable positions to be taken that cannot be created using other instruments (short positions, volatility positions, etc.).
- Regulating the operative portfolio's risk with the help of strategic derivative positions.

The use of derivatives is limited both in terms of the nominal underlying values and market risk. All derivative positions and associated risks are subject to daily position and risk monitoring.

The CEO approves all counterparties with which AP4 may conduct transactions regarding both standardised and non-standardised instruments.

Further, when trading in OTC derivatives, ISDA and CSA agreements must exist for all large counterparties. ISDA Master Agreements refer to standard agreements for regulating derivatives trading between two counterparties. CSAs refer to an annex to an ISDA Master Agreement. CSAs regulate how collateral is to be pledged as outstanding liabilities in the form of liquid funds or securities.

Liquidity risk

Liquidity risk includes liquidity risk related to cash flows and liquidity risk in financial instruments.

Liquidity risk in a financial instrument consists of the risk that the instrument cannot be sold or can only be sold at a significantly lower price than the market-quoted price. A large share of AP4's securities are immediately available for trading or lending. Illiquid financial instruments

consist primarily of assets in unlisted companies and real estate. OTC derivatives and credit instruments may also become illiquid and/or show significant differences between the bid and ask prices from time to time.

Liquidity risk may also be high if large net payments are needed from the liabilities side, since AP4 has a payment obligation to the Swedish Pensions Agency. This makes it necessary to hold a large share of liquid instruments. At present AP4 makes monthly payments to the Swedish Pensions Agency that are relatively small in relation to existing capital, however, possible losses on currency forward contracts and equity index futures may be significant, and daily forecasts of liquidity in SEK and other currencies are to be prepared.

AP4's liquidity risk in financial instruments is limited by the investment universe as well as by limits for active risk combined with the choice of

benchmark index for fixed income securities and listed equities. Further, The National Pension Funds (AP Funds) Act limits liquidity risk, as it stipulates that a minimum of 20% of AP4's total market value must be invested in debt instruments with low credit and liquidity risk.

The Board's rules limit liquidity risk through special rules for investments in fixed income assets and through careful monitoring of cash balances. AP4 invests a large share of the portfolio in listed equities and government bonds with good liquidity. Overall, liquidity risk in AP4 is considered to be low.

The table below provides a summary of AP4's liquidity risk according to the maturity structure. Bonds and fixed income instruments are stated at fair value, including accrued interest.

Maturity structure, 31/12/2025, Term	< 1 yr	1 < 3 yrs	3 < 5 yrs	5 < 10 yrs	> 10 yrs	Total
Nominal government	2,129	11,453	5,382	18,109	27,475	64,548
Nominal corporate	5,684	-	14,003	31,544	2,562	53,793
Total	7,813	11,453	19,385	49,653	30,036	118,341

Maturity structure, 31/12/2024, Term	<1 yr	1<3 yrs	3<5 yrs	5<10 yrs	>10 yrs	Total
Nominal government	1,334	5,504	8,567	38,185	11,298	64,888
Nominal corporate	11,740	13,449	23,861	5,507	-	54,557
Total	13,074	18,953	32,428	43,692	11,298	119,445

All liabilities have terms of less than one year except for a few credit default swaps, cross currency basis swaps and inflation swaps; see Note 11. However, the combined market value of these contracts is limited, and they have therefore been omitted from the table above.

Note 21. Financial assets and liabilities that are netted on the balance sheet or subject to netting agreements

31/12/2025	Gross amount	Netted amount on balance sheet	Net amount on balance sheet	Amounts not netted on the balance sheet			Other ¹	Total on balance sheet
				Offsetting of financial instruments under agreements	Collateral received/pledged	Net amount after offsetting		
Assets								
Derivative instruments	10,856	-	10,856	6,124	4,631	101	-	10,856
Total	10,856	-	10,856	6,124	4,631	101	-	10,856
Liabilities								
Derivative instruments	6,125	-	6,125	6,124	-	1	-	6,125
Total	6,125	-	6,125	6,124	-	1	-	6,125

The table above shows financial assets and liabilities that are presented net on the balance sheet or that have rights associated with legally binding master agreements for offsetting or similar agreements. Financial assets and liabilities are recognised net on the balance sheet when AP4 has a legal right to net under normal business conditions and in the event of insolvency, and if there is an intention to settle net or sell the asset and settle the liability simultaneously. Financial assets and liabilities that are subject to legally binding master agreements on offsetting or similar agreements that are not presented net on the balance sheet are arrangements that usually come into force in the event of insolvency, but not under normal business conditions or for arrangements in which AP4 does not have the intention to liquidate positions simultaneously.

31/12/2024	Gross amount	Netted amount on balance sheet	Net amount on balance sheet	Amounts not netted on the balance sheet			Other ¹	Total on balance sheet
				Offsetting of financial instruments under agreements	Collateral received/pledged	Net amount after offsetting		
Assets								
Derivative instruments	6,050	-	6,050	5,926	110	14	-	6,050
Total	6,050	-	6,050	5,926	110	14	-	6,050
Liabilities								
Derivative instruments	17,504	-	17,504	5,926	11,315	263	-	17,504
Total	17,504	-	17,504	5,926	11,315	263	-	17,504

1. Other instruments on the balance sheet not subject to agreements that allow offsetting.

Note 22. Events after the balance sheet date

As a result of a legislative amendment to The National Pension Funds (AP Funds) Act, the operations of AP1 will be discontinued whereupon AP1's assets and liabilities will be transferred without charge to AP3 and AP4. The assets will be divided equally between AP3 and AP4 as far as possible.

AP4 has deemed that the financial content of the asset transfers is to be considered a contribution, which means that the transferred assets will be recognised as an increase in fund capital with a corresponding increase in recognised assets. Carrying amounts will be based on the fair value (market value) at the transfer date. The guiding principle for determining the transfer date is the time when the return from the

transferred assets accrues to AP4, i.e. no gain or loss will be recognised in connection with the transfer. This principle applies both to transfers immediately after year-end and to future transfers of segregated assets or liquid proceeds from the segregated management to AP4. This means that assets transferred to AP3 and AP4 after the end of the year, during the initial working days of 2026, due to technical and administrative limitations are nevertheless deemed to have been transferred at the beginning of the 2026 financial year.

The table in this note shows the assets transferred to AP4, both at the beginning of the 2026 financial year and for the period thereafter up to and including the date of publication of this annual report:

Item	Carrying amount 31/12/2025	Adjustment for assets transferred at year-end 2025/26	Adjusted opening balance 2026 (including transferred assets)
Assets			
Equities and participations, listed	337,152	146,564	483,716
Equities and participations, unlisted	105,428	47,092	152,520
Bonds and other fixed income assets	118,078	55,854	173,932
Derivative instruments	10,856	1,956	12,812
Cash and cash equivalents	11,011	3,899	14,910
Other assets	50	-	50
Prepaid expenses and accrued income	1,779	400	2,179
Total assets	584,354	255,765	840,119
Liabilities			
Derivative instruments	6,125	-	6,125
Other liabilities	119	-	119
Prepaid income and accrued expenses	26	-	26
Total liabilities	6,270	-	6,270
Fund capital	578,084	255,765	833,849
Total fund capital	578,084	255,765	833,849
Total Liabilities and Fund Capital	584,354	255,765	840,119

The assets transferred at the beginning of the 2026 financial year, in the amount of SEK 255,765 million, relate primarily to listed equities, fixed income securities, unlisted investments, derivatives, and cash and cash equivalents. After the transfer of assets at the beginning of the 2026 financial year, no further assets have been transferred from AP1 to AP3 and AP4 up to and including the date of publication of this annual report.

Assets remaining in AP1 at the time of publication of this annual report amounted to SEK 8,680 million. These remaining assets will either be transferred gradually to AP4 without charge during 2026 in accordance with the established distribution principle, meaning that 50% will go to each of AP3 and AP4, or will remain in the legal entity of AP1 and be subject to segregated management. AP4 has been tasked with managing the remaining segregated assets in AP1 that cannot, should not or do not have time to be transferred to AP3 and AP4 at year-end. This means that AP4 is responsible for asset management and decides, based on what it considers to be of the greatest benefit to the income pension system, whether assets should be transferred to AP3 and AP4 or whether these assets should be realised and liquid assets transferred instead.

Any surplus remaining after all the assets in AP1 have either been transferred to AP3 and AP4 respectively or sold within the framework of segregated management will be distributed, after deduction of management costs, equally between AP3 and AP4. AP4 shall be liable for costs attributable to AP1 if the funds received from the assets managed separately are insufficient to cover these costs.

The value of these remaining assets shown in this note may therefore be affected by future changes in their market value and the amounts stated above should therefore be regarded rather as an estimate of the amount of future transfers. In addition, the timing of the transfer of these assets is difficult to assess due to contractual and legal restrictions or to other market conditions.

Board of Directors' signatures

Stockholm, 19 February 2026

Our auditors' report was submitted on 19 February 2026

Johan Gyllenhoff
Chair of the Board

Henrik Rättzén
Vice Chair of the Board

Helén Eliasson

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

Peter Nilsson
Authorised Public Accountant
Appointed by the Swedish
government

Monika Elling

Lars Fresker

Per Strömberg

Roine Vestman

Ingrid Werner

Aleksandar Zuza

Niklas Ekvall
CEO

Auditor's Report

For the Fourth Swedish National Pension Fund, corporate identity number 802005-1952

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of the Fourth Swedish National Pension Fund (AP4) for 2025. The Fund's annual accounts are included on pages 40–64 of this document.

In our opinion, the annual accounts have been prepared in accordance with The National Pension Funds (AP Funds) Act and present fairly, in all material respects, the financial position of the Fourth AP Fund as of 31 December 2025 and of its financial performance for the year then ending according to The National Pension Funds (AP Funds) Act. The statutory administration report is consistent with the other parts of the annual accounts. We therefore recommend that the income statement and 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 responsibilities according to these standards are described in more detail in the section Auditor's responsibilities below. We are independent in relation to AP4 according to generally accepted auditing standards in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

Other information than the annual accounts

This document includes other information than the annual accounts. The other information comprises the pages 1–39 and 67–88.

The Board of Directors and the CEO are responsible for the other information.

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

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

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

Responsibilities of the Board of Directors and CEO

It is the Board of Directors and CEO who are responsible for the preparation and fair presentation of the annual accounts in accordance with The National Pension Funds (AP Funds) Act. The Board of Directors and CEO are also responsible for the internal control they deem necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors and CEO are required to assess the Fund's capacity to continue its operations. They disclose, where applicable, conditions that may affect the ability to continue as a going concern and to use the going concern assumption.

However, the going concern assumption does not apply if the Board of Directors and the CEO intend to liquidate the Fund or cease operations or have no realistic alternative to doing so.

Auditor's responsibilities

Our responsibility is to obtain reasonable assurance as to whether the annual accounts and consolidated accounts as a whole are 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 does not comprise a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always identify material misstatements should they exist. Misstatements can arise from fraud or error and are considered to be material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As a part of the audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the entire audit.

