Annual Report 2024

Industriens Pension

Contents

Introduction

A year of geopolitical unrest, share price rises and tremendous recognition from members

Geopolitical unrest, war in Europe and the Middle East, and looming trade conflicts once more dominated the global headlines in 2024. Yet it was a year in which the global economy showed resilience, and the main listed stock markets were characterised by optimism and steady returns.

Most leading stock markets thus ended up with significantly higher returns than had been expected at the beginning of the year. Growth in the US economy continued to surprise in a positive way throughout the year, and listed US shares led the way with gains.

In the wake of the previous years' challenges with inflation, the price trend was also largely under control throughout the year. This meant that it was possible to lower interest rates in 2024, as expected, despite lurking fears of renewed inflation in the USA.

While most major stock markets yielded steady returns, 2024 was a challenging year for many unlisted assets. The higher interest rate level after previous years' interest rate increases continued to pose challenges for a number of assets, and a still subdued market for the acquisition and sale of unlisted companies created difficult conditions for the venture market in particular. At the same time, many assets linked to the green transition have been struggling, putting downward pressure on parts of Industriens Pension's infrastructure portfolio.

The portfolio as a whole did, however, produce a reasonably positive return, driven by foreign listed shares in particular.

At the same time, contributions to the pension scheme in 2024 reached a record level of DKK 12.5 bn., which helped to increase total savings, as disbursements are still at a lower level than contributions received. The combination of high contributions and positive returns means that total investment assets in 2024 increased by DKK 17 bn. to DKK 255 bn.

Recognition of member services and digital solutions

In 2024, Industriens Pension once more maintained a strong focus on member satisfaction, service and self-service tools for members. This included new, innovative digital tools and a number of independent awards in the area.

For the third time in just four years, Industriens Pension won the award for Best Service Organisation across industries, which was presented by the consultancy firm Wilke at the Customer Service Awards 2024.

The award to Industriens Pension is about service-mindedness, and essentially refers to well-defined strategies and processes in the organisation to ensure a good customer experience. Industriens Pension also won the award for Best Service Organisation in 2021 and 2022.

Industriens Pension also received the pension industry's best ratings in the annual report on Danish financial companies' digital solutions, Digital Finance, from FinansWatch and the research company Wilke.

The report took a closer look at the perception of 14 Danish pension companies' digital products, self-service solutions and digital communication. In 9 out of 10 questions, Industriens Pension achieved the highest ranking among the 14 pension companies in the survey.

Another honour was the fact that for the second year in a row, Industriens Pension took first place in the research firm EPSI Rating Denmark's annual satisfaction survey among Danish pension savers.

We at Industriens Pension also achieved a historically high level of satisfaction in our own annual member satisfaction survey, in which we ask 65,000 randomly selected members about their experience of Industriens Pension.

We are, of course, pleased with this recognition in key areas, and good service, digital solutions and high member satisfaction will continue to be key focal points throughout the organisation.

The new innovative measures in the digital area included Industriens Pension's launch of a new digital self-service tool, Pension Plan, which can provide a complete overview of a member's own finances and, if relevant, those of a partner in the third age.

Unlike other self-service tools, the digital pension plan can help reduce the offset in state benefits and outline how best to organise your payments so that you get the maximum out of your savings in combination with state benefits. It is a tool that is easy to use, encompassing all significant private financial matters, including state benefits. Many other digital tools were also enhanced in 2024.

Major work on ESG factors

In 2024, work on responsible investments and ESG factors was once more high on the agenda. In the past year, Industriens Pension decided to introduce a new climate-related benchmark, the 'MSCI Climate Action Index', which includes climate considerations in its composition.

The listed foreign share portfolio is now measured partly against the relatively newly established MSCI Climate Action Index, and partly, as before, against the broad index for global shares, MSCI ACWI. By partly introducing a climate-related benchmark that focuses on issues including the companies' climate transition, Industriens Pension is encouraging individual asset managers to focus more on the companies' transition and carbon emissions.

