



Andra
AP-fonden

A good pension for all generations

Sustainability Report 2024

Contents

1. SUSTAINABILITY AT AP2

- 4 CEO's review
- 6 Method
- 7 Governance
- 9 Three paths to sustainable investments
- 14 Corporate governance
- 15 Sectors in which AP2 does not invest

2. CLIMATE

- 19 Greenhouse gas emissions

3. BIODIVERSITY

4. HUMAN RIGHTS

5. CORPORATE GOVERNANCE

6. APPENDICES

- 43 Stakeholder dialogue
- 45 Key corporate figures
- 46 Environmental data

Andra AP-fonden

Andra AP-fonden (AP2) manages the Swedish people's pension capital and works to ensure a good pension for both current and future pensioners. We strive to be a leading pension fund manager in a changing world. To achieve good long-term returns and balance risks, we choose to invest responsibly worldwide in a wide range of assets. We create value, both through good returns and by promoting sustainable development for people and the environment. This contributes to a good retirement for all generations.

-44%

Reduced greenhouse gas emissions since
base year 2019 (Scope 1-3).

Andra AP-fonden's definition of sustainability

AP2's sustainability work is based on the Fund's mission and involves acting over the long term to protect and create value – based on an economic, environmental and social perspective.



Sustainability at AP2

Sustainable investments for a good retirement

In 2024, Andra AP-fonden underwent significant strategic changes that strengthen our role as a leading investor. By re-evaluating our governance structure, organisation, investment philosophy, vision and values, we have actively adapted to increase returns and take advantage of global trends. Sustainability is a key aspect of our strategy and one of our investment convictions is that “Sustainability pays off”. That is why we integrate sustainability into all our investments.

Eva Halvarsson – CEO of Andra AP-fonden

At AP2, we work in several ways to make investments that contribute towards a greener and more sustainable future. We invest in solutions that contribute to a robust framework for our targeted sustainability investments, within which each investment has a pre-defined positive impact on people or the environment.

As active owners, we seek to continuously contribute to improving the companies in which we invest. Our ambition is to be a positive force for change through our responsible ownership.

We prioritise influencing companies to create change. However, in cases where the risks are excessive and persistent, we choose to divest our holdings in these companies, sectors or countries in order to protect our investments and promote sustainability.

Four focus areas

AP2 has identified four focus areas where we concentrate our sustainability efforts to create maximum impact. These reflect a long-term commitment that we believe is necessary to achieve meaningful results. Within each area,

” Sustainability is a central part of our strategy.





”

As active owners, we seek to continuously improve the companies in which we invest.

we develop a strategy with clearly defined goals and commitments.

We have made progress in our climate work in 2024 and AP2 now has climate plans for 94 percent of the portfolio, demonstrating how each asset class will achieve net zero in alignment with the Paris Agreement. The objective is to have plans for the entire portfolio by the end of 2025. The portfolio's total greenhouse gas emissions increased slightly in 2024, but the long term development is well in line with our goals. Short-term variations are an expected consequence of investing in companies with higher emissions and supporting them in the transition towards net zero.

As part of its biodiversity work, AP2 has been involved in developing a new model for analysing deforestation risk in investment portfolios. The new model resolves previous problems and enables comprehensive analysis of all listed companies in the portfolio. The aim is to spread the use of the model to other investors globally, in order to strengthen the work to prevent deforestation.

Within the human rights focus area AP2 developed, during the period, a remediation process to ensure that anyone who suffers harm that can be linked to our investments will receive reasonable compensation. We hope that the process can

support our internal work regarding remediation in the Fund's portfolio companies, and also contribute to how investors generally relate to their role in ensuring effective remediation.

In AP2's fourth focus area, corporate governance, the Fund advocates that physical AGMs continue to be held and has therefore voted against proposals for amendments to articles of association intended to enable digital AGMs.

The Council on Ethics of the Swedish AP Funds now has three dedicated employees who drive the AP Funds' work on complex and important sustainability issues. By acting reactively against companies that violate international conventions and proactively within their focus areas, the Council on Ethics creates positive change. In 2024, AP2 held the chairmanship of the Council on Ethics.

We are persistent and committed in our work to achieve our sustainability goals and we look forward to continuing this journey to ensure a safe pension and a good retirement for current and future generations.

Eva Halvarsson
CEO of Andra AP-fonden

Method for the Fund's sustainability work

Andra AP-fonden (AP2) manages the pension for the people of Sweden and works to ensure a good pension for both current and future pensioners.

AP2 is one of five buffer funds within the Swedish pension system. The AP Funds are required by law to manage their fund assets in a way that provides the greatest possible benefit for the pension system. The Fund's mission also requires the Fund's assets to be managed in an exemplary manner through responsible investments and responsible ownership. Special emphasis must be given to how sustainable development can be promoted without compromising the overall goal.

Sustainable development is a prerequisite for current and future generations. We conduct ambitious sustainability work, which is based on both our mission and our conviction that sustainability pays off. This entails acting over the long term, to protect and add value – based on an economic, environmental and social perspective.

Our vision is to be a leading asset manager in a changing world. To achieve good long-term returns

and balance risks, we invest all over the world and in many different assets. To be able to do this in a responsible way, sustainability needs to be part of the entire investment process. The work also needs to be adapted for different types of assets and for global investments.

Sustainability work is conducted according to the principle of double materiality. In other words, consideration is given to how both the Fund and the value of investments are affected by sustainability-related risks and opportunities, and to how the Fund, through its holdings, has an impact on people and the environment.

AP2's approach to sustainability

AP2's sustainability work adheres to a method that consists of six parts. These form the basis for the strategies describing the work that the Fund undertakes within each focus area. The method answers the question of "how" this work is conducted through responsible investments and responsible ownership.

AP2's method for sustainability

1. Integration

Sustainability is integrated throughout the organisation, in asset management and in the Fund's day-to-day operations.

2. Materiality

AP2 focuses its work on the most important issues and areas where the Fund can make the biggest difference.

3. Analysis

Sustainability work is built on thorough, fact-based analysis, both prior to an investment and in the Fund's role as owner.

4. Engagement

AP2 encourages companies to live up to the Fund's expectations in relation to sustainability issues.

5. Collaboration

The Fund can achieve more through collaboration, both within AP2 and with other investors.

6. Transparency

AP2 practices what it preaches and builds trust through transparency.

Governance of sustainability

Andra AP-fonden is an independent government agency that must manage fund assets in an exemplary and responsible manner, for the greatest possible benefit to the pension system. The Fund is governed by Swedish law. The Swedish Government appoints the Fund's Board members and submits an annual report to the Swedish Parliament on the Fund's activities, including an evaluation of its sustainability work.

Organisation and distribution of responsibility

The AP2 Board defines guidelines and policies in governance and stewardship issues and has mandated the CEO of the Fund to manage these in the ongoing operations of the Fund. At each Board meeting, AP2's Board receives a report on the Fund's sustainability and stewardship work.

The fund management, including the Fund's Head of Communications and Sustainability, is responsible for strategic sustainability work, implementation and follow-up. Sustainability is a recurring agenda item at the fund management's regular meetings.

The day-to-day work is managed within the Fund's various departments in collaboration with the sustainability group, which is also responsible for environmental monitoring, analysis, stewardship, external collaborations, follow-up and reporting.

The Fund conducts ongoing internal training on sustainability and its focus areas. This is to ensure that all employees hold and develop the knowledge required to be able to integrate sustainability in their day-to-day work.

Regulations and conventions that form the basis for AP2's work on sustainability include the OECD's Guidelines for Multinational Enterprises and Corporate Governance, the UN Global Compact, the UN's Guiding Principles on Business and Human Rights, the Swedish Companies Act and the Swedish Code of Corporate Governance. The Fund also adheres to other specific corporate governance codes such as the ICGN Global Stewardship Principles and the UK Stewardship Code. AP2 supports and implements the UN-supported Principles for Responsible Investment (PRI). The Fund also follows PRI's guidelines for responsible investment in agriculture, which were developed in 2011 by AP2 together with a group of international investors.



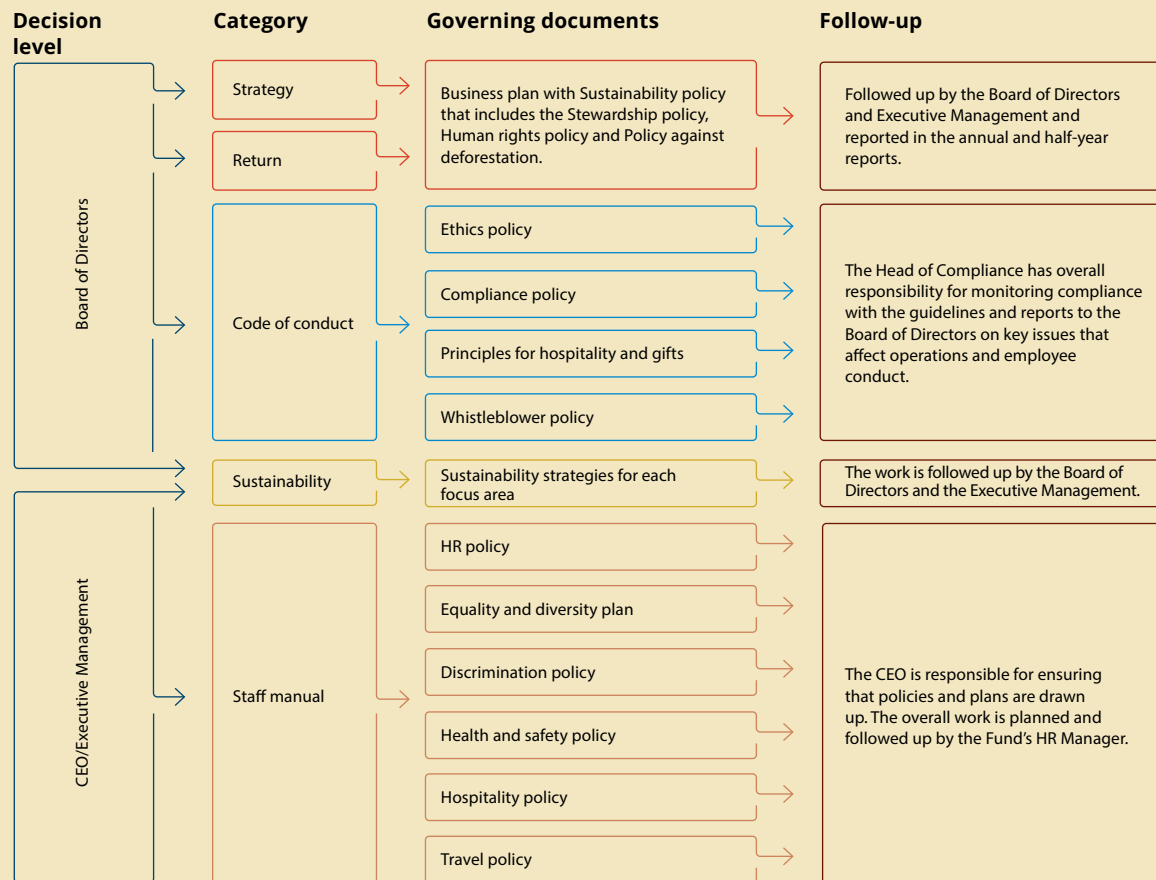
Andra AP-fonden's management of sustainability-related issues

AP2 has a number of policies and guidelines that form the basis for the sustainability work. The starting point is the Fund's sustainability policy.

Governing documents and framework

AP2's sustainability policy is based on the core values and positions of the Swedish state, as well as the AP Funds' shared core values. The Fund's sustainability policy is part of the Fund's business plan, which is adopted annually by the Board of Directors. The sustainability policy sets the overall framework for the Fund's sustainability work. It is implemented through the Fund's sustainability strategy and action plans that include goals for each focus area.

In addition to the overall sustainability policy, AP2 has a human rights policy, a policy against deforestation and a stewardship policy, as well as a number of internal policies and guidelines. Our external policies are published on the Fund's website.



Three paths to sustainable investments

We follow three different paths towards sustainable investments: we invest in solutions, we are active owners and support change throughout the portfolio, and we choose not to invest in sectors, countries and companies with particularly high sustainability risk.

Investing in solutions

AP2 has developed a framework for investments that we define as targeted sustainability investments. In short, the investment must lead to a predefined, positive impact on people and/or the environment, which is then also followed up over time. We make targeted sustainability investments in most asset classes and at the end of 2024, they had a total market value of SEK 60 billion. Read more about our targeted sustainability investments on AP2's website.

