



# Annual report 2024



OUR MISSION

# We exist to build pension security for us all, now and in the future

Första AP-fonden's mission is to manage part of the income pension system's capital in an exemplary fashion so that high long-term returns are achieved with excellent cost-effectiveness.

The Fund exists to build pension security for us all, now and in the future. Our good performance helps create long-term stability across generations.

Första AP-fonden aims to maximise long-term returns by balancing risk, efficiency and sustainability so as to achieve or exceed the Fund's return target. We can help promote sustainable development through responsible investment and committed ownership.

# The year in brief

## Net investment income

Net investment income for the year amounted to

**44.6** SEK bn

## Expense ratio

The Fund's expense ratio totalled

**0.05%**

## Assets

Total assets as of 31 Dec amounted to

**496.9** SEK bn

## Payment

The amount paid into the pension system in 2024 was

**2.0** SEK bn

## Return

Return after expenses amounted to

**9.8%**

## Real return

The average real return after expenses for the last ten-year period was

**4.4%**

We are proud of what we contribute to Sweden's pensioners and how our work has strengthened the pension system in the long term. The diagram shows Första AP-fonden's contribution to the stability and sustainability of the pension system over time.

## Key ratios

	2024	2023	2022	2021	2020
Return before expenses, %	9.9	9.1	-8.5	20.8	9.8
Expense ratio, %	0.05	0.06	0.06	0.07	0.08
Return after expenses, %	9.8	9.1	-8.6	20.8	9.7
Net investment income after expenses, SEK bn	44.6	38.0	-39.9	80.7	34.8
Net flows for pension system, SEK bn	-2.0	-4.8	-4.7	-7.5	-7.9
Closing net assets, SEK bn	496.9	454.4	421.2	465.8	392.6

## Responsible ownership



AP1 has had a responsible ownership role during the year and voted at 1,555 shareholders' meetings, of which 92 were Swedish and 1,463 foreign.



Ahead of the 2024 AGM season, Första AP-fonden worked on 20 nomination committees in listed and unlisted companies.



# Significant events in 2024



## Geopolitical and macro-economic developments

The Fund was impacted by geopolitical and macroeconomic developments during the year. Global trade conflicts, inflation and currency fluctuations have created both challenges and opportunities. Despite these uncertainties, the Fund has managed to maintain stable returns through strategic investment decisions and good risk management. The Fund is again exceeding its long-term return target.



## New governance model and efficient approach for the Board

The Fund's Board of Directors, together with the organisation, conducted a comprehensive review of the governance model during the year. This has resulted in the implementation of new investment convictions. The Board has also developed its approach by introducing a new committee structure with a new Investment Committee. Additionally, the Board's decision-making and preparation processes have been improved. These changes aim to respond more effectively to new market conditions, increase efficiency and deliver higher returns. They are also being implemented in order to increase transparency and strengthen trust.



## Cautious market for unlisted assets – solid foundation for future growth

Valuations for unlisted assets reached their lowest levels in 2024. Market trends have been cautious, characterised by modest value increases and reduced transaction activity compared with the pre-2022 period. Nevertheless, we have laid a solid foundation for future growth thanks to selective investments in the health sector and energy sector and through capital injections into Willhem, our wholly owned real estate company. This places us in a strong position from which to capitalise on future market changes and create long-term value for the pension system.



## The government's annual evaluation

In its annual evaluation, the government concluded that the Fund had contributed to the long-term financing of the income pension system. The results show that we have actively worked to fulfil our statutory objective of managing the Fund's assets in an exemplary and cost-effective manner.



## Review of buffer funds

In October 2023, the government decided to commission an investigator to submit proposals for measures aimed at modernising and streamlining the management of the AP Funds' activities. The investigator's report was presented in June and then sent out for consultation. Första AP-fonden submitted its consultation response in October 2024. On 31 January 2025, the government presented the substance of a legislative proposal that is set to be tabled soon. This means that the three current buffer funds in Stockholm will be consolidated into two. This consolidation will involve distributing the assets of the First AP Fund equally between the Third and Fourth AP Funds. The changes are expected to enter into force on 1 January 2026.



## Study on potential "acceleration" in the pension system

At present, there is a "brake" that reduces pensions if the pension system's liabilities exceed its assets. During the year, the government initiated a study to examine the opportunities and risks of also introducing "acceleration" that increases pensions in the event of a surplus in the system. The objective is to present this report by the spring of 2025.



FOCUS AREA

## Climate

Since 2019, the carbon intensity of the listed equity portfolio has decreased by

69%

Share of equity portfolio's carbon emissions covered by climate goals in line with the Paris Agreement

46%

FIND OUT MORE ABOUT THE CLIMATE FOCUS AREA [→](#)



COMMENTS FROM THE CEO

# Stock market record and recovery amid new worries

2024 was characterised by the strong US economy and new records on the American stock markets. Declining inflationary pressures and weaker real economic growth prompted more central banks to cut key interest rates in 2024 than the world has seen in many years. With carefully considered portfolio positioning and focused implementation, Första AP-fonden's return amounted to 9.9 per cent before expenses, and net investment income amounted to SEK 44.6 billion.

## Targets exceeded and positive contributions from all asset classes

Net investment income amounted to SEK 44.6 billion, or 9.9 per cent before expenses. Managed assets amounted to SEK 496.9 billion as at 31 December 2024, and Första AP-fonden transferred SEK 2.0 billion to the income pension system during the year. We have once again exceeded our target of 3 per cent real return over rolling ten-year periods, as the average return over the past ten years amounts to 4.4 per cent. Positive earnings contributions came mainly from equity management, with particularly favourable returns from foreign equities, while returns from unlisted assets made a slightly negative contribution. Investments in private equity funds continued to develop favourably during the year. The Fund's continuous cost efficiency efforts have further reduced the expense ratio to 0.05 per cent.

## Strong US market performance and turning point for unlisted assets

The most prominent market theme of the year for listed assets was the strong performance of the US stock market. US financial assets benefited from many factors such as strong household balance sheets, a dynamic labour market, interest rate cuts, extensive fiscal stimulus and a clear outcome in the presidential election. Following a strong first six months of the year, the Swedish and European stock markets were weaker for the rest of the year. Weaker economic growth in Europe, together with expectations of increased trade barriers and geopolitical influences, were identified as the main reasons for this. During the year, we increased our exposure to US small and large companies, reduced exposure to Europe outside Sweden, and dynamically adjusted currency positions and duration in fixed income assets.

In 2024, valuations for unlisted assets clearly bottomed out after the value declines of recent years.

That said, compared with the period of historically low interest rates before 2022, it is clear that value appreciation and transaction activity are more hesitant. For us, as a selective investor with a clear strategy, this is an environment in which we should be able to create value. During the year, we made additional acquisitions for Willhem, our wholly owned real estate company, which I believe will contribute very positively in terms of returns, sustainability and tenant benefits within our portfolio of rental accommodation. We have also made new investments focusing on the health sector, power generation and software development in private equity. We are seeing favourable conditions for positive development in the Swedish economy and stock market next year, given positive business indicators and increased household purchasing power as a result of cuts in interest rates and tax.

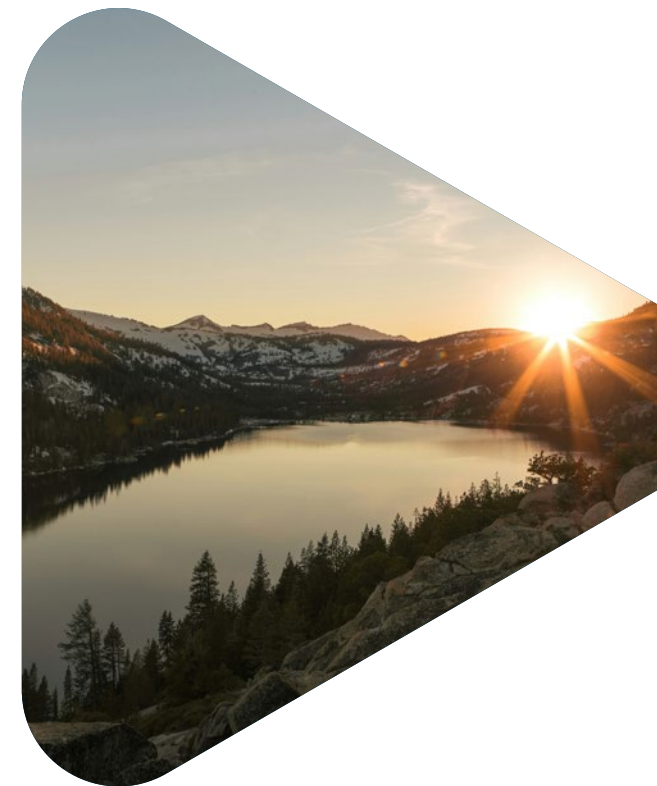
## Long-term ownership and sustainable development

As long-term and committed owners, we have worked through nomination committees, voted at all general meetings and held discussions with companies to help create the best possible conditions for them. We appreciate that a profitable and sustainable climate transition remains a high priority for the business community. However, recent years have demonstrated that this transition, like other innovation processes and societal transformations, is rarely simple or follows a straight line. That is why it is important for us to use our long-term mission to responsibly support the companies we own and help them achieve sustainable development, at a pace that balances what the world makes possible and what we need for our future.

## Outlook and developments in governance, management and organisation

This year, at the invitation of the Future Fund

**“We are seeing favourable conditions for positive development in the Swedish economy and stock market next year, given positive business indicators and increased household purchasing power as a result of cuts in interest rates and tax.”**



**“During the year, we have continued our fruitful collaboration with the other AP Funds in order to achieve better net investment income and efficient utilisation of resources, as well as promoting the exchange of experience and knowledge.”**

pension fund in Australia, we took part in a comprehensive group study of success factors and forward-looking challenges for world-class pension funds that collectively manage SEK 70 billion. Continuing to achieve high returns in a sustainable manner that builds confidence, in a more complex world where systemic rather than individual investment risks are becoming increasingly important, sums up how the funds describe their situation. Most funds are expanding their internal management for listed and unlisted assets in order to achieve better control of portfolio allocation, liquidity and risk profile, and fulfil preferred ESG characteristics. Key challenges and opportunities also include developing governance and management, attracting and retaining talented staff and using new technologies in a secure way that creates value.

At the end of 2023, the Board decided to alter the structure of the three committees that prepare Board matters in order to deepen discussions in respect of investment-related issues. Within the organisation, we have appreciated the resulting in-depth discussions on strategy, governance and reporting.

### **Collaboration between the AP Funds**

During the year, we have continued our fruitful collaboration with the other AP Funds in order to achieve better net investment income and efficient utilisation of resources, as well as promoting the exchange of experience and knowledge. Some of the areas where the Funds have cooperated during the year include procurement, financial reporting, sustainability, internal training and the development of system platforms.

### **Dedicated employees and successful development projects**

Now, in my fifth year as CEO of Första AP-fonden, I continue to be impressed by how our employees are driving the development of our business with

strong ownership and innovation. Complex change projects have taken place throughout the year, such as trading in new instruments, major procurement procedures and implementations of our business-critical systems, as well as changes in technology solutions for all users. They have also been highly rated for digital traceability and emphasis on security in audits conducted by both external and internal auditors. We have continued working with our training programmes, which aim to reinforce both individual skills and our collective leadership. Our regular pulse surveys continue to show high levels of employee job satisfaction and engagement.

### **Investigation of the AP Funds**

During the year, the Board and the organisation also worked on providing information for the report on the AP Funds. In October 2023, the government decided to investigate and propose measures to modernise and streamline the management of the AP Funds. On 6 February 2025, the government submitted a referral to the Council on Legislation which means that the First AP Fund will be consolidated into the Third and Fourth AP Funds and that the assets will be transferred. The amendments to the law are proposed to enter into force on 1 January 2026. We are continuing to pursue high returns in a sustainable, confidence-building manner in an increasingly complex world where systemic risks are becoming increasingly important. Transparency, clear frameworks and opportunities for accountability are key to generating implementation power, returns and trust among all stakeholders.

Stockholm, February 2025



**Kristin Magnusson Bernard**  
CEO

# Return targets and outcomes

## Our approach and return targets

The Första AP-fonden Board of Directors defines the return target and the level of financial risk.

How we work:

- A well thought-out investment strategy.
- Efficient investment processes.
- Responsible stewardship.
- Sustainability integrated into our operations and investment strategy.
- Independent risk management and compliance.

We focus on generating sustainable returns through carefully formulated strategies and governance systems that promote both financial and sustainable success. The work is done by 67 talented and engaged members of staff.



## Medium-term real return target

# 3.0%

The Fund's average real return per year over rolling ten-year periods.

## Long-term real return target

# 4.0%

Average annual real return over 40 years, after expenses.

## Holdings

Första AP-fonden managed capital of SEK 496.9 billion as at 31 December 2024. This is an increase of SEK 42.5 billion compared to the same time last year.

Our portfolio exposure is divided between equities, fixed-income securities and alternative investments.

## Equities

# 56.3%

Foreign 35.9%  
Swedish 20.5%

## Fixed-income securities

# 22.4%

## Alternative investments

# 22.3%

## Outcome

Active decision-making and focusing on capitalising on opportunities in this year's volatile market have allowed us to make a positive contribution to the income pension system and exceeded both short-term and long-term return targets.

## Return 2024

# 9.8%

Return after expenses.

## Medium-term real return

# 4.4%

The Fund's average real return per year for the last ten-year period, after expenses.

## Annual real return

# 4.1%

Average annual real return since the company began in 2001, after expenses.



# Macroeconomic developments in 2024

Falling inflation, lower key interest rates and a relatively robust global economy resulted in a strong year for stock markets in 2024. The US economy proved particularly resilient, and the country's IT sector acted as a driving force for stock markets. Going forward, however, we should expect to see a slightly calmer pace when it comes to stock market development. Uncertainty in terms of geopolitics and inflation is elevated, while underlying drivers remain robust.

## Inflation at a crossroads

2024 was the year in which the central banks appeared to emerge victorious from the battle with inflation and so were able to start letting up on monetary policy's brake pedal. However, the global economy – led by the US – continued to defy ever-present fears of recession. There was no shortage of concerns, though: the geopolitical situation, relatively weak growth in parts of Europe, and a Chinese economy grappling with structural challenges. However, this was offset by the strong financial situation of American households and the rapid growth of AI investment.

**“2024 was the year in which the central banks appeared to emerge victorious from the battle with inflation and so were able to start letting up on monetary policy's brake pedal.”**

## Strong stock markets

The combination of falling interest rates and better growth than many had expected provided fertile

ground for returns on risky assets. Stock markets rose steadily over the year, with just a few minor pitfalls along the way. Besides the generally favourable macroeconomic situation, the upturn was also driven by the very strong earnings growth of major IT companies, as developments in the field of AI generated massive demand for related products. Long-term government bond yields experienced a roller coaster ride during the year as expectations for forthcoming interest rate cuts fluctuated. By the end of the year, expectations for the rate-cutting cycle had converged towards a more moderate and perhaps more reasonable level of interest rate reductions. Government bond yields were slightly negative for 2024 as a result.

## Outlook

After two strong years in the stock market, there are many signs pointing to a slightly calmer pace going forward. Macroeconomic conditions certainly remain favourable, as the cycle of interest rate cuts is expected to continue through the first six months of 2025 while economic growth remains steady. However, what will happen beyond that is more uncertain. If interest rate cuts lead to a major upturn in growth, this could lead to deterioration in inflation prospects once again, which would result in rising interest rates. This could dampen the performance



Magnus Lomakka, Macroeconomics Strategist, describes the global situation and the conditions for investment.

of risky assets. The impact of the AI boom in the near future is also shrouded in mystery. Favourable developments could result in low inflation and high growth, and probably strong stock market performance. However, the stock market could suffer a major setback if it turns out that substantial misinvestments have been made.

Over the mid-term, the growth outlook looks relatively good as investments in the green transition, long-term effects of AI and bolstering the Armed Forces are likely to provide a robust platform to build from. Conversely, further escalation of geopolitical turbulence adversely impact both growth and inflation.

# Financial information



# Directors' report

The Board of Directors and the CEO of Första AP-fonden hereby submit their Directors' Report for 2024. The Directors' Report, together with the annual accounts and notes, has been reviewed by the auditors of the Fund. The audit can be found on pages 11 to 28.

## Profit for the year

Profit from management amounted to SEK 44,554 million (38,029). This corresponds to a return of 9.9 (9.1) per cent before expenses and 9.8 (9.1) per cent after expenses.

The real return – that is, after adjustments for inflation – amounted to 9.0 (4.7) per cent. Inflation for the full year amounted to 0.8 (4.4) per cent measured as KPI. The Fund's long-term objective is to achieve a real return of 4 per cent per annum over 40 years. The Fund has achieved a real return of 4.4 (5.0) per cent per annum over the past ten-year period.

Nominally, the average return over the same period was 7.5 (7.9) per cent. Meanwhile, the income index, which affects the rate of increase for pension entitlements, has increased by an average of 3.0 (2.8)

per cent over the last ten-year period. Hence Första AP-fonden has made a positive contribution to the pension system and exceeded the long-term real return target. Net assets at the end of the year totalled SEK 496,917 million (454,386), an increase of SEK 42,530 million compared with the previous year-end.