In addition, we execute the following activities:

- We identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and execute audit procedures based on, amongst other things, these risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not identifying a material misstatement resulting from fraud is higher than one resulting from error, as fraud can include collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- We obtain understanding of the internal control of the fund 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 controls.
- We evaluate the appropriateness of the accounting principles applied and the reasonability of the accounting estimates and related disclosures made by the Board of Directors and CEO.

- We reach a conclusion on the appropriateness of the Board of Directors' and CEO's application of the going concern basis of accounting in the preparation of the annual accounts. We are also to reach a conclusion, based on the audit evidence obtained, whether any material uncertainty exists related to such events or circumstances which can result in significant doubt as regards 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 our Auditor's Report to the related disclosures in the annual accounts, or if such disclosures are inadequate, we are required to modify our opinion on the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or circumstances may cause the Fund to cease to continue as a going concern.
- We evaluate the overall presentation, structure, and content of the annual accounts, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner providing a true and fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform the Board of significant observations during the audit, including any significant shortcomings that we have identified in internal controls.

Report on other legal and regulatory requirements

Opinion
 In addition to our audit of the annual accounts, we have also audited the inventory of the assets managed by AP4. We have also audited to

determine if there are any criticisms, in general, as regards the Board of Directors' and CEO's management of AP4 for 2025. The audit has shown no grounds for criticism in relation to the inventory of the assets or, in general, the administration.

Basis for opinion

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities according to those standards are described in more detail in the Auditor's responsibilities section below. We are independent in relation to AP4 according to generally accepted auditing standards in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these standards.

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

Responsibilities of the Board of Directors and CEO

It is the Board of Directors and CEO who are responsible for the accounts and for the administration of the Fund's assets according to The National Pension Funds (AP Funds) Act.

The Board of Directors is responsible for the organisation of AP4 and for the administration of the Fund's activities. This includes, amongst other things, the ongoing assessment of the AP4 Fund's financial situation and ensuring that the organisation of AP4 is designed in such a manner that the accounts, funds management and the Fund's activities are, in general, subject to satisfactory controls. The CEO is responsible for the day-to-day administration according to the Board of Directors' guidelines and instructions and for, amongst 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 funds of AP4 are managed in a satisfactory manner.

Auditor's responsibilities

Our responsibility regarding the audit of the administration and, thereby, our opinion on discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance if there is any criticism of the Board of Directors' and CEO's administration of AP4 for the financial year 2025. Reasonable assurance is a high level of assurance but does not comprise a guarantee that an audit executed in accordance with generally accepted auditing standards in Sweden will always identify actions or negligence which can result in criticism.

As a part of an audit according to generally accepted auditing practice in Sweden, we exercise professional judgement and maintain a professional scepticism through the entire audit. The audit of the administration is based primarily on the audit of the accounts.

Any additional audit procedures selected to be executed are based on our professional judgement with the starting point being the risks in the operations and the determined level of materiality. This means that we focus the audit on such measures, areas and circumstances that are significant to the operations, and where non-compliance in such contexts would be of particular importance to AP4's situation. We review and test decisions taken, decision-making documentation, measures implemented and other circumstances relevant to our opinion on the administration.

Stockholm, 19 February 2026

Peter Nilsson
 Authorised Public Accountant
 Appointed by the Swedish
 Government

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



Fund Governance

The Swedish Corporate Governance Code provides guidance for generally accepted practice for listed Swedish companies. The purpose of the Code is to strengthen confidence in listed Swedish companies by promoting positive corporate governance development at these companies.

AP4 supports and promotes corporate governance and reporting in accordance with the Code. AP4 is a member of the Institutional Owners Association (IÄF), which in turn is one of the principals of the Swedish Corporate Governance Board, which is responsible for the Code. This Fund Governance Report is based on those parts of the Code that apply to AP4 as a government agency.

Fund Governance Report

The Fund Governance Report describes AP4's statutory mission, audit and evaluation as well as the work and organisation of the Board of Directors in 2025. The report follows applicable parts of the Swedish Corporate Governance Code ("the Code"), which provides guidance for generally accepted practice for listed Swedish companies. AP4 is a government agency, and the differences between public law and company law are substantial. The Fund Governance Report is therefore limited to the parts of the Code that can be regarded as relevant for AP4. The Fund Governance Report has not been reviewed by AP4's external auditors.

Governance of AP4 – an agency governed by law

AP4 is a government agency whose operations are regulated by The National Pension Funds (AP Funds) Act (Lagen (2000:192) om allmänna pensionfonder (AP-fonder)). The purport of this law is that AP4's capital may only be used by the state to fund income-related retirement pensions, unless the Swedish Parliament decides otherwise. In accordance with The National Pension Funds (AP Funds) Act, the AP Funds each have their own, independent boards of directors, which are responsible for the organisation and administration of the respective Funds' capital. According to this Act, AP4's board and operations may not be steered by government directives nor by business policies or economic policy interests.

On 20 May 2025, the Swedish Parliament decided on certain amendments to The National Pension Funds (AP Funds) Act, which entered into force on 1 January 2026. The changes mean, among other things, that AP1's operations ceased at the end of 2025 and that its assets and liabilities were transferred to AP3 and AP4 in equal shares. After the end of December 2025, certain assets not distributed between AP3 and AP4

will be held by AP1 but managed by AP4 (referred to as segregated management). In addition, confidentiality was introduced concerning the appointment of a CEO, electronic signatures were introduced, competency requirements for boards of directors were specified, and certain temporary changes were made to the investment guidelines as a result of the consolidation. The changes applicable from 1 January 2026 are described in the relevant sections of this Fund Governance Report.

AP4's mission

AP4 shall manage pensions funds in an exemplary way through responsible investments and responsible ownership to provide the greatest possible benefit for the pension system. The goal of exemplary asset management shall be achieved without compromising on the overarching goal of generating a long-term high return.

Investment rules

The investment rules for AP1–AP4 are stipulated in The National Pension Funds (AP Funds) Act. Investments may be made in all market-listed and tradable instruments on the capital market, except for those related to commodities. As of 1 January 2026, this Act refers only to the three AP Funds AP2, AP3 and AP4.

- A minimum of 20% of assets must be invested in fixed income securities with low credit and liquidity risk.
- A maximum of 40% of assets may be exposed to currency risk.
- A maximum of 10% of assets may be exposed to an individual issuer or group of issuers with internal ties.
- The market value of AP4's shares in listed Swedish companies may amount to a maximum of 2% of the total market capitalisation. As of 1 January 2026, this limit has been raised to 3% each for AP3 and AP4.
- A maximum of 10% of votes may be owned in an individual listed company (except for real estate companies in which the share of ownership prior to its listing exceeded 10%).

- A maximum of 40% of assets may consist of illiquid assets. From 1 January 2026 until the end of 2036, this limit is 50% for AP2.
- Illiquid assets may only be owned indirectly via funds, real estate companies or private equity companies (or via co-investments with such funds and private equity companies).
- A maximum of 35% of votes may be owned in an individual private equity company. As of 1 January 2026, this limit is increased to 50%, provided that the AP Funds together own 100%.

Review and evaluation

The AP Funds are reviewed by external auditors. The government adopts the AP Funds' income statements and balance sheets annually. Under assignment by the government, the AP Funds' operations are also evaluated every year. This evaluation is presented in a report that is submitted to the Swedish Parliament.

Audit of operations

AP4's auditors are appointed by the Swedish government. The current assignment is held by Helena Kaiser de Carolis and Peter Nilsson, from PwC. This assignment applies until AP4's income statement and balance sheet for 2025 have been adopted and also includes a specific assignment for PwC to coordinate the audits of the AP Funds. The auditors issue an audit report on their review and an opinion certifying that a sustainability report has been prepared. The auditors report directly to the Board of Directors, in part via a written audit report and in part via an oral presentation. The auditors attend at least one board meeting per year. The auditors report annually to the Ministry of Finance.

An internal audit has been conducted by the procured service provider Advisense, which performs a yearly risk analysis. Based on this, the Board makes decisions on reviews. In 2025, one such internal audit assignment was carried out.

External and internal rules and regulations

AP1–AP4 have jointly prepared accounting and valuation policies which aim to ensure that uniform accounting policies are applied and that their annual reports are thereby comparable. The document is updated on a regular basis and is discussed annually with the external auditors. Since 2012, the AP Funds have a joint policy for remuneration, employee benefits, entertainment and business travel that has been adopted by the respective AP Funds’ boards. This joint, overarching policy is complemented by AP4’s more detailed internal employee and ethics-related policies and guidelines.

As a result of the consolidation of the AP Funds that came into force on 1 January 2026, the AP Funds have jointly developed common guidelines for how the consolidation is to be reported and how information is to be provided in each AP Fund’s annual report.

External and internal rules, regulations and documents that affect governance and operations:

- The National Pension Funds (AP Funds) Act (Lagen (2000:192) om allmänna pensionfonder (AP-fonder)).
- Laws and principles such as the Administrative Procedures Act, the Public Procurement Act, and the Principle on Public Access to Information.
- Views from external auditors.
- The government’s evaluation and report to Riksdagen (Swedish Parliament).
- The Swedish Parliament’s written statement.
- The AP Funds’ joint policies, and joint accounting and valuation policies.
- AP4’s internal policies and rules.
- AP4’s business plan, including the Sustainability Policy and Ownership Policy.
- The Swedish Corporate Governance Code (the Code).

The Board’s responsibilities and duties

The Board of Directors is ultimately responsible for AP4’s organisation and the administration of AP4’s capital. The Board has delegated responsibility for the day-to-day administration to the CEO. The Board is also responsible for hiring and evaluating the CEO, taking positions on overarching strategic issues, ensuring that its decisions are executed, and

checking and following up that the operations and its various risks are managed in a suitable manner.

As a result of the consolidation of the AP Funds that came into force on 1 January 2026, the Board of AP4 is required to perform the tasks incumbent on the Board of AP1. This includes responsibility for the management of the remaining assets of AP1 and the preparation of an annual report for AP1.

Management of conflicts of interest

The Board annually adopts a policy for the management of potential conflicts of interest in AP4’s operations. At each board meeting, the question of whether there would be a conflict of interest with regard to any member and agenda item is also addressed.

Important duties of the Board include adopting the following, among other things:

- Rules of Procedure for its work.
- The CEO’s instructions.
- Policies, rules and guidelines for the operations, personnel (including remuneration principles and terms of employment), financial and operational risks, and ethical guidelines for employees.
- The focus of asset management through set return targets, the Dynamic Normal Portfolio (DNP), and risk mandate for the day-to-day asset management.
- A yearly business plan for AP4, including budget.

Evaluation of the Board’s work

An evaluation of the Board’s work is conducted for each year. All of the board members participate in the evaluation. The result of the evaluation is used as a basis for a discussion within the Board about how its work can be further developed.

The Board’s composition

AP4’s board shall be made up of nine regular directors not counting deputies. The board members are appointed by the government. Of these, two are appointed based on a recommendation from the employer organisations and two are appointed based on a recommendation from the employee unions. The government appoints the Chair of the Board and Vice Chair of the Board from among the board members who were not nominated by the labour market parties. The board members are appointed by the government on the basis of their expertise in promoting fund management. A member of the Board of Directors is appointed for no longer than the period until the income statement and balance sheet are adopted in the third calendar year following the year in which the member was appointed.