Support change as an active owner

We work continuously to have a positive impact on the companies in which we invest. This work is described on pages 37-41.

Divesting from persistent high risk

We will primarily use our influence to achieve change. There are nonetheless situations where we exclude or sell our holdings in companies, sectors or countries. See page 15 for more information about what AP2 does not invest in.

Sustainability throughout the investment process

Sustainability aspects are weighed into all our investments, together with the analysis of potential return and risk. In this way, sustainability is part of the entire investment process, from analysis and review of companies and managers before an investment, to investment decisions, ownership and divestment decisions. As we invest in many different types of assets, which are managed using different methods, the work needs to be adapted to each asset class.

Our responsible ownership

As a responsible and active owner, we work continuously to analyse and understand the risks and opportunities in the portfolio and to act on them. We consider risks and opportunities that can affect the value of our investments and also the impact we have on the world around us through our investments. The Fund's risks and opportunities are analysed regularly, using tools and data sources adapted to our different focus areas. We have different processes to capture and act on incidents that have actually occurred, and to understand and act proactively in response to potential risks and opportunities in the portfolio.

The Council on Ethics acts when an incident has occurred

Actual events where listed companies in the portfolio have violated international standards or conventions are identified and handled by the Council on Ethics of the Swedish AP-Funds, which is a collaboration between AP1, AP2, AP3 and AP4. Twice a year, the AP Funds' holdings in listed equities and corporate bonds are screened to investigate whether any company violates any international convention or norm that is endorsed by Sweden. The Council on Ethics then works to influence the identified companies to address the situation and ensure that it does not happen again. The most recent review of the

AP Funds' holdings at the end of June included 3 307 companies, of which 89 were identified with a confirmed or possible violation, for example forced labour, environmental disruption or money laundering.

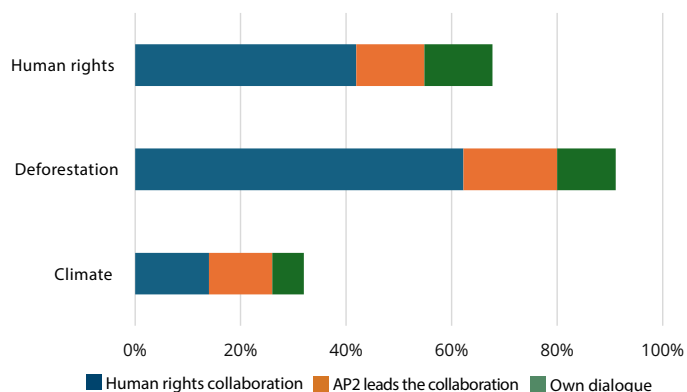
At the end of 2024, the Council on Ethics had active dialogues with 47 companies in the AP Funds' portfolios. During the year, a total of 34 milestones were achieved in the Council on Ethics' reactive dialogues. One company was recommended for exclusion and 8 dialogues were concluded with target achieved. Read more on the Council on Ethics' website: www.etikradet.se.

Proactive continuous improvement process

Concerning possible risks and opportunities in the portfolio, we carry out specific analyses based on our focus areas:

- Climate risks and opportunities are assessed on the basis of data on greenhouse gas emissions and estimates of companies' and countries' alignment towards net zero emissions. We also analyse how the portfolio may be affected by climate change through both physical risks and transition risks.
- Within biodiversity, the impact of investments on and dependence on natural resources and ecosystem services is analysed. A more in-depth analysis is also made of the portfolio's deforestation risk and companies management of these risks.
- For human rights, risks are analysed on the basis of the investments' connection to sectors and countries with a high risk of human rights violations. There is a strong focus on understanding companies' connection to these risks through their supply chains.

Goal achievement, dialogues with high-risk companies



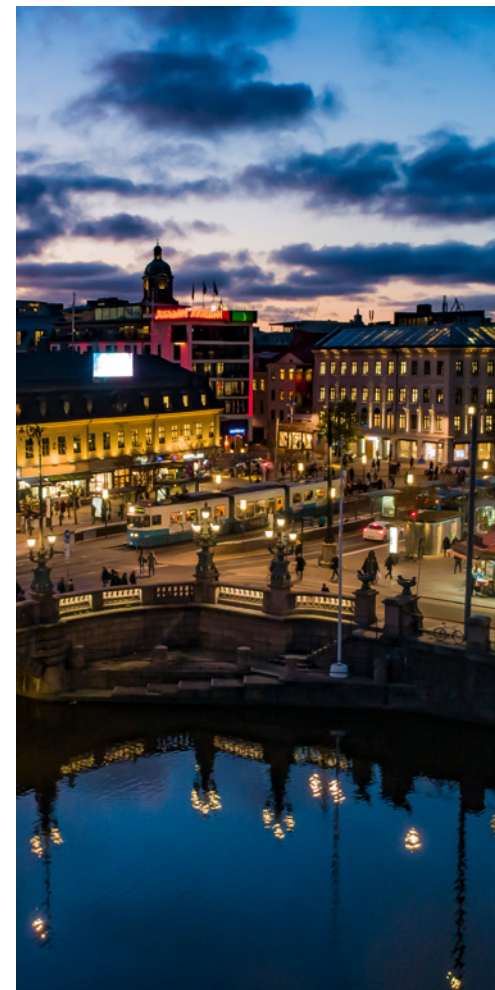
Dialogues for positive change

AP2 works with engagement at both policy level and through stewardship with of the companies we own. Stewardship takes place in many ways, for example through dialogues with companies, voting and proposals at general meetings and work in nomination committees.

AP2 invests globally, which also means that dialogue work takes place with companies all over the world, as illustrated by the map on the next page.

At the end of 2024, AP2 had identified a total of 126 companies with a high sustainability risk, among the approximately 1 300 listed companies in which we are shareholders. AP2's ambition is to conduct engagement work with companies that are identified as having a high risk and inadequate management of risks within the respective focus area. Engagement work is conducted in collaboration with other investors if possible, but otherwise by ourselves. In 2024, AP2 had dialogues with a total of 78 of the high-risk companies, of which 48 are collaborative dialogues where other investors lead the dialogue, 18 are collaborative dialogues led by AP2, and 12 are own dialogues that AP2 has with the companies. The achievement of the target – towards the goal of active dialogues with 100 per cent of the high-risk companies – is illustrated in the graph on the left.

The dialogues are based on our expectations of the companies in each area, and we follow up the companies' development against these expectations over time. A dialogue usually means that we meet the company at least twice a year. If necessary, the dialogue can be escalated through, for example, voting or shareholder proposals. Divestment is a last



resort if the dialogue is not expected to lead to any results and we assess that the high risk will remain.

Better results through collaboration

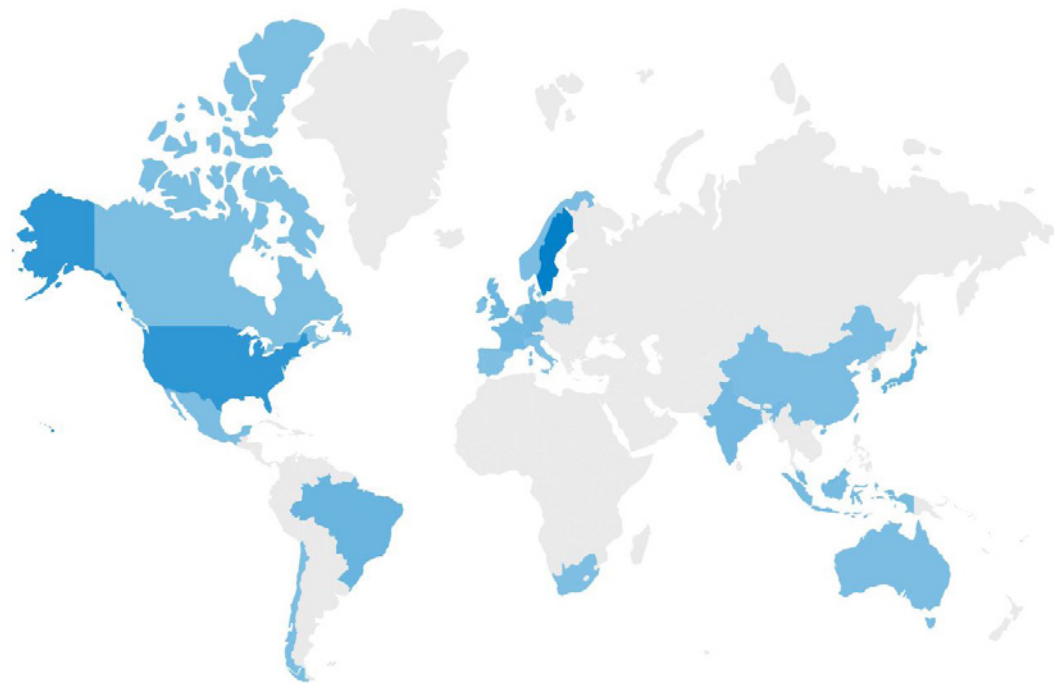
Working together, in particular with other investors, we can achieve better results in our sustainability work. Engagement is more effective when we collaborate and thereby engage in dialogues with more companies. We can also learn from other investors' experience and knowledge, and share our own with them. A summary of important collaborations can be found at www.ap2.se.

The Council on Ethics' proactive work complements our own work in the following areas:

- **Antimicrobial resistance:** This area is a significant systemic risk for both society and the AP Funds' portfolios. The Council on Ethics wants to contribute to increased awareness and accountability among relevant companies.

- **Child labour and forced labour:** The Council on Ethics opposes labour exploitation and works on the issue both with individual companies and proactively at sector level.
- **Climate:** The Council on Ethics complements our work by prioritising two areas going forward: the transition of emission-intensive industries and mining for transition.
- **Tech companies and human rights:** The Council on Ethics is leading an international collaboration project to conduct impact dialogues with a number of large tech companies with the aim of strengthening the companies' work with human rights.
- **Water:** Water of good quality and in sufficient quantities is vital for both human health and biodiversity. The Council on Ethics works with both access to water and restriction of the use of hazardous chemicals.

Geographies in which AP2, directly or indirectly through collaborations, engaged in sustainability issues in 2024



The depth of the colours reflects the number of dialogues with companies in each country. Marked countries do not always imply that AP2 owns companies in the country in question. The map also reflects areas covered by the global sustainability initiatives in which AP2 is involved.

How AP2 voted in 2024

Swedish general meetings 2024

At the end of the year, the Fund held shares in over 130 Swedish listed companies and voted at 142 (127) annual and extraordinary general meetings. We thereby voted for 96 (87) per cent of the portfolio's market value. The aim is for the Fund to vote in all companies identified in the Fund's selection process, taking account the size of the investment, our ranking on the list of shareholders, our ability to influence and other issues of interest identified from our shareholder perspective.

The Fund voted in favour of the majority of proposals from the Boards and Nomination Committees. In 26 cases, however, the Fund chose to vote against the proposals made and notified the companies of the grounds in cases where the vote concerned a proposal from the Board of Directors.

Swedish voting

	2024	2023	2022	2021	2020
Voting at general meetings in Sweden (annual and extraordinary), number	142	127	121	134	110
Equivalent to per cent of Swedish equity portfolio (market value)	96	87	77	86	75
Swedish nomination committees on which AP2 has served, number	11	12	9	8	9

AP2 voted against:

- Incentive schemes deemed to be incompatible with the Fund's guidelines. In most cases, the reason has been incentives not linked to performance targets or that the programme was otherwise deemed to lack relevant performance targets.
- Changes to articles of association to enable digital general meetings. Since a new rule in the Swedish Companies Act already allows digital general meetings in extraordinary circumstances, the Fund voted against proposed amendments to articles of association in this respect.
- Shareholder proposals with either excessive operational focus or concerning issues where the company has already been assessed to have satisfactory reporting.

Areas where AP2 has had dialogues with companies and/or voted no to proposals

Area		Company dialogues in connection with AGMs, number	Companies where AP2 voted no to the proposal
Incentive scheme	Matching shares/options	6	Atlas Copco, Eolus, Epiroc, Investor, Vitec Software, Xspray Pharma.
	Other form of subsidy	7	Addtech, Bufab, Bure, Lagercrantz Group, NP3, Nyfosa, Surgical Science Sweden.
	Performance requirements not in line with AP2's Voting Guidelines	5	Hemnet, Mentice, Norva24.
	Target group board	1	Calliditas
	Programme design, general	8	
Guidelines for remuneration to senior executives	Ceiling for remuneration elements.	4	
	Pension	1	
Board	Remuneration	5	
Other corporate governance issues	Amendment of articles of association to enable digital general meetings.	4	Engcon, i-Tech, SwedenCare, Cint.
	Other amendments to articles of association.	1	
Shareholder proposals	Proposals of an operational nature.		SEB, Svenska Handelsbanken, Swedbank.
	Climate strategy	2	SEB, Swedbank.