## Transfer to the Swedish Pensions Agency

During the year, the Fund had a net outflow from the pension system totalling SEK 2.0 billion (4.8). Since 2010, the Fund has paid out SEK 80,293 million to the Swedish Pensions Agency in order to cover the deficit between pension contributions and pension payments, as well as the system's administrative expenses.

## Operating income

Income after deduction of commission expenses totalled SEK 44.8 million (38.3). This income is mainly made up of realised and unrealised changes in value. These relate to the Fund's financial assets, which are measured at fair value at the balance sheet date. Other income consists of net interest income, dividends received and exchange rate changes. Commission expenses for the year

amounted to SEK 13 million (10). These are recognised as a deduction under operating income as they are directly attributable to the acquisition of the income. These expenses relate to management fees for external mandates, fund management fees, custodian bank costs and costs for holding collateral in connection with clearing. Commission expenses amounted to 0.0 (0.0) per cent of the average net assets.

## Operating expenses

Operating expenses totalled SEK 247 million (247). Of these operating expenses, SEK 150 million (146) million was made up of personnel expenses. The Fund's operating expenses in relation to average net assets during the year amounted to 0.05 (0.06) per cent.

## Significant events

The government submitted a referral to the Council on Legislation on 6 February 2025, which means that the First AP Fund will be consolidated into the Third and Fourth AP Funds and that the assets will be transferred. The amendments to the law are proposed to enter into force on 1 January 2026.

# The Första AP-fonden portfolio

## Long-term return target

Första AP-fonden's Board of Directors determines the return target and the financial risk the Fund will take. The Fund's medium-term real return target is 3.0 per cent per annum over the next ten-year period, given current expectations. However, the long-term target is 4.0 per cent average annual real return over 40 years, after expenses.

Active decision-making and focusing on capitalising on opportunities in this year's volatile market have allowed us to make a positive contribution to the income pension system. We exceeded both our short-term and our long-term return targets.

## Portfolio asset classes

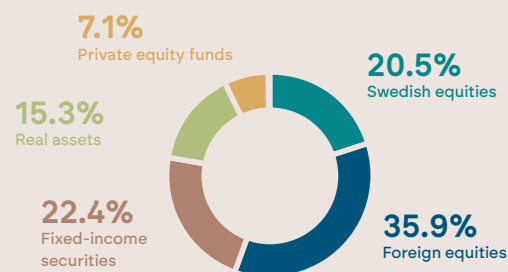
Första AP-fonden invests mainly in risk assets in order to create the conditions for achieving the return target over time. The Fund's main asset

classes are listed equities, fixed-income investments and alternative investments. Fixed-income investments comprise bonds, other fixed-income instruments and cash. Alternative investments comprise private equity funds and real assets such as real estate and infrastructure. The Fund's absolute return mandates, which consist partly of internal risk mandates without allocated capital and partly of investments, are categorised as "alternative strategies". Currency risk management is a specific area that is managed and reported separately.

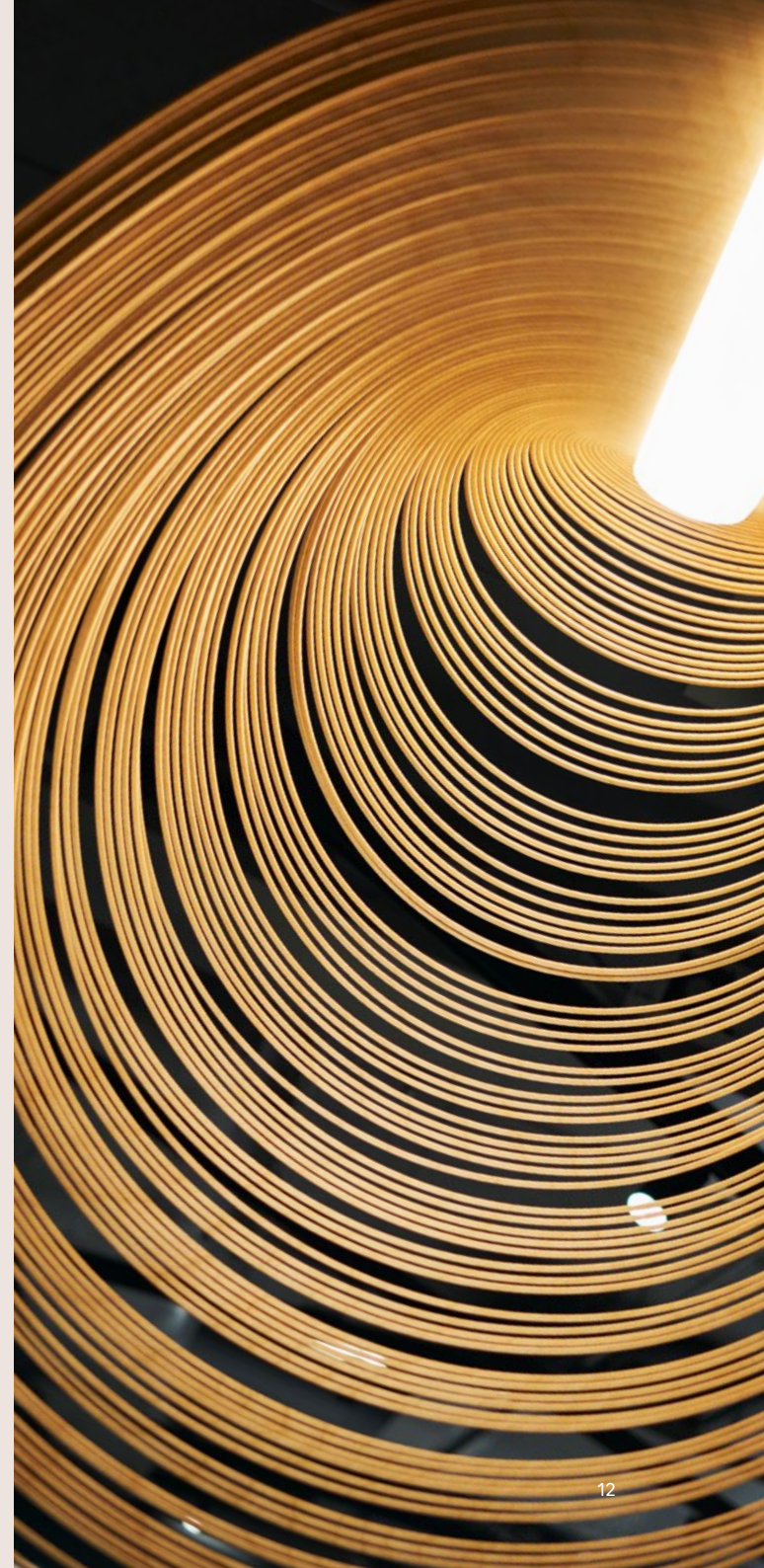
## Share of internal and external management

At the end of 2024, 91 per cent of assets were managed internally and 9 per cent externally. Första AP-fonden manages assets internally when an overall assessment demonstrates that the Fund is able to achieve an equally good or better return at a lower cost.

### Exposure, asset class



See the 10-year summary on page 17 for a full account of the Fund's exposure.



# Returns by asset class

Första AP-fonden's investments returned 9.9 (9.1) per cent before expenses. Listed equities, which recorded a return of 17 per cent, were the largest positive contributor. Total currency exposure contributed 1.3 per cent to the Fund's return. Alternative investments recovered during the year and contributed a marginal negative result of SEK –70 million, corresponding to a return of 0.0 per cent. Fixed-income securities recorded a negative return of –1.6 per cent.

## Equities

The return on the equity portfolio was 17.0 (21.2) per cent. Första AP-fonden's exposure to listed equities was 56.3 (52.1) per cent at year-end and is the dominant asset class in the total portfolio. The favourable return on listed equities is due to the global economy performing better than expected despite concerns about the labour market, in addition to the rapid decline in inflation, which has allowed central banks to make larger interest rate cuts. Additionally, financial markets have benefited from rising global liquidity. Finally, the earnings performance of the major IT companies in the US has been very favourable, providing an extra boost to the stock markets. Over the year, therefore, global institutional managers have moved from a low allocation to equities to a more average one. However, the valuation of global equities has become relatively high compared to historical averages. The fact that economic growth during the year has exceeded expectations has been much more evident in the US than in China and Europe, including Sweden. The Swedish mandate also includes the holding in 4 to 1 Investments, which owns a stake in the unlisted company Northvolt. 4 to 1 Investments has been a Northvolt investor since 2021. The past year has been a challenging one for the company,

characterised by declining demand for electric cars in Europe and continued production problems. At the end of 2024, Northvolt filed for reorganisation under American law. 4 to 1 Investments will continue to maintain its constructive dialogue with the company. The investment in 4 to 1 Investments has been written down as a result of the company's investment in Northvolt being very difficult to assess in terms of any remaining value, given the current circumstances.

## Fixed-income investments

Fixed-income investments returned –1.6 (4.8) per cent. This asset class accounted for 22.4 (24.9) per cent of the portfolio's exposure. At year-end, Första AP-fonden's total portfolio consisted of 11.3 per cent government and government-guaranteed bonds, 5.1 per cent credit bonds and 5.9 per cent inflation-indexed bonds. According to the National Pension Insurance Funds Act, at least 20.0 per cent of the Fund's capital must be invested in low-risk, fixed-income investments. The Fund's share has averaged 22.6 per cent in 2024.

In 2024, the fixed income market was characterised by significant volatility and steeper yield curves, driven by shifting macroeconomic data, worrying geopolitical developments and the US presidential election. Strong economic growth in the first quarter of the year pushed up market interest rates, which had discounted significant interest rate cuts by various central banks at the beginning of the year. Clear signals of stagnation in the second and third quarters, in combination with key interest rate cuts and easing inflationary pressures, pushed down global market interest rates during the period. In the fourth

quarter, the market was again characterised by rising interest rates. As the American economy has shown renewed strength, this was particularly true of the US. In September, the Federal Reserve lowered the policy rate by 50 basis points, followed by two additional cuts of 25 basis points in the fourth quarter. In connection with its interest rate announcement in December, the Federal Reserve indicated that it intends to continue cutting the key interest rate in the next few years. The Riksbank started cutting interest rates in the second quarter, and by the end of the year had reduced the repo rate by 150 basis points, from 4.0 per cent to 2.5 per cent.

## Alternative investments

Alternative investments comprise private equity funds and real assets such as real estate and infrastructure. In 2024, market sentiment – which had previously been negatively affected by high inflation, higher interest rates and reduced access to capital – has begun to show signs of recovery. We have seen a gradual increase in transaction volumes and stabilisation of valuations. In total, alternative investments returned –0.0 per cent. Just over half of alternative investments comprise real estate, with an exposure corresponding to 13.8 (14.2) per cent of the total portfolio and a market value of SEK 68.4 billion. Overall, real estate returned 1.2 (–14.9) per cent. Real estate investments consist mainly of direct investments in the real estate companies Vasakronan and Willhem, as well as a number of smaller investments in both corporate form and real estate funds. Vasakronan is jointly owned by AP1, AP2, AP3 and AP4 and invests primarily in office and retail premises in central locations in Stockholm, Gothenburg, Malmö and Uppsala. Willhem is wholly owned by

## Composition of the portfolio

	Market value, SEK bn	Return on investment, %	Return contribution, %	Return contribution, SEK bn
Equities	279.9	17.0	9.2	41.7
<i>Swedish equities</i>	101.6	6.2	1.4	6.5
<i>Non-Swedish equities</i>	178.2	24.5	7.8	35.2
Fixed-income securities	111.4	-1.6	-0.3	-1.2
High Yield	0.1		0.0	0.0
Alternative investments	111.0	0.0	0.0	-0.1
<i>Real assets</i>	75.8	-1.1	-0.2	-0.8
<i>Private equity funds</i>	35.2	2.3	0.2	0.7
Alternative strategies				
Cash	-5.4		0.0	-0.1
Foreign exchange			1.3	5.9
Absolute return mandate			-0.3	-1.4
<b>Total</b>	<b>496.9</b>	<b>9.9</b>	<b>9.9</b>	<b>44.8</b>

## Currency exposure, 31/12/2024

SEK m	USD	GBP	EUR	JPY	Other	Total
Shares and participations	190,140	4,306	11,094	18,197	11,152	234,889
Fixed-income securities	31,388	5,175	35,940	8,826	1,677	83,005
Alternative investments and other	3,360	39	58	17	136	3,611
Derivatives	-83,137	-9,218	-79,598	-15,636	-16,891	-204,481
<b>Total</b>	<b>141,751</b>	<b>302</b>	<b>-32,506</b>	<b>11,404</b>	<b>-3,926</b>	<b>117,024</b>

Currency exposure, 31/12/2023	36,955	-25,974	20,857	42,372	8,234	82,445
Currency exposure, 31/12/2022	33,707	9,424	11,048	23,808	6,391	84,378
Currency exposure, 31/12/2021	99,129	-7,424	20	29,226	20,289	141,241
Currency exposure, 31/12/2020	50,480	-9,938	10,058	19,747	20,713	91,060
Currency exposure, 31/12/2019	34,063	379	1,129	26,473	31,792	93,836

Första AP-Fonden and focuses on rental accommodation in Swedish growth centres. Första AP-fonden's infrastructure investments totalled SEK 7.4 billion (7.5) and comprise the jointly owned company Polhem Infra and funds. Polhem Infra is an unlisted company jointly owned by AP1, AP3 and AP4, and it was established in 2019 with a view to investing in sustainable infrastructure. Infrastructure investments returned -19.8 (-10.2) per cent during the year. This negative return is due to a small number of older commitments that have now been fully written off. We expect the remaining infrastructure investments to contribute a positive return. Första AP-fonden's infrastructure investments correspond to an exposure of 1.5 (1.7) per cent of the total portfolio. At year-end, Första AP-fonden's investments in private equity funds totalled SEK 35.2 billion (31.4) and returned 2.3 (-1.4) per cent. Overall, the funds demonstrated continued stable performance. The higher interest rate environment has helped dampen interest in new private equity investments. Global PE activity, in terms of both volume and number of transactions, has stabilised and levelled off at a lower level. In 2024, the Fund made a number of new investments in Real Estate, Infrastructure and Private Equity, as well as capital contributions to our wholly owned real estate company Willhem.

## Foreign exchange

The Fund's open currency exposure contributed 1.3 per cent to the Fund's return. At year-end, Första AP-fonden had a currency exposure of 24.0 (18.1) per cent, most of which consisted of US dollars. There were relatively small movements in foreign exchange markets overall during the year, as most central banks kept pace with monetary policy.

# Expenses

Första AP-fonden's objective is to conduct resource-efficient asset management with the conditions necessary to generate the best long-term returns possible. Another goal is to have sufficient resources to manage commitments, as well as internal and external requirements in areas such as regulatory compliance, sustainability and internal control. Första AP-fonden conducts its operations in a cost-effective manner, and with good cost monitoring. The Fund compiles an annual budget as part of the annual planning process. It is approved by the Board of Directors, monitored and analysed continuously in order to ensure good cost control. Management expenses comprise operating expenses, which are the Fund's internal expenses, and commission expenses, which are the Fund's expenses for external management and handling of securities and collateral. Changes in expenses over the year may be related to external factors such as exchange rates and inflation, which the Fund is unable to influence. Changes may also result from the need to invest in IT, processes or personnel needed to enable the Fund to conduct effective asset management and meet the demands placed on its operations. The Fund's expenses are set in relation to the size of the assets under management, known as the management expense ratio.

## Lower expenses than comparable international funds

Första AP-fonden has participated in an annual analysis of international funds since 2005 in order to ensure that the Fund has cost-effective management from an international perspective. This analysis is performed by CEM Benchmarking in Canada. The survey involves a large number of funds from

around the world. Första AP-fonden is compared with funds with a similar mission and size, as well as with other European funds. Besides expenses, there is also comparison of returns, staff composition, portfolio composition, management model and risk. The results show that Första AP-fonden generates high returns at low cost. According to the latest survey from 2023, Första AP-fonden's were, on average, 50 per cent lower than the comparison group over the past five years and 70 per cent lower for 2023 in isolation.

## Operating expenses

Operating expenses totalled SEK 247 million (247) and comprise the Fund's expenses for conducting its operations. In relation to net assets, this corresponds to 0.05 (0.06) per cent. Operating expenses comprise expenses for the Fund's internal management, administration and governance and are broken down into personnel expenses and other administration expenses. Personnel expenses include salaries, social security contributions and occupational pension contributions for the Fund's staff, as well as other staff-related expenses such as training and recruitment of staff. Personnel expenses account for the majority of operating expenses, totalling SEK 150 million (146). The average number of employees in 2024 was 67 (67). Other administration expenses include expenses for premises, systems and information services. More information on operating expenses can be found in Notes 6 and 7.

## Commission expenses

Commission expenses amounted to SEK 13 million (10). Commission expenses are attributable to external management, custodian services and

expenses incurred when holding collateral in connection with clearing. In relation to net assets, commission expenses amounted to 0.0 (0.0) per cent. External management is used when the Fund considers it to be more cost-effective than internal management, or when an asset or strategy is difficult to manage internally for a variety of reasons. At the end of the year, external management accounted for 9.0 (8.2) per cent of total net assets. More information on commission expenses can be found in Notes 4 and 5.

