The Danish USD 65 bn. Pledge

Powering the Green Transformation by 2030.

F&P INSURANCE AND PENSION DENMARK

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Danish conditional pledge 2024

The Danish pension industry plays a crucial role in the climate transformation of the economy and businesses. The Danish pension industry is proactive and has taken an international lead with ambitious goals for investments in the climate and renewable energy transition.

In a pioneering collaboration between the Danish government and the Danish pension industry—comprising both politicians and private investors—the industry has pledged a conditional investment of USD 65 billion in the energy transition by 2030. This pledge was announced by Danish Prime Minister Mette Frederiksen ahead of the UN Climate Summit in September 2019

The industry's commitment to investing in the clean energy transition as part of their pledge has been guided by the UN Sustainable Development Goal 7, which focuses on clean and sustainable energy. However, starting January 1, 2023, the commitment will be evaluated and reported according to the EU's taxonomy for sustainable activities, as well as other climate-related and environmental (E) investments that extend beyond the taxonomy. This assessment will be based on the definition of a sustainable investment as outlined in Article 2, Section 1, No. 17 of the EU Disclosure regulation. The goal is to ensure alignment with European legislation and frameworks while also enhancing data quality and transparency in the evaluation and reporting process.

As a result, this new assessment method is not directly comparable to those used in previous years. Based on the 2023 evaluation, Insurance & Pension Denmark has set a conditional pledge of DKK 450 billion to be invested in the green transition, including climate-related and environmental investments, by 2030.

Note: The financial figures in this document have been converted from Danish kroner (DKK) to U.S. dollars (USD) based on the exchange rate at the time of calculation. Due to daily fluctuations in exchange rates, the exact USD amounts may differ slightly from those presented here.

2023 Status

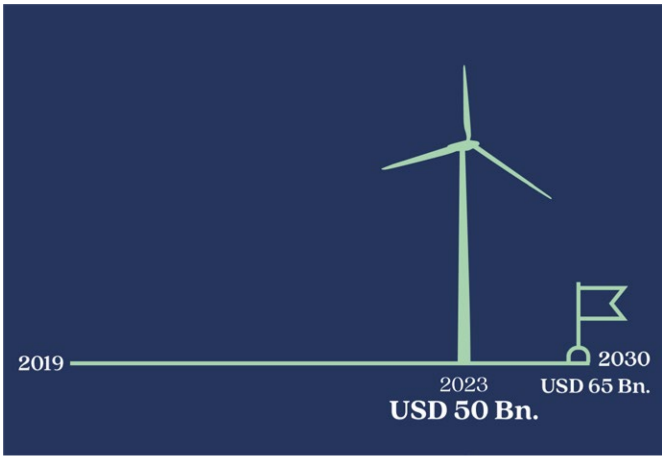
Insurance and Pension Denmark has assessed the 2023 status on the fulfillment of the pension industry's conditional pledge to invest USD 65bn. in climate and environmental investments by 2030.

The 2023 progress assessment reveals that the industry has invested USD 49.6 billion in the climate and energy transition. These investments are made within the framework of the EU's taxonomy for sustainable activities and in accordance with the disclosure regulation's Article 2.17, which outlines the criteria for sustainable investments.

By 2024, the Danish pension industry has already reached an impressive USD 50 bn. in sustainable climate related and environmental investments. This is far beyond expected and exceeds what a linear target fulfilment would imply. An important development - particularly in years that have been characterized by financial instability.

The below table shows the industry's total stock of investments in the climate and energy transition, with USD 13.1 bn. of the industry's assets invested in taxonomy-aligned investments, i.e., climate related and environmental investments defined and classified according to the EU's taxonomy for sustainable activities.

The remaining USD 36.6 bn. is invested in climate and environmental investments defined according to the disclosure regulation's Article 2.17.



Danish Pension Funds' Stock of investments in the climate and energy transition as per 31/12-23 (M USD)

Investments	Taxonomy-aligned Investments	Disclosure-aligned Investments	Total Stock
Real Estate and Buildings	6.597	5.076	11.672
Infrastructure	2.385	7.038	9.422
Listed Equity	3.627	9.202	12.829
Bonds	502	13.724	14.226
Other Investments	19	1.453	1.472
Total	**13.130**	**36.492**	**49.622**

The Danes' large pension assets continue to contribute significantly to ensuring the green transition in Denmark.

It is estimated that approximately 44% of the green and sustainable USD 50 bn. is invested in Denmark, while the remaining is distributed around the world.

The sustainable climate and environmental investments of pension companies are placed in both Denmark and abroad:

Danish Pension Funds' Stock of Worldwide Investments in the Climate and Energy Transisionas per 31/12-23 (M USD)

Investments	Denmark	World	Total Stock
Real Estate and Buildings	11.421	247	11.668
Infrastructure	1.218	8.201	9.419
Listed Equity	3.098	9.718	12.816
Bonds	5.782	8.659	14.441
Other Investments	260	1.019	1.278
Total	**21.780**	**27.842**	**49.622**