The Fund reports the names of the companies in which the dialogue resulted in voting against proposals.

Foreign general meetings 2024

The Fund's portfolio of foreign investments is determined by proprietary multi-factor indices. In the long term, the aim is to vote in all companies in the portfolio. Voting takes place through an external voting adviser and is based on the voting guidelines that AP1-AP4 jointly prepare before each voting season. For identified high-risk companies within our focus areas, submitted proposals are reviewed in greater detail and we vote according to established voting escalation steps. In foreign markets, AP2 voted in companies in 44 (44) countries, primarily the USA, India and Japan. During the year, the Fund voted at 1 311 (1 401) general meetings of companies in foreign markets. This is equivalent to 89 (76) per cent of the Fund's global equities portfolio expressed in market value terms.

In cases where the Fund voted against submitted proposals, this was mainly due to their lack of compliance with the AP Funds' common voting policy regarding:

- Insufficient diversity or independence on the board.
- The same auditors for many years.
- Deficiencies in remuneration programmes.
- Shareholder proposals where the company was assessed to have satisfactory processes and/or reporting.

Shareholder proposals that AP2 supported during the year included:

Human rights

- Independent third-party audit of employee safety.
- Reporting of the impact assessment of targeted advertising.
- Independent evaluation of companies' commitment to freedom of association and collective bargaining.
- Compliance with WHO guidelines in various areas of human rights in companies' supply chains. In addition, proposals regarding reporting on how compliance is achieved.

Climate and deforestation

- More information on how banks continue to adapt their financing activities to net zero by 2050.
- Setting targets, and in many cases reporting, for reducing greenhouse gas emissions in line with the Paris Agreement.
- Work to eliminate deforestation from the company's supply chains.

Governance

- Greater transparency regarding the reimbursement of performance-based remuneration due to negligence.
- Requirements for an independent board chair.

Detailed information on how AP2 voted at Swedish and foreign general meetings is published at www.ap2.se. The website also shows how the Fund intends to vote in foreign companies before the AGM date.

Examples of shareholder proposals that AP2 supported

- **Amazon**
Shareholder proposal, to which AP2 was one of the signatory shareholders, which concerned working conditions and external auditing of the company's guarantee of freedom of association. The proposal was supported at the meeting by 32 per cent of all votes and 37 per cent of independent votes (excluding Jeff Bezos).
- **Mondelez International**
Shareholder proposal to report on the company's implementation of its human rights policy in conflict areas (with respect to the company's continued presence in Russia).

Global voting

	2024	2023	2022	2021	2020
Voting at foreign general meetings (annual and extraordinary), number	1 311	1 401	1 261	1 092	1 006
Equivalent to per cent of foreign portfolio (market value)	89	76	65	53	38
Number of agenda items	15 611	16 862	15 663	13 756	12 846
Percentage of votes in accordance with the Board's recommendation, per cent	82	77	78	81	71

AP2's stewardship

Why stewardship?

Mission/risk

AP2's mission is to limit the effects that the automatic balancing mechanism has on the pensions.

The total risk level should be low. The fund assets shall be invested, at the chosen risk level, so that high returns are achieved in the long term.

The mission includes a requirement for exemplary management through, among other things, responsible ownership.

What is AP2 focusing on?

Stewardship policy

AP2's stewardship policy is based on the mission.

Stewardship practices must focus primarily on companies and areas where the Fund has the greatest potential to influence and do most good.

Ten stewardship principles based on a company's shareholder protection and effective governance provide the framework for these practices.

Shareholder protection

1. Capital structure
2. Company structure
3. Right to vote
4. Role of the auditor
5. Information and disclosure of information
6. Sustainability

Effective governance

7. Risk management and risk culture
8. Board and nomination committee
9. Management and management remuneration
10. Corporate culture and business ethics

How does AP2 work with stewardship?

Stewardship strategy

Voting in Swedish and foreign companies.

Dialogue with companies.

Contribute to the development of good stewardship.

What is measured in terms of results?

Fulfilment of objectives

Outcome-related objectives (measurable effects).

Process-related objectives (development of internal processes).

Sectors in which AP2 does not invest

Excluded due to breach of convention



Cluster weapons and land mines

The Anti-Personnel Mine Ban Treaty and the Convention on Cluster Weapons state that countries that have signed and ratified the treaty shall cease to produce, trade in and use anti-personnel mines and cluster bombs, respectively. The Council on Ethics of the Swedish AP Funds has recommended that the four AP Funds divest companies that produce anti-personnel mines or cluster bombs. AP2 therefore does not own any such companies. The companies excluded for this reason are listed in the exclusion list at the Fund's [website](#).



Cannabis

The Council on Ethics of the Swedish AP Funds has recommended that the AP Funds exclude cannabis companies, on the basis of the UN Single Convention on Narcotic Drugs. However, cannabis may be used for medical and scientific purposes. AP2 has therefore decided to exclude companies active within cannabis for non-medical use. The companies that AP2 has identified are listed at the Fund's [website](#).

Divested due to the purpose of a convention



Nuclear weapons

AP2 believes that modernisation and upgrading of nuclear weapons are not compatible with the spirit of the Non-Proliferation Agreement (NTP), which aims to make the world nuclear weapon-free in the long-term. Based on the legislative preparative works for the AP Funds concerning exemplary management, AP2 has therefore divested from companies involved in the maintenance and modernisation of nuclear weapons systems.



Tobacco

Divestments from tobacco companies support the aim of the WHO Framework Convention on Tobacco Control to significantly reduce tobacco consumption and the harmful effects of tobacco smoking. AP2 has divested from tobacco companies on the basis of the statutory regulations for the AP Funds on exemplary management.

Divested due to the Paris-Aligned Benchmark



Coal, oil, gas and power companies

In 2020, AP2 implemented the EU Paris-Aligned Benchmark (PAB) for the Fund's internally managed foreign equities and corporate bonds. This means that AP2 does not invest in companies that derive more than a certain percentage of their sales from coal, oil and/or natural gas, or in power companies that receive more than a certain percentage of their revenue from combustion of fossil fuels. The maximum share for coal is 1 per cent, for oil 10 per cent and for gas 50 per cent.

Our starting point is to primarily try to influence companies to make a positive change. However, there are situations where the Fund excludes or divests from companies, sectors, or countries.

AP2 follows UN and EU sanctions decisions. The AP Funds also have common guidelines for which assets the Fund's assets should not be invested in. These are published on AP2's website.

AP2 excludes companies that have violated international conventions and where dialogue with the companies has not led to improvements, and where the Council on Ethics recommends exclusion. Information about these companies is available on the Council on Ethics' website, www.etikradet.se.

In addition to these cases, which are based on international conventions and standards, the Fund has developed a framework to identify countries where there are financial, operational, or sustainability reasons not to invest. Based on this framework, we have chosen not to invest in countries where the risk of human rights violations is very high.

Furthermore, we choose to divest from companies with high sustainability risk, in cases where a dialogue is not deemed to be able to lead to sufficient change.

Our four focus areas

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

AP2 focuses its sustainability work on the issues that are most material, based on the principle of double materiality, which takes into account both the financial impact on the Fund's assets and the impact of the assets on people and the environment. The materiality analysis also takes into account the importance of the issue to the Fund's stakeholders. Our ongoing dialogue with our stakeholders provides important guidance on how they view our mission and operations in relation to sustainability and returns. For more details on stakeholder dialogues, see page 43.



Climate

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

AP2 must reach net zero greenhouse gas emissions by 2045 at the latest.

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

AP2 aims to reduce greenhouse gas emissions by at least 35 per cent by 2025 and by 55 per cent by 2030.

According to research, emission reductions need to happen quickly to limit global warming to 1.5 degrees. We are therefore aiming for a substantial reduction by 2025 and 2030 respectively. These targets have a base year of 2019.

>> Read our climate plan.



Biodiversity

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

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

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

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

This target is in line with the commitment made by AP2 in connection with COP26 to a portfolio free of deforestation caused by critical commodities. The target is also in line with the Fund's climate commitment of net-zero greenhouse gas emissions by 2045.

>> Read our biodiversity plan.



Human rights

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

From 2025 onwards, the Fund's activities will be conducted in line with the UN Guiding Principles on Business and Human Rights.

This relates primarily to the Fund's investment activities. In short, this means avoiding negative impact on human rights and strengthening the possibility of remediation. We will also manage any negative impact we may cause via our business activities or our business relationships. This will be done by means of continuous processes to identify, manage and reduce risks to people in our investments.

From 2030 onwards, human rights will permeate all parts of the Fund's activities.

In practice, this means further strengthening our compliance with the UN Guiding Principles. All our activities will be conducted in line with the principles and there will be processes for remediation.

>> Read our plan for human rights.



Corporate governance

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

By 2030, the Fund's listed holdings must on average have board representation of at least 40 per cent of each gender.

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

AP2's overall corporate governance goal is to contribute to a better return in the portfolio, and the Fund therefore acts actively by voting on relevant issues in all listed companies.

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

>> Read our voting guidelines.



Climate



During 2024, Andra AP-fonden has continued the work towards a net zero portfolio by 2045. We have developed climate plans for additional asset classes and extended our reporting with emission data for more assets. The Fund continues to develop its climate engagement work through more company dialogues, both in collaboration with other investors and by ourselves.

The Fund aims to reduce the portfolio's emissions in line with the Paris Agreement. The portfolio must reach net zero by 2045. By 2025, the Fund must have reduced the portfolio's emissions by 35 per cent, and by 55 per cent by 2030, from 2019 as the base year.

The greenhouse gas emissions for 2024 amount to 6.3 million tCO₂e, which includes all asset classes except private credits. This represents a reduction of 44 per cent since the base year 2019, well in line with our goals, even though emissions have slightly increased compared to the previous year (6.1 million tCO₂e).

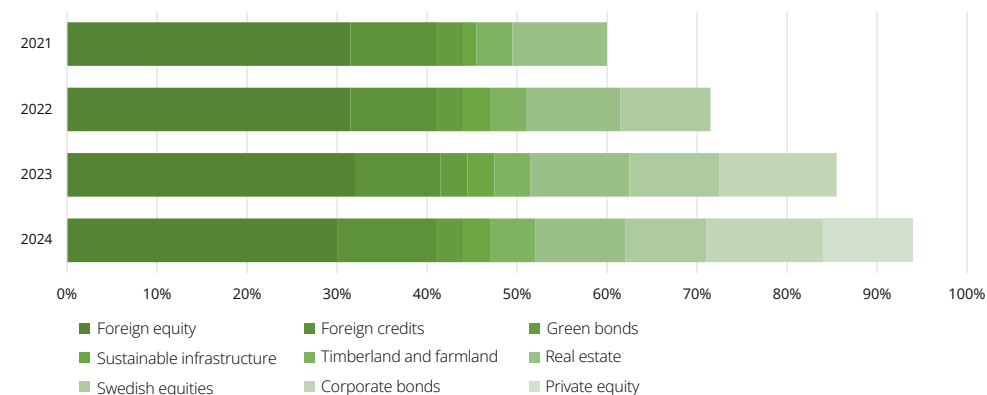
The primary reason for the increase in emissions during the year is the asset class Swedish equities. We have increased investments in companies with high emissions, where we, as active owners, can support the companies in their transition towards

net zero. A temporary increase in the portfolio's emissions is an expected consequence of this strategy.

The increase in total greenhouse gas emissions during the year is entirely attributed to Scope 3, while we observe reduced emissions in Scope 1 and 2. The reporting of Scope 3 emissions is affected by the poor quality of the underlying companies' reporting, which means that year-to-year variations can occur and we will need to revise historical data as the availability of data improves. Additionally, double counting occurs when Scope 3 figures are summed up in an investment portfolio. However, we believe that despite these shortcomings, it is important to continue developing the reporting with all scopes included. This is so that companies – and we as owners – take responsibility for, and are transparent about, all emissions in their business models.

>> In 2024, the Fund continued to develop climate plans for different asset classes. In total, there is now a plan to reduce emissions in line with the Paris Agreement for 94 per cent of the portfolio.