## Other expenses, fees and charges

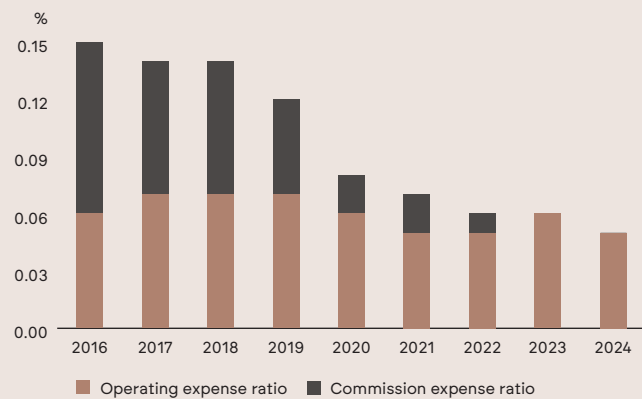
Transaction expenses are expenses incurred when buying and selling securities and comprise the difference between the purchase price and the sale price. Such expenses are recognised as part of the cost of the asset or deducted from the sale proceeds. A special fee known as a brokerage commission is also charged for trading in shares. For 2024, brokerage commission amounted to SEK 21 million (24). Transaction expenses affect the net investment income of each asset class. Performance-based fees are a type of profit-sharing paid to external managers when returns are strong and exceed certain pre-established targets. These are recognised directly in the return on investments and are therefore included in the net investment income from financial operations in the income statement. Performance-based fees totalled SEK 0 million (0). More information on these can be found in Note 5. Tax expenses that the Fund is entitled to recover under double taxation treaties are recognised as a receivable in the balance sheet and so do not affect the income statement.

## Expenses and expense ratio 2024

Asset classes	2024		2023	
	Expenses, SEK m	Expense ratio <sup>1)</sup> , %	Expenses, SEK m	Expense ratio <sup>1)</sup> , %
Personnel costs	150	0.03	146	0.03
Other administration expenses	97	0.02	101	0.02
<b>Operating expenses</b>	<b>247</b>	<b>0.05</b>	<b>247</b>	<b>0.06</b>
Commission expenses	13	0.00	10	0.00
<b>Total expenses</b>	<b>260</b>	<b>0.05</b>	<b>257</b>	<b>0.06</b>

1) The Fund's expenses in relation to average net assets.

## Development of administrative expenses 2016–2024



# 0.05%

The Fund's expenses in relation to average net assets.





# Ten-year overview

Net investment income and inflow, SEK bn	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net assets, 31 December	496.9	454.4	421.2	465.8	392.6	365.8	323.7	332.5	310.5	290.2
Net flow pension system	-2.0	-4.3	-4.7	-7.5	-7.9	-6.5	-6.8	-7.4	-6.6	-4.9
Profit for the year	44.6	38.0	-39.9	80.7	34.8	48.6	-2.1	29.3	27.0	11.3
<b>Return, expenses and risk, %</b>										
Return before expenses	9.9	9.1	-8.5	20.8	9.8	15.3	-0.6	9.7	9.5	4.1
Operating expenses, annualised, % of AUM	0.05	0.06	0.05	0.05	0.06	0.07	0.07	0.07	0.06	0.06
Commission expenses, annualised, % of AUM	0.00	0.00	0.01	0.02	0.02	0.05	0.07	0.07	0.09	0.11
Return after expenses	9.8	9.1	-8.6	20.8	9.7	15.1	-0.7	9.6	9.3	4.0
Market returns <sup>1)</sup>	15.1	16.5	-14.2	17.9	6.8	19.7	-3.4	9.1	8.0	1.5
<b>Net investment income and expenses in total portfolio, SEK bn</b>										
Net investment income before expenses	44.8	38.3	-39.6	81.0	35.1	49.0	-1.6	29.8	27.4	11.8
Operating expenses	-0.3	-0.3	-0.3	-0.3	-0.3	-0.4	-0.5	-0.4	-0.5	-0.5
<b>Exposure, %</b>										
Equities	56.3	61.2	47.9	61.4	49.2	36.3	34.1	37.9	34.1	34.7
Sweden	20.5	22.1	18.8	18.6	17.3	10.5	11.2	12.9	12.3	12.3
Foreign <sup>2)</sup>	35.9	39.2	29.1	42.9	32.0	25.8	22.9	24.9	21.7	22.4
Fixed-income securities <sup>3)</sup>	22.4	24.9	24.1	22.9	24.2	32.3	33.3	31.7	29.8	30.2
High Yield	-	-	0.3	1.1	1.9	3.0	2.8	4.5	4.5	2.9
Alternative investments	22.3									
Real assets	15.3	15.8	19.6	17.7	16.2	17.8	18.0	16.2	15.6	14.4
Private equity funds	7.1	6.9	7.9	6.0	4.9	5.4	5.5	4.6	4.7	5.0
Hedge funds	-	-	0.5	0.8	3.8	4.3	4.6	4.0	5.0	4.8
Alternative strategies	-	0.3	0.3	0.2	-	1.1	0.9	1.0	5.0	4.4
Systematic strategies	-	-	-	-	-	-	3.2	3.0	4.5	5.2
Special investments	-	-	-	-	-	-	-	-	0.5	0.7
Cash	-1.1	-9.2	-0.7	-10.1	-0.2	-0.3	-2.5	-2.4	-1.1	-0.1
Foreign exchange	23.6	18.1	20.0	30.3	23.2	25.7	26.0	25.3	22.1	31.3
<b>Risk</b>										
Risk, % <sup>4)</sup>	7.3	6.6	9.3	6.4	10.6	3.8	4.9	3.6	6.4	8.1
Sharpe ratio	0.9	0.9	neg.	3.3	0.9	4.2	-	2.9	1.5	0.5
Market volatility, % <sup>1)</sup>	7.5	7.5	12.5	7.2	15.8	6.1	7.4	4.3	8.1	9.4
<b>External management, %</b>										
Share of total portfolio as of 31 December <sup>5)</sup>	9.0	8.2	10.1	15.9	22.6	31.4	33.5	32.5	31.8	31.0

1) Market returns and Market volatility refer to the returns and the volatility in the investment universe that arise as a consequence of the buffer funds' statutory mandate.

2) Starting in 2019, systematic strategies are included as a part of Equities in developed markets.

3) Investment grade bonds (fixed income incl. cash funds in accounts = 21.70% for 2024).

4) Standard deviation calculated on daily return in 2024.

5) In accordance with a joint decision, the AP Funds report wholly or partially owned real estate companies as being internally managed.

## Income statement

SEK m	Note	31/12/2024	31/12/2023
<b>Operating income</b>			
Net interest income	2	2,666	2,753
Income from equity shares		5,828	5,868
Net gains/losses, listed shares and participations	3	34,283	39,139
Net gains/losses, unlisted shares and participations	4	-393	-11,664
Net gains/losses, fixed-income assets		-2,056	2,302
Net gains/losses, derivative instruments		-1,516	1,949
Net gains/losses, foreign exchange movements		6,002	-2,062
Commission expenses	5	-13	-10
<b>Total operating income</b>		<b>44,801</b>	<b>38,276</b>
<b>Operating expenses</b>			
Personnel costs	6	-150	-146
Other administrative expenses	7	-97	-101
<b>Total operating expenses</b>		<b>-247</b>	<b>-247</b>
<b>Net investment income</b>		<b>44,554</b>	<b>38,029</b>

## Balance sheet

SEK m	Note	31/12/2024	31/12/2023
<b>Assets</b>			
Shares and participations, listed	8	279,254	232,915
Shares and participations, unlisted	9	106,766	100,609
Bonds and other fixed-income assets	10	113,924	108,450
Derivatives	11	2,460	9,958
Cash and bank balances		3,839	3,716
Other assets	12	723	894
Prepaid expenses and accrued income	13	873	763
<b>Total assets</b>		<b>507,838</b>	<b>457,304</b>
<b>Liabilities</b>			
Derivatives	11	3,376	655
Other liabilities	14	7,541	2,259
Deferred income and accrued expenses	15	4	5
<b>Total liabilities</b>		<b>10,921</b>	<b>2,919</b>
<b>Net assets</b>			
Opening net assets	16	454,386	421,189
Net payments to/from the pension system		-2,024	-4,833
Profit for the year		44,554	38,029
<b>Total net assets</b>		<b>496,917</b>	<b>454,386</b>
<b>Total net assets and liabilities</b>		<b>507,838</b>	<b>457,304</b>
Memorandum items	17	54,173	39,490

# Notes

Amounts are in SEK million (SEK m), unless otherwise stated.

## Note 1 – Accounting policies

The National Pension Insurance Funds Act (2000:192) sets out that the annual report shall be prepared in accordance with generally accepted accounting policies, whereby the assets in which the Fund invests shall be entered at market value. In light thereof, the First to Fourth AP Funds have developed joint accounting and valuation policies which have been applied and are summarised below. The Funds' accounting and valuation policies are being gradually adapted to International Financial Reporting Standards, IFRS. Complete adaptation to IFRS would have no material impact on the reported net investment income and net assets. AP1 meets the requirements to be defined as an investment entity under IFRS 10. Compared to the currently applicable IFRS, the only major difference is that a cash flow statement has not been prepared and IFRS 16 has not been applied. As stated in the Directors' Report, the Government submitted a referral to the Council on Legislation on 6 February 2025, which means that the First AP Fund will be consolidated into the Third and Fourth AP Funds and that the assets will be transferred. The government's proposal has had no impact on the accounting policies applied.

### Trade date accounting

Transactions in securities and derivative instruments in the money, bond, equity and foreign exchange markets are recognised in the balance sheet at the trade date, i.e. the time at which material rights and hence risks are transferred between the parties. The receivable from or liability to the counterparty between the trade date and settlement date is recognised in "other assets" or "other liabilities". Other transactions, primarily those relating to unlisted equities, are recognised in the balance sheet at the settlement date, which is consistent with market practice.

### Netting

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

### Translation of foreign currencies

Transactions in foreign currencies are translated to SEK at the exchange rate on the transaction date. In the balance sheet, assets and liabilities in foreign currencies are translated to SEK at the exchange rates on the balance sheet date. Changes in the value of assets and liabilities denominated in foreign currency are broken down into the part attributable to the change in the value of the asset or liability in local currency and the part caused by fluctuations in the exchange rate. Foreign exchange gains/losses arising from changes in foreign exchange rates are recognised in the

income statement in the line Net gains/losses, foreign exchange movements.

### Shares in subsidiaries/associated companies

In accordance with the National Pension Insurance Funds Act, shares in and loans to subsidiaries/associated companies are both stated at fair value. Fair value is determined using the same methods that apply for unlisted shares and participations. There is no requirement to prepare consolidated accounts.

Loans to subsidiaries and associated companies that are intended to be held until their maturity are measured at fair value via the fair value option in IFRS 9. However, the total change in value is recognised as part of the shareholding in the line net gains/losses, unlisted shares and participations.

### Valuation of financial instruments

All of the Fund's investments are measured at fair value, and both realised and unrealised changes in value are recognised in the income statement. Consequently, the lines for net gains/losses per asset class include both realised and unrealised gains/losses. Equity instruments are held for trading and therefore measured at fair value through profit or loss. Debt instruments are held for trading and therefore measured at fair value through profit or loss. Loans to subsidiaries and associated companies are intended to be held until their maturity, but the fair value option is applied here so that the National Pension Insurance Funds Act's requirement on measurement at fair value is met. The AP Funds monitor all of their assets based on fair value. A description of how the fair values of the Fund's various investments are determined is provided below.

### Listed shares and participations

For shares and participations that are admitted to trade on a regulated market or trading venue, fair value is determined based on official quoted market prices on the balance sheet date according to the Fund's designated index supplier, most often the average price. Holdings that are not part of an index are valued at quoted prices observable in an active market. Paid brokerage commissions are recognised in net gains/losses on listed shares.

### Unlisted shares and participations

For shares and participations that are not admitted to trade on a regulated market or trading venue, fair value is determined based on the valuation provided by the counterparty or other external party. This valuation is updated when a new valuation has been obtained and is adjusted for any cash flows up to the close of accounts. In cases where the Fund has reasonable grounds to consider the valuation to be incorrect, the valuation received is adjusted. Valuations

of unlisted participations comply with International Private Equity and Venture (IPEV) Capital Valuation Guidelines or equivalent valuation policies and should be primarily based on arm's length transactions, although other valuation methods can be used. Unlisted real estate shares are valued based on the net worth method to the extent that the share has not been subject to transactions in a secondary market. Holdings in unlisted real estate companies are measured taking into consideration deferred tax liabilities at a value that is used in real estate transactions, which differs from the valuation performed in the annual accounts of the real estate companies.

### Bonds and other fixed-income assets

For bonds and other fixed-income assets, fair value is determined based on the official quoted market prices on the balance sheet date (most often the bid price) according to the Fund's designated index supplier. Holdings that are not part of an index are valued at quoted prices observable in an active market. For an instrument that is not traded on an active market and for which no reliable market prices are available, the instrument is valued using generally accepted valuation models in which cash flows are discounted to the applicable valuation curve. Interest income is recognised as interest calculated according to the effective interest rate method based on amortised cost. Amortised cost is the discounted present value of future payments, in which the discount rate is the effective rate of interest on the acquisition date. This means that acquired premiums and discounts are apportioned to periods over the remaining maturity or until the next interest adjustment date and are included in recognised interest income. Changes in value resulting from interest rate movements are recognised under Net gains/losses for fixed-income assets, while changes in value resulting from foreign exchange movements are recognised under Net gains/losses on foreign exchange movements.

### Derivative instruments

For derivative instruments, fair value is determined based on quoted market prices at year-end. For an instrument that is not traded on an active market and for which no reliable market prices are available, the value of the instrument is established using generally accepted valuation models in which input data consists of observable market data. Derivative contracts with a positive fair value on the balance sheet date are recognised as assets, while contracts with a negative fair value are recognised as liabilities. Changes in value resulting from foreign exchange movements are recognised in the income statement under Net gains/losses on foreign exchange movements, while other changes in value are recognised under Net gains/losses on derivative instruments.

### Note 1 – Accounting policies, continued

#### Repurchase transactions

In a true repo (repurchase) transaction, the sold asset remains in the balance sheet and the proceeds received are recognised as a liability. The divested security is recognised in the balance sheet as pledged. The difference between proceeds in the spot and forward legs is apportioned to periods over the maturity of the security and recognised as interest.

#### Securities lending

Securities on loan are recognised in the balance sheet at fair value, while compensation received for securities on loan is recognised as interest income in the income statement. Collateral received for securities on loan may consist of securities and/or cash. AP1 has a right of disposal over the received cash collateral, this is recognised in the balance sheet as an asset and a corresponding liability. In cases where the Fund does not have a right of disposal over the collateral, the collateral received is not recognised in the balance sheet but is stated separately in Note 17. The value of securities on loan, as well as collateral for these, are also recognised under this heading.

#### Items recognised directly in net assets

Payments to and from the national pension system are recognised directly in the Fund's net assets.

#### Commission expenses

Commission expenses are recognised in the income statement as a deduction under operating income. These consist of external costs for management services, such as custodian bank fees and fixed fees for external managers, as well as fixed fees for listed funds. Performance-based fees, which are payable if the manager achieves a return over a predetermined level at which profit-sharing applies, are recognised as a deductible item from net investment income for the relevant asset class in the income statement. Management fees for unlisted shares and participations are recognised at cost and therefore included in unrealised gains/losses.

#### Operating expenses

All administrative expenses, excluding brokerage fees, fees for external managers and custodian bank fees, are recognised in Operating expenses. Investments in equipment and software developed or acquired by the Fund are normally expensed as incurred.

#### Taxes

Första AP-fonden is exempt from all income tax on domestic investments in Sweden. The dividend and coupon taxes imposed in certain countries are recognised net in the income statement under the relevant income item. With effect from 2012 the Fund is registered for value added tax and is therefore liable for VAT on acquisitions from outside Sweden. The Fund does not have the right to recover paid VAT. Expensed VAT is included in the relevant expense item. Amounts are in SEK million (SEK m), unless otherwise stated.

### Note 2 – Net interest income

SEK m	2024	2023
<b>Interest income</b>		
Bonds and other fixed-income securities	2,499	2,515
Other interest income	178	244
<b>Total interest income</b>	<b>2,677</b>	<b>2,760</b>
<b>Interest expenses</b>		
Other interest expenses	-10	-7
<b>Total interest expenses</b>	<b>-10</b>	<b>-7</b>
<b>Total net interest income</b>	<b>2,666</b>	<b>2,753</b>

### Note 3 – Net gains/losses, listed shares and participations

SEK m	2024	2023
Net gains/losses	34,305	39,163
Less brokerage commissions	-21	-24
<b>Net gains/losses, listed shares and participations</b>	<b>34,283</b>	<b>39,139</b>

### Note 4 – Net gains/losses, unlisted shares and participations

SEK m	2024	2023
Capital gains/losses	1,380	1,662
Unrealised value changes	-1,773	-13,326
<b>Net gains/losses, unlisted shares and participations</b>	<b>-393</b>	<b>-11,664</b>

External management fees for unlisted assets are recognised as part of the cost of the asset and therefore burden the unrealised net gains/ losses for unlisted assets. Refunded management fees accordingly have a positive effect on unrealised gains/losses.

During the year, a total of SEK 150 million (133) was paid in management fees for unlisted assets, of which SEK 126 million (114) permit refunds. Furthermore, SEK 15 million (55) was repaid during the year and the unrealised net gains/losses for unlisted shares and participations were therefore negatively affected by SEK 135 (78) million net.