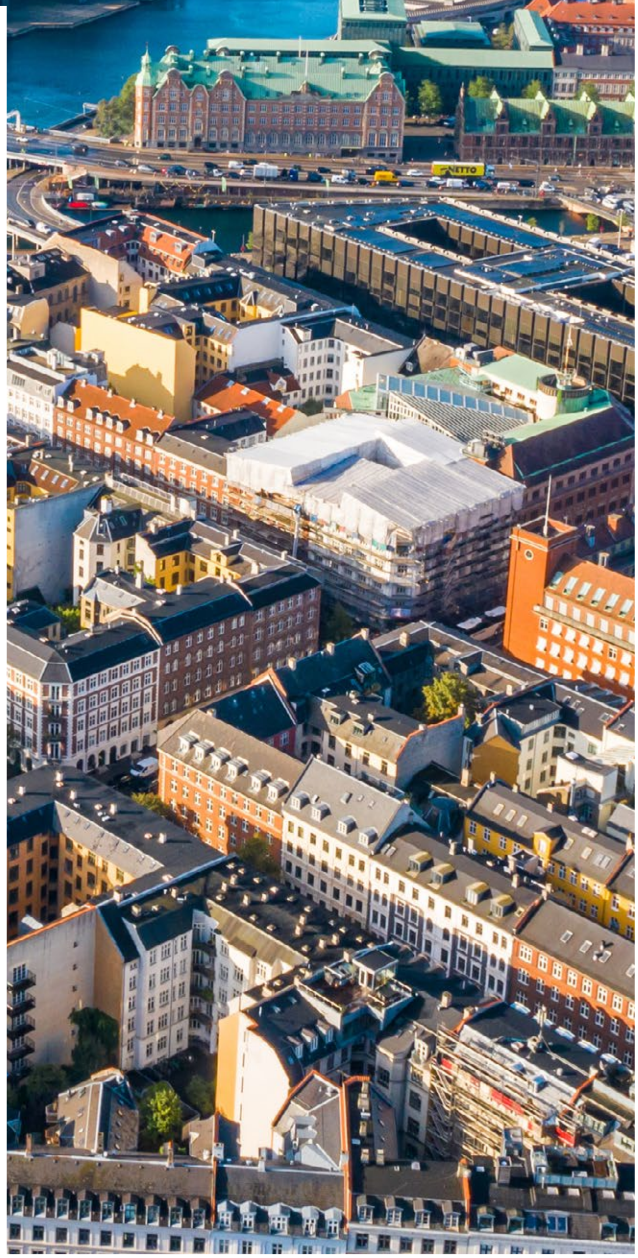
Background Information

The EU's taxonomy for sustainable activities and the disclosure regulation are new and relatively comprehensive regulations with significant complexity in the assessments due to a range of technically complex rules and a lack of quality data. These regulations will continue to evolve over time, and more economic activities will be covered by the regulations.

It is not exhaustively determined which assets are included in the climate commitment, as it depends on data availability and company-specific decisions. However, there is a clear pattern that companies report investments in e.g. wind energy, solar energy, energy efficiency in buildings, and energy transmission. Companies' climate related and environmental assessment reports to Insurance and Pension Denmark are therefore the actual assessments of the investments the companies designate as sustainable climate related and environmental investments within the framework of the EU's environmental taxonomy and disclosure regulation's Article 2.17.

The reporting period for companies' sustainable investments spans from January 1 to December 31, with the assessment conducted in conjunction with the preparation of their annual reports.

The USD 65 billion pledge for the green transition, including sustainable climate and environmental investments by 2030, is conditional. This means that the commitment depends on various factors, including market conditions, company-specific circumstances, and political developments.



Political Conditions

Regulatory frameworks that support the energy transition and make green and sustainable investments relatively attractive, ideally by reducing associated risks. Additionally, continued European regulation of pension companies should favor long-term investments.

Market Conditions

The availability of green and sustainable investments offering reasonable returns through 2030, as well as a sufficient supply of green and sustainable assets to meet demand.

Company-Specific Conditions

Continued support from individual company members for green and sustainable investments, stable pension contributions and payouts aligning with expected levels, and regulatory conditions (e.g. regarding guaranteed products) that do not compel companies to reduce investments in unlisted assets or other green investments.

Significant deviations from the expected in these areas could affect whether the pension industry can meet the set goal.

Transition of the Commitment from SDG 7 to the EU Environmental Taxonomy

The industry's commitment to investing in the clean energy transition as part of their pledge has been guided by the UN Sustainable Development Goal 7, which focuses on clean and sustainable energy. However, starting January 1, 2023, the commitment will be evaluated and reported according to the EU's taxonomy for sustainable activities, as well as other climate-related and environmental (E) investments that extend beyond the taxonomy. This assessment will be based on the definition of a sustainable investment as outlined in Article 2, Section 1, No. 17 of the disclosure regulation. The goal is to ensure alignment with European legislation and frameworks while also enhancing data quality and transparency in the evaluation and reporting process.

The EU's taxonomy for sustainable activities and the disclosure regulation both stem from the EU's Green Deal, which aims to achieve climate neutrality in the EU by 2050. The taxonomy introduces a classification system that, on a regulatory basis, defines a sustainable economic activity. The taxonomy also aims to promote private financing of environmentally sustainable activities by making it easier for investors to identify such investments. The taxonomy is also a step towards achieving the Paris Agreement's climate goals.

With the transition of the industry's commitment to the taxonomy and the disclosure regulation's Article 2.17 on the definition of a sustainable investment, the sector's climate related and environmental investments are now assessed according to two regulatory and transparent frameworks, creating a common basis for assessing the sector's investments in climate related and environmental projects and activities.

Based on the new model and assessment method, the final target amount is thus adjusted and directed according to the legislative frameworks that form the basis for when an investment is environmentally sustainable.

The target amount aims to invest USD 65 bn. in climate related and environmental investments by 2030.

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F&P — Insurance & Pension Denmark — is the Danish trade association for insurance companies and pension funds. We represent the interests of the industry and ensures that the industry in Denmark is recognized for its important role in helping solve some the largest challenges facing the Danish and international society. This concerns welfare and security for the individual Dane, as well as sustainability and the necessary green transition.