Share of the portfolio in line with the Paris Agreement



AP2's different strategies for emissions reductions have been adjusted to the different asset classes. During 2024, the Fund has continued the work of developing climate plans for different types of assets. There is now a plan for emissions reduction in line with the Paris agreement for 94 per cent of the portfolio, compared to 86 per cent in the end of 2023.

Greenhouse gas reporting and net zero ambitions within the different asset classes Swedish equities

For Swedish equities, AP2 uses a process that is supported by the IIGCC (Institutional Investors Group on Climate Change) Net Zero Investment Framework and its categorisation of companies'

adaptation along a "maturity scale". Using this framework, and its defined forward-looking alignment criteria, together with emission figures, the Fund can assess whether a company has a credible plan to align to net zero emissions, and categorise the company accordingly.

The categorisation is divided into two stages, where the first stage determines whether the company has high or low emissions. The high-emission companies account for approximately 95 per cent of the portfolio's emissions. The remaining companies are defined as low-emitting. Subsequently, the high-emission companies are assessed according to the framework's criteria.

Greenhouse gas emissions for the Swedish equity portfolio have increased during the year to 1.5 million tCO₂e compared to 1.2 million tCO₂e. This is due to our increased ownership in high-emitting companies during the year in order to, as active owners, support the companies in their transition towards net zero.

Foreign equities and corporate bonds

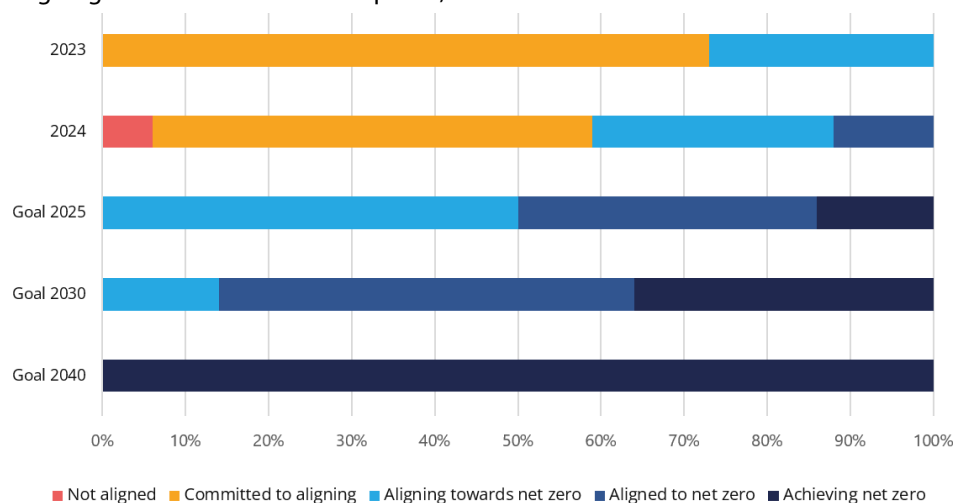
For foreign equities and corporate bonds, the Paris-Aligned Benchmark (PAB) framework is used when selecting companies in the investment process. Among other things, PAB stipulates an annual emission reduction of 7 per cent. As a general rule, companies with significant emissions will find it more difficult to finance their operations via

ownership interests or loans. The PAB framework is designed to reduce emissions in the asset class to net zero by 2050.

Besides the fact that mandates managed according to the framework do not include certain companies, such as those within the fossil fuel industry, companies that do not reduce their greenhouse gas emissions over time will have a reduced weight in a PAB-adapted portfolio. Consideration is given to both direct emissions from operations and emissions created in the value chain for the companies' services and/or products.

The total emissions in Scope 1-3 of the PAB portfolios increased slightly during the year, and

Aligning to net zero – Swedish equities, %



the carbon intensities also rose slightly, which indicates a temporary deviation from the reduction pace in the PAB curve. However, this is not a deviation from the framework's rules, which allow for temporary deviations from the curve. The reason for the temporary deviation is that we are adapting the portfolio and reporting to new rules for the PAB framework, which were introduced in December 2024 and now include Scope 3 emissions from all sectors. The portfolio's emission intensity is according to this new metric slightly above the PAB curve. To avoid large transaction costs, we are implementing the portfolio adaptation in stages during 2025.

It appears that the intensity has increased from previous years, but this is solely a result of the new measurement method – if we had continued measuring according to the regulations before December 2024, we would have seen a reduction in emission intensity.

We measure and analyse the greenhouse gas emissions in the portfolio both to track the development at an overall level and to understand the reasons behind the changes in emissions

in the portfolio companies and to what extent the actual emissions into the atmosphere have changed. We also report how much of the change in the carbon footprint is due to changes in the Fund's holdings versus changes in the companies' emissions.

The graph on the next page presents the reasons for the change in total carbon emissions between 2023 and 2024 for AP2's listed equities and credits. The calculations refer to emissions data from Scope 1, 2 and 3 expressed in million tCO₂e. An encouraging development is that while the portfolio's emissions have increased due to investments in companies that emit more, the companies have reduced their emissions, with a total reduction of -1.9 percent for the asset classes equities and corporate credits. This is positive because it is the reduction in the companies' emissions that ultimately has an effect on the global greenhouse gas emissions into the atmosphere. We are intensifying our engagement with high-emission companies to help drive this change.

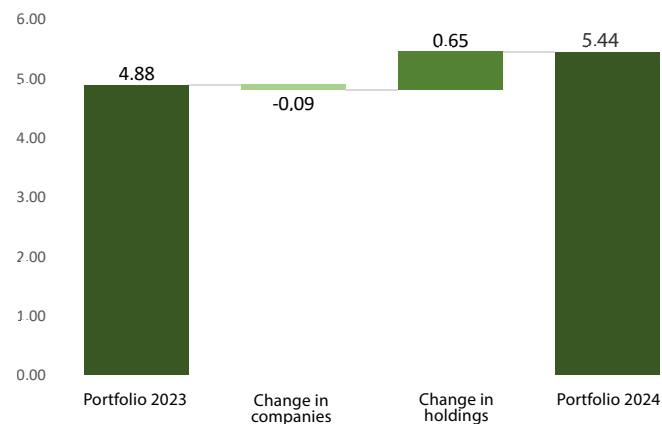


AP2 reports as follows:

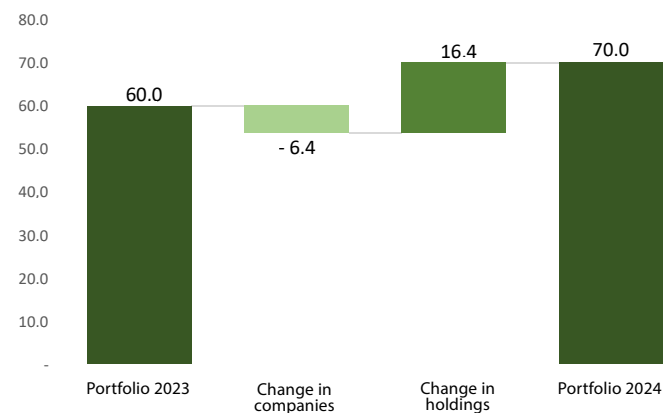
Through transparent reporting, the Fund aims to give different perspectives on greenhouse gas emissions and the climate risk arising in connection with our holdings. We calculate the total carbon emissions based on the operating value EVIC (Enterprise Value Including Cash), and market value, depending on the asset class. We examine reasons for changes in emissions for the listed equity and credit portfolio, measure the asset portfolios' sensitivity to, for example, a market price for carbon dioxide, and follow up on developments both in absolute terms and relative to the portfolio companies' turnover and portfolio value.



Causes of change in total carbon emissions between 2023 and 2024, million tCO₂e



Causes of change in portfolio-weighted carbon intensity between 2023 and 2024, tCO₂e/msek



Government bonds and green bonds

The graph below shows our assessment of government bonds' adjustment to net zero for 2024 compared to 2023. The comparison shows a positive shift towards net zero. AP2 continues to develop the process for assessment and reporting of the asset class. During the year, a new public data source was introduced, ASCOR (Assessing Sovereign Climate-related Opportunities and Risks), which gives us more detailed data for both the assessment of countries' climate adjustment and for greenhouse gas reporting. This means that in addition to the production-based emission figure reported last year, we can now also report Scope 1, 2 and 3 emissions minus exported emissions, called consumption-based emissions. In accordance with PCAF (Partnership for Carbon Accounting Financials), both metrics should be

reported to give the most accurate picture of the portfolio's emissions. Production emissions report emissions produced in the country and include domestic consumption and exports. Consumption emissions give a broader picture of states' greenhouse gas emissions and also reflect the fairness aspect, as the countries that cause the emissions should also be responsible for the entire emission chain.

We report for approximately 68 (58) per cent of the market value of the asset class. Emissions based on consumption are estimated at 0.03 million tCO₂e in 2024. Emissions based on production are estimated at 1.04 (1.07) million tCO₂e. Emissions decreased in 2024. This is due to changes in holdings, but also to states' reduced emissions.

There is now emission data for 24 per cent of the value of corporate bonds in our green bond portfolio. Scope 1-3 emissions for these amounted to 26,000 tCO₂e for 2024.

Natural climate solutions

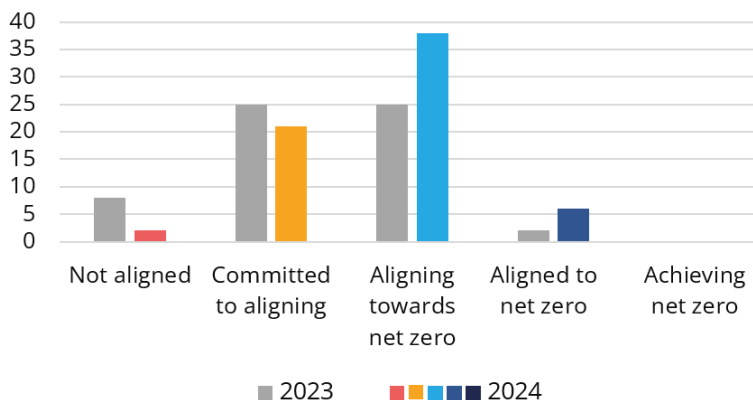
The Fund's investments in natural climate solutions (NCS) include forest and agricultural properties that meet our sustainability criteria and where the managers work to preserve, restore and improve ecosystems and achieve climate benefits. In 2024, we evaluated our managers and made a net zero assessment based on the IIGCC (Institutional Investors Group on Climate Change) Net Zero Investment Framework. The outcome of this assessment is that 90 per cent of the portfolio achieves net zero according to the criteria on which the assessment is based.

AP2 also continues to expand the reporting of greenhouse gas emissions for the asset class, although this is a very small part of the Fund's total emissions. For 2024, the Fund's emissions for the NCS portfolio are estimated at 0.31 (0.62) million tCO₂e. The Fund also calculates the total carbon sequestration of the portfolio using data from the managers. AP2's share of carbon sequestration for NCS is estimated at 55 (51) million tCO₂e.

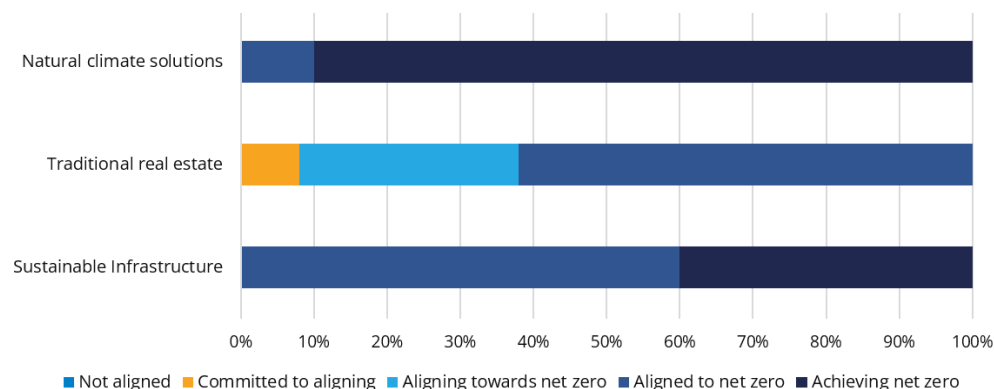
Traditional real estate

We have also conducted a climate assessment of our managers of traditional real estate. The assessment includes the following criteria: ambition towards net zero, short- and long-term emission targets, reporting of greenhouse gas emissions for Scope 1-3, concrete climate plan and that the manager follows its curve towards net zero. For our

Aligning to net zero – government bonds and green bonds, %



Aligning to net zero – real assets, %



real estate managers, 30 per cent of the portfolio is assessed to have begun alignment to net zero, and 62 per cent to be aligned to net zero.