### Note 5 – Commission expenses

SEK m	2024	2023
External management fees, listed assets	-	0.4
Other commission expenses, including custodian bank expenses	-13	-10.2
<b>Commission expenses</b>	<b>-13</b>	<b>-9.8</b>

Commission expenses do not include performance-based fees. During the year performance-based fees amounted to SEK 0 million (0), in addition to which repayment has been made for the prior year's fees of SEK 0 million (0). The fees affect the net investment income for each asset class.

## Note 6 – Employees

Number of employees	2024			2023		
	Total	Men	Women	Total	Men	Women
Average no. of employees	67.1	34.9	32.2	67.1	36.2	30.9
Closing no. of employees	67	35	32	67	36	31
No. of executive management members at year-end	4	2	2	4	2	2

Personnel costs, 2024, SEK thousands	Salaries and remuneration	Pension costs	of which salary sacrifice	Social security costs <sup>1)</sup>	Total
Chair of the Board	200	–	–	63	263
Other Members of the Board (9 people)	850	–	–	267	1,117
CEO	4,425	1,978	635	1,877	8,280
<i>Executive management team, excl. CEO</i>					
Head of Communications	1,649	564	127	666	2,879
Head of Operations	2,263	1,091	–	986	4,339
Head of Business Support and Development	2,019	518	–	768	3,305
Other employees	71,708	23,757	3,289	28,899	124,363
<b>Total</b>	<b>83,114</b>	<b>27,907</b>	<b>4,051</b>	<b>33,525</b>	<b>144,547</b>
Other personnel costs	–	–	–	–	5,404
<b>Total personnel costs</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>149,951</b>

Personnel costs, 2023, SEK thousands	Salaries and remuneration	Pension costs	of which salary sacrifice	Social security costs <sup>1)</sup>	Total
Chair of the Board	207	–	–	65	272
Other Members of the Board (8 people)	876	–	–	275	1,151
CEO	4,273	1,927	635	1,816	8,015
<i>Executive management team, excl. CEO</i>					
Head of Communications	1,446	491	127	589	2,526
Head of Operations	2,174	1,058	–	948	4,180
Head of Business Support and Development	1,931	491	–	733	3,154
Other employees	71,157	23,389	2,866	28,679	123,224
<b>Total</b>	<b>82,063</b>	<b>27,355</b>	<b>3,628</b>	<b>33,105</b>	<b>142,523</b>
Other personnel costs	–	–	–	–	3,681
<b>Total personnel costs</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>146,204</b>

1) Payroll overheads also include the cost of payroll tax.

From 2023 the effect of salary sacrifice is reported under Pension costs.

Första AP-fonden's remuneration policy for senior executives is based on the Government's guidelines for remuneration to senior executives and other employees. There were no divergences from the policy or guidelines in 2024.

### Salaries and other benefits

Board fees are determined by the Government. The Fund governance report provides information about fees and attendance for each Member of the Board. The Board of Directors determines the terms of employment for the CEO, following preparation in the Remuneration Committee. All employees have individual employment contracts. Since 1 January 2010, AP1 has no variable remuneration. In the event of termination on the part of the employer, the notice period for the CEO is 12 months. For members of the executive management team and other employees it is between 2 and 6 months. A few agreements entered before April 2009 contain divergences to the above. For cost-related reasons, these agreements have not been renegotiated. In the event of the Fund issuing notice of termination of employment, severance pay can equal a maximum of 18 months' salary. The severance pay shall only consist of the fixed monthly salary, without the addition of benefits. Both salary during the notice period and severance pay shall be reduced by an amount equal to any income from new employment or business activity during the pay-out period. Severance pay is never paid out beyond 65 years of age.

### Pensions and similar benefits

The employment contract of the CEO includes an obligation for the Fund to pay pension premiums equal to 30 per cent of salary. For the portion of salary granting entitlement under the national pension, the pension premium is reduced to 11.5 per cent. As of 1 February 2013, Första AP-Fonden has switched to a defined contribution pension plan, BTP1, for newly hired employees. The pension agreement has been signed and agreed on between the parties. This means that the Fund has two occupational pension plans – BTP1, which is a defined contribution plan, and BTP2, which is a defined benefit plan. All employees have the option of participating in a salary exchange scheme in which gross salary is exchanged for pension premiums. The pension premium is then increased by 5.8 per cent, which corresponds to the difference between payroll tax and social security fees. The premium exchange is therefore cost-neutral for the Fund. From 1 January 2023, Första AP-fonden switched to enhanced pensions for employees in BTP1 and BTP2 born in or later than 1967. Enhanced pension means that the employer pays an extra 2 per cent contribution to the occupational pension. This is done by exchanging 1.45 per cent of the holiday pay supplement for a higher pension premium. Other benefits are taxable and amount to smaller amounts.

## Note 7 – Other administrative expenses

SEK m	2024	2023
Cost for premises	-15	-15
Purchased services	-15	-19
Information and data expenses	-63	-64
Other administration expenses	-4	-4
<b>Other administrative expenses</b>	<b>-97</b>	<b>-101</b>

The amount for purchased services includes remuneration for the Fund's auditors, broken down into the following assignments, SEK thousands:

PWC		
Audit services	-705	-705
Other assignments, primarily tax related	-75	-292
	<b>-780</b>	<b>-997</b>

## Note 8 – Listed shares and participations

Fair value, SEK m	31/12/2024	31/12/2023
Equities, Swedish	92,551	90,060
Non-Swedish equities	186,703	142,855
Participations in Swedish funds	-	-
Participations in non-Swedish funds	-	-
<b>Total fair value</b>	<b>279,254</b>	<b>232,915</b>

### Five largest Swedish equity holdings

Name	Number of shares	Fair value
Atlas Copco	51,756,834	8,394
Investor	24,653,027	7,216
Volvo	23,327,985	6,266
Assa Abloy	11,802,781	3,857
Ericsson (LM)	29,619,841	2,662
		<b>28,395</b>

### Five largest non-Swedish equity holdings

Name	Number of shares	Fair value
Apple	4,070,900	11,264
Nvidia	6,606,400	9,803
Microsoft Corp	1,886,500	8,786
Spotify	1,384,952	6,846
Alphabet	2,914,300	6,112
		<b>42,811</b>

A complete list of all listed holdings at 30 June and 31 December is available on the Fund's website, [www.ap1.se](http://www.ap1.se)

## Note 9 – Unlisted shares and participations

Fair value, SEK m	31/12/2024	31/12/2023
<i>Swedish unlisted shares and participations:</i>		
Subsidiaries and associated companies	58,275	56,091
<i>Non-Swedish unlisted shares and participations:</i>		
Subsidiaries and associated companies	2,668	4,177
Other unlisted shares and participations	45,823	40,340
<b>Total</b>	<b>106,766</b>	<b>100,609</b>

Subsidiaries and associated companies	Domicile	Corp. ID No.	Number of	Holding, %	Net investment income	Equity	Fair value
<b>Swedish shares and participations, subsidiaries and associated companies</b>							
4 to 1 Investment AB	Stockholm	559313-2490	6,250	25.0	-1	2	-
4 to 1 Investment KB	Stockholm	969795-3033	-	25.0	-5,805	1	-
Aros Bostad IV AB	Stockholm	559032-9503	14,747	29.5	2 <sup>1)</sup>	937 <sup>1)</sup>	293
Polhem Infra AB	Stockholm	559183-3917	20,000	33.3	1	1	-
Polhem Infra KB	Stockholm	969789-2413	-	33.3	376	8,427	2,804
Urbanea Fastigheter AB	Stockholm	559201-2008	93,575	98.5	-4 <sup>1)</sup>	536 <sup>1)</sup>	979
Vasakronan Holding AB	Stockholm	556650-4196	1,000,000	25.0	3,798	82,701	25,074
Willhem AB	Gothenburg	556797-1295	770,381,717	100.0	314	24,178	29,125
							<b>58,275</b>

### Non-Swedish shares and participations, subsidiaries and associated companies

Anglo Scandinavian Estates III Limited	United Kingdom	B 207618		36	-617 <sup>2)</sup>	837 <sup>2)</sup>	389
ASE Holdings S.à.r.l	Luxembourg	B 169327		38	-334 <sup>2)</sup>	436 <sup>2)</sup>	104
Chapone S.à.r.l	Luxembourg	B 200297		100	-1,137 <sup>2)</sup>	1,783 <sup>2)</sup>	1,487
First Australian Farmland Pty Ltd	Australia	155,718,013		100	-42 <sup>2)</sup>	657 <sup>2)</sup>	582
Jutas Invest Finland OY	Finland	2793175-3		100	-52 <sup>1)</sup>	109 <sup>2)</sup>	106
OMERS Farmoor 3 Holdings B.V.	Netherlands	699,691,750,000		100	-1,536 <sup>2)</sup>	878 <sup>2)</sup>	-
							<b>2,668</b>

1) Pertains to figures released 31/12/2023 2) Refers to 31/12/2023 translated at the exchange rate on 31/12/2023

## Note 9 – Unlisted shares and participations, continued

### Five largest holdings, other unlisted shares and participations

Name	Domicile	Holding, %	Cost
Fifth Stockholm Global Private Equity L.P., Hamilton Lane	USA	100	7,326
Fourth Stockholm Global Private Equity L.P., Hamilton Lane	USA	100	6,989
Sixth Stockholm Global Private Equity L.P., Hamilton Lane	USA	100	3,458
Blackstone Strategic Capital Holdings L.P.	Cayman	5	1,378
Idiosyncratic AI LP Class C	USA	100	1,097

A complete list of all unlisted shares and participations is available on the Fund's website [www.ap1.se](http://www.ap1.se)

## Note 10 – Bonds and other fixed-income assets

Fair value, SEK m	31/12/2024	31/12/2023
<b>Breakdown by type of issuer</b>		
Swedish state	20,739	24,319
Swedish municipalities	–	–
Swedish mortgage institutions	10,584	2,708
Other Swedish companies:		
Financial companies	451	830
Non-financial companies	632	1,165
Foreign states	64,337	62,721
Other foreign issuers	17,181	16,707
<b>Total</b>	<b>113,924</b>	<b>108,450</b>
<b>Breakdown by type of instrument</b>		
Inflation-indexed bonds	29,299	29,915
Other bonds	80,778	74,690
Treasury bills	–	–
Certificates	3,847	3,845
Other instruments	–	–
<b>Total</b>	<b>113,924</b>	<b>108,450</b>

## Note 11 – Derivatives

Fair value, SEK m	31/12/2024		31/12/2023	
	Derivative instruments with:		Derivative instruments with:	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
<b>Equity-linked instruments</b>				
Options				
Held	–	–	–	–
Issued	–	–10	–	–1
Swaps	–	–	166	–14
Futures	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–10</b>	<b>166</b>	<b>–15</b>
<b>Interest-linked instruments</b>				
Swaps	554	–344	90	–78
Futures	–	–	–	–
<b>Total</b>	<b>554</b>	<b>–344</b>	<b>90</b>	<b>–78</b>
<b>Currency-linked instruments</b>				
Swaps	1,906	–3,022	8,960	–262
Futures	–	–	–	–
Options				
Held	–	–	742	–
Issued	–	–	–	–300
<b>Total</b>	<b>1,906</b>	<b>–3,022</b>	<b>9,702</b>	<b>–562</b>
<b>Total derivative instruments</b>	<b>2,460</b>	<b>–3,376</b>	<b>9,958</b>	<b>–655</b>

Derivative positions with a negative value amounting to SEK –48 million (–33) have a maturity exceeding 12 months. For maturity analysis thereof, see Note 19.

## Note 12 – Other assets

SEK m	31/12/2024	31/12/2023
Incoming payments, unsettled transactions	172	14
Receivables from foreign tax authorities	608	700
Reinvested cash collateral for derivative positions	–	–
Other assets	–57	181
<b>Total other assets</b>	<b>723</b>	<b>894</b>

## Note 13 – Prepaid expenses and accrued income

SEK m	31/12/2024	31/12/2023
Accrued interest income	764	634
Accrued dividends	115	129
Other prepayments and accrued income	–7	–
<b>Prepaid expenses and accrued income</b>	<b>873</b>	<b>763</b>

## Note 14 – Other liabilities

SEK m	31/12/2024	31/12/2023
Outgoing payments, unsettled transactions	2	202
Received cash collateral for derivative positions	–	–
Other	7,539	2,057
<b>Other liabilities</b>	<b>7,541</b>	<b>2,259</b>

## Note 15 – Deferred income and accrued expenses

SEK m	31/12/2024	31/12/2023
Accrued management fees	–	–
Other accrued expenses	4	5
<b>Deferred income and accrued expenses</b>	<b>4</b>	<b>5</b>

## Note 16 – Net assets

SEK m	2024	2023
<b>Opening net assets</b>	<b>454,386</b>	<b>421,189</b>
Net flow to/from the pension system:		
Incoming pension contributions	89,186	85,004
Outgoing pension disbursements	–90,923	–89,552
Transfer of pension rights to the EC	–1	–1
Settlement of pension rights	–2	–15
Outgoing administrative contribution to the Swedish Pensions Agency	–284	–269
<b>Total net outflow to the pension system</b>	<b>–2,024</b>	<b>–4,833</b>
Net investment income after expenses for the year	44,554	38,029
<b>Closing net assets</b>	<b>496,917</b>	<b>454,386</b>

## Note 17 – Memorandum items

SEK m	31/12/2024	31/12/2023
Collateral provided for repurchase agreements <sup>1)</sup>	7,458	2,021
Securities on loan against other collateral <sup>2)</sup>	–	–
Collateral provided for cleared derivatives <sup>3)</sup>	8,636	7,557
Collateral provided for OTC derivatives <sup>4)</sup>	2,143	–
<b>Other pledged assets and equivalent collateral</b>	<b>18,237</b>	<b>9,578</b>
Investment commitments, unlisted holdings	35,936	29,912
<b>Undertakings</b>	<b>35,936</b>	<b>29,912</b>
<b>Total memorandum items</b>	<b>54,173</b>	<b>39,490</b>
1) Collateral received for repurchase agreements	–	1
2) Collateral received for securities on loan	–	–
3) Collateral received for cleared derivatives	268	–
4) Collateral received for OTC transactions	486	11,783

## Note 18 – Financial instruments, price and valuation hierarchy

This note provides disclosures about how fair value is determined for the financial instruments used by the AP Funds. The Funds' accounting and valuation policies are in accordance with the international reporting standard. The objective is to present information about the fair values of financial assets and liabilities and to ensure transparency and comparability between different companies. This means that the disclosures about valuation of assets and liabilities in the balance sheet take account of whether trade occurs on an active or inactive market and whether quoted prices are available at the time of valuation.

### Valuation of the Fund's net assets – market-listed assets

The majority of the Fund's assets are market listed, which means that they are traded on an active market at prices that represent actual and regularly occurring market transactions. The majority of the Fund's market listed assets are valued daily at their quoted market prices and consist of equities, bonds, derivatives, funds and foreign exchange.

For so-called OTC derivatives the valuation is based on theoretical modelling, whereby future cash flow is estimated with the help of representative underlying market data. The future cash flows are eventually discounted back to a present value using discounting curves. The theoretic modelling has different levels of subjectivity based on the type of derivative, and the choice of yield curve, volatility curve, inflation curve and interpolation method.

In periods when the market lacks liquidity for market listed securities, a higher degree of subjectivity is required in the valuation process. In these conditions, the market features sharply increased spreads between bid and ask prices, which can also differ substantially between market participants. At such times, funds have used a conservative approach to valuation.

### Valuation of net assets – alternative investments

For assets that are not valued in an active market, different valuation methodologies are applied when determining fair value. Fair value equals the price that would have been received or paid in an orderly transaction between two independent parties. Första AP-fonden's unlisted investments mainly consist of investments in real estate and infrastructure companies, real estate and infrastructure funds, and private equity funds.

Investments in real estate companies are valued in accordance with IFRS and industry practice. The valuation of underlying real estate assets is based on discounting of future rental income, operating expenses and sales prices by market-based return requirements. With regard to valuation of deferred tax in a real estate company, this is measured at fair value, i.e. a discounting of future tax effects by an interest rate that is relevant for the individual company. Investments in real estate funds are valued according to recommendations from industry organisations such as the European Association for Investors in Non-Listed Real Estate (INREV).

Investments in private equity funds are valued according to the International Private Equity and Venture Capital Guidelines (IPEV)



or similar principles. According to IPEV, the valuation can be based on completed transactions, market multiples in valuation, the net asset value or discounting of future cash flows.

Investments in infrastructure assets that are considered to be more mature and have a positive cash flow are valued through discounting of future cash flows by market-based return requirements. Investments in assets where the cash flows are further into the future are usually valued at acquisition cost until stabilisation.

Valuation of investments in funds is based on the most recent available reporting. Since reporting from funds is received with a lag, the Fund's annual accounts are generally based on reports at 30 September adjusted for cash flows for the subsequent period and up to the annual accounts closing date. In a situation with rising returns in the equity markets, this means that Första AP-fonden has a lower valuation in the annual accounts than that which is later reported by private equity fund managers and vice versa.

#### Fair value

The fair value of a financial instrument is defined as the amount for which an asset could be transferred or a liability settled between knowledgeable and willing parties in an arm's length transaction. Depending on which market data is available for valuation of the financial instruments, these are broken down into three levels:

Level 1: Financial instruments traded in an active market. The market is deemed active if there are quoted prices that are regularly updated with a greater frequency than once a week and if the prices are used unaltered to settle trades in the market.