The board members on 31 December 2025 were Johan Gyllenhoff (Chair of the Board), Henrik Rättzén (Vice Chair of the Board), Helén Eliasson, Monika Elling, Anders Johansson, Per Strömberg, Roine Vestman, Ingrid Werner and Aleksandar Zuza.

Board meetings in 2025	Remuneration Committee ¹	Audit Committee ¹	Risk Committee ¹	Attendance/ total no. meetings	Fee (SEK 000)
Johan Gyllenhoff, Chair of the Board			x	7/8	211
Henrik Rättzén, Vice Chair of the Board		x	x	8/8	172
Helén Eliasson	x			8/8	111
Monika Elling	x			7/8	111
Anders Johansson	x			8/8	111
Roine Vestman		x		6/8	111
Per Strömberg		x		7/8	111
Ingrid Werner			x	6/8	111
Aleksandar Zuza				8/8	100

¹ Pertains to committee members as per 31 December 2025.

The Government decided on 11 December 2025 to remove Anders Johansson as a member of the Board of Directors as of 1 January 2026 and to appoint Lars Fresker as a member of AP4's Board in his place.

As of 1 January 2026, The National Pension Funds (AP Funds) Act stipulates that the Board of Directors as a whole shall have a high level of competence in asset management and sufficient expertise in the following areas: financial economics, sustainability, illiquid assets, internal governance and control, leadership, macroeconomics, public administration, pension systems and corporate governance.

Biographical information on AP4's board members is provided on page 73.

The Board's committees

At the beginning of 2025, the Board had established three committees — the Remuneration, Audit, and Risk Committees — which conduct drafting work on various matters for the Board.

Remuneration Committee

The Remuneration Committee shall serve as a drafting and advisory body for the Board on remuneration matters concerning the CEO and senior executives. The committee also conducts drafting work on other matters concerning AP4's principles for remuneration and other terms of employment for all employees. The members of the Remuneration Committee as per 31 December 2025 were Helén Eliasson (committee chair), Monika Elling and Anders Johansson.

Audit Committee

The Audit Committee shall serve as a drafting, oversight and advisory body for the Board with respect to AP4's external financial reporting, accounting, the effectiveness of AP4's internal control, external audit, monitoring of AP4's management of operational risks, and compliance. AP4's external auditors attend all meetings of the Audit Committee.

The members of the Audit Committee as per 31 December 2025 were Henrik Rättzén (committee chair), Per Strömberg and Roine Vestman.

Risk Committee

The Risk Committee shall serve as a drafting, oversight and advisory body for the Board with respect to AP4's governance, monitoring, and reporting of financial risks in the operations. The members of the Risk Committee as per 31 December 2025 were Ingrid Werner (committee chair), Johan Gyllenhoff and Henrik Rättzén.

Directors' fees

Directors' fees are set by the government. The full-year fee for 2025 is SEK 200,000 for the Chair of the Board, SEK 150,000 for the Vice Chair of the Board, and SEK 100,000 for each of the other directors. The government has also set a yearly budget of SEK 100,000 for all committee assignments.

Minuted meetings in 2025

During the 2025 financial year, the Board held eight minuted meetings. As shown in the table on page 69, directors' attendance was high, averaging 90%. Attendance at board meetings included, in addition to the board members, the CEO, AP4 executives in a presenting role, and AP4's company secretary who is also a lawyer at AP4.

In focus during 2025

In addition to its continuing work duties, the focus of the Board's work in 2025 was related to the following, among other matters:

- Project to update the Dynamic Normal Portfolio (DNP), which takes place every two years.
- AP4's risk budgeting work.
- Project to implement the new portfolio system.
- Preparations for the consolidation of the AP Funds, which came into effect on 1 January 2026.
- Corporate governance work and the AGM season.
- Sustainability, sustainability reporting and updates on regulatory developments.
- Collaboration between the AP Funds, including the work of the Council on Ethics of the AP Funds.
- A business plan for 2026, including budget.

Risk management at AP4

Well-balanced active risk-taking based on a set level of risk is a central component in AP4's asset management.

Risk management in three steps

To achieve its set return targets, AP4 must take well considered risks in its asset management. Adept risk management is necessary for successful asset management. It must be possible to foresee risks prior to an investment and to subsequently control them. Risk management can be broken down into three steps:

1. Risk governance – risk tolerance framework
2. Continuous risk management
3. Monitoring and control

Step 1. Risk governance – risk tolerance framework

The Board of Directors has overarching responsibility for AP4's operations and adopts an investment policy and risk management plan for AP4's operations every year.

Together with The National Pension Funds (AP Funds) Act (Lagen (2000:192) om allmänna pensionfonder (AP-fonder)), these governing documents provide a framework for AP4's risk tolerance. To manage the various aspects of risk governance, the Board has established a Risk Committee and an Audit Committee with three members each. The Risk Committee serves in an advisory, oversight and drafting role for the Board with respect to AP4's governance, monitoring and reporting of financial risks in the operations. The Audit Committee is tasked with overseeing the external financial reporting and the effectiveness of AP4's internal controls.

Its duties also include overseeing the work on monitoring management of operational risks and monitoring compliance. AP4's risk and investment strategy has been formulated in accordance with the overall objective to generate the highest possible return over time, with low risk of reduced pensions, and thereby contribute to the financial strength of the pension system.

The investment policy describes, among other things, the focus of asset management based on return targets and the Dynamic Normal Portfolio (DNP), which takes its starting point from AP4's ALM (Asset Liability Management) process. In addition, the investment policy describes AP4's risk mandate for ongoing asset management. The risk management plan describes the division of responsibility and authority for investment operations, the principal risks in the operations and how these risks are to be controlled and followed up. The main risks are financial and operational risks. A more detailed description of risks is provided in Note 20.

Step 2. Continuous risk management

AP4's daily risk management and control activities are decentralised to all operating aspects of the organisation and are conducted in accordance with the three lines of defence principle. This principle distinguishes between the functions that own the risks (the first line of defence), functions for monitoring, control and compliance (the second line of defence), and functions for independent review (the third line of defence). AP4's application of the three lines of defence is adapted to what is deemed to be suitable for AP4 and does not fully adhere to regulatory requirements.

Three lines of defence

The first line of defence for risk management and control lies in the direct business operations, which includes every administrative unit in the investment operations as well as business support functions, such as Finance, Back Office and Legal.

The second line of defence consists of the Risk Control function in Risk & Operations, and Compliance. Risk Control and Compliance are units that are independent from the investment operations and report directly to the CEO and Board of Directors.

The third line of defence rests with internal audit. In 2025, the internal auditor was a service provider jointly procured by AP1, AP2 and AP4. Each year the Board decides on the scope and the areas for which internal audit is to be conducted. The internal auditor performs an annual risk analysis and the Board decides on audits on the basis of this analysis.

Financial and operational risks

In the ongoing risk management, risks are broken down into financial and operational risks. Financial risks consist mainly of market, credit and liquidity risks. The CEO delegates the risk mandate received from the Board for financial risks to the various asset management units. The respective asset managers are responsible for risk management within their respective mandates. Risk management within a mandate is conducted through calculated risk-taking, which can have both positive and negative outcomes. AP4's financial risks have their starting point in the Board's decision on the overall asset allocation in the Dynamic Normal Portfolio (DNP) as well as in AP4's risk mandate for ongoing asset management. Through set risk mandates for asset management, the scope for risk-taking in ongoing asset management is limited. As a basis for AP4's ongoing work to optimise risk-taking, risk forecasts are used for the respective asset management areas, instruments, risk factors, and so on.

AP4 uses stress tests and various scenarios to analyse and plan risk-taking. Operational risks in AP4 are to be managed through an established joint-Fund process and methodology. In their day-to-day activities, all managers and employees are to maintain an awareness of risks in the business and their key controls, and act in such a way to ensure that the operations, assets or trust in AP4 among parties in the external operating environment are maintained.

Step 3. Monitoring and control

The Risk & Operations unit is responsible for monitoring AP4's financial and operational risks. This involves checks to ensure compliance in the operations with statutory investment rules, targets and guidelines, the requirements of the risk management plan and the CEO's decisions. The Risk & Operations unit's work includes closely measuring and analysing risk and returns as well as reporting on these daily, both in absolute figures and relative to benchmark indexes, and reporting any breaches of applicable rules or regulations.

Risk & Operations is organised into four different functions: Back Office, IT, Risk & Systems and Risk Control. Of these, the Risk & Systems and Risk Control functions are part of AP4's risk management. The Risk & Systems function is responsible for the valuation principles for all instruments as well as daily analysis, control and reporting of returns,

risks (forecast and outcome), and risk-adjusted returns. The Risk Control function is responsible for monitoring limits based on prevailing rules and control of financial risks. The Risk Control function is also responsible for monitoring operational risks in the investment operations and for ensuring compliance with rules governing operational risks. Operational risks in AP4 are to be managed through an established joint-Fund process and methodology. This process includes process mapping, identification and valuation of risks, and shall be conducted for all identified processes on a regular basis. Key controls shall be in place for all material risks, which as far as possible reduces the likelihood of risks materialising or mitigates the consequences when undesirable events occur. In the gradation of risks, existing key controls shall be quality-assured to ensure they have the desired functionality and are effective. As part of the operational risk management process it is especially important to evaluate change processes and their effects on the operations. Operational risks are evaluated specifically in connection with the implementation of, for example, new suppliers, financial instruments, counterparties, markets, system changes and organisational changes. To minimise operational risks, a clear division of responsibilities and authorities shall be documented in written instructions. Applicable processes and routines shall ensure good internal control and be documented in relevant instructions. The so-called four-eyes principle is applied consistently. The Compliance function reviews the operations with respect to compliance with laws, regulations and other guidelines, policies, instructions and internal rules, including ethical guidelines. Its responsibility includes providing support to the operations on compliance issues and analysing compliance risks in the operations.

Remuneration at AP4

AP4's role as a government agency and manager of Swedish public pension funds requires that remuneration levels for the employees, including the CEO, are reasonable, justifiable and explainable. In general, AP4 strives to ensure that remuneration levels on the whole are in line with the market, without being a salary leader, and enable AP4 to attract and retain talented employees.

AP4’s Board of Directors

AP4’s Board is responsible for addressing remuneration issues in a purposeful, responsible and transparent way. Each year, the Board adopts the principles for remuneration and other terms of employment for AP4’s employees. In addition, the Board conducts an annual follow-up of how these principles have been applied at AP4 during the preceding year, and verifies and certifies that the government’s guidelines on terms of employment for senior executives of the AP Funds have been adhered to. As part of this work, with the support of external consultants, the Board regularly conducts comparisons of AP4’s remuneration levels for both members of the Executive Management and other employees using salary statistics from relevant, comparable employers in the market.