Industriens Pension was once again a very active investor – both in relation to votes at general meetings and through dialogues on ESG factors with companies on which we want to exert an influence. Continued further development of active ownership was high on the agenda in 2024 and will continue to be a high priority in the years ahead.

Extensive work also continued to expand the source data on ESG factors from different asset classes, including unlisted assets. This is a major task that still poses many questions and will require a continuous, long-term focus in the organisation.

Work on responsible investments is dominated on many levels by new international regulation, and a great deal of work has been undertaken on the EU's Sustainable Finance Disclosures Regulation (SFDR), under which we report on the impact of our investments.

Work on ESG factors and the extensive international regulation will be reflected in significant parts of this annual report, where focus areas include our approach to responsible investment and corporate social responsibility, as well as on selected measures in 2024.

In the section entitled ‘Corporate Social Responsibility’, the report contains the disclosures that must be complied with pursuant to Sections 142 and 143 of the Executive Order on Financial Statements for Insurance Companies and Multi-Employer Occupational Pension Funds.

Need for constant change

Of course, we are delighted about the many awards in 2024, and we are aware that they represent an obligation. The years ahead will continue to require major, ongoing adjustments to the pension scheme as the needs of members and the world at large change. At Industriens Pension, we are constantly working to improve and develop the pension scheme, and we will do what we can to continue to lead the way in developments in a volatile, rapidly changing world.

2024 in figures

Contributions

DKK 12.5 bn.

Total contributions to Industriens Pension in 2024

Members

446,927

Number of members at the end of 2024

Investment assets

DKK 255 bn.

Total investment assets at the end of 2024

Returns

6.3%

Total returns for the total portfolio in 2024

Costs

DKK 288

Administration costs per member (official key figure) in 2024

Satisfaction

No. 1

Ranking in Epsi Rating Denmark's annual customer satisfaction survey among pension savers, for the second successive year

Dialogues

1,171

ESG-related dialogues with companies in the portfolio in 2024

Insurance and pension

DKK 9.2 bn.

Pension and insurance payments made in 2024

Pensioners

70,364

Number of members receiving a monthly payment from Industriens Pension.

Active ownership

20,301

Voting activity at general meetings of companies in the portfolio in 2024

Digital Finance

No. 1

Industriens Pension was awarded the pension industry's best ratings in 9 out of a total of 10 categories included in the Digital Finance survey in 2024.

Member services

No. 1

Rating as Best Service Organisation. An award that Industriens Pension has won three times over the past four years.

Financial and operating data and financial ratios in the annual report

Income statement

Total contributions for the year amounted to DKK 12.5 bn., which is DKK 0.9 bn. higher than in 2023. The development is due to both an increase in transfers from other pension companies and an increase in ongoing contributions. After transfers of contributions to sickness and accident insurance, and after withholding income tax (A tax) and labour market contributions, net contributions amounted to DKK 9.7 bn.

The final figure for total investment returns was DKK 14.5 bn. after costs, compared with DKK 12.4 bn. in 2023. This corresponds to a total return on investment assets of 6.3% in 2024 (5.7% in 2023). Over the past ten years, the average return after costs has been 6.0% per annum.

Insurance benefits amounted to DKK 9.3 bn., of which DKK 0.9 bn. relates to payments for sickness and accident insurance claims.

Administration costs for life assurance activities remained at a low level, at DKK 149 mill. The 'Costs per member' key ration amounted to DKK 288, which is higher than last year, when it was DKK 262. Costs relating to sickness and accident insurance amounted to DKK 64 per member (DKK 59 in 2023).