The portfolio is also monitored on a number of different measurements regarding climate. The greenhouse gas emissions for the portfolio amount to 0.12 (0.16) million tCO₂e, which is a decrease from last year. All managers are working intensively to reduce emissions from their properties. In addition to greenhouse gas emissions, the Fund monitors the properties' energy use, 93 (128) kWh/m², and greenhouse gas emissions per unit area 0.026 (0.025) tCO₂e/m².

Sustainable infrastructure

The asset class is included in the Fund's targeted sustainable investments, and is an important part of the Fund's sustainability work. For this portfolio, too, we have assessed the managers and how well they are aligning to net zero. Thirty eight per cent of the portfolio reaches net zero, and the remaining share aligns to net zero. Greenhouse gas reporting has increased for the asset class and for 2024, the portfolio shows emissions of approximately 28,000 (20,000) tCO₂e. The portfolio is under construction, which means that some reporting and assessment are delayed.

Private equity

During the year, we have calculated greenhouse gas emissions for our investments in private equity funds. We have chosen to start with the part of the investments called "buyout", i.e. unlisted mature companies with stable and strong cash flows. The managers of the respective private

equity funds have collected emission data for their portfolio companies. Based on this data, we have compiled the portfolio's total greenhouse gas emissions (Scope 1-3) at 0.32 million tCO₂e for 2024. This includes emissions for 60 per cent of the market value of the portfolio. We do not make any estimates for companies that have not

yet been reported. As the reported share increases with more available data, our reported emissions for the portfolio will therefore increase. The quality of reported data may vary, especially for Scope 3, as it is missing for several companies. Nevertheless, we are starting reporting for 2024 with the ambition to improve both quality and coverage in the future.

Carbon footprint for all asset classes, Scope 1, 2 and 3

	2024	2023	2022	2021	Base year 2019
Listed equities	4,47	4,03	5,31	6,42	8,88
Corporate bonds	0,97	0,85	1,10	1,39	1,39
Green bonds	0,08	0,08	0,08	0,08	0,08
Government bonds	0,03	0,03	0,03	0,03	0,03
Traditional real estate	0,12	0,16	0,07	0,02	0,01
Farmland	0,19	0,53	0,55	0,55	0,55
Timberland	0,12	0,09	0,08	0,08	0,07
Sustainable infrastructure	0,04	0,02	0,00	0,00	0,00
Private equity	0,32	0,32	0,32	0,32	0,32
Total carbon emissions (million tCO₂e)	6,34	6,11	7,55	8,89	11,33
Share of portfolio market value (%) with reported CO ₂ e	90				

Examples of investments made by AP2 in sustainable infrastructure

Sandbrook Capital is a leading fund in sustainable infrastructure that has so far invested in five platforms, where they add capital and help companies scale up:

NeXtWind is a green independent power generation company focused on acquiring and renewing older wind farms in Europe. The company aims to build a portfolio of over 1 gigawatt (GW) of renewable energy assets by working with local communities and partners to improve the performance and extend the life of existing wind turbines, primarily in Germany.

Cloverleaf Infrastructure develops sustainable solutions for large electricity customers by offering ready-to-build sites with access to green energy and storage. The company focuses on property acquisition, grid connection, storage and on-site energy production. The aim is to deliver scalable clean electricity through strategic investments in power transmission, grid connection, land, on-site power generation and energy storage.

rPlus Energies is a diversified renewable energy development company focusing on solar, wind, battery and hydro power in the US. The company's goal is to supply renewable electricity to help governments, utilities and large industries meet the demands of the modern energy transition. Their portfolio has a total capacity of over 15 GW.

Havfram is a Norwegian company specialising in the development of offshore wind power. They offer transport and installation solutions for the wind power sector and own and operate ships for the installation of future wind turbines (WTIVs). They are currently developing two vessels, the first of which is expected to be ready in 2025.

Voltwise develops, builds and operates large-scale battery storage systems for the electricity grid. The company operates in Europe, with a focus on the UK and Germany. Their goal is to accelerate the transition to net zero emissions by providing intelligent, safe and reliable energy storage solutions. The Voltwise portfolio has a total capacity of over 10 GW.



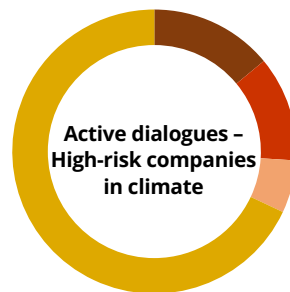
More focus on company dialogues

During the year, we published clear expectations of companies and external managers as a basis for our dialogues on climate adaptation with both companies and managers; see the Fund's website. Based on these expectations, we assess companies and external managers on the basis of a maturity scale. Based on an analysis of emission data and an assessment of the companies' transition plans towards net zero, the companies and managers with a high climate risk are identified, where we seek through dialogue to influence and support the companies in the transition.

Expectations of companies and external managers include, among other things, a commitment to net zero, emission reduction targets, reporting of emissions within all Scopes 1-3, distinct climate plans, capital allocation towards net zero, corporate governance, and transparency, which includes reporting in accordance with the TCFD framework (Task Force on Climate-Related Financial Disclosures).

During the year, we engaged in dialogues primarily via investor initiatives such as Climate Action 100+ and the Net Zero Engagement Initiative, but also on an individual basis. In 2024, we had climate dialogues with 16 companies.

The climate dialogues primarily concern net zero commitments, emission reductions and climate plans to reach net zero.



Collaboration	7
AP2 leads the collaboration	6
Own dialogue	3
No dialogue	34



The availability and quality of climate data is a challenge

The Fund uses climate data both to manage the portfolio and to analyse and report emissions from the portfolio. When reporting greenhouse gas emissions, the Fund sees a number of challenges and limitations. Access to data is one of the challenges, which is particularly evident in the reporting of Scope 3 emissions. A high proportion of the Fund's reported emissions in Scope 3 are estimated emissions, as many companies do not yet report these emissions. In addition, there are major differences between different companies in terms of what they choose to include in their reported emissions. This can lead to difficulties in comparing companies and portfolios and in interpreting changes. In addition to actual differences in emissions, the variations may be due to deviations in companies' reporting, as well as what they include in their Scope 3 calculations, and data providers' differing calculation methodology. The time aspect is another challenge, as emissions from the portfolio are based on the previous year's reported or estimated emissions from the companies in the portfolio. There is therefore a lag in terms of when actual changes are seen in the emissions for the investment portfolios.

Carbon footprint of the listed equity portfolio

	2024	2023	2022	2021	Base year 2019
Carbon emissions, Scope 1 and 2 (million tCO₂e)	0,3	0,4	0,6	0,7	0,9
Change in the portfolio's carbon emissions from the previous year (%)	-20.9	-36.0	-8.7	-15.4	
– of which the change related to changes in the portfolio's holdings (% units)	-15.3	-39.5	-20.4	-11.2	
– of which the change related to changes in the companies' emissions (% units)	-5.6	3.5	11.7	-4.2	
Carbon emissions, Scope 3 (million tCO ₂ e)	4.1	3.6	4.7	5.7	7.6
Relative carbon emissions, Scope 1 and 2 (tCO ₂ e/SEK million)	2.6	4.5	7.4	6.3	11.6
Portfolio-weighted carbon intensity (WACI), Scope 1 and 2 (tCO₂e/SEK million)	5.0	5.7	8.2	9.0	13.7
Change in the portfolio's carbon intensity from the previous year (%)	-11.1	-30.4	-9.0	-24.7	
– of which the change related to changes in the portfolio's holdings (% units)	6.8	-28.9	5.7	-4.1	
– of which the change related to changes in the companies' carbon intensity (% units)	-17.9	-1.5	-14.7	-20.6	
Mapped market value as a share of total Fund capital, %	40				
Portfolio-weighted carbon intensity (WACI), Scope 3 (tCO ₂ e/SEK million)	63.8	54.2	71.5	70.2	85.7

	2024	2023	2022	2021	Base year 2019
Carbon emissions, Scope 1, 2 and 3 (million tCO₂e)	4.5	4.0	5.3	6.4	8.5
Change in the portfolio's total carbon emissions from the previous year (%)	10.9	-24.2	-17.2	6.5	
– of which the change related to changes in the portfolio's holdings (% units)	11.6	-28.2	-34.8	4.0	
– of which the change related to changes in the companies' emissions (% units)	-0.7	4.0	17.6	2.5	
Portfolio-weighted carbon intensity (WACI), Scope 1, 2 and 3 (tCO₂e/SEK million)	57.3	48.9	65.3	65.3	79.2
Change in the portfolio's carbon intensity from the previous year (%)	17.1	-25.0	-0.01	-3.4	
– of which the change related to changes in the portfolio's holdings (% units)	24.2	-25.6	-9.9	6.9	
– of which the change related to changes in the companies' carbon intensity (% units)	-7.2	0.6	9.9	-10.3	

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

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

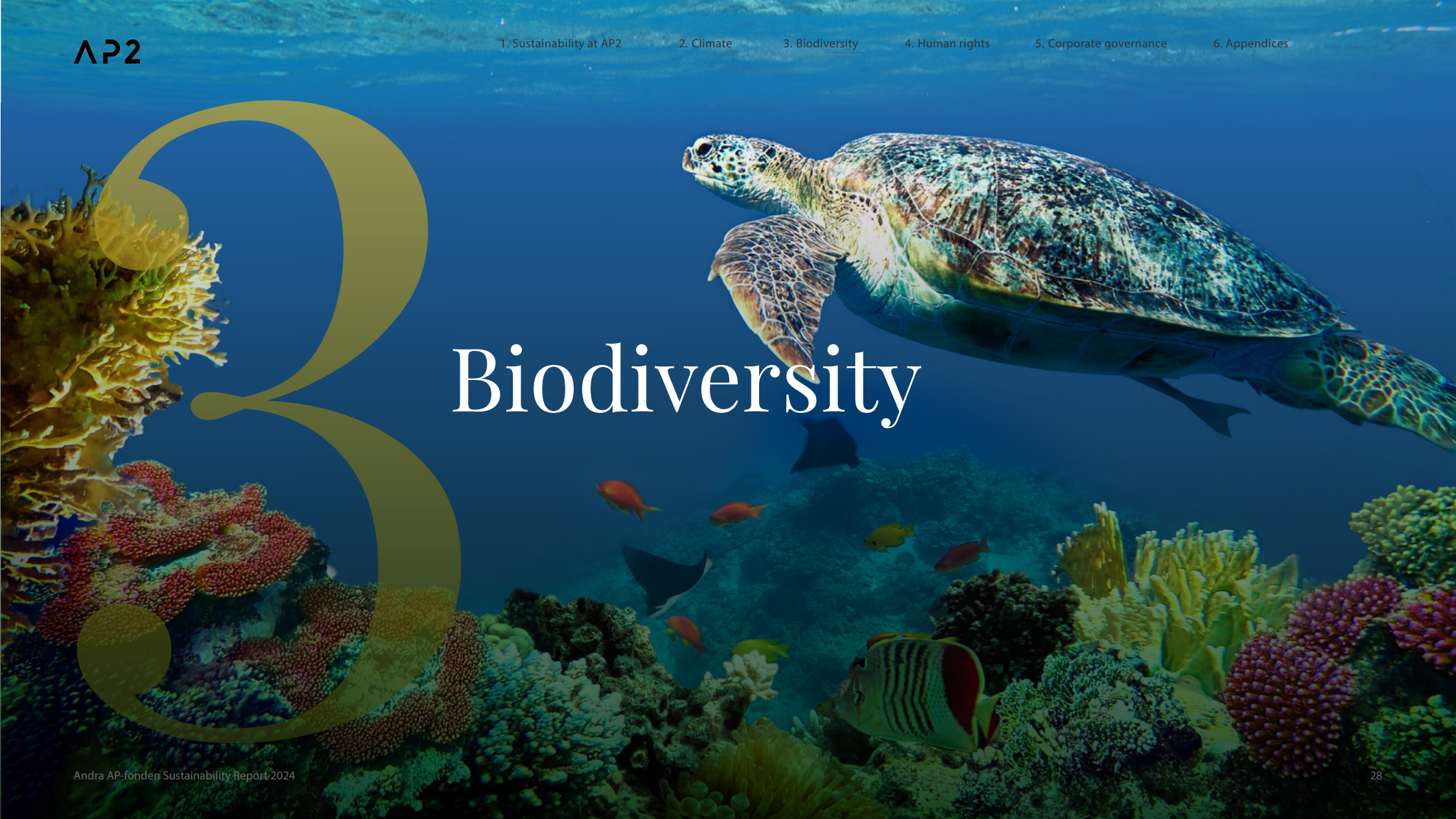
Portfolio-weighted carbon intensity (WACI), Scope 1, 2 and 3. Total individual carbon intensity of each portfolio company, i.e. a company's carbon emissions in relation to its turnover, weighted according to each individual company's share of the portfolio.