Remuneration Committee

The Remuneration Committee is a committee appointed by the Board of Directors. It serves in an advisory, oversight and drafting role for the Board for remuneration matters concerning the CEO and senior executives of AP4. The Remuneration Committee conducts drafting work for important remuneration decisions in addition to handling other related duties delegated to it by the Board. The committee also conducts drafting work for other matters concerning AP4’s remuneration principles and other terms of employment for all employees, and is responsible for monitoring application of these principles. Finally, the committee conducts drafting work behind the assessment of AP4’s compliance with the government’s guidelines for terms of employment for senior executives of the AP Funds.

The AP Funds’ joint policy

The AP Funds’ joint policy for remuneration principles, employee benefits, entertainment and business travel was formulated jointly by AP1–AP4, AP6 and AP7 in 2012 and has been adopted annually by AP4’s Board. This joint, overarching policy is complemented by AP4’s more detailed internal policies and guidelines, including AP4’s Remuneration Policy. The policies and guidelines are subject to annual review.

AP4’s Remuneration Policy

According to AP4’s Remuneration Policy, an employee’s total remuneration to 31 December 2025 consists of a fixed salary, pension and other benefits.

Salary

Salaries shall be in line with the market and competitive, without being market-leading. Salaries are set on an individual basis and are commensurate with the level of responsibility and degree of difficulty of the work involved, as well as with the competence and capacity required for each employee’s work. AP4 does not apply variable remuneration.

Pension

AP4 applies the so-called BTP plan under applicable collective agreements with Finansarbetsgivarna (formerly BAO – the Employers Organisation of Swedish Banking Institutions) and SACO (the Swedish Confederation of Professional Associations) for all employees except for the CEO. Employees hired after 1 April 2008 with salaries higher than 10 times the Income Base Amount receive Alternative BTP, a defined contribution pension solution whereby pension premiums are paid in an amount corresponding to 30% of the employee’s salary that is higher than 7.5 times the Income Base Amount. For other employees, unless otherwise agreed, a mainly defined benefit retirement pension applies, according to the BTP plan. The CEO is entitled to retirement at 65 years of age and receives pension provisions corresponding to 30% of their salary. The Board of Directors has decided that as of 2025, new employees will follow the so-called BTP1 plan.

Salary exchange/enhanced occupational pension

All employees are entitled to exchange a portion of their gross salary for pension contributions in a way that is cost-neutral for AP4.

Other benefits

The combined value of other benefits is of limited value in relation to employees’ total remuneration. Examples of other benefits include supplementary healthcare insurance, group insurance and a wellness subsidy. AP4 encourages its employees to take advantage of their parental leave benefits and therefore compensates part of the difference between salary and the parental leave benefit. AP4 has five parking spaces that employees could use during the year in exchange for taxation as benefit.

Notice periods and severance pay

A notice period for the end of employment applies in accordance with the rules of the collective agreement between Finansarbetsgivarna (formerly BAO) and SACO for all employees except for the CEO. For the CEO, a mutual notice period of six months applies. In the event AP4 serves notice, the CEO may also be entitled to severance pay of a maximum 18 months’ salary. Upon new employment or for income earned from an own business, the remuneration during the notice period or severance pay is to be reduced by an amount equivalent to the new income.

The Board’s follow-up of salaries in 2025 for all permanent employees

During the year, the Board – with the help of external consultants – commissioned a salary survey based on the guidelines of the Discrimination Act as well as an external market comparison. The salary survey that was conducted from a gender equality perspective showed that there are no significant differences in salary with respect to equal work, work of equal value, or in female-dominant work categories. The external market comparison, where AP4’s salaries were compared with salaries for equivalent positions in the financial sector in Sweden showed that AP4’s salary levels are in line with both AP4’s Remuneration Policy and the government’s guidelines for terms of employment for senior executives of the AP Funds. After consideration of the results of the comparative analysis, the Board was able to conclude that AP4 applies remuneration levels that are within set guidelines and that AP4’s salaries are in line with the going market rate and are reasonable and justifiable without being market-leading. In addition, it was determined that, with respect to senior executives, remuneration is in accordance with the guidelines for terms of employment for senior executives of the AP Funds.

Board of Directors



Johan Gyllenhoff

Chair in 2024, Director since 2023
Born 1962
B.Sc. Econ.

Other assignments: Head of Group Finance Vattenfall. Chair: Vattenfall Eldistribution AB, Försäkringsaktiebolaget Vattenfall Insurance. Director: Kärnavfallsfonden



Henrik Rättzén

Vice Chair in 2024, Director since 2019
Born 1965
B.Sc. Econ.

Other assignments: Senior Advisor. Chair: Alektum, Brandkontoret, Freedom Group, Bumbee Labs. Director: Nordnet, Hedvig, WaterAid



Helén Eliasson

Director since 2020
Born 1971
B.A. Social Care

Other assignments: Member of Regional Executive Board, Vice Chair, County Council of Region Västra Götaland. Director: SKR's board of directors, member of Västra Götaland Regional Assembly



Monika Elling

Director since 2020
Born 1962
B.Sc. Econ.

Other assignments: Chair: Talent Eye AB. Director: Sareq AB



Lars Fresker

Director since 2026
Born 1963
Officer training in the Swedish Armed Forces

Other assignments: Vice Chair: Kåpan Tjänstepension. Director: Hemvist Förvaltning, Kåpan Fastigheter



Per Strömberg

Director since 2022
Born 1968
Ph.D. Carnegie Mellon University, B.Sc. Econ. Stockholm School of Economics

Other assignments: Professor of Finance and Private Equity, Stockholm School of Economics. Vice President, Royal Swedish Academy of Sciences. Director: Nasdaq Clearing AB, Award Committee for the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel



Roine Vestman

Director since 2024
Born 1978
Ph.D. in Economics, New York University, M.Sc., Stockholm School of Economics.

Other assignments: Professor of Economics at Stockholm University, Director of the Centre for Monetary Policy and Financial Stability (CeMoF). Director: Swedish Financial Supervisory Authority, Swedish National Debt Office's Scientific Advisory Council



Ingrid Werner

Director since 2017
Born 1961
Ph.D. Econ., Honorary Doctorate in Economics, Stockholm School of Economics

Other assignments: Chair: Dimensional Mutual Funds and ETFs, Academic Advisory Board for Swedish House of Finance (SHoF). Director: Scientific Council for SFI



Aleksandar Zuza

Director since 2020
Born 1975
M.Sc. Econ.

Other assignments: Research Officer: IF Metall

Executive Management



Niklas Ekvall

CEO
 Born 1963
 Employed since 2016
 Ph.D. Financial Economics and Adjunct Professor of Financial Economics, M.Sc. Industrial Engineering
 Previous positions with Nordea, Carnegie, AP3, Handelsbanken and the Stockholm School of Economics

Other assignments.

Chair: Swedish House of Finance, Stockholm School of Economics.
 Director: Vasakronan AB, Hans Dahlborgs Stiftelse för Bank- och Finansforskning



Jenny Askfelt Ruud

Head of Alternative Investments
 Born 1973
 Employed since 2018
 M.Sc. Econ.
 Previous positions with Enwise, Ratos, McKinsey & Company, Arts Alliance and Morgan Stanley



Tobias Fransson

Head of Sustainability, Finance & Communication
 Born 1968
 Employed since 2003
 M.Sc. Econ.
 Previous positions with ABB, SEB and Capto Financial Consulting



Magdalena Högberg

Head of Allocation, Liquid Markets & Analysis
 Born 1983
 Employed since 2013
 M.Sc. Eng., M.Sc. Econ. and CFA® charterholder, CFA Institute
 Previous positions with VPD and Astando



Jannis Kitsakis

Head of Swedish Equities
 Born 1976
 Employed since 2008
 M.Sc. Econ.
 Previous positions with Handelsbanken



Max Mennfort

Interim General Counsel
 Born 1969
 Consultant since 2025
 LL.B., B. Sc. in Economics
 Previous positions at Vinge, SEB, Marginalen Bank, Euroclear, DBT Capital



Anette Segercrantz

Head of HR
 Born 1963
 Employed since 2025
 B.A. Human Resources
 Previous positions at Storebrand, SPP, AMF, Thomas Cook and own consulting business



Nicklas Wikström

Head of Risk & Operations
 Born 1968
 Employed since 2008
 M.Sc. in Accounting and Financing, CEFA
 Previous position with AFA Insurance



Operational data

AP4's carbon emissions have continued to decrease. Unfortunately, there is no corresponding reduction in emissions globally or for listed companies. Achieving the climate goals requires that the companies that AP4 has ownership in continue to reduce carbon emissions in their own respective operations.

This section contains in-depth and more detailed reporting on portfolio development, stakeholders and risk analyses, as well as key metrics for the focus areas Climate & Environment and Corporate Governance.

Return over time

Returns by asset class over different time horizons

Returns are calculated using the Time-Weighted Rate of Return (TWRR) method.

Returns by asset class are calculated before AP4's internal operating expenses, as these costs are not allocated by asset class. In the case of securities funds that are managed externally, however, the return is recognised after commission expenses in the form of asset management fees and custodian fees and any other administrative costs, which are deducted directly from the value of the fund units. These commission expenses reduce the portfolio value and consequently the return on these external fund investments.

AP4's operative asset management is evaluated against the Dynamic Normal Portfolio (DNP), which is a benchmark portfolio established by the Board of Directors. The DNP is made up of a number of market indexes that are weighted together with set weights for each asset class. The indexes used are standardised and hedged to Swedish kronor. Since 2022, these indexes are adjusted for any sustainability-based exclusions. The asset class Real assets is not measured against a market index, but instead against a real return target of the CPI + 3 percentage points.

Active return is calculated as the difference in returns between the Operative portfolio and the DNP benchmark portfolio.

In connection with decisions on the DNP, a medium-term return target over 10 years is also set. For the years 2018 to 2024 inclusive, this target was a 3% annual real return. For the years prior to this, the target was a 4.5% annual real return. From 2025 onwards, the target is 3.5%.

The return is also compared with the development of the income index. A return that outperforms the income index helps to strengthen the pension system.

Asset class ¹	1 year (2025)	5 years (2021– 2025) ⁷	10 years (2016– 2025) ⁷	Benchmark index ^{8, 9}	Weight in DNP ⁹ , % Benchmark index ⁸
Global equities, % - of which, active return, ² %	17.5 0.2	9.8 -0.8	10.2 0.0	MSCI All Countries	
Swedish equities, % - of which, active return, %	5.6 -7.1	4.8 -4.6	10.9 0.1	SIX-RX	
Defensive equities, ³ % - of which, active return, %	8.3 0.5	- -	- -	MSCI World factor index	
Fixed income ⁴ , % - of which, active return, %	5.2 3.0	0.9 1.6	1.3 0.9	Global fixed income: ICE GDP-weighted, 5-year duration Swedish fixed income: ICE, 4-year duration	
Real assets, ⁵ % - of which, active return, %	4.3 0.1	4.6 -2.9	11.1 5.2	CPI + 3%	
AP4 total portfolio, % - of which, active return, %	6.4 -0.1	6.2 -1.2	8.0 0.3	Dynamic Normal Portfolio (DNP)	
Income index, %	5.7	3.8	3.3		
Medium-term return target ⁶ , %	3.8	7.5	6.3		

- Returns in this table are before operating costs, as costs are not allocated by asset class. AP4's return after total management costs was 6.3% for 2025.
- AP4 is able to use its tax status as a state pension fund, and in 2025 this made a positive contribution of 0.18 percentage points.
- The Defensive equities asset class was introduced in 2022, which is why data is not available for longer time horizons.
- Fixed income assets consist of the two asset classes Global fixed income and Swedish fixed income and are managed as one portfolio.
- Prior to 2018, Real assets consisted only of real estate, and this was measured against the MSCI ACWI.
- The medium-term return target is CPI + 3.5% as of 2025. For the period 2018–2024 the target was CPI + 3%, prior to which it was CPI + 4.5%.
- Pertains to average annual return over the respective time horizon.
- Since 2022, the benchmark indexes are adjusted for sustainability-related exclusions.
- Pertains to 31 December 2025.