Table 1 Financial and operating data and financial ratios in the annual report

DKK mill.	2020	2021	2022	2023	2024
Premiums	8,075	9,308	10,250	9,143	9,741
Investment returns	9,685	33,501	-14,980	12,424	14,452
Tax on yields of certain pension scheme assets	-1,457	-5,073	33	0	-2,083
Insurance benefits	-5,121	-6,489	-7,650	-8,111	-8,426
Insurance operating costs	-119	-127	-117	-132	-149
Result of sickness and accident insurance	-2	0	0	0	8
Comprehensive income for the year	**195**	**626**	**-152**	**135**	**287**
Assets					
Investment assets	28,269	31,705	27,806	26,744	28,912
Investment assets attached to market rate products	175,487	200,994	197,687	208,301	226,408
Other assets	1,909	5,891	5,531	3,212	4,362
Total assets	**205,665**	**238,590**	**231,024**	**238,257**	**259,682**
Equity and liabilities					
Equity	5,906	6,532	6,380	6,516	6,803
Subordinated loan capital (special bonus provisions)	4,219	4,501	4,233	4,177	4,201
Provisions for insurance and investment contracts	189,071	219,461	207,454	220,871	234,154
Other equity and liabilities	6,469	8,096	12,957	6,693	14,524
Total equity and liabilities	**205,665**	**238,590**	**231,024**	**238,257**	**259,682**
Accepted own funds	10,125	11,033	10,607	10,688	11,003
Solvency capital requirement	2,544	3,597	2,517	2,657	3,080
Return before tax on yields of certain pension scheme assets	5.1%	16.8%	-6.6%	5.7%	6.3%
Costs per member	DKK 256	DKK 267	DKK 239	DKK 262	DKK 288
Solvency ratio	398%	307%	421%	402%	357%
Number of members carried forward	413,888	429,298	439,312	442,251	446,927

Comprehensive income

Comprehensive income for 2024 was DKK 287 mill., compared with DKK 135 mill. in 2023 and an expected profit for the year of DKK 250–300 mill.

The results for 2024 are presented in Table 2. The gross profit on life assurance is composed of an interest, cost and risk result, as well as changes for the year in the market value adjustment of life assurance provisions. The trend is due to a better return on investment in 2024 and thereby higher interest results.

There is a profit on the risk result of DKK 126 mill. The profit relates primarily to the group life scheme and is mainly due to an increase in the premium for the lump sum on death and fewer sums being paid out in connection with the loss of ability to work.

Sickness and accident insurance contributed a gross profit of DKK 66 mill. in 2024, compared with DKK -118 mill. in 2023. This trend is due to the fact that there were fewer claims in 2024 than in 2023.

Of the total gross profit of DKK 811 mill., DKK 249 mill. will be allocated to bonuses and premium rebates in the years ahead, while DKK 275 mill. will be allocated to special bonus provisions. The remaining result, comprehensive income for the year of DKK 287 mill., has been transferred to equity.

Balance sheet

Total assets increased by DKK 21.4 bn. from DKK 238.3 bn. in 2023 to DKK 259.7 bn. at the end of 2024.

Total provisions for insurance and investment contracts amounted to DKK 234.2 bn. at the end of 2024. Of this amount, provisions for the market rate scheme amounted to DKK 218.9 bn., while provisions for the average rate environment, which primarily includes retired members, amounted to DKK 6.3 bn., including both individual and collective bonus potentials. There are also provisions for sickness and accident insurance of DKK 8.9 bn. In the market rate scheme, returns are allocated to members in full in the year they are earned, while the members on average rate are allocated a specific rate on their savings, which in 2024 was set at 3.5% after tax on yields of certain pension scheme assets.

Equity at the end of 2024 amounted to DKK 6.8 bn., and total own funds amounted to DKK 11.0 bn. at the end of the year.

Outlook for 2025

The number of members of Industriens Pension paying contributions via their employer is expected to remain unchanged in 2025, and the total number of members is expected to be around 451,000 at the end of 2025.

Total payments received, including contributions to sickness and accident insurance, are expected to amount to DKK 12.5 bn. in 2025.

Industriens Pension will continue its focus on ensuring efficient administration of the pension scheme in order to keep down costs. In 2025, each member will pay DKK 27 per month to cover administration costs.

The Board of Directors revisits the investment strategy every year in order to secure the highest possible long-term real rate of return, taking risk into account. The target real rate of return for 2025 has been set at 3.0%.