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

Carbon footprint of the listed credit portfolio

	2024	2023	2022	2021	Base year 2019
Carbon emissions, Scope 1 and 2 (million tCO ₂ e)	0.1	0.1	0.2	0.2	0.3
Carbon emissions, Scope 3 (million tCO ₂ e)	0.9	0.7	0.9	1.2	1.1
Portfolio-weighted carbon intensity (WACI), Scope 1 and 2 (tCO ₂ e/SEK million)	8.6	9.2	13.0	13.7	21.3
Portfolio-weighted carbon intensity (WACI), Scope 3 (tCO ₂ e/SEK million)	67.1	50.7	42.8	59.0	66.7
Carbon emissions, Scope 1, 2 and 3 (million tCO ₂ e)	1.0	0.8	1.1	1.4	1.4
Portfolio-weighted carbon intensity (WACI), Scope 1, 2 and 3 (tCO ₂ e/SEK million)	75.7	60.0	55.8	72.7	88.0
Portfolio-weighted carbon intensity (WACI), Scope 1, 2 and 3 (tCO ₂ e/SEK million)	9				





Biodiversity



Biodiversity

In 2024, we improved our analysis of deforestation risks in the portfolio, using a new model that we have been involved in developing. We have also intensified our work with company dialogues, with the aim of pursuing dialogue with all companies identified with high value chain deforestation risk and with inadequate management of the risk.

AP2 has analysed the portfolio's impact and dependence on biodiversity and ecosystem services and identified land use as the most significant driver of biodiversity loss for the Fund. The analysis is described in our biodiversity plan and in the climate and nature report according to the Taskforce for Nature-related Financial Disclosures (TNFD), both of which are published on AP2's website.

Based on this prioritisation, our work in 2024 was primarily devoted to land use, with a focus on deforestation, and on living up to the commitment to a deforestation-free portfolio linked to agricultural raw materials.

New model for deforestation risk analysis

We have worked with the think tank Climate & Company, which has developed a model for assessing deforestation risk in investment portfolios. The new model resolves several problems encountered with previous ways of performing

this analysis. We are now able to analyse all listed companies in our portfolio of equities and corporate credits (using previous methods, we only had data for a fraction of the companies). The risk assessment also weighs together several key data points, which we have not previously captured. It shows, for example, whether companies in the portfolio have assets in geographical areas of a sensitive nature. By combining this information with the company's type of activity, we can assess which companies can directly cause deforestation. Another important aspect is that the model estimates companies' exposure to risks throughout the supply chain. This is particularly important to capture the companies where the risk lies in one or more previous links in the supply chain.

The information in the model is retrieved from open data sources and databases, and the aim is to spread the use of the model and support the work

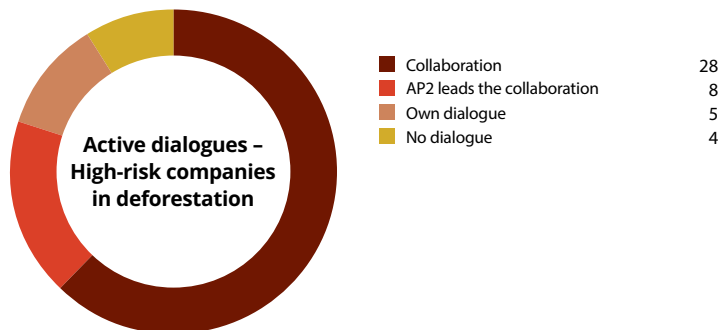
of more actors to achieve deforestation. The model is publicly available to download free of charge [here](#).

Intensified work with company dialogues

Based on an analysis of the equity and corporate credit portfolios using the deforestation model, we identified companies whose activities or geographical presence entail a very high deforestation risk. The next step was to investigate how companies manage the risk, for example through commitments to deforestation-free sourcing, policies and processes. Companies with a very high risk, where we have not noted any robust work to prevent deforestation, are defined as high-risk companies. AP2 aims to conduct company dialogues with all of these companies, which numbered 45 at year-end. The most common sector is companies linked to the food value chain, and agricultural products with a particularly high risk, such as beef, soya and palm oil.

>> We have seen good progress for several companies in the dialogues, with new commitments, improved transparency and increased work on traceability for raw materials with a high deforestation risk.





Many dialogues are conducted in collaboration with other investors through the initiatives Finance Sector Deforestation Action, Nature Action 100 and PRI Spring, on whose behalf we also lead eight dialogues with high-risk companies. In addition, we have initiated our own dialogues with five companies. In total, AP2 had active dialogues with 41 of the 45 identified high-risk companies during the year, directly or indirectly through collaborations. Our goal is to engage in dialogue with all high-risk companies.

Prior to the 2024 voting season, AP2 wrote letters to nine companies with high risk and inadequate management of the deforestation issue, and marked its dissatisfaction with two of the companies through its vote.

We have seen good progress for several companies in the dialogues, with new commitments, improved transparency and increased work on traceability for raw materials with a high deforestation risk.

Continued work in 2025

In 2025, we plan to continue to work on being able to follow up on the results of the dialogues based on this type of progress. Work is ongoing to develop more concrete targets and metrics for this. AP2 is committed to living up to the pledge that AP2 has made as signatories to and members of Finance for Biodiversity. This pledge means that we are committed to:

1. Collaborating and sharing knowledge.
2. Engaging with companies.
3. Assessing impact.
4. Setting targets.
5. Reporting publicly on the above.

For the full commitment see www.financeforbiodiversity.org



Finance for Biodiversity has drawn up recommendations for how the targets can be designed, in three steps: Initiation targets, monitoring targets and portfolio targets. As we have already completed all the steps covered by the proposed initiation targets, we are focusing on the work of defining monitoring targets, with the help of which we can monitor the progress of our dialogues in a structured way. Broader portfolio targets for high-risk sectors are also being evaluated, but we currently do not consider the data quality to be sufficient to report on this.

The Council on Ethics addresses pollution

Pollution is the second most relevant driver of biodiversity loss for AP2, according to our analysis. One serious form of pollution, which affects both human health and biodiversity, is PFAS (per- and polyfluorinated alkyl substances). PFAS have many uses, from frying pans and impregnating clothing to firefighting foam and packaging. The problem is that PFAS are “forever chemicals” that do not break down, but accumulate in people, animals, water and nature over time – and have serious consequences such as hormonal disorders and cancer. Since 2023, the Council on Ethics has collaborated with around 60 international investors within the Investor Initiative on Hazardous Chemicals (IIHC). The initiative is coordinated by ChemSec, which is an expert on harmful chemicals. The aim of the project is for the chemical industry

to phase out the use of harmful chemicals. The project is aimed at 50 chemical companies and focuses on three concrete sub-targets, where the companies must:

- Increase transparency regarding the company's exposure to hazardous chemicals.
- Publish a time-limited phase-out plan for forever chemicals.
- Develop safer alternatives to hazardous chemicals.

The companies are evaluated annually in Chemscore, a benchmark that measures progress against the objectives. Chemscore for 2024 showed a slight improvement for the companies as a whole, but with some companies making greater progress and showing a way forward towards safer alternatives.

Among the first to report according to TNFD

TNFD is a new framework for reporting on nature and biodiversity, which was launched to start reporting for the 2023 financial year, and will be followed up in the spring with a report for 2024. AP2 was one of the first investors to publish a report in accordance with TNFD. We chose to produce a combined climate and nature report, which also follows the TCFD framework for climate reporting, and can be read [here](#).

Taking TNFD as a starting point provides good support in structuring and prioritising the work on biodiversity, including a model for identifying material issues and relevant risks and opportunities. One challenge is that access to data is still limited in this area, so we expect that this reporting can be developed over time. We encourage our portfolio companies to report

under the same framework, to improve our opportunities to understand the portfolio's impact on and dependence on nature-related assets and ecosystems.

Investment in solutions– Amazon Reforestation-Linked Bond

In addition to identifying and managing risks within AP2's focus areas, we seek to find opportunities to invest in solutions. One example of an investment we made in 2024 is Amazon Reforestation-Linked Bond, a new type of outcome bond issued by the World Bank. Investment in this bond is expected to contribute good returns at low risk and furthermore to reforestation, biodiversity promotion and carbon sequestration.

The bond will extend over nine years, which matches AP2's long-term perspective. It finances a project where a domestic player, Mombak, either buys agricultural land or collaborates with landowners to replant trees. The project covers a large number of species of both fast-growing trees and slow-growing native species, to promote biodiversity. These trees generate carbon credits that are then sold to third parties, where Microsoft is committed to buying a large proportion. The proceeds from the sale are then used to increase the return to investors.

Human rights



Human rights

For several years, Andra AP-fonden has been working towards its goal for 2025 – to operate in line with the UN Guiding Principles for Business and Human Rights. In 2024, the Fund got the last pieces of the puzzle in place to achieve the goal. We have devised a remediation process and developed processes to integrate the UN Guiding Principles into all asset classes.

New remediation process – an important step towards the goal

As part of AP2's work to implement the UN Guiding Principles on Business and Human Rights, during the period we developed a remediation process. This is a requirement of the UN Guiding Principles and entails ensuring that people suffering harm have ways to report and are compensated for their harm. With the help of the process, we will define the framework for remediation at AP2 and also contribute to increased focus among other financial players.

As there has been a lack of clear guidance on how investors should deal with remediation, our approach was to initially raise the issue for discussion among experts and other investors, to clarify our role and responsibility as investors. During the consultation process, we gathered views and opinions from expert organisations on the UN

Guiding Principles, and other investors with good knowledge of human rights, and also consulted international labour organisations. In summary, we have come to the following conclusion: AP2's investments can be linked to negative impacts on human rights. For example, if one of the Fund's portfolio companies has caused harm where remediation is justified, we must use our influence to get the portfolio company to take action and remediate those affected. AP2 will also work proactively by reviewing the companies' policies and processes. Dialogue and escalation tools are used as necessary to ensure that the companies take their responsibility.

The Fund welcomes future collaboration with other investors on this issue. This in order to continue the development and, in the long run, promote the possibility of remediation for people who have suffered harm.



Integration of human rights in unlisted investments

In 2023, work began to systematically map the Fund's managers within private equity from a human rights perspective. This work continued during the year and the process developed is now used for our investments in private equity, private debt, traditional real estate, timberland and farmland and sustainable infrastructure. Depending on the asset class being reviewed, the possibility of impact will vary. Within private debt, for example, both the investment process itself and our ability to impact during the holding period are different and limited. For this asset class, focus is on the pre-investment process and as an evaluation after the holding period.

With this process in place, the Fund now has processes for integrating human rights into all our asset classes. Further information can be found in AP2's plan for human rights on the Fund's website.

Divestment from listed assets in China

In accordance with the Fund's country framework, based on the UN Guiding Principles, AP2 has decided not to invest in listed assets in China. This is mainly due to the high risk of human rights violations.

Identification of high-risk companies

During the autumn, AP2 carried out an updated analysis of its listed holdings with the aim of identifying companies in the portfolio that are at high risk of human rights violations in their value chain. The analysis is based on data from Maplecroft on the risk level in sectors and countries. Since human rights risks often exist in supply chains, emphasis is on sector analysis and geographical exposure of the supply chain, rather than the company's domicile.

The sectors identified by the Fund as presenting a high human rights risk are the mining, textile and agricultural industries, as well as renewable energy. This is in line with previous years' analyses. The aim is to engage in dialogue with all these companies, through investor partnerships or our own dialogues.

Proactive dialogues with high-risk companies

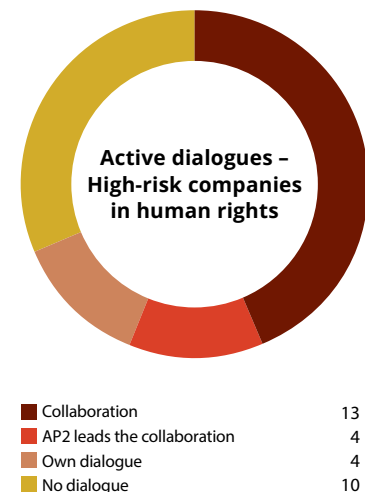
AP2 has, during the year, identified a total of 31 companies in the portfolio with elevated risk of human rights violations. Among these so-called high-risk companies, 17 are part of the investor collaborations in which the Fund participates, meaning that 14 companies remain for individual dialogue by AP2. During the year, dialogue has been initiated with four of these companies. Within the investor collaborations where AP2

cooperates, the dialogues have shown positive development, and the companies have improved their scores in Platform Living Wage Financials (PLWF) annual benchmark.