Portfolio allocation over time

The tables show how the fund capital was allocated at the end of each year with regard to asset classes, currency exposure and distribution between internal and external asset management. External asset managers and their mandate at the end of 2025 are presented below.

AP4 uses external management where the asset management strategy is difficult to pursue internally or where it is not cost-effective to develop internal management. AP4 allocates capital between internal and external asset management according to what is considered to provide the best net return after costs.

External managers of listed assets

Asset manager	Mandate
AQR	Listed equity strategies
Blackrock	Market-neutral equity, credit and interest rate strategies
Northern Trust	Equities, emerging markets

Asset allocation over time

Asset class, %	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Global equities	35	36	34	31	40	40	39	39	41	40
Swedish equities	15	15	16	16	17	17	16	15	17	18
Defensive equities	7	6	5	5	-	-	-	-	-	-
Global fixed income	18	18	19	21	16	20	21	22	21	23
Swedish fixed income	9	9	9	9	12	11	11	12	12	11
Real assets	16	16	16	18	15	13	13	12	10	9

Currency exposure, %	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total currency exposure	23.1	19.4	21.6	19.3	20.9	21.0	19.8	18.4	18.4	26.9
- of which USD	8.3	8.9	10.0	9.1	12.6	10.1	9.7	8.0	14.2	16.9
- of which EUR	0.5	-0.6	0.6	-1.0	-0.7	1.4	1.4	0.0	0.3	3.1
- of which GBP	0.0	-1.2	-0.1	0.8	0.7	0.9	0.8	1.1	1.0	3.0
- of which JPY	7.3	4.7	4.1	2.3	1.3	1.3	1.0	1.1	1.4	2.1
- of which Other currencies	7.0	7.6	7.0	8.1	7.0	7.3	6.9	8.2	1.5	1.8

For currency exposure, see also Note 20.

Share of externally managed capital

Share of capital, %	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Share of internally managed capital	79	79	79	80	84	86	85	84	83	77
Share of externally managed capital	21	21	21	20	16	14	15	16	17	23

Key metrics HR and direct environmental impact

The tables describe key metrics for AP4's employees and direct environmental impact.

The proportion of women in the Executive Management, excluding the CEO, is 36%. The proportion of women out of the total number of managers, excluding the CEO, is 43%. Employee turnover was for 2024 was 21%. After adjusting for temporary/hourly rate employees, primarily students, employee turnover was 6%.

AP4's most significant sustainability risks and environmental impacts are indirect, through the holdings that form part of AP4's portfolio and the operations these holdings conduct. Consideration of sustainability aspects is therefore an important and integral part of AP4's asset management, as this is expected to contribute to a higher risk-adjusted return in the long term. AP4's direct sustainability risks and environmental impact in its own operations are considerably smaller, as AP4's operations are conducted at a single office in Stockholm with 68 employees. Practising what we preach is an important cultural issue, however. This is why AP4 monitors and reports the direct environmental impact of its own operations.

Key metrics – employees	2025	2024	2023	2022	2021
Number of employees, average	68	67	66	61	62
Of whom, women, %	40	39	37	39	37
Number of persons in Executive Management, average	8	7	7	7	7
Of whom, women, %	36	43	43	43	32
Average age, yrs	46	46	45	47	46
Employee turnover, %	13	21	12	22	14
Sickness-related absence, %	2.6	1.7	3.0	1.1	1.3

AP4's direct environmental impact	2025	2024	2023	2022	2021
Electricity use in own offices, MWh	71	74	77	103	89
District cooling use in own offices, MWh	45	37	33	52	44
Use of heat in own offices, MWh	43	35	35	48	50
Water consumption, m3	434	466	468	443	375
Use of paper, tonnes	0.6	0.6	0.5	0.5	0.1
Ecolabelled paper as share of total paper use, %	100	100	100	100	100
Business travel by air, km 10,000s	48	49	57	34	2
Business travel by air, tonnes CO2e emissions	44	49	56	36	3

AP4's stakeholder dialogues

Stakeholder group/Actors	AP4 is affected/impacts	Examples of dialogues in 2025	Material matters
Those we carry out our mission for			
Principals Swedish Parliament, government, Pensions group	<ul style="list-style-type: none"> AP4 is affected by legislation, board appointments, annual evaluation. AP4 impacts through dialogue, ongoing and annual evaluation, and as a consultative body. 	The government performs an annual evaluation of the AP Funds and submits a report to Parliament. The evaluation is based on the reporting of the AP Funds and an in-depth analysis. The government also appoints the auditor for the AP Funds. Annual reporting and evaluation, meetings with ministers and officials.	Return, exemplary management, reporting, pension system.
General public Current and future pensioners	<ul style="list-style-type: none"> AP4 is affected by the expectation of a high return and exemplary management. AP4 impacts by contributing to a robust pension system and responsible operations. 	Information about AP4's work, both financial and on sustainability, through detailed reporting. External reporting, meetings with representatives, website.	Return, exemplary management, pension system.
Media Swedish and foreign media	<ul style="list-style-type: none"> Affect AP4 by scrutinising operations and examining external information. AP4 impacts through interviews, discussions, ongoing provision of information, press releases, financial reports, website and meetings. 	Press releases, news articles, interviews, social media posts.	Sustainability work, return, the mission and role in the pension system of the AP Funds.
Those we carry out our mission with			
Employees Current and future employees	<ul style="list-style-type: none"> AP4 is affected by the work, commitment and participation of its employees. AP4 impacts by being (and presenting AP4 as) an attractive employer. 	Ongoing dialogue with employees, health and safety dialogue, safety inspections, employee reviews, incident follow-ups, regular employee surveys for continuous improvements in the work environment. Employee survey, performance review, internal and external surveys, website, social media (LinkedIn), talks and attending seminars.	Pay, conditions, working environment, development opportunities, responsible investor.
Portfolio companies and external asset managers Majority-owned companies, unlisted/listed directly owned companies, indirectly owned companies under external management, external asset managers	<ul style="list-style-type: none"> AP4 is affected by these contributing to the Fund's return target and sustainability goals. AP4 impacts through dialogue and active ownership. 	Sustainability matters are discussed with portfolio companies and asset managers as part of ongoing investment operations. Meetings, networks, evaluations, voting at general meetings, work on nomination committees, follow-up meetings with external asset managers.	Return, sustainability goals, strategies, corporate governance.
Financial sector Financial service providers, counterparties, collaborations	<ul style="list-style-type: none"> AP4 is affected through services and collaboration. AP4 impacts by specifying requirements. AP4 impacts through engagement. 	Networks with Swedish and international industry colleagues to examine common issues and exchange expertise, e.g. Council on Ethics, TPI and PRI. Regular dialogue.	Return, holdings, strategies, exemplary management, research.
Suppliers Offices, administration, IT services	<ul style="list-style-type: none"> AP4 is affected by the price and quality of goods and services. AP4 impacts by specifying requirements in procurement. 	Information from suppliers is used in AP4's sustainability reporting. Meetings, agreements and follow-up.	Contract terms, quality, sustainability.
Those affected by our investments			
Civil society and nature	<ul style="list-style-type: none"> AP4 is affected by these drawing the Fund's attention to challenges and opportunities. AP4 is affected by scientific facts. AP4 impacts through dialogue and in investments with the companies. 	Dialogue with organisations and experts with knowledge of the issues and local conditions, such as TPI, FAIRR and ChemSec. The Council on Ethics of the AP Funds invites interest groups to an annual meeting on the presentation of its report. At this meeting, the Council on Ethics provides information about its work and engages in dialogue with stakeholders. Meetings with organisations, media, website, external reporting such as the annual report.	Sustainability work, reporting, positions, research, new insights.

Risks in the portfolio

AP4's investment process includes identifying and managing macroeconomic, financial and sustainability-related risks and opportunities that could affect the portfolio's long-term performance.

On top of these risks are also risks associated with AP4's internal operations in the form of operational risks (e.g. personnel risks, systemic risks and process risks) as well as other business risks (such as reputational risks). Management of these is described on pages 15–16 and 58–61, as well as in the Fund Governance Report on pages 68–72.

Risk areas

	The pension system's long-term needs and structural socioeconomic factors	Medium-term economic performance and financial markets
Identification	Identifies long-term risks for the pension system over a 40-year period: <ul style="list-style-type: none"> • Demographic development • Labour market development • Long-term return expectations on financial markets • The work takes the form of an ALM analysis. 	Identifies risks from a ten-year perspective with a focus on the 5–15 year time span, which enables the analysis of more detailed cyclical events concerning: <ul style="list-style-type: none"> • Macroeconomic scenarios • The financial markets' valuation levels • Climate transition
Governance	Every three years, AP4 conducts an ALM (Asset Liability Management) analysis, where the work is continuously reported to the Board, and where the following are determined: <ul style="list-style-type: none"> • Long-term return targets. • Decisions on the risk scope are expressed in terms of a range for the proportion of equities, currency exposure and the fixed income portfolio's average duration. 	Every two years, AP4 conducts an in-depth analysis of the medium-term economic performance and financial markets. Based on risks and opportunities, the Board then decides annually on: <ul style="list-style-type: none"> • The Dynamic Normal Portfolio (DNP), a benchmark portfolio comprising several weighted market indices or return targets
Management	AP4 conducts a business environment analysis with various scenarios that affect the preconditions for the pension system. AP4 works according to the Swedish Pensions Agency's forecasts combined with own stress tests of the labour market, demographics and return expectations.	Scenarios for the macroeconomic development, including the climate transition's possible impacts on these scenarios, interest rate movements and equity valuations, are presented to the Board of Directors.
Targets	Striving for the combination of return targets and risk level that is best-suited for the pension system in the short- and long-term.	<ul style="list-style-type: none"> • The medium-term real return target was 3.0% for the years 2018–2024. From 2025 onwards, the target is 3.5%. • Active return target of 1 percentage point. • Active risk scope of 5 percentage points.
Net result	As a reflection of the pension system's current strength combined with the prevailing market situation with low expected returns and with maintained generation neutrality, the long-term real return target was lowered in 2018 from 4.5% to 4.0% and as of 2021 to 3.5%.	<ul style="list-style-type: none"> • AP4's asset management is evaluated over different time horizons: • Total return has been evaluated since the start in 2001. AP4's total return for the period 2001–2025 has averaged 6.5% per year, compared with the long-term return target, which averaged 6.0%. • Active return in excess of the DNP is measured over a rolling 5-year period and averaged -1.2 percentage points per year during the period 2021–2025, compared with the target of 1.0 percentage points per year.