Level 2: Financial instruments<sup>1)</sup> traded on a market that is not considered active but for which there are quoted prices that are used unaltered to settle trades, or observable input data that is regularly updated for indirect valuation using generally accepted models.

Level 3: Instruments belong to Level 3 if they cannot be included in level 1 or level 2. In such cases, no observable market data can be used for valuation. Valuations are based on information with consideration to the circumstances, and may require a significant element of estimation from the Fund's management.

#### Active market

An active market is one in which quoted prices are readily and regularly available from an exchange, a trader or similar and where transactions are priced on commercial terms. It is virtually only equities for listed companies, currencies and fixed-income securities issued by governments, municipalities, banks or major corporations that are traded on an active market and can thus be included in level 1. For example, currency derivatives are traded on very active markets, but are classified at level 2 since the value must be derived from prices of other instruments.

#### Inactive market

An inactive market features a low trading volume and a much lower level of trading activity than on an active market. Available prices vary sharply over time or between market participants. In most cases, the prices are not current.

<sup>1)</sup> In classification to an appropriate level in the valuation hierarchy, financial instruments shall be assessed without screening.

Financial assets and liabilities, closing balance 31/12/2024, SEK m	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Shares and participations, listed	279,251	–	3	279,254
Shares and participations, unlisted	–	–	106,766	106,766
Bonds and other fixed-income assets	110,077	–	3,847	113,924
Derivatives	–	2,460	–	2,460
<b>Total assets valued at</b>	<b>389,328</b>	<b>2,460</b>	<b>110,616</b>	<b>502,404</b>
<b>Financial liabilities</b>				
Derivatives	–	–3,376	–	–3,376
<b>Total liabilities valued at</b>	<b>–</b>	<b>–3,376</b>	<b>–</b>	<b>–3,376</b>
<b>Financial assets and liabilities</b>	<b>389,328</b>	<b>–916</b>	<b>110,616</b>	<b>499,028</b>

Financial assets and liabilities, closing balance 31/12/2023, SEK m	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Shares and participations, listed	232,914	–	1	232,915
Shares and participations, unlisted	–	–	100,609	100,609
Bonds and other fixed-income assets	104,605	–	3,845	108,450
Derivatives	–	9,958	–	9,958
<b>Total assets valued at</b>	<b>337,519</b>	<b>9,958</b>	<b>104,455</b>	<b>451,932</b>
<b>Financial liabilities</b>				
Derivatives	–	–655	–	–655
<b>Total liabilities valued at</b>	<b>–</b>	<b>–655</b>	<b>–</b>	<b>–655</b>
<b>Financial assets and liabilities</b>	<b>337,519</b>	<b>9,303</b>	<b>104,455</b>	<b>451,277</b>

Change, level 3	Shares and participations, listed	Shares and participations, unlisted	Bonds and other fixed-income assets	Total
Value reported, opening balance	1	100,609	3,845	104,455
Invested	–	7,626	1,267	8,893
Sold/repaid during the year	–	–4,311	–1,104	–5,415
Realised change in value	–	1,649	76	1,725
Unrealised change in value	2	1,193	–237	958
Transfer from level 1 or 2	–	–	–	–
Transfer to level 1 or 2	–	–	–	–
<b>Value reported, at year-end</b>	<b>3</b>	<b>106,766</b>	<b>3,847</b>	<b>110,616</b>

Of the change in value reported above, SEK 50,386 million (49,430) was unrealised on the balance sheet date. The Fund has the majority of its investments at level 1 where the valuations are obtained from independent and reputable valuation sources.

## Note 19 – Financial risks

### Sensitivity analysis: Reporting of market risk

#### Realised risk

Realised risk is calculated based on a joint standard that has been agreed on by the First, Second, Third and Fourth AP Funds. The table below shows the realised volatility of the total portfolio expressed at an annual rate calculated based on quarterly valuations realised over the past ten years, and on the daily valuations realised over the past year. The latter metric is also presented for the part of the portfolio for which a market value is obtained daily, this is called Liquid portfolio in the table, which amounted to 78.0 per cent of the total portfolio at the end of 2024.

Realised market risk, at 31 December	Volatility annualised, %	
	2024	2023
Total portfolio, 10 years	7.7	7.7
Total portfolio, 1 year	7.3	6.6
Liquid portfolio, 1 year	9.5	9.3

#### Forecast risk

The assets' expected market risk is presented in the sensitivity analysis in the Financial risks table. The calculation is made by simulating the return outcomes based on the composition of the Fund's portfolio at 31 December 2024, combined with historical market returns. The simulation uses a one-year data history and risk is calculated for a horizon of a one-day change in value, but is also reported as an annual rate.

Forecast volatility (8.8%) generally differs from realised volatility (7.3%). In part, the composition of the Fund's portfolio as at year-end can be more or less representative of how the composition has been during the year as a whole, and in part the portfolio's unlisted assets are represented in the simulation of listed market index, which typically demonstrates higher volatility.

The simulation is based on a joint standard that has been agreed on by the First, Second, Third and Fourth AP Funds. The simulation is shown with two different but related risk measures. The first is Value at Risk which shows the outcome expected to be exceeded by the Fund with a 95 per cent probability. Expected shortfall, however, shows the expected loss given that the loss is greater than the Value at Risk measure. The table also shows the Fund's risk measured as forecast volatility, which amounted to 8.8 per cent annualised for the Fund's total portfolio at 31 December. The foreign exchange asset class shows the Fund's total currency risk, while the other assets in the table are hedged for currency risk. The table shows the diversification gain achieved through the Fund's investment in different assets, which together generate a lower total risk of loss compared to the sum total of the assets' individual risks.

### Financial risks

Forecast market risk at 31 December	Volatility annualised %		Value at Risk annualised, SEK m		Expected shortfall annualised, SEK m		Value at Risk one day, SEK m		Expected shortfall one day, SEK m	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Equities	12.4	12.4	-57,435	-57,087	-95,929	-65,289	-3,562	-3,540	-5,949	-4,049
Fixed income	3.6	4.1	-6,580	-7,040	-7,960	-8,937	-408	-437	-494	-554
Alternative investments	12.3	19.4	-22,499	-36,208	-30,516	-45,169	-1,395	-2,246	-1,893	-2,801
Foreign exchange	9.2	11.0	-16,966	-16,592	-22,288	-21,129	-1,052	-1,029	-1,382	-1,310
Contribution from diversification	-5.7	-4.2	31,091	31,423	41,712	38,911	1,928	1,949	2,587	2,413
Liquid portfolio	8.7	8.4	-55,280	-47,143	-94,874	-56,859	-3,428	-2,924	-5,884	-3,526
<b>Total portfolio</b>	<b>8.8</b>	<b>11.4</b>	<b>-72,390</b>	<b>-85,504</b>	<b>-114,981</b>	<b>-101,613</b>	<b>-4,489</b>	<b>-5,303</b>	<b>-7,131</b>	<b>-6,302</b>

### Liquidity risk, at 31 December

Maturity structure, maturity in years, SEK m	<1		1<3		3<5		5<10		>10		Total balance, SEK m	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Nominal, government	234	3,498	5,805	6,921	11,106	6,715	18,022	17,318	21,043	23,261	56,210	57,713
Nominal, credit	804	892	4,941	5,717	11,556	3,904	5,287	4,287	2,695	2,739	25,283	17,539
Inflation-indexed	-	2,389	9,819	9,445	5,035	5,379	9,676	8,282	4,817	4,467	29,348	29,961
<b>Total portfolio</b>	<b>1,038</b>	<b>6,779</b>	<b>20,565</b>	<b>22,083</b>	<b>27,697</b>	<b>15,997</b>	<b>32,986</b>	<b>29,887</b>	<b>28,555</b>	<b>30,467</b>	<b>110,841</b>	<b>105,213</b>

### Derivative positions with a negative fair value, maturity exceeding 12 months, at 31 December

Maturity structure, maturity in years, SEK m	1<3		3<5		5<10		>10		Total balance, SEK m	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Equity-linked instruments	-	-	-	-	-	-	-	-	-	-
Interest-linked instruments	-30	-	-18	-15	-	-18	-	-	-48	-33
Currency-linked instruments	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-30</b>	<b>-</b>	<b>-18</b>	<b>-15</b>	<b>-</b>	<b>-18</b>	<b>-</b>	<b>-</b>	<b>-48</b>	<b>-33</b>

### Credit risk, at 31 December

Rating, SEK m <sup>1)</sup>	AAA		AA		A		BBB		<BBB		Total balance, SEK m	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Nominal, government	18,160	17,228	24,873	29,052	9,189	7,160	3,989	4,273	-	-	56,210	57,713
Nominal, credit	2,723	1,632	3,840	2,569	7,962	6,848	6,787	4,630	3,971	1,860	25,283	17,539
Inflation-indexed	14,088	13,706	12,202	13,094	1,818	1,991	1,240	1,170	-	-	29,348	29,961
<b>Total</b>	<b>34,971</b>	<b>32,566</b>	<b>40,914</b>	<b>44,715</b>	<b>18,970</b>	<b>15,999</b>	<b>12,015</b>	<b>10,073</b>	<b>3,971</b>	<b>1,860</b>	<b>110,841</b>	<b>105,213</b>

<sup>1)</sup> Reporting of credit risk for fixed-income securities based on ratings issued by reputable rating agencies.

## Note 20 – Financial assets and liabilities that are netted or governed by netting agreements

31/12/2024, SEK m	Gross amount	Netted amount in balance sheet	Net amount in the balance sheet	Related amounts that cannot be netted			Other <sup>1)</sup>	Total in the balance sheet
				Framework agreement on netting	Collateral	Net amount		
<b>Assets</b>								
Derivatives	2,460	–	2,460	1,657	754	49	–	2,460
<b>Total assets</b>	<b>2,460</b>	<b>–</b>	<b>2,460</b>	<b>1,657</b>	<b>754</b>	<b>49</b>	<b>–</b>	<b>2,460</b>

31/12/2024, SEK m	Gross amount	Netted amount in balance sheet	Net amount in the balance sheet	Related amounts that cannot be netted			Other <sup>1)</sup>	Total in the balance sheet
				Framework agreement on netting	Collateral	Net amount		
<b>Liabilities</b>								
Derivatives	3,376	–	3,376	741	2,736	–	–	3,376
Repurchase transactions	7,487	–	7,487	–	7,458	29	–	7,487
<b>Total liabilities</b>	<b>10,863</b>	<b>–</b>	<b>10,863</b>	<b>741</b>	<b>10,194</b>	<b>29</b>	<b>–</b>	<b>10,863</b>

31/12/2023, SEK m	Gross amount	Netted amount in balance sheet	Net amount in the balance sheet	Related amounts that cannot be netted			Other <sup>1)</sup>	Total in the balance sheet
				Framework agreement on netting	Collateral	Net amount		
<b>Assets</b>								
Derivatives	9,958	–	9,958	655	11,783	–	–	9,958
<b>Total assets</b>	<b>9,958</b>	<b>–</b>	<b>9,958</b>	<b>655</b>	<b>11,783</b>	<b>–</b>	<b>–</b>	<b>9,958</b>

31/12/2023, SEK m	Gross amount	Netted amount in balance sheet	Net amount in the balance sheet	Related amounts that cannot be netted			Other <sup>1)</sup>	Total in the balance sheet
				Framework agreement on netting	Collateral	Net amount		
<b>Liabilities</b>								
Derivatives	655	–	655	655	–	–	–	655
Repurchase transactions	2,019	–	2,019	–	2,021	–	–	2,019
<b>Total liabilities</b>	<b>2,674</b>	<b>–</b>	<b>2,674</b>	<b>655</b>	<b>2,021</b>	<b>–</b>	<b>–</b>	<b>2,674</b>

1) Other instruments in the balance sheet that are not governed by netting agreements

The table above shows the financial assets and liabilities that are presented net in the balance sheet, or that carry rights associated with legally binding framework agreements regarding netting or similar agreements. Financial assets and liabilities are recognised net in the balance sheet when the Fund has a legal right to perform netting in normal business conditions, in the event of insolvency, and if there is an intention to pay net proceeds or realise the asset and

simultaneously settle the liability. Financial assets and liabilities that are governed by legally binding framework agreements regarding netting or similar agreements that are not presented net in the balance sheet are arrangements that commonly come into legal effect in the event of insolvency, but not in normal business conditions or arrangements in which the Fund does not intend to settle the positions simultaneously.

## Note 21 – Related parties

The table shows Första AP-fonden's transactions, outstanding dealings and obligations with related parties in accordance with definitions in IAS 24. Related parties to Första AP-fonden are considered to be subsidiaries and associated companies in which the Fund's ownership is a minimum of 20 per cent, as well as the Fund's Board members and executive management team.

See Note 6 for information regarding salaries and remuneration for Board members and the executive management team.

Counterparty	31/12/2024	31/12/2023	Counterparty	31/12/2024	31/12/2023	Counterparty	31/12/2024	31/12/2023
<b>AROS Bostad IV AB</b>			<b>ASE Holdings S.å.r.l</b>			<b>Polhem AB</b>		
Shareholder contributions during the year	19	–	Interest income	–	16	Shareholder contributions during the year	–	–
Investment commitments	17	36	Proprietary loans	–	–			
			Shareholder contributions during the year	33	303	<b>Polhem KB</b>		
<b>Chapone S.å.r.l</b>						Shareholder contributions during the year	255	–
Interest income	–	13	<b>Anglo Scandinavian Estates III Limited</b>			Investment commitments	3,218	3,473
Proprietary loans	2,675	2,477	Interest income	1	6			
Shareholder contribution/repaid during the year	20	16	Proprietary loans	10	8	<b>Urbanea Fastigheter AB</b>		
Investment commitments	151	253	Shareholder contributions during the year	68	398	Shareholder contributions during the year	196	49
			Investment commitments	46	43	Investment commitments	313	17
<b>Vasakronan Holding AB</b>								
Rent for premises <sup>1)</sup>	11.8	11.5	<b>Jutas Invest Finland OY</b>			<b>4 to 1 Investment AB</b>		
Interest income	9	9	Interest income	37	44	Shareholder contributions during the year	0.3	0.3
Shareholder contributions during the year	–	–	Proprietary loans	521	472			
Undertaking, on the request of Vasakronan, to purchase commercial papers in the company, up to the highest total settlement amount at any time of:	4,500	4,500	Shareholder contributions during the year	–	151	<b>4 to 1 Investment KB</b>		
			Investment commitments	556	541	Shareholder contributions during the year	4	0.1
<b>Willhem AB</b>								
Interest income	28	28	<b>First Australian Farmland Pty Ltd</b>					
Shareholder contributions during the year	1,600	1,001	Interest income	37	35			
Undertaking, on the request of Willhem, to purchase commercial papers in the company, up to the highest total settlement amount at any time of:	8,000	8,000	Proprietary loans	641	608			
			Shareholder contributions during the year	–	–			
			<b>OMER Farmoor 3 Holdings B.V.</b>					
			Proprietary loans	–	280			
			Shareholder contributions during the year	1	14			

1) Första AP-fonden rents office premises from Vasakronan on market terms.

# Statement of assurance from the Board of Directors

We hereby give our assurance that the annual accounts have been prepared in conformity with generally accepted accounting principles in Sweden and with the joint accounting and valuation policies developed by the AP Funds, that the information therein gives a true and fair presentation of the actual conditions, and that nothing of material significance has been omitted that could affect the presentation of the Fund created by this annual report.

Stockholm, 19 February 2025

**Eva Lindström**  
Chair

**Anna Nilsson**  
Vice-Chair

**Annika Andersson**  
Member of the Board

**Lars Fresker**  
Member of the Board

**Peter Hansson**  
Member of the Board

**Gunilla Hellqvist**  
Member of the Board

**Linda Jonsson**  
Member of the Board

**Erik Rosenberg Sjöström**  
Member of the Board

**Erica Sjölander**  
Member of the Board

Our audit report has been submitted on 19 February 2025

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

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

# Auditor's report

For Första AP-fonden,  
Corp. ID No. 802005-7538

## Report on the annual accounts Opinion

We have audited the annual accounts of Första AP-fonden for 2024. The Fund's annual accounts are on pages 10–29 of this document.

In our opinion the annual accounts have been prepared in accordance with the National Pension Insurance Funds Act (2000:192) and present fairly, in all material aspects, the financial position of Första AP-fonden as of 31 December 2024 and its financial performance for the year then ended in accordance with the National Pension Insurance 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 our opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Första AP-fonden in accordance with generally accepted auditing standards in Sweden and we have otherwise fulfilled our professional ethical responsibility in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## Auditor's report (disclosure in accordance with ISA 706) – Disclosure of particular significance

We would like to draw attention to the fact that the Report of the Board of Trustees states that on 6 February 2025, the Government submitted a referral from

the Council on Legislation which means that the First AP Fund will be incorporated into the Third and Fourth AP Funds. According to this proposal, Första AP-fonden's activities will thus continue in a different form. We have not modified our statement in this regard.

## Information other than the annual accounts

This document also contains information other than the annual accounts, and this can be found on pages 1–9 and 32–47.

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

Our opinion regarding the annual accounts does not extend to this information, and we do not provide any opinion with assurance regarding this other information.

In connection with our audit of the annual accounts, it is our responsibility to read the information identified above and to consider whether or not the information is, to a material extent, inconsistent with the annual accounts. During this review, we also take into consideration the knowledge we have otherwise gained during the audit and assess whether the information otherwise seems to contain material misstatement.