The Board of Directors establishes an objective for the composition of investments and the acceptable framework for deviations from the objective based on an overall consideration of risk.

Returns on the company's investment assets is expected to amount to DKK 15 bn. before tax on yields of certain pension scheme assets, corresponding to a return of 6.0%.

Profit for the year is largely dependent on the return achieved on the assets linked to equity. With the assumptions applied for long-term returns, a profit of around DKK 275-325 mill. is expected for the financial year 2025.

Events after the end of the financial year

From the balance sheet date until today, no matters have arisen to affect the view provided in the financial statements.

Table 2 Comprehensive income for the year

DKK mill.	2023	2024
Interest result after tax	397	493
Expense result	98	104
Risk result	-24	126
Change in market value adjustments	-17	22
Gross profit from life assurance	**454**	**745**
Gross profit from sickness and accident insurance	**-118**	**66**
Total gross profit	**336**	**811**
Consumption of bonus for group life	21	-156
Consumption of collective bonus potential	-139	-35
Consumption of premium rebates in sickness and accident insurance	118	-58
Transferred to special bonus provisions	-201	-275
Comprehensive income for the year	**135**	**287**

The pension scheme

The pension scheme

Through collective bargaining agreements, Industriens Pension has been entrusted with a task for Danish employees in the industrial sector: to manage contributions made by companies and employees during a person's working life, to supplement the state pension and secure a good income throughout retirement.

Over the past 30 years, the pension scheme in Industriens Pension has been expanded and renewed, and there is a fundamental ambition to provide financial security through pension savings and through insurance policies that support employees who are no longer able to work.

Through attractive returns, efficient administration, reliable insurance schemes, targeted communication and good customer service, Industriens Pension offers the best possible pension scheme for employees in the Danish industrial sector, and there are now significant pension assets that must be managed responsibly.

Industriens Pension has an ongoing focus on sustainability: economic sustainability, environmental and climate sustainability, and social sustainability.

Industriens Pension contributes to economic sustainability by securing good pension savings for members through the highest possible long-term returns, considering the risk.

Members

At the end of 2024, there were 447,000 members in Industriens Pension, an increase of 5,000 on the year before. Of these, 175,000 contribute to the scheme via their employer. The number of old-age pensioners increased to 55,000 in 2024.

Contributions

Total contributions for the year amounted to DKK 12.5 bn. (before withholding tax (A tax) and labour market contributions). Ongoing contributions, deposits and transfers are higher than in the previous year.

Returns for members

All members who were not receiving a pension on 1 June 2012 have their savings invested in a lifecycle product on market rate terms.

The lifecycle product means that the individual member's investment risk is reduced in line with their age.

Investment assets are divided into two sub-portfolios, one offensive and one defensive portfolio respectively, and each member's proportion of these depends on the member's age. Members up to the age of 51 have all their savings invested in the higher-risk offensive portfolio. After this, the proportion is gradually reduced as the members get older.

In 2024, the return on the offensive portfolio was 7.9% in total, while the defensive portfolio yielded a return of 0.7%.

Table 3 Number of members at the end of the year

	2023	2024
Members who pay via their employer	173,795	174,585
Self-paying members	5,037	4,622
Apprentices and trainees who only have insurance cover	343	335
Members exempted from making contributions	23,882	23,054
Total active members	**203,057**	**202,596**
Passive members	171,889	173,967
Old-age pensioners	52,228	55,017
Disability pensioners	15,077	15,347
Total	**442,251**	**446,927**