Risk areas

	Climate risks, climate transition and other environmental risks	Human rights and social conditions	Corruption
Identification	<ul style="list-style-type: none"> Climate change and the climate transition are systemic risks with global impacts on society, economies and expected returns. Climate risks consist of physical risks (including temporary risks such as extreme weather and flooding as well as permanent risks such as rising sea levels) and transition risks. Risks such as changes in tax rules, sector requirements and demand may lead to poorer competitiveness for certain companies and sectors, and lead to higher costs in the form of taxes, insurance premiums and continuous investments. 	<ul style="list-style-type: none"> AP4 has a broad global portfolio of over 1,200 companies, aimed at generating a high risk-adjusted return while at the same time being cost-effective. Some of these companies are domiciled or conduct operations in countries where the handling of human rights and other social conditions does not align with the international conventions that Sweden has ratified. This poses a risk for human rights violations and other negative social conditions in companies in which AP4 is invested. 	<ul style="list-style-type: none"> Corruption is a global problem that exists in many countries and industries. It is harmful and costly for society, it skews sound competition and undermines asset values as well as people's trust in political and economic systems. Various forms of corruption constitute commonly prevalent sustainability risks for many companies. With broad equities exposure, corruption is a threat to the portfolio's long-term return.
Governance	<ul style="list-style-type: none"> The Board of Directors has addressed the significance of this by establishing Climate & Environment as one of two focus areas in asset management. Corporate Governance is the other focus area, which stipulates that AP4 shall work as an active and engaged owner to contribute to the portfolio companies' work on managing climate and environmental risks. It is also one of the focus areas for the Council on Ethics. 	<ul style="list-style-type: none"> AP4, together with AP1–AP3, has formed the Council on Ethics of the AP Funds, which is responsible for systematic business intelligence monitoring of over 3,000 companies and regularly analyses the portfolio to identify any violations of human rights or other conventions. The Council on Ethics also works proactively in projects to promote compliance with human rights and improvements in social conditions. 	<ul style="list-style-type: none"> AP4, together with AP1–AP3, has formed the Council on Ethics of the AP Funds, which is responsible for systematic business intelligence monitoring of over 3,000 companies and regularly analyses the portfolio to identify any cases of corruption.
Management	<ul style="list-style-type: none"> AP4 mitigates risk through optimisation strategies where company weightings in the respective sectors are adjusted based on the companies' carbon intensity. In climate-intensive sectors, fundamental company selection is made so that holdings are concentrated in companies that not only have strong business models but are also at the forefront of the transition to climate-neutral operations. AP4 makes thematic investments that contribute to and benefit from the climate transition. AP4 is an active owner and engages companies in dialogue, internationally through the Council on Ethics or other collaboration bodies for investors. 	<ul style="list-style-type: none"> In the event of a confirmed violation of an international convention by an individual company, the Council on Ethics can decide to engage the company in a dialogue to bring about a positive change. If the dialogue does not lead to the desired result, the Council on Ethics may recommend that the AP Funds exclude the company from their portfolios. AP4 is conducting a project within its asset management aimed at proactively mapping the risk scenario for various industries and countries regarding human rights. 	<ul style="list-style-type: none"> The Council on Ethics conducts reactive dialogues with companies in cases of confirmed corruption as well as proactive projects aimed at countering corruption in industries and countries where it is a pervasive problem. AP4 makes demands for transparency and discusses with companies how, for example, policies, guidelines and routines for preventing corruption are designed and how follow-up is conducted. Tools that can reduce and prevent corruption include greater transparency, whistleblower functions and improved monitoring of companies' internal rules. AP4 eagerly cooperates with other investors in this work and votes in line with this work at company shareholder meetings.
Targets	<ul style="list-style-type: none"> AP4 supports the Paris Agreement and is striving to reduce the portfolio's carbon footprint in line with the Paris Agreement's goal to limit temperature change. AP4 aims to halve emissions from its portfolio by 2030, measured from 2020, in order to have net zero emissions by 2040 at the latest. 	<ul style="list-style-type: none"> AP4 is working to increase knowledge in its asset management about the risk of human rights violations and to identify these risks. Through the Council on Ethics' work, AP4 aims to identify serious incidents and human rights violations in the portfolio companies and to work to ensure that the companies remedy these and work preventively to stop new incidents from occurring. Through its proactive work, the Council on Ethics strives to support companies in their work with social challenges and thereby prevent serious incidents. 	<ul style="list-style-type: none"> AP4 is working to increase knowledge in its asset management about the risk of corruption and to proactively identify these risks. Through the Council on Ethics' work, AP4 aims to identify serious incidents of corruption in the portfolio companies and to work to ensure that the companies remedy these and work preventively to stop corruption. Through its proactive work, the Council on Ethics strives to support the companies in their work with combating corruption.
Results	<ul style="list-style-type: none"> Since 2010, the portfolio's carbon emissions have decreased by 72%. AP4's equity portfolio has carbon emissions that are 61% lower than a broad global equities index (MSCI ACWI). Based on its screening of the portfolio, the Council on Ethics registered 55 confirmed cases or cases with a risk of violations during 2025. At year-end, the Council on Ethics conducted 35 reactive company dialogues, with environmental issues the focus for 15% of these. 	<ul style="list-style-type: none"> Based on its screening of the portfolio, the Council on Ethics registered 55 confirmed cases or cases with a risk of violations during 2025. At year-end, the Council on Ethics conducted 35 reactive company dialogues, with social aspects including human rights and labour the focus for 64% of these. 	<ul style="list-style-type: none"> Based on its screening of the portfolio, the Council on Ethics registered 55 confirmed cases or cases with a risk of violations during 2025. At year-end, the Council on Ethics conducted 35 reactive company dialogues, with corporate governance including business ethics and corruption the focus for 21% of these.

Description of sustainability risks

AP4’s mission and long-term investment perspective require it to identify risks and opportunities relating to sustainability matters. AP4 most recently conducted an analysis in 2023 of sustainability risks in the portfolio based on the EU’s CSRD regulations and the two perspectives of impact materiality (how the portfolio affects the outside world) and financial materiality (how the outside world affects the portfolio’s financial position). The risks identified on the basis of the ESRS are presented in the table. The biggest risks from both perspectives were considered to be climate, biodiversity, workers in the value chain (human rights) and business conduct (corruption).

Climate risks

Today AP4’s largest sustainability risks lie in climate changes and the transition that is needed to address these. A reduced climate impact is a precondition for stable and foreseeable economic development and thereby also for AP4’s opportunities to succeed with its mission. In the transition to a society that uses fossil fuels to a lesser extent, emitting greenhouse gases will be increasingly more costly. This means that companies that cause large emissions will be valued and priced differently compared with today. This is why climate risks must be taken into account in AP4’s long-term assessments of entire sectors and individual companies.

AP4 has identified a number of themes that are material to the climate transition. AP4 identifies and invests in such companies that can contribute to – and benefit from – the ongoing climate transition, something that over time will create significant opportunities for the portfolio’s performance.

The decision that AP4 shall not have ownership in certain fossil-based companies as well as the decision to invest in accordance with low-carbon strategies are together contributing to a reduction in the portfolio’s total carbon footprint. These decisions are also reducing AP4’s exposure to short-term market risks as well as more long-term risks related to the transition.

Human rights

Shortcomings in and violations of human rights occur in many different industries, especially those with long supply chains that are hard to oversee. Shortcomings and violations also occur in countries with weak legal systems. It is thus a sustainability risk when AP4 has ownership in a company domiciled in a country with weak laws. The same applies when companies from countries with strong laws, such as Sweden, operate in such countries.

The United Nations Guiding Principles on Business and Human Rights (UNGP) is the UN’s framework for how both states and companies are to act to avoid and prevent negative impacts or violations of human rights. Under the UNGP, companies are to adopt processes to identify and remedy negative impacts or human rights violations. In this area, AP4 works both through the Council on Ethics of the AP Funds and together with other investors and stakeholders to influence companies so that they address violations and prevent future negative impacts.

Corruption

Corruption is a global problem that also exists in many industries and countries. Corruption costs society large amounts of money, destroys the conditions for sound competition and undermines citizens’ trust in political and economic systems. Corruption is a pervasive sustainability risk for many companies and thus also for AP4, which invests in listed companies all over the world.

Preventing and combating corruption is an important sustainability matter, which is why the question of how anticorruption work is handled at the companies is almost always included in the proactive dialogues that AP4 – through the Council on Ethics – conducts with the portfolio companies. The shared goal of the Council on Ethics’ dialogues and of AP4’s work against corruption, where AP4 votes at shareholder general meetings and supports global initiatives, is that the portfolio companies will strengthen their anticorruption work. In these dialogues AP4 discusses with the portfolio companies how the policies, guidelines and routines that are aimed at preventing corruption are designed and how they are followed up. These include tools that can reduce or prevent corruption, such as increased transparency, implementation of whistleblower functions and improved follow-up of internal rules.

Sustainability areas according to the ESRS	Impact materiality: Risk of impact of AP4’s investment portfolio on the external environment	Financial materiality: Risk of external impact on AP4’s investment portfolio
Climate change	●	●
Emissions	●	●
Water and marine resources	●	●
Biodiversity and ecosystems	●	●
Circular economy	●	●
Own workforce	●	●
Workers in the value chain	●	●
Impact on communities	●	●
Consumers and end-users	●	●
Business conduct	●	●

Assessed as higher risk
 Assessed as medium risk
 Assessed as lower risk

Voting data

Voting on individual issues at general meetings of Swedish companies in 2025

AP4 voted in advance of the annual general meetings of 121 Swedish companies in 2025. Many of the matters that were addressed ahead of and at Swedish companies' annual general meetings in 2025 involved remuneration, capital structure and board work. AP4 wants to see remuneration programmes that have clear, relevant performance requirements.

Issue ¹	Board recommendations			Shareholder proposals		
	Number	AP4 for	AP4 against	Number	AP4 for	AP4 against
Directors	-	-	-	-	100%	0%
Incentive programmes						
- of which, for employees	75	95%	5%	-	-	-
- of which, for directors	-	-	-	2	0%	100%
Adoption of financial statements, election of auditor, etc. ²	-	100%	0%	-	-	-
Capital structure, organisation, acquisitions	171	96%	4%	-	-	-
- of which, new issues without preferential rights	100	89%	11%	-	-	-
Environment and health	-	-	-	2	0%	100%
Social and human rights	-	-	-	-	-	-
Other	-	-	-	2	0%	100%

- The table above shows how AP4 voted at the meetings, broken down by type of issue and proposals submitted to the meeting by the board of directors or individual shareholders.
- The large number of individual resolution points in this category consist of formal issues such as election of a chair to preside over the general meeting, appointment of persons to sign and check the minutes, drawing up and approval of voting registers, approval of the agenda and determination of whether the general meeting has been duly convened. In the event of postal voting, the question of persons to sign and check the minutes may be omitted. Proposals for auditors are submitted by the nomination committee.