If, based on the work carried out regarding this information, we conclude that the other information contains a material misstatement, we are required to report it. We have nothing to report in this respect. We have nothing to report in this respect.

## Responsibility of the Board of Directors and the Chief Executive Officer

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and for ensuring that they provide a true and fair presentation in accordance with the National Pension Insurance Funds Act. The Board of Directors and CEO are also responsible for such internal control as the Board of Directors and the CEO deem necessary for the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

While preparing the annual accounts, the Board of Directors and the CEO are responsible for assessing the Fund's ability to continue its operation. They disclose, where applicable, conditions that could affect the company's ability to continue its operation and to apply the going concern assumption.

The going concern assumption, however, is not applied if the Board of Directors and the CEO intend to liquidate the Fund, close down the operation or do not have a realistic alternative to one of these options.

## Responsibility of the auditor

Our goals are to express an opinion with reasonable assurance on whether the annual accounts as a whole contain any material misstatements, whether due to fraud or error, and to provide an auditors' report containing our opinions.

Reasonable assurance is a high degree of certainty, but it is no guarantee that an audit performed in accordance with ISA and generally accepted auditing standards in Sweden will always discover a material misstatement should one exist. Misstatements can occur due to fraud or error, and are deemed to be material if individually or jointly they can reasonably be expected to affect the financial decisions made by users based on the annual accounts.

As part of an audit performed in accordance with ISA, we use professional judgement and we take a professionally sceptical approach during the entire audit. Furthermore:

- we identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, we design and perform audit procedures, partly based on these risks, and we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. There is a higher risk of not discovering a material misstatement due to fraud than one due to error as fraud may entail acting in collusion, falsification, intentional omissions, incorrect information or disregarding internal control.

- we acquire an understanding of the part of the Fund's internal control that is important to our audit in order to design audit procedures that are appropriate taking into account the circumstances, but not in order to express an opinion on the efficacy of the internal control.
- we evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and pertaining disclosures made by the Board of Directors and the CEO.
- we conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern assumption in preparing the annual accounts. Based on the audit evidence obtained, we conclude on whether there are any material uncertainties relating to any events or conditions that could result in significant doubt about the Fund's ability to continue the operation. If we conclude that there is a material uncertainty, we must draw attention in the auditors' report to the disclosures in the annual accounts about the material uncertainty, or, if such disclosures are insufficient, we must modify our opinion of the annual accounts. Our conclusions are based on the audit evidence obtained up until the date of the auditors' report. Future events or conditions may, however, mean that the Fund is no longer able to continue its operations.
- we evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts render the underlying transactions and events in a way that provides a true and fair presentation.

We must inform the Board of Directors of the planned scope and direction of the audit, as well as the timing of the audit, for example. We must also provide information about significant observations during the audit, including any significant shortcomings we identify in the internal control.

## Report on other legal and regulatory requirements

### Statements

In addition to our audit of the annual accounts, we have examined the inventory of the assets managed by Första AP-fonden. We have also examined whether there are any comments in general concerning the Board of Directors' and the CEO's administration of Första AP-fonden for 2024. Our audit has not resulted in any comments concerning the inventory of assets or in general regarding the administration of the Fund.

### Basis for our opinion

We have conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility as set out in these standards is described in more detail in the section on "The auditor's responsibility". We are independent of Första AP-fonden in accordance with generally accepted auditing standards in Sweden and we have otherwise fulfilled our professional ethical responsibility in accordance with these requirements.

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

### Responsibility of the Board of Directors and the Chief Executive Officer

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

The Board of Directors is responsible for Första AP-fonden's organisation and for the management of Första AP-fonden's affairs. This includes, for example, continuously assessing Första AP-fonden's financial situation and ensuring that Första AP-fonden's organisation is designed so that accounting, asset management and Första AP-fonden's financial affairs are otherwise controlled in an adequate manner. The CEO shall manage the ongoing administration in accordance with the Board of Directors' guidelines and instruc-

tions and, for example, take the necessary measures to ensure that Första AP-fonden's accounting is fulfilled in conformity with legislation and to ensure that asset management is handled in an adequate manner.

### The auditor's responsibility

Our goal regarding the audit of the administration, and thereby our opinion on the administration, is to obtain audit evidence in order to assess with reasonable assurance whether or not there is any comment concerning the Board of Directors' and the CEO's administration of Första AP-fonden for the 2024 financial year.

Reasonable assurance is a high degree of certainty, but it is no guarantee that an audit performed in accordance with generally accepted auditing standards in Sweden will always discover measures or omissions that can result in comments.

As part of an audit performed in accordance with generally accepted auditing standards in Sweden we use professional judgement and we take a professionally sceptical approach during the entire audit. The review of the administration is primarily based on the audit of the annual accounts.

Decisions regarding additional audit procedures carried out are based on our professional judgement with the starting points of risk and materiality. This means that we focus the review on such procedures, areas and conditions that are material to the operation and where deviations and non-compliance would have particular significance for Första AP-fonden's situation. We review and test the decisions made, bases for decisions, measures taken and other conditions that are relevant to our opinion of the administration.

Stockholm, 19 February 2025

#### Peter Nilsson

Authorised Public Accountant  
Appointed by the Swedish Government

#### Helena Kaiser de Carolis

Authorised Public Accountant  
Appointed by the Swedish Government

# Board of Directors' annual risk management report

According to the National Pension Insurance Funds Act (2000:192), the Board of Directors of AP1 is responsible for the Fund's organisation and management of its assets, including ensuring good internal control. The Board appoints a Risk and Audit Committee from among its members to prepare matters pertaining to internal control.

The Board submits this report on risk management annually. However, the report is not part of the formal annual report and is therefore not examined by the Fund's auditors. The Swedish Government commissions external auditors to review the Fund's financial statements and risk control. An internal audit is also conducted annually, as commissioned by the Board.

Första AP-fonden, which is tasked with generating a return on pension capital, is naturally exposed to various risks, both internal and external, which affect its ability to achieve the return target.

## Risk appetite framework

The Board of Directors annually adopts a risk management plan that includes a risk appetite framework. This framework is based on the overall business strategy, investment strategy and responsible investment policy. The framework defines and identifies key risks, describes the Fund's strategies for managing them, lists principles for what good risk management entails, and clarifies the Fund's risk appetite for each key risk. The key risks managed by the Fund are financial risk, management risk, strategic risk, operational risk, political risk and reputational risk.

The Fund's financial risks shall be optimised within the risk mandate delegated to the CEO by the Board, and the risk mandate further delegated by the CEO within the management organisation. Deliberate

## Three lines of defence for risk management and internal control

# 1st

## LINE OF DEFENCE

### All employees

#### Responsibilities and work duties

All employees are fully responsible for ensuring that the day-to-day operation reaches the goals within the framework of relevant rules, instructions and policies.

#### Reporting

Report relevant risk situation to the Risk Committee and to the second line of defence.

# 2nd

## LINE OF DEFENCE

### Risk control and other internal control functions

#### Responsibilities and work duties

The risk control function ensures that risks are identified, quantified, monitored and reported at both detailed and aggregate levels. The level of risk is continuously monitored by means of limits and stress tests. The Compliance function identifies, monitors and reports on risks related to regulatory compliance, financial market behaviour and regulatory requirements. The Data Protection Officer ensures compliance with the General Data Protection Regulation (GDPR) by performing checks and implementing activities to raise awareness. The Chief Information Security Officer (CISO) supports and monitors information security work, is responsible for methodological support and drawing up governing documents to ensure confidentiality, accuracy and availability.

#### Reporting

The functions are independent and report independently of each other, to the executive management team and the Board, on the operation's aggregate risk exposure.

# 3rd

## LINE OF DEFENCE

### Internal audit

#### Responsibilities and work duties

Internal audit assures the quality of risk management through an independent regular review. It evaluates processes and compliance with rules, frameworks and models from an internal control perspective to ensure that they are effective and appropriate. Like the Fund's Compliance and Risk Control functions, the Fund's Internal audit function is evaluated by the external auditor.

#### Reporting

Internal audit identifies observations and reports them to the Board, along with proposed improvement measures.



financial risks are taken in order to generate returns for the income pension system. The framework is an important tool for the Board and management to make trade-offs on how much risk can be accepted in order to create the desired value.

### **Good control and fund management**

The risk management plan sets out guidelines and limitations for the risk mandate delegated to the CEO by the Board. This document provides a basis for the internal control and monitoring of the Fund's investment activities, setting out limits for financial risk-taking for the Fund and stipulating well-defined decision-making structures for operating activities that should lead to good internal risk control.

More detailed instructions for managing and monitoring risks can be found in the instructions from the CEO. Frameworks for risk-taking are specified for individual management mandates in an investment instruction, with accompanying risk mandates.

Although Första AP-fonden is not formally subject to the Swedish Financial Supervisory Authority's regulations, the Fund's risk management is based on the Swedish Financial Supervisory Authority's regulations and general guidelines on governance, risk management and control at credit institutions (FFFS 2014:1) on the three lines of defence:

1. Responsibility for risk management and control in business operations.
2. Internal control and regulatory compliance.
3. Independent review.

For the third line of defence, independent review via internal audit, the Board has decided to conduct independent reviews with the support of an external consultant.

Managing financial risks is fundamental to the ability of the Fund to deliver on its mandate in the pension system. Risk management in the Fund is thus proactive, with financial risk forecast for each asset individually and for the portfolio as a whole. For this reason, there is a well-established risk culture at the Fund. Important elements of this culture include transparent reporting of the Fund's investments and a principle of duality for executing business transactions. This means that everyone in the organisation can monitor investing activities via an enterprise-wide system. Moreover, each business transaction requires the approval of at least two people. Operations functions and the independent Risk Control function are responsible for different aspects of financial risks and counterparty and delivery risks. The second line of defence comprises the internal risk control function, the Data Protection Officer and CISO, and the Compliance function.

### **Risk assessment**

To ensure effective financial reporting and identification of operational risks, a yearly review of the Fund's processes and documentation thereof is conducted on behalf of the Board. The results of this review are reported to the Board's Risk and Audit Committee and to the Board. A key component of this review is the year-end procedure, which serves as a basis for the external financial reporting. The year-end procedure encompasses valuation, reconciliation and controls of securities in connection with the closing of accounts. Aside from a general review of the processes, every year the Board establishes the areas to be prioritised and subjected to special review.

The units within the organisation that are affected by the review participate actively in the analysis, which is based on a self-assessment method. This work results in an evaluation of identified risks and a prioritisation of measures. The Fund's Chief Risk Officer oversees the analysis process and ensures that the prioritised

measures are implemented. The Board also discusses non-financial risks in more depth once per year.

### **Control structure and activities**

The financial information is analysed and verified by the Fund's Finance function. Different systems produce source materials for various risk analyses that are used as support for control activities.

Första AP-fonden's accounting and valuation policies are being gradually adapted to International Financial Reporting Standards, IFRS. Complete adaptation to IFRS would have no material impact on the reported net investment income and net assets. See Note 1, Accounting policies, for more information. The portfolio is managed according to forecast financial risk control within the given mandates. Forecast risk is analysed retrospectively in relation to the actual risk outcome. In this way, the model for portfolio management can be evaluated and developed.

### **Communication and reporting**

All guidelines and instructions with relevance for internal control are communicated clearly and are available to all employees. The Board is regularly informed about the Fund's financial position and performance and other risk areas. Each month, the Board is provided with an income, return and risk report, along with a quarterly report on the income statement and balance sheet. The Fund's financial position and risk-taking are reported at each ordinary Board meeting, and risk reporting is a standing item on the agenda. These procedures are deemed to secure external financial reporting, which takes place in connection with the annual and semi-annual accounts. The risk and control function reports to the Risk and Audit Committee at the meetings of the committee, and the auditors report regularly to both the committee and the Board in connection with the annual closing of accounts.

# Annual Fund Governance Report of the Board of Directors

Första AP-fonden's Board publishes an annual fund governance report. The report describes the most significant aspects of the work of the Board and the organisation during the year. The Fund Governance Report complies, as appropriate, with the Swedish Annual Accounts Act and the Swedish Corporate Governance Code (hereinafter referred to as the Code), which is good practice guidance for listed Swedish companies. However, Första AP-fonden is a Government authority, and there are vast differences between public law and company law. The Fund Governance Report has therefore been limited to the sections that can be deemed relevant to the Fund.

The Fund Governance Report including the Board of Directors' report on risk management, has not been reviewed by the auditors. Första AP-fonden is a Government authority commissioned to manage assets in the Swedish income pension system. The AP Funds are more independent than most other Swedish authorities because their operations are regulated only in the National Pension Insurance Funds Act (the AP Funds Act) and not by regulations or appropriation directions. As a Government authority, Första AP-fonden is also affected by other laws. In accordance with the AP Funds Act, the Swedish Government is to evaluate the management of the fund assets every year and report the evaluation in a written communication to the Swedish Parliament no later than 1 June of the year following the financial year.

THE DOCUMENTS ARE AVAILABLE ON THE FUND'S WEBSITE 

## Board of Directors

The Board of Directors of Första AP-fonden bears full responsibility for the Fund's operations, organisation

and management of Fund assets. The work of the Board is regulated in the National Pension Insurance Funds (AP Funds) Act. Första AP-fonden's Board of Directors consists of nine members. Eva Lindström was appointed as the new Chair when Urban Hansson Brusewitz resigned in May 2024. All members are appointed by the Swedish Government. Two of the members are appointed by the proposal of organisations representing employee interests, and two are appointed by the proposal of organisations representing employer interests. The Government also appoints the Chairman and Deputy Chairman from among the members not proposed by labour market parties. The Fund's CEO is not a member of the Board. The Government also appoints the Fund's external auditors. The members' term of office is one year, i.e. it lasts until the Fund's income statement and balance sheet for 2024 have been adopted. Fees and other remuneration for members of the Board are determined by the Government. Remuneration for the full year amounts to SEK 200,000 for the Chair, SEK 150,000 for the Vice Chair and SEK 100,000 for the other Board members. In addition, there is scope to pay total fees of SEK 100,000 for work on the Board's committees. The Board has resolved to pay fees of SEK 13,200 per year to each member of the Risk and Audit Committee, SEK 6,600 per year to each member of the Remuneration Committee and SEK 13,200 per year to each member of the Sustainability Committee. For more information For more information about fees for Board members, see Note 6. A more detailed presentation of the members of the Board of Directors is provided on the Fund's website, [www.ap1.se](http://www.ap1.se)

## Work of the Board

Each year, in compliance with the requirements imposed by the National Pension Insurance Funds

(AP Funds) Act, the Board of Directors establishes targets and guidelines for the investing activities, the Fund's risk management plan, responsible investment policy, operational plan and budget. In addition, the Board resolves to operationalise the Fund's mandate in its strategy and a number of governance documents, such as the core values and ethics policy, policy for gifts, hospitality and other benefits, remuneration policy for senior executives and rules governing employees' trade in financial instruments. The Board also appoints the Fund's CEO, to whom it delegates responsibility for the Fund's day-to-day management. The Board of Directors resolves on rules of procedure for its own work, and on a work instruction for the CEO. In 2024, the Board met on seven occasions. During the year, the Board addressed the governance model, risk and compliance matters, the outcome of management, expenses, ESG matters, the operational plan and the budget. The Board has also held one in-depth seminar in addition to its regular meetings. There was 98 per cent attendance at Board meetings (see the table on page 36). Reporting of earnings development and risk reporting are standing items on the agenda. In addition to Board members, the CEO and the secretary to the Board of Directors attend the Board meetings, with the exception of when the Board meets alone. The secretary to the Board is the Fund's General Counsel. Other employees of the Fund also participate on a regular basis as experts or reporting persons. External speakers are also invited to Board meetings when needed. The Fund's external auditors report to the Board at least once a year. On these occasions, there is time for discussions between the Board and auditors without the presence of employees of the Fund. Each year, the Board conducts an evaluation of its own work. The evaluation is then used to improve the work of the Board and its committees,

as well as the preparatory work of management ahead of Board meetings. The Chair of the Board reports the main findings to the Government. From among its own members, the Board has appointed three committees: a Risk and Audit Committee, an Investment Committee and a Remuneration Committee. All of the committees are preparatory organisations, and the Board retains the right to make decisions in all matters addressed in the committees.

### Work of the committees

The Risk and Audit Committee assists the Board in matters related to internal control, operational risks, financial reporting and auditing. In 2024, Erik Rosenberg Sjöström was the chairperson of the Risk and Audit Committee at the first meeting of the year, which was held in February. Annika Andersson was a member at that meeting and Chair for the rest of the year. Lars Fresker was a member throughout the year, while Erica Sjölander was a member from May 2024. The committee convened four times. Attendance at meetings of the Risk and Audit Committee was 100 per cent. The Fund's auditors took part in the meetings of the Risk and Audit Committee on three occasions. The CEO, CFO and the Heads of Risk control and Compliance are co-opted into the Risk and Audit Committee meetings.