In addition to dialogues with high-risk companies, the fund has also conducted individual dialogues with a further 12 companies operating in Brazil, Indonesia, and India.

The dialogues in the course of the year were generally focused on strengthening the companies' public commitments and transparency regarding human rights. During the year, we prepared public expectations documents for both portfolio companies and external managers. We expect portfolio companies to:

- Have a human rights policy or other governing document that regulates human rights issues.
- Act in line with the UN Guiding Principles on Business and Human Rights, or the UN Global Compact principles, or the OECD Guidelines for Multinational Enterprises.
- Strive to ensure that all employees, including those of suppliers, earn a living wage. This is not currently presented as a requirement, but dialogues with companies include the concept and how the company works with the issue in the long term.



- Have well-functioning grievance mechanisms.
- Have a well-functioning remediation process.
- Promote freedom of association and collective bargaining.
- Policies are approved at the most senior level of the business enterprise.
- Have targets regarding the above that apply to the company, its suppliers both downstream and upstream, and customers.

Our expectations document must in no way be seen as an end goal or even an exhaustive one. Depending on the industry in which the company operates, we need to adapt expectations to be able to drive the change we wish to see. In the textile and renewable energy sectors, for example, we have put extra effort into reviewing companies' supply chains. This is to gain a better understanding of where the company has its most salient risks of human rights violations. Since transparency concerning the company's supply chain is an important piece of the puzzle in the work concerning living wages, we have requested higher transparency regarding this from the companies.

Collaboration for greater impact

Within human rights, AP2 collaborates with other investors. One important collaboration is PLWF, where AP2 took a place in the steering group during the year. Within the framework of this collaboration, we are conducting dialogues with two companies operating in the textile industry, as well as collaborating with other investors on companies in the agricultural sector. Living wage is the key issue in this collaboration.

The Fund also participates in PRI Advance, where we engage in dialogue with companies in the renewable energy sector and collaborate on companies in the mining industry. During the year, the focus within this initiative has been on issues relating to the concept of Free Prior and Informed Consent (FPIC) and activities in areas defined as Conflict-Affected and High-Risk Areas (CAHRA). The aim has been to strengthen indigenous peoples rights of to their own land, where FPIC in particular deals with issues such as consensus, co-determination and balance in the profit from land use. Questions concerning CAHRA have arisen in discussions with companies within renewable energy linked to FPIC.

Human rights issues of a more general nature are addressed within the Investor Alliance for Human Rights (IAHR). For example, the Fund is a member of a working group on the rights of Uyghurs.

” The Fund also participates in PRI Advance, where we engage in dialogue with companies in the renewable energy sector and collaborate on companies in the mining industry.

Focus topic: Living wage

Living wage have been a trending concept in the work on social issues for many years. In recent years, the focus has increased further, and in 2024 the ILO published an official definition of the concept. Furthermore, the OECD has developed an indicative guide: "Handbook on due diligence for enabling living incomes and living wages in agricultural, clothing and footwear supply chains." AP2 contributed to the development through individual consultation, and also through our involvement in PLWF.

We are positive about working actively and systematically with the issue of living wages based on the OECD's guide for several reasons. It is a concept that has a positive impact on 7 of the 17 UN's Sustainable Development Goals by 2030 (goals 1, 2, 3, 4, 5, 8, and 10). Additionally, living wages are quantifiable, which allows the work to be broken down into clear sub-goals.

During the year, the Fund incorporated living wages as a topic for both external managers and the Fund's portfolio companies.

During the period, the Fund submitted opinions on the role of social issues in sustainability reporting to the Association of Chartered Certified Accountants (ACCA) and the International Sustainability Standards Board (ISSB).

AP2 has worked closely with the Council on Ethics during the period, including on the design of the remediation process. The Council on Ethics has a number of proactive human rights projects that complement our own work. For example, the Council on Ethics works with tech companies and human rights, child labour and forced labour, and has a leading role in the Mining 2030 investor collaboration. This contributes to both increased competence and opportunities for AP2 to have a positive impact.

Human rights at AGMs in 2024

During the year, AP2 made a statement at Inditex's AGM, together with representatives from MN and Cardano. For several years, AP2 has been in dialogue with the company through PLWF and observed major progress in matters relating to a living wage. What we still lack is transparency about the company's supply chain, which is an overall challenge in the textile industry. We highlighted

the progress we have seen the company make, but were also clear about our expectations for the future. By presenting this at the AGM, we were able to bring the issue to the attention of more shareholders.

The Fund was also one of the signatories to a shareholder proposal at Amazon's AGM. The proposal concerned working conditions and external auditing of the company's safeguarding of freedom of association. The proposal received the highest endorsement among all shareholder proposals at the AGM, with 32 per cent of all votes and 37 per cent of independent votes (excluding Jeff Bezos).

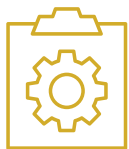
During the year, AP2 also supported the shareholder proposal presented at Nike's annual general meeting. The purpose of the proposal was to initiate a review of the company's actions related to a terminated collaboration with a subcontractor, which is believed to have affected over 4 000 workers in Cambodia who were partially or entirely deprived of their rightful wages.

AP2 has voted in favor of 133 shareholder proposals on social issues in 2024.





Corporate governance



Corporate governance

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

The extent to which corporate governance is regulated by legislation or voluntary regulations, called codes, varies from country to country. In Sweden, since 2004 we have had the Swedish Corporate Governance Code (the Code), which is based on the “follow or explain” principle. Our view of corporate governance in Swedish listed companies is based on this Code, and we also have the opportunity, through collaboration with other institutional owners in Sweden, to influence and express opinions on its development. To clarify what we expect from companies in areas such as corporate governance, but also within various relevant sustainability issues, we publish annual voting guidelines on our website.

In AP2’s foreign companies, we strive for corporate governance that is largely based on a Swedish view on, for example, management structure, diversity and remuneration. However, we relate to market-specific codes and rules

in order to find a constructive level for the requirements we set.

Important corporate governance issues in Sweden during the year

Better governance with the right board composition

It is the responsibility of both shareholders and the board of directors to ensure that the right conditions and good working methods are in place for effective board work. This includes a board composition that takes account of diversity, independence and a clear division of roles and responsibilities.

Sustainability challenges should be reflected in companies’ remuneration programmes

Our dialogue with Swedish companies regarding both financial and sustainability-related performance requirements in incentive programmes continued before and during the 2024 AGM season. A discussion within the



>> In 2024, AP2 expressed its support for the possibility of continued physical general meetings, which also includes hybrid meetings. Among other things, this was done through its membership in the Institutional Owners’ Association (IÄF). Since a new rule in the Swedish Companies Act already allows digital meetings in extraordinary circumstances, the Fund has voted against proposed amendments to articles of association aimed at enabling digital meetings.

Institutional Owners' Association (IÄF) resulted in a joint statement on our view that sustainability issues that are essential for the company's long-term development should be reflected in the remuneration programmes. We can note that the issue is highly relevant and that far from all companies have declared sustainability targets in their long-term remuneration programmes, while this is more common in short-term cash-based programmes. We will continue to focus on the issue and hope to see sustainability targets related to different variables that support the companies' strategic challenges going forward.

So far, we have not voted against a proposed incentive programme solely because the programme lacked sustainability targets, but we do not exclude this possibility in the future. During the year, the Fund voted against 17 proposed incentive programmes, as these either contained incentives without a link to performance targets or were otherwise deemed to lack relevant performance targets.

In the Female Representation Index 2024 the proportion of female board members decreased
As a long-term institutional owner, AP2 wants to contribute to a factual debate on how the boards and management teams of Swedish listed companies can become more equal. The Female Representation Index, launched by the Fund

in 2003, is a long-term instrument that annually measures the development in the proportion of women in leading positions in Swedish listed companies.

The Fund's Female Representation Index 2024 shows that the proportion of female board members in Swedish companies listed on Nasdaq has decreased slightly and amounts to 35.5 per cent (36.1 per cent in 2023). The outcome differs between the large-, mid- and small-cap segments, where, for example, only 31 per cent of the latter category's boards of directors have more than 40 per cent women. The EU directive on a more even gender distribution among board members in large listed companies stipulates that the underrepresented gender must as a rule hold at least 40 per cent of the non-executive board positions. In 2015, the Swedish Corporate Governance College communicated a target of 40 per cent overall share for the least represented gender. Less than half of the companies in this year's Female Representation Index, 41 per cent, live up to this level, which is a decrease from 2023 when 43 per cent of the companies had equal boards according to this definition. The survey also shows that the proportion of women among newly elected board members is 38.3 per cent, which is higher than for existing boards. However, it should be noted that the target of 40 per cent by 2030 will not be achieved at the current rate of change.

40%

On average, the Fund's listed holdings must have board representation of at least 40 per cent of each gender by 2030.

Swedish

Foreign

37% 31%

The average proportion of female board members is higher for the Fund's Swedish holdings than for foreign holdings.

Ninetyone out of one hundred board chairs in Swedish listed companies are men



According to the Female Representation Index, the number of female board chairs in Sweden remains unchanged at 32, which corresponds to 9 percent of the 356 companies surveyed.

The Female Representation Index also measures the proportion of women in the management teams of listed companies, which increased from 26.4 per cent to 28.8 per cent in this year's index, which is the highest level so far measured in the Female Representation Index since the start in 2003. Read the full report for the Female Representation Index on AP2's website.

Diversity is important in our nomination committee work

The Female Representation Index shows that companies with nomination committees have a higher proportion of women on the board of directors than companies without a nomination committee. The difference between companies with a nomination committee with female representation (38 per cent women on the board) and companies without a nomination committee (29 per cent women on the board) is no less than nine percentage points, and compared to entirely male nomination committees (33 per cent women on the board), the difference is five percentage points. At the same time, half of all nomination committees lack a female representative.

The result is in line with our view that participation in nomination committees is a good way for owners to exercise active and forward-looking ownership. We take a positive view of being represented on nomination committees in Swedish companies and have for many years emphasised the importance of a greater proportion of women on the boards of listed companies. Prior to the 2024 AGM season,

we were represented on 11 company nomination committees and, prior to the 2025 season, we are working in 14 listed companies' and two unlisted companies' nomination committees. Read more on the Fund's website.

Key global corporate governance issues during the year

Right of shareholders to submit shareholder proposals

The number of shareholder proposals submitted at AGMs continued to increase in 2024. This does not just concern the number of proposals, as the degree of complexity has also increased, as has the range of questions and, in some cases, unfortunately of a diminished quality. The increased number of sustainability-related shareholder proposals, where the proposals are not always of the highest quality, contributes to a more burdensome preparation process for the companies. There is a trade-off here between, on the one hand, a fundamental right for shareholders to submit and vote on shareholder proposals, and, on the other hand, a risk of this right being misused. There needs to be a due diligence system to ensure process and quality, and the U.S. Securities and Exchange Commission (SEC) has played an important role in this respect.

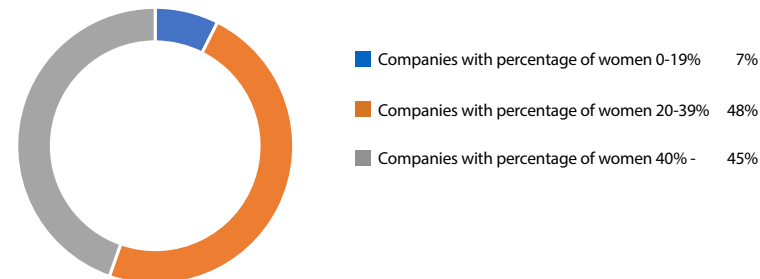
AP2, together with several major European pension funds, published a statement during the year in which we emphasised the importance of the SEC remaining the preferred intermediary

of shareholder proposals. This should not be decided by local courts, nor should shareholders risk being sued by companies because of their proposals, as was the case with Exxon in Texas. As a long-term investor, AP2 is convinced that sustainability ultimately affects a company's financial performance. This makes it particularly important for us that sustainability-related shareholder proposals continue to be of high quality and are submitted to the AGM according to a well-functioning, fair process.