Voting on individual issues at general meetings of foreign companies in 2025

AP4 voted at the general meetings of 1,213 foreign companies in 2025. When AP4 votes at the general meetings of foreign companies, its focus is on issues related to transparent reporting and satisfactory handling of issues that pertain to climate matters, the environment, social aspects and corporate governance. In foreign companies, AP4 votes, for example, in favour of proposals that protect the rights of small shareholders, the opportunity for shareholders to submit proposals at general meetings and to convene

extraordinary general meetings, for greater diversity on company boards, that the CEO and chair of the board are not the same person, and that the auditor's mandate is for no longer than 10 years. AP4 supports proposals that are designed to ensure the companies do good work and have transparent reporting on sustainability. Read more about voting at the general meetings of foreign companies and in-depth information about the table below on pages 36–37.

Issue ¹	Board recommendations			Shareholder proposals		
	Number	AP4 for	AP4 against	Number	AP4 for	AP4 against
Directors	10,249	89%	9%	107	59%	41%
Incentive programmes	2,174	62%	28%	48	58%	42%
Adoption of financial statements, election of auditor, etc.	2,672	78%	21%	96	35%	65%
Protection against takeover	147	47%	53%	0	-	-
Capital structure, organisation, acquisitions	1,259	59%	41%	2	100%	0%
Environment and health	13	54%	46%	97	88%	12%
Corporate governance	0	-	-	72	72%	28%
Social and human rights	117	100%	0%	179	64%	36%

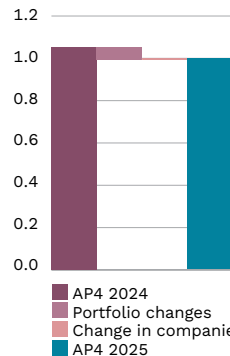
- The table above shows how AP4 voted at the meetings, broken down by type of issue and proposals submitted to the meeting by the board of directors or individual shareholders. In cases where the number of votes does not sum up to 100%, this is because AP4 chose to abstain from voting.

Carbon footprint

AP4 measures and reports GHG emissions (CO₂e) in accordance with common guidelines established for the AP Funds. These guidelines pertain to listed equities, which made up 59% of AP4's portfolio at the end of 2025. From 2023 onwards, the AP Funds supplemented its reporting to also include the portfolio companies' indirect emissions in the value chain (Scope 3) and to base the measurement of emissions on the share of total company value (Enterprise Value Including Cash – EVIC). Allocating emissions relative to EVIC means that creditors are also allocated their share of each company's emissions.

In addition to listed equities, AP4 also reports emissions for unlisted real estate and infrastructure, government bonds and for liquid credits. These are reported on the following page.

Change in CO₂e emissions 2025, MtCO₂e



The portfolio's emissions decreased by 6% in 2025. Of the emissions reduction in 2024, 6 percentage points were attributable to the fact that AP4 has reduced the portfolio's carbon emissions through portfolio changes and 0 percentage points to the reduced emissions of the companies.

Carbon footprint of the listed equity portfolio

Metrics	Metrics based on EVIC ⁵		Metrics based on share of ownership ⁵						
	2025	2024	2025	2024	2023	2022	2021	2015	2010
Carbon emissions, Scope 1 & 2 (millions tCO ₂ e) ¹	0.73	0.66	1.00	1.05	1.23	1.38	1.42	2.45	3.52
Change in portfolio's carbon emissions Scope 1 & 2 compared with preceding year, %	11%	-22%	-6%	-15%	-11%	-3%	-23%	-13%	-
- of which, due to changes in portfolio holdings, %-pts	-8%	-19%	-6%	-11%	-9%	-5%	-18%	-	-
- of which, due to changes in companies' emissions, %-pts	19%	-3%	0%	-4%	-2%	3%	-5%	-	-
Carbon emissions, Scope 3, millions tCO ₂ e	8.78	7.3	13.80	11.8	11.4	-	-	-	-
Relative carbon emissions, Scope 1 & 2, tCO ₂ e/SEKm ²	2.14	2.0	2.92	3.2	4.4	5.3	4.2	14.0	-
Portfolio-weighted carbon intensity, Scope 1 & 2 (WACI), tCO ₂ e/SEKm ³	4.58	4.5	4.58	4.4	5.3	6.3	6.8	-	-
Change in portfolio's carbon intensity (WACI) compared with preceding year, %	2%	-16%	4%	-16%	-16%	-7%	-23%	-	-
- of which, due to changes in portfolio holdings, %-pts	13%	-6%	16%	-6%	-6%	5%	-21%	-	-
- of which, due to changes in companies' emissions, %-pts	-12%	-10%	-12%	-10%	-10%	-13%	-1%	-	-
Identified market value as share of total fund capital, %	59%	61%	59%	61%	57%	56%	64%	56%	-
Identified market value as share of total equities, %	100%	100%	100%	100%	100%	100%	100%	100%	-
Share of market value for which reported emissions data is available for Scope 1 & 2 ¹ , %	93%	88%	93%	88%	84%	78%	72%	-	-

- Sum of owned portion of portfolio companies' respective carbon emissions.
- Sum of owned portion of portfolio companies' respective carbon emissions in relation to the portfolio's market value.
- Sum of the portfolio companies' respective carbon intensity, i.e. a company's carbon emissions relative to its sales, weighted based on the respective company's share of the portfolio.
- For the remainder of the portfolio, emissions data is estimated.
- From 2023 onwards, CO₂ emissions are reported based partly on the total value of the companies (EVIC) and partly on the share of ownership in the companies.
- In the 2023 annual report, Scope 3 only covered the emissions of subcontractors, referred to as "upstream Scope 3". From the 2024 annual report onwards it also includes the use of the companies' products, referred to as "downstream Scope 3".

Carbon footprint of listed equities

In 2025, the listed equity portfolio's CO2e emissions measured as Scope 1 and 2 were reduced by 6%. Since 2010, these emissions have decreased by a total of 72%, which is helping to reduce climate risk in the portfolio.

Carbon footprint of unlisted real estate

Since 2019, AP4 measures and reports the CO2e emissions for unlisted real estate investments. In these companies, AP4 is typically a significant investor with a sizeable share of ownership and opportunities to influence. Since 2020, there has been ongoing dialogue with the companies on their respective climate strategies and climate risks as well as on their work to further reduce their CO2e emissions going forward, which is followed up with a one- to two-year frequency. Both Vasakronan and Rikshem, AP4's two largest real estate holdings, have set targets to be climate-neutral in their own operations by 2030.

Carbon footprint of liquid credits

Since 2023, AP4 measures and reports the CO2e emissions for the liquid credit portfolio. This reporting is based on the AP Funds' updated guidelines for CO2e reporting, which, as for listed assets, is based on a company's emissions being distributed across the entire capital structure (Enterprise Value Including Cash – EVIC), both across equities and the companies' debt financing.

Carbon footprint of government bonds

Since 2024, AP4 measures and reports the CO2e emissions for holdings of government bonds. This reporting comes under Scope 1.

Carbon footprint of the unlisted real estate portfolio

Metrics	2025	2024	2023	2022	2021	2020
Carbon emissions, Scope 1 & 2, millions tCO2e ¹	0.013	0.014	0.015	0.018	0.019	0.019
Carbon emissions, Scope 3, millions tCO2e	0.11	0.18	0.26	-	-	-
Relative carbon emissions, Scope 1 & 2, tCO2e/SEKm ²	0.26	0.29	0.28	0.4	0.5	0.5
Portfolio-weighted carbon intensity, Scope 1 & 2 (WACI), tCO2e/SEKm ²	2.1	2.4	2.7	3.2	3.7	4.3
Identified market value as share of total fund capital, %	8%	9%	9%	11%	9%	9%
Identified market value as share of unlisted real estate, %	100	100	100%	100%	100%	100%
Share of market value for which reported emissions data is available for Scope 1 & 2 ⁵ , %	98%	97%	95%	96%	97%	97%

Carbon footprint of the liquid credit portfolio

Metrics	2025	2024
Carbon emissions, Scope 1 & 2, millions tCO2e ¹	0.032	0.040
Carbon emissions, Scope 3, millions tCO2e	0.422	0.42
Relative carbon emissions, Scope 1 & 2, tCO2e/SEKm ²	1.592	1.9
Portfolio-weighted carbon intensity, Scope 1 & 2 (WACI), tCO2e/SEKm ²	2.24	3.3
Identified market value as share of total fund capital, %	4%	4%
Identified market value as share of credits, %	100%	100%
Share of market value for which reported emissions data is available for Scope 1 & 2 ⁵ , %	-	80%

Carbon footprint of government bonds

Metrics	2025	2024
Carbon emissions, Scope 1, millions tCO2e ¹	1.37	1.17
Relative carbon emissions, Scope 1, tCO2e/SEKm ²	21.4	18.2
Portfolio-weighted carbon intensity, Scope 1 (WACI), tCO2e/SEKm ²	21.3	16.7
Identified market value as share of total fund capital, %	11%	12%
Identified market value as share of government bonds, %	100%	100%
Share of market value for which reported emissions data is available for Scope 1, %	100%	100%

- Sum of owned portion of portfolio companies' respective carbon emissions.
- Sum of owned portion of portfolio companies' respective carbon emissions in relation to the portfolio's market value.
- Sum of the portfolio companies' respective carbon intensity, i.e. a company's carbon emissions relative to its sales, weighted based on the respective company's share of the portfolio.
- For the remainder of the portfolio, emissions data is estimated.
- CO2e emissions for unlisted investments are reported based on the share of ownership in the companies. For liquid credits, CO2e emissions are reported based on the total value of the companies (EVIC). For government bonds, this refers to Scope 1.

TCFD tables

A central part of the TCFD's recommendations entails evaluating and reporting climate-related risks. These are reported in accordance with the proposed structure in table A1 below. The table includes examples of risks that companies must take into account and manage in their operations and in investment analyses, and how it is believed that the risks may affect investments in companies, sectors and geographic markets. The risks are assessed with an investment horizon of up to ten years.