The Remuneration Committee assists the Board in matters related to remuneration. In 2024, the committee consisted of Board Chair, Urban Hansson Brusewitz, until he resigned in May, after which the new Board Chair, Eva Lindström, took over the chairmanship of the committee. Peter Hansson was a member at the first meeting of the year in February, and was subsequently succeeded by Linda Jonsson. In June, Gunilla Hellqvist was also appointed as a member. The Committee convened twice during the year; attendance at meetings of the Remuneration Committee was 100 per cent. The CEO of the Fund is

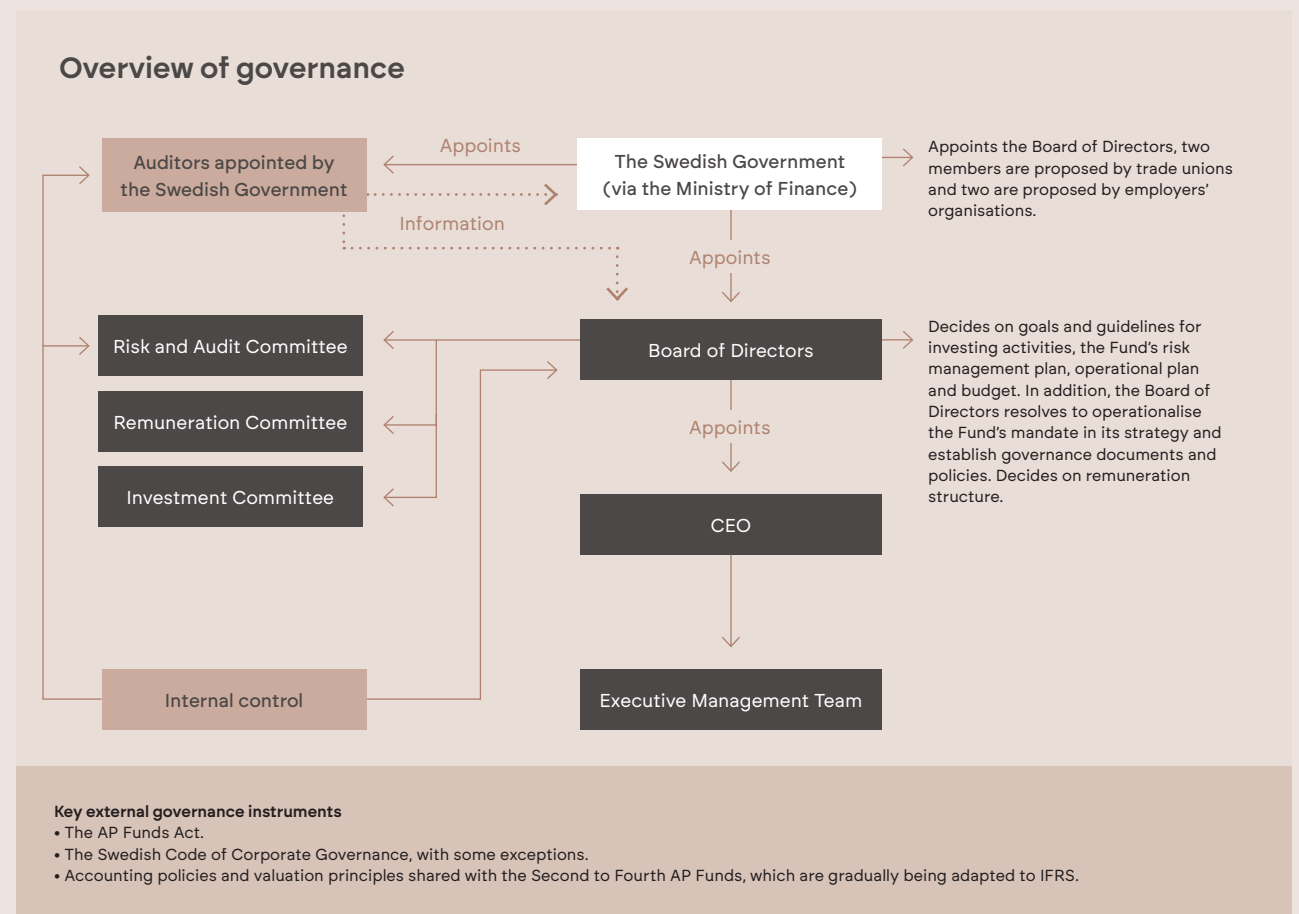
co-opted into the Remuneration Committee's meetings, apart from when the CEO's remuneration is discussed. The CFO and the Head of Human Resources are co-opted into Remuneration Committee meetings, apart from when the remuneration of senior executives is discussed.

The Investment Committee assists the Board in matters relating to investment activities. In 2024, Peter Hansson chaired the committee. Anna Nilsson and Erik Rosenberg Sjöström were members. The committee

convened four times. Attendance at Investment Committee meetings was 100 per cent. The CEO of the Fund and the heads of management, including the Head of Sustainability, the Macroeconomics Strategist, and the Head of Valuations, Returns and Risk Analysis are co-opted to meetings of the Investment Committee.

### Management of the Fund

Första AP-fonden's Board of Directors has delegated responsibility for operating activities to the Fund's



CEO. The Board of Directors decides on the long-term risk preference of the Fund, which is manifested in overarching asset allocation. In order to implement the Fund's investment philosophy, the CEO is given a mandate to diverge from the overarching asset allocation within specified boundaries. In support of the CEO in decisions pertaining to operating activities, the CEO has appointed different committees and an Executive Management Team that includes representatives from different departments. The Heads of Risk Control and Compliance report to the Board and the CEO. As independent control functions, they are not part of the operational management team.

## Remuneration

Första AP-fonden's Board of Directors annually adopts a policy for remuneration of senior executives (published on the Fund's website, [www.ap1.se](http://www.ap1.se)). The

Fund's policy is based on the guidelines resolved by the Government. The policy sets out that the total amount of remuneration for each person should be fair and reasonable, balanced and characterised by moderation. Furthermore, remuneration should be market-based and competitive with respect to the labour market in which the executive works, but without being higher than the norm for comparable positions. No variable remuneration is available to the Fund's employees. Första AP-fonden, together with the Second, Third, Fourth, Sixth and Seventh AP Funds, has a joint policy for remuneration, employee benefits, hospitality and business travel. Remuneration of the CEO is determined by the Board of Directors and consists of fixed salary and payment of defined-contribution pension premiums equal to 30 per cent of basic salary. For the portion of remuneration granting rights under the national pension scheme,

the pension premium is reduced to 11.5 per cent. Remuneration for senior executives and managers of independent control functions of Första AP-fonden is determined according to a well-defined process that involves the Board of Directors, the Remuneration Committee and the CEO. Första AP-fonden complies with all points (9.1–9.8) relating to remuneration for senior executives in the Swedish Code of Corporate Governance. See Note 6 for further information regarding remuneration for the executive management team paid in 2024. Every year, the Fund commissions a comparison of remuneration levels with relevant parts of the labour market as a basis for monitoring remuneration for the Fund's employees, and this was also done in 2024. In the Board's opinion, salary levels are market-based, competitive, reasonable and appropriate without being higher than the norm with regard to the CEO, senior executives and other employees. The Board has found that the Fund is in compliance with both the remuneration policy established by the Board and the Swedish Government's guidelines for terms of employment of senior executives in the AP Funds. The auditors perform a review to ensure compliance with the Fund's remuneration policy for senior executives, the Swedish Government's guidelines for terms of employment of senior executives in the AP Funds and the joint policy with other AP Funds. No divergences from the above were noted.

## Conflicts of interest

Första AP-fonden works actively to continuously identify, monitor and manage any conflicts of interest arising in its operations and to prevent potential conflicts of interest from arising. The aim is to prevent conflicts of interest wherever possible. If this is not possible, they must be handled in a responsible and ethical manner.

Första AP-fonden must also provide information about the conflicts of interest and minimise the risk of them

## Attendance at Board meetings and meetings of the Remuneration Committee, the Risk and Audit Committee and the Investment Committee in 2024

Name	Nomination/ appointment proposed by	Board meetings (attendance) seven meetings	Remuneration Committee (attendance) two meetings	Risk and Audit Committee (attendance) four meetings	Investment Committee (attendance) four meetings
Urban Hansson Brusewitz Chair <sup>1)</sup>		Chair 2/2	Chair 1/1		
Eva Lindström <sup>2)</sup>		Chair 5/5	Chair 1/1		
Peter Hansson		Member 7/7	Member 1/1		Chair 4/4
Anna Nilsson		Vice Chair 7/7			Member 4/4
Erik Rosenberg Sjöström	Nominated by Confederation of Swedish Enterprise	Member 7/7		Chair 1/1	Member 4/4
Erica Sjölander	Nominated by Swedish Trade Union Confederation	Member 7/7		Member 3/3	
Annika Andersson		Member 7/7		Member 1/1 Chair 3/3	
Lars Fresker	Nominated by SACO	Member 7/7		Member 4/4	
Linda Jonsson	Nominated by SALAR	Member 6/7	Member 1/1		
Gunilla Hellqvist		Member 7/7	Member 1/1		

1) Resigned from the Board in May 2024 2) Appointed Chair of the Board in May 2024

arising again. The CEO makes decisions on the Fund's actions in each individual case. For conflicts of interest of particular importance, the Chair of the Board is consulted. These are also reported to the Board.

### **Internal control**

The Board of Directors is responsible for the governance and risk management of the Fund. In the Fund's risk management plan, the Board has adopted guidelines and frameworks for the Fund's overarching allocation of responsibilities, risks, risk limits and procedures for monitoring and control of compliance with rules and guidelines. The Board's report on risk management is provided on pages 32–33.

### **Independent review**

Internal audit assignments have been carried out in 2024.

### **External audit**

Första AP-fonden's auditors are appointed by the Swedish Government. A decision by the Swedish Government, via the Ministry of Finance, dated 30 May 2024 renewed the appointment of Peter Nilsson and Helena Kaiser de Carolis as designated auditors from PwC. The term runs until the Fund's income statement and balance sheet for 2024 have been adopted. The auditors have also been appointed as auditors of the Second, Third, Fourth and Seventh AP Funds. The auditors report directly to the Board in the form of a written audit report and a verbal presentation. The auditors participate in at least one Board meeting per year. In addition, regular meetings are held with the Risk and Audit Committee. The auditors present an auditors' report of their findings. The auditors also submit a yearly verbal report to the Swedish Ministry of Finance. The auditors' duties include examining the Fund's operating activities, the administration of the Fund and the year-end accounts.



The background of the page is a misty, green-toned photograph of a dense forest. In the upper left corner, there is a large, light-colored abstract shape that resembles a stylized leaf or a drop, which serves as a backdrop for the title text.

# Sustainability report

Första AP-fonden's sustainability work is based on the mandate we have been given; to manage part of the buffer capital of the national pension system in an exemplary way. We aim to achieve high long-term returns at low risk through responsible investment and responsible ownership. We place particular emphasis on promoting sustainable development without compromising on the overall return target, in accordance with the AP Funds Act. The Swedish Government annually evaluates how the fund fulfils its statutory mandate. We share our mandate with the other AP Funds, which creates opportunities for various forms of collaboration.

## Our sustainability work

Första AP-fonden attaches great importance to reporting on its business operations and sustainability work openly and transparently. This sustainability report presents the outcome of the Fund's sustainability and stewardship efforts in 2024.

As a government agency and manager of state pension funds, we work actively to integrate different elements of sustainability into our operations. This has great importance for retaining public trust in the AP Funds and the pension system.

Taking into account environmental, social and governance aspects (ESG issues) is a vital part of any modern asset management strategy with a view to

achieving high long-term returns and sound risk management. We believe that efficient use of resources and responsible conduct are often core characteristics of long-term sustainable returns. By being a committed and responsible owner, we can influence the companies in which we invest to manage relevant risks in a sustainable way.

### The role of the Board in sustainability

The Board of Directors is responsible for defining the direction of the overarching sustainability programme. The Board adopted a new policy on responsible investment during the year which defines the overarching principles and framework for the Fund's sustainability and stewardship efforts. The CEO of

the Fund is responsible for putting the policy into practice. The following pages report on the performance of the Fund under this policy.

[OUR RESPONSIBLE INVESTMENT POLICY](#) 

The Fund's website provides more information and regular updates on the Fund's sustainability and stewardship efforts, such as how we have voted in the companies we own.

[READ MORE ON THE FUND'S WEBSITE](#) 

## Investments in line with core values

We expect the businesses we invest in to respect the environment, human rights and other areas covered by the international conventions and agreements backed by Sweden. As a long-term and responsible investor with a global and diversified portfolio, we focus on engaging with companies to take responsible actions, including through the Council on Ethics of the AP Funds. We may choose to exclude a company from our investments if a company's behaviour does not develop in the right direction.

### OUTCOME FOR 2024

During the year, severe incidents – assessed as potential or confirmed violation of an international convention – were identified in 89 out of more than 3,300 companies. Through the Council on Ethics of the AP Funds, Första AP-fonden has engaged in dialogue with the companies identified in order to address the problem. In 2024, the Council on Ethics initiated new dialogues with three companies and was able to conclude the dialogue with eight companies that achieved the objectives. At year-end, active dialogues were ongoing with 47 companies.

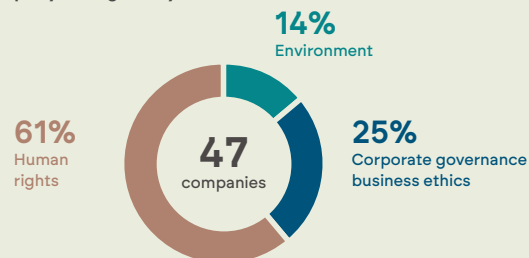
In 2024, the Council on Ethics recommended exclusion of one company, Bharat Electronics Limited. The company was deemed to be operating in breach of international conventions, and attempts at dialogue failed to yield the desired result. Första AP-fonden has chosen to adopt this recommendation.

### Audit of the holdings of the AP Funds

	2024	2023	2022	2021	2020
Number of companies in the AP Funds' portfolios	3,307	3,510	3,202	3,168	2,430
– of which, confirmed violations	12	18	28	23	22
– of which, risk of violations	77	66	83	89	72
– of which, no remarks were made during the audit	3,218	3,426	3,091	3,056	2,336

## Company dialogues to address severe incidents

Company dialogues by issue



Find out more about our discussions with foreign companies and about assets in which we do not invest.

- [AP1.SE](#)
- [READ MORE ON THE COUNCIL ON ETHICS WEBSITE](#)

Besides individual companies that seriously violate international conventions, and where improvements are not made, Första AP-fonden chooses not to invest in:

- Companies that manufacture tobacco.
- Companies that manufacture cannabis for non-medicinal use.
- Companies that manufacture or market controversial weapons.

## Investments for sustainable development

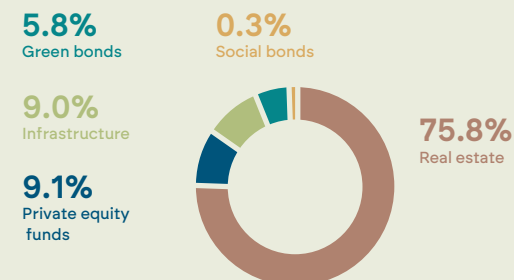
Besides supporting companies to improve sustainability through our stewardship efforts, we have identified sustainable investments that meet our return requirements and are also deemed to contribute positively to an environmental or social objective, in line with the EU's definition of sustainable investment. We consider these investments to be particularly relevant in respect of unlisted assets, where the Fund's contribution in terms of financing or active ownership is particularly evident.

### OUTCOME FOR 2024

During the year, we made new investments in sustainable bonds and private equity. In respect of private equity, we perceive interesting investment opportunities in resource-efficient solutions that meet needs driven by demographic trends such as an ageing population, more responsible use of natural capital and a sustainable transition. For instance, we have made new investments in food, green technologies, transport and health.

Assets that fulfil the Fund's criteria for sustainable investments amount to SEK 82,079 million (78,117).

Breakdown by asset class





## Focus on climate

Första AP-fonden has gradually phased out its exposure to companies with fossil fuel operations as part of the company's efforts to manage the portfolio's climate risk exposure. In 2024, the Fund had no investments in the energy sector (coal, oil and gas companies) or companies that extract coal, own large coal reserves or are major coal power producers.

We are also working to encourage the companies in which we invest to adopt relevant climate targets with credible transition plans. Companies accounting for 46 per cent of the portfolio's carbon emissions have relevant climate targets to reduce their carbon emissions, according to the Science Based Targets initiative (SBTi).

Additionally, we work through the Council on Ethics of the AP Funds for climate transition in emission-intensive industries. We also work with other investors through initiatives such as Climate Action 100+ and the Net Zero Engagement Initiative.

Since 2019, the equity portfolio's carbon footprint<sup>1)</sup> has been reduced by 69 per cent<sup>2)</sup>, which is well in line with our first interim target of halving the level by 2030. This development is explained by both changes in the portfolio's holdings and changes in the carbon intensity of the companies. The latter is also influenced by other factors such as changes in the exchange rate, better data quality and the cumulative development of inflation over time.

Carbon emissions (Scope 1 and 2) of the portfolio's equity holdings fell to 0.50 million tCO<sub>2</sub>e (0.61). Both changes in portfolio holdings and reduced emissions in the companies in which we invest contributed to this outcome. The portfolio companies' indirect

carbon emissions (Scope 3) totalled 12.8 (11.9). This outcome was affected by the increased availability and quality of reported Scope 3 data as companies increasingly report their emissions.