Dissatisfaction with Amazon through shareholder proposals and voting

For several years, AP2 has shown our concern about recurring accusations against Amazon and their way of interfering with employees' freedom of association and collective bargaining rights. Among other things, together with other investors we supported a shareholder proposal to the company's 2024 AGM requiring Amazon's Board of Directors to appoint an independent third-party review of how Amazon lives up to the trade

Percentage of female board members in Swedish companies where AP2 voted in 2024



union rights described by the company in its Global Human Rights Principles. More than 30 per cent of shareholders were positive about the proposal. During the year, as a next step, the Council on Ethics also sought an in-depth dialogue, before the 2025 AGM, to develop an understanding of how Amazon handles these issues.

We feel that Amazon has not listened to owners' views on several issues, and we have therefore acted by voting against the Board's proposals on several issues, and we have also supported shareholders' proposals on, for example, increased transparency regarding lobbying, pay gaps, climate strategy and facial recognition.

Collaboration during the year for good corporate governance in Japan and India

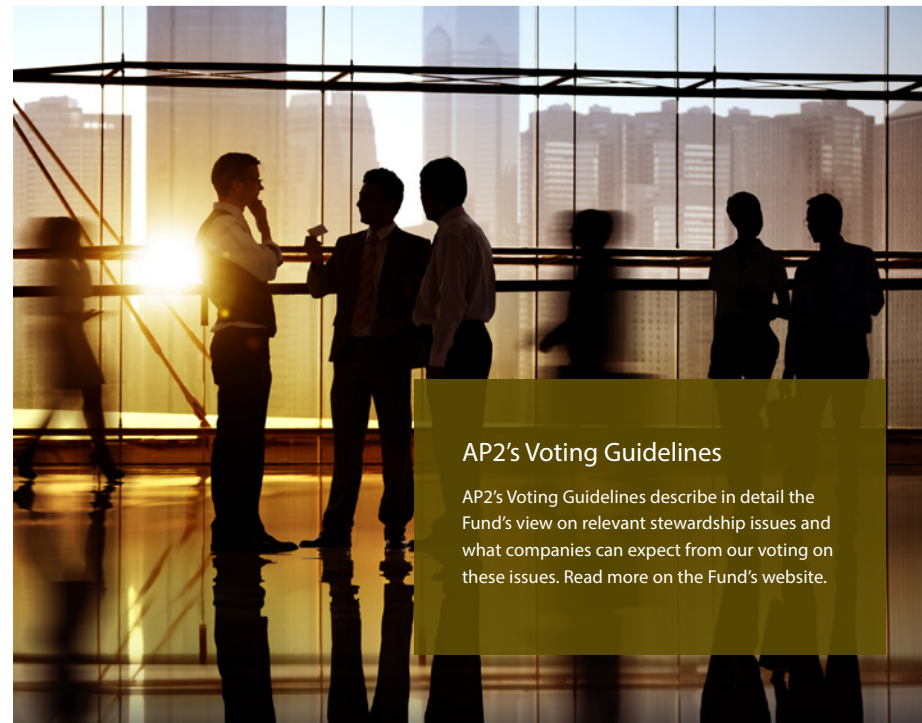
The Asian Corporate Governance Association (ACGA) is an association representing more than USD 40 trillion of investor assets globally. In 2016, the ACGA established a working group of institutional investors with a particular interest in Japan. AP2 has been a member of this group since its inception.

During 2024, the group continued its work on the engagement initiative aimed at conducting a targeted and structured dialogue with a selected group of major Japanese listed companies in the medium to long term. Dialogues are taking place with selected companies in different sectors. Each

company is globally important in its sector and faces a number of strategic governance and business challenges. By building trust and understanding, the group seeks to support the development of each company's governance and sustainability practices and contribute to increasing their corporate value. AP2 participates actively in both this initiative and the working group's other activities.

In general, the development of Japanese corporate governance has continued after the launch in previous years, and subsequent upgrades, of the Corporate Governance Code and the Stewardship Code, both important tools aimed at improving corporate governance. The Financial Services Agency (FSA) and the Tokyo Stock Exchange focus on implementing the principles for good corporate governance through concrete actions by companies and with the support of investors.

Our involvement in ACGA has given us the opportunity to support their letter to the Securities and Exchange Board of India, with a number of observations and recommendations regarding good corporate governance, such as transparency, remuneration and shareholders' rights. This is a good example of how, through collaboration with other owners, we can influence the development of corporate governance in different markets.



AP2's Voting Guidelines

AP2's Voting Guidelines describe in detail the Fund's view on relevant stewardship issues and what companies can expect from our voting on these issues. Read more on the Fund's website.

Joint statement by investors

Thirty nine institutional investors, with a total managed capital of USD 5.2 trillion, issued a joint statement calling on the SEC to remain the preferred mediator of shareholder proposals in the US.

Appendices

Stakeholder dialogues

Stakeholder dialogues	Stakeholder groups	Impact on/by AP2	Dialogue/format	Material issues	Examples of dialogues in 2024
For those for whom we perform our mission	Principals: Swedish Parliament, Swedish Government and the pensions group.	AP2 is affected by legislation, Board appointments and evaluation.	Dialogue with Government evaluator for annual reporting. The evaluator's conclusions and suggestions for improvement are taken into account.	Returns, exemplary management, reporting and the pension system.	Meetings and exchange of information in connection with the Government's annual evaluation of the AP Funds.
		AP2 makes an impact through annual evaluation, dialogue and feedback.	Meetings with representatives of principals on specific issues.		Meetings with investigators in connection with the investigation of the AP Funds.
	General public: Current and future pensioners.	AP2 is affected by the expectation of high returns and sustainable management.	Detailed external financial and sustainability reporting, meetings with representatives, website.	Returns, exemplary management, the pension system.	Ongoing dialogue with interested parties via info-email regarding a variety of issues, mostly concerning holdings in the portfolio.
		AP2 makes an impact by contributing to a robust pension system.			
With those whom we perform our mission	Employees: Current and future employees.	AP2 is affected through engagement and participation.	Regular employee surveys to create continuous improvements in the working environment. Daily dialogue with employees, performance appraisals and incident follow-ups. Speaking and participating in seminars. Website, annual report and social media (LinkedIn).	Remuneration, conditions, working environment, development opportunities, responsible investor.	Business development in dialogue with large parts of the Fund's employees.
		AP2 makes an impact by being an attractive employer.			Ongoing communication and opportunity for feedback via weekly meetings and staff conference with all employees, departmental meetings and performance appraisals.
	Portfolio companies and external managers: Majority-owned companies, listed/unlisted directly owned companies, indirectly owned companies under external management, external managers.	AP2 is affected by the companies and managers contributing to the Fund's return and sustainability targets.	Regular dialogues with external managers on returns and sustainability matters. Annual evaluation, voting at general meetings, participation in nomination committees and boards.	Returns, sustainability targets, strategies, corporate governance.	Seminars for students and discussions on skills needs and students' views on future work together with the University of Gothenburg School of Business.
		AP2 makes an impact through dialogue and active ownership.			Sustainability meeting with majority-owned property companies. Participated in nomination committees and boards. Dialogues with Swedish companies in cases where AP2 votes against AGM motions.
	The financial sector: Financial service providers, counterparties, partnerships.	AP2 is affected through services and partnerships.	Regular dialogues. Networking with Swedish and international industry colleagues to pursue common issues and exchange expertise, e.g. Swesif, Council on Ethics, PRI.	Reporting, sustainability data, implementation of sustainability policy.	Communicated the Fund's voting guidelines. Dialogues with foreign companies linked to sustainability focus areas.
		AP2 makes an impact by setting requirements.			Climate day with selected managers and companies on energy transition.
		AP2 makes an impact through engagement.			Ongoing dialogue with counterparty analysts. Dialogue on counterparty evaluation. Enhanced collaboration with the Council on Ethics on voting issues. Dialogue with Swedish banks. Numerous partnerships with international investors. Frequent dialogue with custodial bank.
	Suppliers: Office, administration and IT services.	AP2 is affected by the price/quality of goods and services.	Meetings, contracts and monitoring Information from suppliers is used in the Fund's sustainability work. Important source of information for development in the field.	Contract terms, quality, sustainability.	Dialogues with several suppliers in connection with the fund moving into new premises in 2024.
		AP2 makes an impact by setting requirements in procurement.			

Stakeholder dialogues, cont.

Stakeholder dialogues	Stakeholder groups	Impact on/by AP2	Dialogue/format	Material issues	Examples of dialogues in 2024
Those who are affected by our investments	Civil society and nature: Stakeholder organisations, local community, academia.	AP2 is affected by organisations drawing the Fund's attention to challenges and opportunities.	Dialogues with organisations and experts with knowledge of the issues and local conditions.	Sustainability work, reporting, standpoints, research, new insights.	Ongoing collaboration and dialogue with organisations with expertise, such as FAIRR, Global Canopy, ChemSec, Ceres, Shift and Investor Alliance for Human Rights. Annual meeting via the Council on Ethics with Swedish stakeholder organisations in April 2024. Collaboration with academia through, among other things, BIOPATH in biodiversity, thesis collaboration with students from Chalmers and the University of Gothenburg School of Business, the CEO's board involvement in FinansKompetensCentrum, the University of Gothenburg School of Business' Advisory Board and MISUM.
		AP2 makes an impact via investments in companies and through thematic engagement with the companies.			
		AP2 is affected by scientific facts.			
Other stakeholders	Media: Swedish and foreign media.	AP2 is affected by reviews of its operations and business intelligence.	Meetings, press releases, social media posts. Answering questions from journalists.	The AP Funds' mission and role in the pension system, returns and sustainability work.	Ongoing contact with journalists. Press releases, news articles, interviews, posts on LinkedIn.
		AP2 makes an impact through interviews, press releases, meetings, financial reports.			

Stewardship

Summary of AP2's voting on individual issues at Swedish AGMs 2024

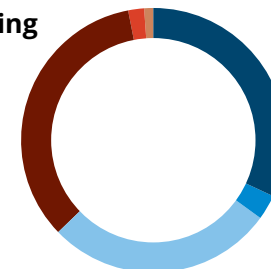
Area	Board's proposal			Shareholders' proposal		
	Number	AP2 in favour	AP2 against	Number	AP2 in favour	AP2 against
Board	365	365	-	-	-	-
Incentive schemes/compensation	228	211	17	-	-	-
Adoption of financial statements, appointment of auditors, etc.	478	478	-	-	-	-
Capital structure, organisation, acquisition	203	203	-	-	-	-
Environment and health	-	-	-	2	-	2
Corporate governance	206	202	4	4	1	3
Social and human rights	-	-	-	-	-	-
Total	1 480	1 459	21	6	1	5

Summary of AP2's voting on individual issues at foreign AGMs 2024

Area	Board's proposal			Shareholders' proposal		
	Number	AP2 in favour	AP2 against	Number	AP2 in favour	AP2 against
Board	9 147	8 067	1 080	131	75	56
Incentive schemes/compensation	1 958	1 264	694	34	12	22
Adoption of financial statements, appointment of auditors, etc.	2 413	1 916	497	46	26	20
Takeover defence	96	46	50			
Capital structure, organisation, acquisition	1 050	795	255	3	3	
Environment and health	6	5	1	63	42	21
Corporate governance	288	255	33	68	51	17
Social and human rights	78	78		230	151	79
Total	15 036	12 426	2 610	575	360	215

Voting by region including Sweden, 2024, %

North America	32%
South America	3%
Europe	28%
Asia	34%
Oceania	2%
Africa	1%



Nomination committees in which AP2 has participated prior to the 2024 Annual General Meetings

Company	Proportion of women on the board, %	Number of newly elected women	Total change compared to previous year
Alcadon	20	0	0
Arise Windpower	20	0	0
Better Collective	43	0	0
Catena Media	0	0	-2
Coor Service Management	57	1	0
Ferroamp	17	1	0
IAR Systems	40	0	0
Kambi	20	0	-1
LumenRadio	33	0	0
Plejd	33	0	0
Promimic	17	0	0
A total of eleven nomination committees	27	2	-3

Nomination committees

	2024	2023	2022
Swedish nomination committees on which AP2 has served, number	11	12	9
Proportion of women on Swedish company boards on whose nomination committees AP2 has served, %	27	42	39
Proportion of newly elected women on Swedish company boards on whose nomination committees AP2 has served, %	17	40	71

Internal environmental indicators

	2024	2023	2022
Electricity, kWh	58 262	76 680	79 004
Renewable electricity, %	100	100	100
Business travel			
Carbon emissions from domestic and international travel, tons CO ₂ e	98	91	80



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