Adapted TCFD table A1 with examples of climate-related risks

Climate-related risks	Potential financial impact	AP4
Regulatory risks		
<ul style="list-style-type: none"> Higher pricing of GHG emissions Greater demands on climate reporting Increased regulations governing products and services Greater exposure to lawsuits 	<ul style="list-style-type: none"> Higher operating expenses (e.g. costs for compliance, insurance premiums) Depreciation, impairment losses and early phase-out of existing assets due to regulatory changes Higher costs and/or lower demand for products and services as a result of fines and rulings Reputational risk that affects demand and pricing 	<p>Since 2012, AP4 has been investing in a way that reduces climate risk in the portfolio. This is done by applying quantitatively managed low-carbon strategies in the equity portfolio, which reduces exposure to companies with high carbon intensity and whose goals and plans are not considered to be aligned with the Paris Agreement and have a limited ability to manage higher carbon pricing. This pertains above all to companies with considerable operations in thermal coal and oil sands, which AP4 divested in 2018. Moreover, in the resource-intensive energy, utilities, commodities and transport sectors, AP4 exercises fundamental company selection, which enables it to identify companies that are expected to be affected by higher regulatory risks. Together, these portfolio changes have reduced AP4's carbon footprint to a level that is 41% of that of a broad global equities index. In the credit portfolio, too, exposure is being reduced to companies that are not considered to be aligned with the ongoing climate transition for achieving the goals of the Paris Agreement.</p>
Technical risks		
<ul style="list-style-type: none"> Substitution of current products and services with alternatives with lower carbon emissions Unsuccessful investments in new technology Costs for transition to low-carbon technologies 	<ul style="list-style-type: none"> Depreciation and early phase-out of existing assets Lower demand for products and services Costs for research and development of new and alternative technologies Investments in technical development Costs for adapting/using new methods and processes 	<p>AP4 has a long-term investment horizon, which favours opportunities to include technical risks associated with the climate transition in its investment assessments. This is done in AP4's thematic sustainability analysis, which seeks to identify sustainability trends along with their strengths and time perspectives with the aims of gaining an understanding of which value chains will be affected, identifying winners and losers, and by extension finding investable themes for AP4's operative management. Technical risks are also mitigated through the low-carbon strategies described under regulatory risks above.</p>

TRANSITION RISKS

Climate-related risks	Potential financial impact	AP4
Market risks		
<ul style="list-style-type: none"> Changes in customers' preferences Uncertainty in market signals Rising costs for commodities 	<ul style="list-style-type: none"> Decreasing demand for products and services due to changed customer preferences Rising production costs due to changed commodity prices and requirements for waste management Sudden and unexpected changes in energy costs Changed revenue mix, leading to lower revenue Changed pricing of assets (e.g. fossil fuel reserves, land and securities) 	<p>Market risks are managed through the thematic analysis that is described for technical risks above and through the low-carbon strategies described under regulatory risks above. In addition, in selected resource-intensive sectors, fundamental selection is exercised, such as in the commodities sector.</p>
Reputational risks		
<ul style="list-style-type: none"> Changed consumption preferences Stigmatisation of sectors Greater concern among stakeholders or negative feedback from stakeholders Greater exposure to lawsuits 	<ul style="list-style-type: none"> Lower revenues due to lower demand for products/services Lower revenues due to reduced production capacity (e.g. permitting delays, supply chain disruptions) Lower revenues due to negative impact on, for example, the ability to attract and retain employees Reduced access to capital 	<p>AP4 believes that over time companies cannot be successful and generate a stable return for their owners unless sustainability aspects are given adequate and prioritised attention by their respective boards and managements. Brand risk is therefore a significant sustainability risk that is naturally integrated in AP4's investment analyses and processes.</p>
Acute risks		
<ul style="list-style-type: none"> Serious, extreme weather events such as hurricanes and floods 	<ul style="list-style-type: none"> Lower revenues due to reduced production capacity (e.g. transport and supply chain disruptions) Lower revenues and higher costs due to negative impact on employees (e.g. health, safety, absenteeism) 	<p>Based on studies of current research, AP4 has determined that there is a negative connection between climate change and growth, especially for individual areas, but also at an aggregated level. It is estimated that half of the impact on growth from climate change could be alleviated through adaptation measures. The connection between changed precipitation volumes and growth is more apparent in more arid countries. Extreme weather and natural disasters have a negative impact on the population in vulnerable regions, but the impacts on growth can be positive as well as negative. The economic impacts of rising sea levels are negative. However, the causal connections are so numerous and uncertain that it is hard to say anything more specific concerning the growth and return potential, or for that matter to use insights for concrete reallocations in the portfolio at present. Physical climate risks are also included in the climate scenario analysis, and the assessment is that the most apparent risk is stagflation due to negative supply shock.</p>
Long-term risks		
<ul style="list-style-type: none"> Changes in precipitation patterns and extreme variations in weather patterns Rising average temperature Rising sea levels 	<ul style="list-style-type: none"> Higher capital costs (e.g. damage to production plants) Lower revenues due to lower sales/production Rising insurance premiums and risk of reduced access to insurance of assets in high-risk areas 	

TRANSITION RISKS

PHYSICAL RISKS

A central part of the TCFD’s recommendations entails evaluating and reporting climate-related opportunities. These are reported in accordance with the proposed structure in table A2 below. The table includes examples of opportunities that companies are to take into account in their operations. In its investment analyses, AP4 takes into account how such opportunities are handled and how it is believed they may affect investments in companies, sectors and geographic markets. The assessment is made with an investment horizon of up to ten years.

Adapted TCFD table A2 with examples of climate-related opportunities

Climate-related opportunities	Potential financial impact	AP4	Climate-related opportunities	Potential financial impact	AP4
Resource efficiency			Products and services		
<ul style="list-style-type: none"> • Use of more efficient modes of transport • Use of more efficient production and distribution processes • Reuse • Relocation to more energy-efficient buildings • Reduced water use and water consumption 	<ul style="list-style-type: none"> • Lower operating expenses (e.g. through efficiency gains and cost reductions) • Increased production capacity, which leads to higher revenues • Growth in value of fixed assets (e.g. energy-efficient buildings) • Benefits for employees (e.g. improved work environment with respect to health and safety, more satisfied employees), which leads to lower costs 	<p>AP4’s analysis of sustainability themes has identified broad areas. Based on the thematic analysis, AP4 has made investments in unlisted assets in the area of resource efficiency. In listed companies globally, within the energy sector AP4 has focused its investments on companies that are on track to becoming integrated energy companies with a growing share of investments in renewable energy. With respect to utilities, focus is on producers of renewable energy, electricity distribution companies, which are benefiting from electrification, and hydropower companies, which have low carbon emissions. Key themes for the companies in which AP4 continues to invest in the commodities sector are recycling, production of materials that are replacing carbon-intensive materials, and forest-owning companies. In the transport sector, focus is on rail operators, logistics companies and shipping companies.</p>	<ul style="list-style-type: none"> • Development of and/or expansion in products and services with low emissions • Development of solutions for climate adaptation and insurance solutions • Development of new products through research and development • Ability to diversify business activities • Changes in consumption preferences 	<ul style="list-style-type: none"> • Higher revenues through greater demand for products and services with lower carbon emissions • Higher revenues by meeting new needs that arise in the transition (e.g. insurance solutions) • Improved competitive position that reflects changed consumption patterns and leads to higher revenues 	<p>AP4 searches for, evaluates and makes thematic, proactive investments in specific sustainability areas. Examples of such investments are green bonds, alternative investment funds with a pronounced sustainability focus, and directly owned companies with a distinct sustainability focus as part of their business strategies, such as in real estate and infrastructure.</p>
Energy sources			Markets		
<ul style="list-style-type: none"> • Use of lower-emission energy sources • Policies that support the transition • Use of new technologies • Participation in carbon pricing markets • Decentralised electric power generation 	<ul style="list-style-type: none"> • Lower manufacturing costs • Reduced exposure to rising prices for fossil-based energy • Reduced exposure to greenhouse gas emissions and therefore less sensitivity to higher costs for carbon emissions • Return on investment in low-emitting technologies • Greater access to capital (due to more investors preferring low-emitting producers) • Improved reputation, leading to higher demand for products/services 	<p>AP4’s thematic analysis has identified broad areas. Based on the thematic analysis, AP4 has made investments in unlisted assets in the areas of energy transition and renewable energy.</p>	<ul style="list-style-type: none"> • Access to new markets • Use of public sector incentives • Access to new assets and sites that need insurance protection 	<ul style="list-style-type: none"> • Higher revenues through access to new and growing markets (e.g. through partnerships with governments and development banks) • Greater diversity of financial assets (e.g. green bonds and infrastructure) 	<p>AP4 searches for and invests in dedicated sustainability investments in various markets and asset classes that can contribute to and benefit from the ongoing climate transition.</p>
Resilience and ability to recover			Resilience and ability to recover		
			<ul style="list-style-type: none"> • Participation in renewable energy programmes and application of more energy-efficient methods • Replacement/diversification of various resources 	<ul style="list-style-type: none"> • Higher market value through planning for management of climate-related risks (e.g. infrastructure, land, buildings) • Greater reliability in supply chain’s ability to work under varying conditions • Higher revenues through new products and services for addressing climate change and its risks 	<p>AP4 searches for and invests in dedicated sustainability investments in various markets and asset classes that can contribute to and benefit from the ongoing climate transition.</p>

1974

AP4 is established with a start-up capital of SEK 500 million. Significant investments are made in the first year in equity issues made by Volvo, Atlas Copco and MoDo.

1979

AP4 is exempted from income tax, but will instead transfer 80% of the direct yield annually to the other AP Funds as a contribution to pension payments.

1984

AP4 is given a formal return requirement by the Swedish Parliament to invest in a way that ensures a good return, a long-term approach and risk diversification. Asset management is now on such a large scale that automatic data processing is being introduced.

1989

Investments in foreign equities are permitted, up to a maximum of 10% of the fund capital. Investing in and monitoring foreign competitors is expected to increase knowledge of Swedish companies on an increasingly international stock market.

2001

The new pension system is introduced and the AP Funds are now able to invest in all types of listed securities. The funds can invest directly in unlisted real estate companies and AP1–AP4 become co-owners in AP Fastigheter, now Vasakronan.

2012

AP4 makes its first investments in low-carbon strategies, becoming a global pioneer in the field.

2020

Further changes to the investment rules provide greater flexibility with regard to unlisted investments and improve the conditions for cost-effective asset management.

1974

Half a century in the service
of Swedish pensioners

2025

1978

A limit on voting rights of a maximum of 10% is introduced. AP4 is now the single largest shareholder in companies such as Astra and Volvo.

1980

The Board of Directors decides in principle that AP4 should be permitted to invest in unlisted companies. The aim is to provide risk capital to companies that may become listed. The first unlisted investment is made in Lindab Ventilation in the amount of SEK 5 million.

1986

AP4 develops Sweden's first institutional ownership policy in response to extensive cross-ownership on the stock exchange, which limits the protection of non-controlling interests. AP4 now takes greater responsibility with regard to smaller shareholders and also becomes a more active owner.

1993

AP4 leads a group of Swedish institutional investors in Volvo, taking responsibility for forming a Board of Directors, as the principal owner. This follows the collapse of the Volvo-Renault deal, which leaves the company without a Board of Directors. The practice concerning the use of nomination committees is now being formulated on the Swedish stock market.

2007

The Council on Ethics is formed by AP1–AP4, a cooperation that uses dialogue to convince international companies to give consideration to environmental, social and corporate governance issues. This helps to create better companies and reduce risk in the assets held by the AP Funds.

2019

New investment rules allow up to 40% of the fund's capital to be invested in illiquid assets. The requirement for external asset management is removed and the minimum proportion of fixed income investments is reduced to 20%.

2025

AP4 manages over SEK 578 billion at the end of 2025. The cumulative surplus is over SEK 640 billion. Following the consolidation of the AP Funds at the beginning of 2026, AP4 manages a total of SEK 834 billion.