For other asset classes, the carbon footprint<sup>1)</sup> in 2024 amounted to 8.1 tCO<sub>2</sub>e/SEKm (8.2) for real assets and 5.4 tCO<sub>2</sub>e/SEKm (6.3) for credits. The carbon footprint of government bonds<sup>3)</sup> amounted to 15.3 tCO<sub>2</sub>e/SEKm (18.8). Inflation development over time also has an accumulated effect on the footprint for these asset classes.

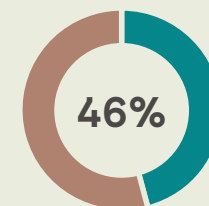
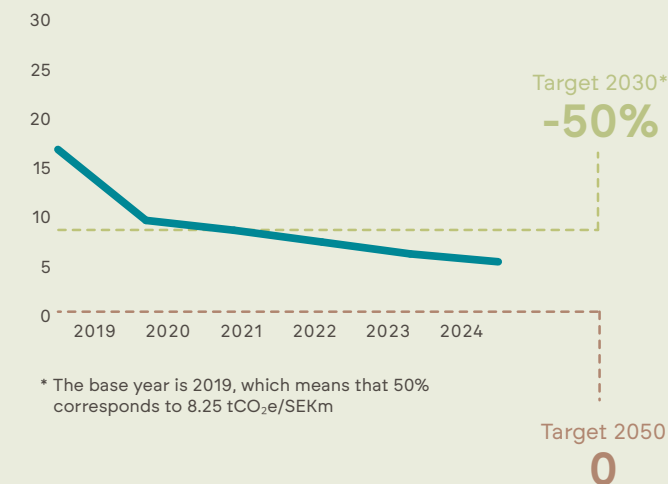
The carbon footprint provides a historic snapshot of the emissions from the companies in the Fund's portfolio. The numbers will vary as the companies' emissions change, but also as the composition of the portfolio is changed. Changes in data quality and fluctuations in exchange rates can also affect this metric in certain years.

- 1) Measured as portfolio-weighted carbon intensity (tCO<sub>2</sub>e/SEKm) for Scope 1 and 2.
- 2) Which, adjusted for inflation over the same period, corresponds to a decrease of 61 per cent.
- 3) Measured as territorial production-based emissions (tCO<sub>2</sub>e/SEKm) relative to GDP.

See the AP Funds' joint guidelines on the Fund's website for more information on calculating and reporting carbon footprints.



Weighted average carbon intensity (tCO<sub>2</sub>e/SEKm)



Companies that account for 46 per cent of carbon emissions have approved climate targets according to SBTi.

## Carbon footprint of the listed equity portfolio

	2024	2023	2022	2021	Base year 2019
Carbon emissions, Scope 1 & 2 (million tCO <sub>2</sub> e) <sup>1)</sup>	0.50	0.61	0.40	0.60	0.80
Change in the portfolio's carbon emissions, Scope 1 & 2 in relation to last year, %	-18	51	-35	5	
– of which change due to changes in portfolio holdings, percentage points	-11	56	-34	4	
– of which change due to changes in the companies' emissions, percentage points	-7	-5	-1	1	
Carbon emissions, Scope 3 (million tCO <sub>2</sub> e) <sup>1)</sup>	12.8	11.9	–	–	
Relative carbon emissions, Scope 1 & 2 (tCO <sub>2</sub> e/SEKm) <sup>2)</sup>	1.9	2.6	2.1	2.6	6.5
Portfolio-weighted carbon intensity, Scope 1 & 2 (tCO <sub>2</sub> e/SEKm) <sup>3)</sup>	5.1	5.9	7.1	8.2	16.5
Change in the portfolio's carbon intensity in relation to last year, %	-13	-17	-14	-11	
– of which change due to changes in portfolio holdings, percentage points	6	-8	-4	1	
– of which change due to changes in the companies' carbon intensity, percentage points	-19	-9	-10	-12	
Mapped market value as a percentage of total net assets, %	56	51	46	51	34

1) Total of the owned share of portfolio companies' individual carbon emissions based on the companies' EVIC. Scope 3 is recognised from 2023 onwards.

2) Total of the owned share of portfolio companies' individual carbon emissions in relation to the equity portfolio's market value based on the companies' EVIC.

3) Total of the portfolio companies' respective carbon intensity, i.e. a company's carbon emissions in relation to its turnover, weighted according to each company's share in the portfolio.

## Carbon footprint of the credit portfolio

	2024	2023	2022	2021	2020
Carbon emissions, Scope 1 & 2 (million tCO <sub>2</sub> e) <sup>1)</sup>	0.03	–	–	–	–
Carbon emissions, Scope 3 (million tCO <sub>2</sub> e) <sup>1)</sup>	0.5	–	–	–	–
Relative carbon emissions, Scope 1 & 2 (tCO <sub>2</sub> e/SEKm) <sup>2)</sup>	2.2	–	–	–	–
Portfolio-weighted carbon intensity, Scope 1 & 2 (tCO <sub>2</sub> e/SEKm) <sup>3)</sup>	5.4	6.3	7.7	13.0	15.9
Mapped market value as a percentage of total net assets, %	3	–	–	–	–

1) Total of the owned share of portfolio companies' individual carbon emissions based on the companies' EVIC. To be recognised from 2024 onwards.

2) Total of the owned share of portfolio companies' individual carbon emissions in relation to the credit portfolio's market value based on the companies' EVIC. To be recognised from 2024 onwards.

3) Total of the portfolio companies' respective carbon intensity, i.e. a company's carbon emissions in relation to its turnover, weighted according to each company's share in the portfolio.

## Första AP-fonden's direct environmental impact

	2024	2023	2022 <sup>1)</sup>	2021 <sup>1)</sup>	2020 <sup>1)</sup>
Power consumption in own offices, MWh	63.8	67.0	114.3	141.7	137.5
District cooling consumption in own offices, MWh	17.5	19.6	77.9	96.4	101.7
Heating consumption in own offices, MWh	47.1	62.9	51.4	45.8	41.5
Water consumption, m <sup>3</sup>	412.0	495.0	404.8	488.2	530.0
Paper consumption, tonnes	0.3	0.3	0.1	0.3	0.3
Percentage of eco-labelled paper out of total paper consumption, %	100	100	100	100	100
Business travel by air, tens of thousands of km	25.4	19.5	12.9	0.1	6
Business travel by air, emissions in CO <sub>2</sub> tonnes	22.5	24.3	16.5	0.1	16

1) The pandemic affected the results.

## Responsible ownership

By being a long-term, committed and transparent owner with a high level of integrity, we contribute to a high return and strengthen trust in the Fund.

A high level of trust from companies, other owners and stakeholders gives us greater opportunities to influence companies in a positive direction.

Read our "Responsible Investment Policy", which sets out the framework and principles and describes our work as a responsible owner.

[OUR RESPONSIBLE INVESTMENT POLICY](#)

### Swedish companies

#### Our important work in nomination committees

One of the most important tasks we have in our capacity as an owner is to appoint competent, experienced and effective boards. Ahead of the 2024 AGMs, Första AP-fonden participated actively in 17 nomination committees of listed companies and three nomination committees in unlisted holdings. We chaired the nomination committees of three companies.

Our work in these nomination committees has involved finding the best possible board composition in each company. It has also promoted professional nomination work through board evaluations, needs analyses, clear requirements profiles, ongoing succession planning and broad recruitment bases that take diversity and gender equality into account.

After this year's AGMs, we can conclude that identifying the right level of remuneration for our boards is an issue that is frequently discussed. Many owners argue that Swedish remuneration has lagged behind the rest of the world. The discussion on the need for

a major shift in remuneration levels for board work will continue ahead of the 2025 AGMs. Första AP-fonden agrees that board work has evolved over time, and that the increase in regulation in recent years has resulted in more stringent reporting requirements and greater responsibility for company boards. It is important to ensure that we can continue to recruit and retain the right skills on our boards.

The percentage of women on the Fund's listed nomination committees increased slightly after the spring AGMs, from 38 per cent to 39 per cent. Of a total of 13 new members, 7 (7) were women. At the same time, the proportion of female board members in Swedish listed companies has fallen from 36.1 per cent to 35.5 per cent.<sup>1)</sup>

See the Fund's website for more information about our work on nomination committees.

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#### Committed owner at AGMs

Första AP-fonden's ambition is to vote at all Swedish AGMs – primarily through attendance in person. During the year, the Fund voted at all AGMs and attended 95 per cent of them in person.

#### Hybrid votes – the future?

In the run-up to the 2024 AGM season, we discussed how to develop the format of AGMs. The aim is to maintain the forum as an important opportunity for shareholders to meet with the Board, the executive management and other stakeholders in order to ask the company questions and discuss relevant topics. Första AP-fonden is in favour of face-to-face AGMs and is of the opinion that the Swedish corporate governance model is based on committed and responsible owners. The possibility of AGM attendance in person is key in this respect. We welcome technological developments and perceive additional

benefits in what they can bring to the table – but as a complement to the meetings in person. That was why we voted against the small number of proposals to amend companies' articles of association to allow companies to hold purely virtual AGMs.

#### Gender equality and diversity for better decision-making

During the year, Första AP-fonden has voted in all markets against proposals for board compositions consisting solely of members of the same gender. Our goal is for every board, regardless of market, to have at least 40 per cent of the least represented gender. During the 2024 AGM season, we chose to vote in favour of some proposals even though they did not meet our expectations. However, we made it clear that when there is a need for renewal of the board, it is of utmost importance to ensure that the nomination committee works towards a more balanced gender composition. We are also seeking discussions with a number of nomination committees ahead of the next AGM season in order to highlight this.

See the Fund's website for more information about our principles on how we act when proposed boards do not fulfil our expectations.

[AP1.SE](#)

#### Shareholder proposals

During the AGM season, we have seen increased activity among smaller shareholders, representing one or more organisations focusing on a particular ESG issue, submitting proposals to the AGM or asking questions to the executive management during the meeting. The AGM is an important forum for shareholders to meet the board and management, ask questions and express their views on operations. The fact that issues are raised at these meetings is a positive aspect; while it is important for everyone to respect the format of the meeting, even if they are

1) Source: Kvinnoindex 2024, Andra AP-fonden

not satisfied with the answers they receive. Dialogue and respect for each other are important. During the season, Första AP-fonden has voted against a number of shareholder proposals put forward at Swedish AGMs. The main reason for this is that we are of the opinion that the companies are already doing credible work in the areas covered by the proposals.

## ► Foreign companies

Första AP-fonden has considerably more foreign companies than Swedish companies in its listed equity portfolio. We normally have a lower share of the votes in foreign companies, which reduces our ability to influence individual companies cost-effectively.

### Our right to vote is key

We endeavour to exercise our voting rights in all our foreign holdings. In spring 2024 (Jan–June), the Fund voted at 1,270 (1,079) AGMs, corresponding to almost 100 per cent of our holdings in foreign companies.

When voting, we aim for global application of the Fund's ownership principles, although local regulations and legislation have to be taken into account on many governance issues.

See the Fund's website for more information about the Fund's ownership principles and how we voted.

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### Fair and market-based remuneration

Boards' proposals for remuneration programmes in foreign companies remain the issue that institutional investors, including Första AP-fonden, largely vote against. The most common reason why Första AP-fonden votes against a proposal is that the remuneration programmes lack performance requirements. As far as we are concerned, such requirements have to be in place.

### Shareholder proposals related to sustainability

Shareholder proposals are common at company meetings among foreign companies, particularly in the US. We are seeing a trend whereby the number of shareholder proposals from different types of shareholders is increasing over time. Most of these proposals are linked to sustainability. In connection with the anti-ESG trend that we are seeing in the US in particular, we have also seen an increase in sustainability-related proposals that aim to impair a company's climate work or reporting, for example.

Första AP-fonden is generally in favour of shareholder proposals that aim to increase transparency or monitoring in relation to sustainability issues. However, we may also decide to not back a proposal if we assess that the company is addressing the issue adequately and the proposal does not add to the company's value creation, or increase our insight into and ability to analyse the company. We also vote against proposals that we consider too far-reaching or purely operational.

Examples of shareholder proposals that Första AP-fonden supported in the spring included strengthening labour rights, strengthening human rights and proposals for greater transparency in companies' lobbying activities.

We can also opt to submit shareholder proposals ourselves. Första AP-fonden – together with a large number of other global investors – developed a shareholder proposal ahead of Amazon's annual general meeting. This meant that Amazon would launch an independent investigation into whether it operates in compliance with its own policy on freedom of association and collective bargaining rights. Amazon has been, and continues to be, criticised for its poor handling of these issues. Through the Council on Ethics, Första AP-fonden also endeavours to

influence the company towards positive change. The proposal was voted down at the meeting but was supported by over 30 per cent of votes.

### Right to submit proposals

Together with a large number of investors, Första AP-fonden chose to stand behind a joint call for companies to keep questions about shareholder proposals out of court. The background to the petition was that one company, Exxon Mobile, elected to sue two of its shareholders in court instead of letting the United States Securities and Exchange Commission (SEC) decide whether the proposal was drafted correctly. The aim of the lawsuit was to block shareholder proposals to develop climate targets. Developments in this direction would risk undermining one of the fundamental rights of shareholders, which is to be able to table and vote on shareholder proposals at AGMs.

### Working together for positive change

In the Fund's foreign portfolio companies, where Första AP-fonden has a relatively large number of holdings and a lower ownership share, we choose to collaborate with other investors in order to influence the companies to make positive changes. The aim is to make progress on priority issues such as climate and nature-related risks, corruption and corporate governance. A summary of the collaborations and initiatives supported by Första AP-fonden is available on the Fund's website.

AP1.SE 

When deemed relevant, we also choose to highlight the importance of addressing prioritised systemic issues and clarify our expectations as a long-term and responsible investor. For instance, during the year we highlighted our expectations for global negotiations on biodiversity, plastics and climate change.

# The AP Funds Council on Ethics

Since 2007, the First, Second, Third and Fourth AP Funds have been working together to influence foreign portfolio companies to behave responsibly in respect of environmental, social and governance matters. Collaboration through the Council on Ethics of the AP Funds makes it possible to manage sustainability risks more efficiently and with greater emphasis.

The mission of the Council on Ethics is to influence companies through dialogue to achieve positive development in sustainability, and to support the AP Funds in complex sustainability issues. Through the Council on Ethics, we work within priority focus areas and when we identify portfolio companies with severe incidents related to human rights, labour law, the environment and corruption.



## Priority focus areas for the Council on Ethics

- Antimicrobial resistance
- Child labour and forced labour
- Climate transition
- Tech companies and human rights
- Water

[TO THE COUNCIL ON ETHICS WEBSITE](#) 

# Employees

Our employees are guided by our core values – forward-thinking, open, responsible and considerate. We want to create an encouraging, inclusive work environment where everyone has the opportunity to develop, take responsibility and feel motivated.

We have continued to develop our leadership during the year, with emphasis on providing managers with the tools they need to lead in line with the Fund's strategy, supported by theories on psychological safety and learning. Pulse surveys show strong results in areas such as motivation, support from managers and clarity on how work group objectives contribute to the overall goals of the organisation.

Positive results in respect of new issues relating to knowledge sharing and continuous learning were new for this year. These results were actively used by the executive management and managers to promote dialogue and development.

Första AP-fonden maintains a long-term approach to creating a secure workplace with a work-life balance. Employee health is prioritised by means of wellness allowances, health checks and work environment surveys – all important tools for creating a sustainable and healthy workforce.

Key ratios for employees	2024	2023	2022	2021	2020
No. of employees, average	67	67	67	66	66
of whom women, %	48	48	45	45	44
No. of executive management members	4	4	4	5	5
of whom women, %	50	50	50	40	60
Average age, years	45	46	45	45	44
Employee turnover, %	5	9	11	13	8
Sick leave, %	2.3	2.2	0.9	1.7	1.0

## We promise

Challenges, responsibility and security in a goal-oriented team with a meaningful mandate

## In a way that is

- Forward-looking.
- Open.
- Responsible.
- Considerate.

## So that we can become

A world-class, highly trusted pension fund where our employees are proud to work, can continuously develop and have the possibility to make a difference.



# Första AP-fonden's sustainability report for 2024

Första AP-fonden has prepared a sustainability report for the 2024 financial year. This report has been compiled in accordance with common guidelines for the AP Funds for *Reporting on how the goal of exemplary management has been achieved*. The sustainability report can be found on pages 38–46 in this report.

**Eva Lindström**  
Chair

**Anna Nilsson**  
Vice Chair

**Annika Andersson**  
Member of the Board

**Lars Fresker**  
Member of the Board

**Peter Hansson**  
Member of the Board

**Gunilla Hellqvist**  
Member of the Board

**Linda Jonsson**  
Member of the Board

**Erik Rosenberg Sjöström**  
Member of the Board

**Erica Sjölander**  
Member of the Board

# The auditors' statement regarding

Första AP-fonden's sustainability report Corp. ID No. 802005-7538

## Engagement and responsibility

The Board of Directors has been responsible for the sustainability report for 2024 and for ensuring that it has been drawn up in accordance with Första AP-fonden's principles for sustainability reporting, which correspond to those set out in the Swedish Annual Accounts Act.

## Focus and scope of the audit

Our examination of the statutory sustainability report has been guided by FAR's auditing standard RevR 12, Auditor's report on the statutory sustainability reporting. This means that our examination of the statutory sustainability reporting is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

## Opinions

A sustainability report has been prepared.

## Peter Nilsson

Authorised Public Accountant  
Appointed by the Swedish Government

## Helena Kaiser de Carolis

Authorised Public Accountant  
Appointed by the Swedish Government



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