Table 4 Contributions

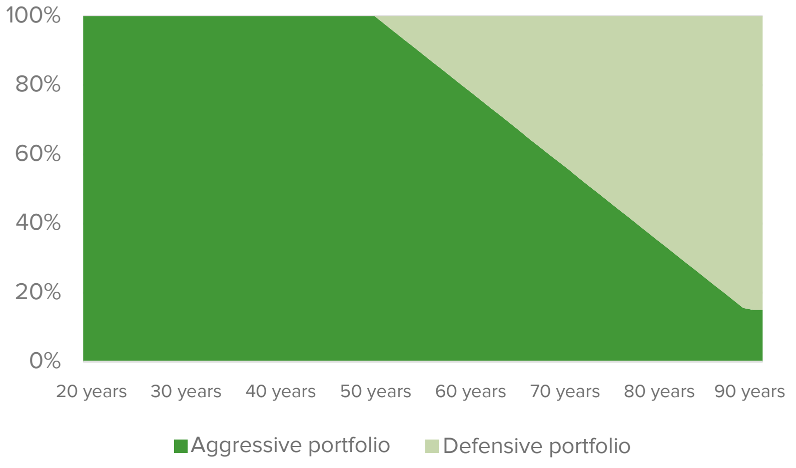
DKK mill.	2023	2024
Contributions, life assurance	7,732	8,035
Deposits and transfers	2,749	3,118
Contributions, sickness and accident insurance	712	852
Contributions, contracts taken out individually	469	514
Total contributions	**11,662**	**12,519**

The total return on the average rate product, which primarily includes members who had retired on the transition to market rate, was 3.6% after tax.

Individual savings in the average rate product were allotted an interest rate of 3.5% after tax in 2024. The difference between the interest accrued and the return achieved is transferred to the collective bonus potentials.

Since the establishment of the pension scheme in 1993, members have received an average return of 8.3% per year.

Figure 1 Risk by age



Payments
Total payments in 2024 amounted to DKK 9.2 bn. Of this, DKK 4.1 bn. was transferred to other pension schemes in connection with job changes, while payments to members who retired on a pension amounted to DKK 2.7 bn.

Table 5 Benefits paid

DKK mill.	2023	2024
Payments for old-age pensions	2,399	2,655
Payments for loss of ability to work	1,048	1,076
Payments on death	813	903
Lump sum for critical illnesses	145	138
Transfers on change of job	3,945	4,129
Other payments	240	268
Tax correction	31	18
Total payments	**8,621**	**9,187**
Transferred to other insurance provisions	298	111
Total benefits	**8,919**	**9,298**

Table 6 New recipients of pensions

Number	2023	2024
Payments due to certain critical illnesses	1,407	1,342
Payments due to degree of disability of between 50% and 67%	195	198
New recipients of supplementary senior pensions or disability pensions	1,805	1,524
Payment to surviving relatives after death	1,868	1,970
Retirement savings paid out without a member becoming a pensioner	1,498	1,675
Pension paid as a lump sum	1,538	1,514
New old-age pensioners	4,231	4,404

Continued low administration costs

Industriens Pension has a focus on keeping administration costs at a continued low level.

The monthly contribution to administration is DKK 26 per member for 2024, corresponding to DKK 312 per year.

The financial ratio 'Costs per member' was DKK 288 in 2024. In addition to this are costs relating to sickness and accident insurance of DKK 64 per member.

Communication about the pension scheme

In 2024, members once more showed a high level of interest in monitoring their pension savings through digital channels. With almost 1.8 million sessions on the web and the app, the total number of visits reached a record level. This testifies to the keen interest in seeking information about the pension scheme on Industriens Pension's digital platforms.

This includes record figures for the use of the Industriens Pension app, which had almost 1.4 million logins in 2024. The number of sessions on the open pages on the web did fall slightly, continuing the shift seen over many years of users migrating from open part of the website to the app.

At the same time, the number of members who signed up for Industriens Pension's newsletters increased by more than 5,000 during 2024, so by the end of the year there were over 126,000 subscribers wanting member-oriented articles about the pension scheme.

There has also been a strong focus on relevant information and good advice in Industriens Pension's Member and Company Service. This included over 237,000 incoming and outgoing calls to and from members and companies during 2024.

It was therefore also gratifying that for the third time in just four years, Industriens Pension won the award for 'Best Service Organisation' across industries, which was presented by the consultancy firm Wilke at the Customer Service Awards 2024.

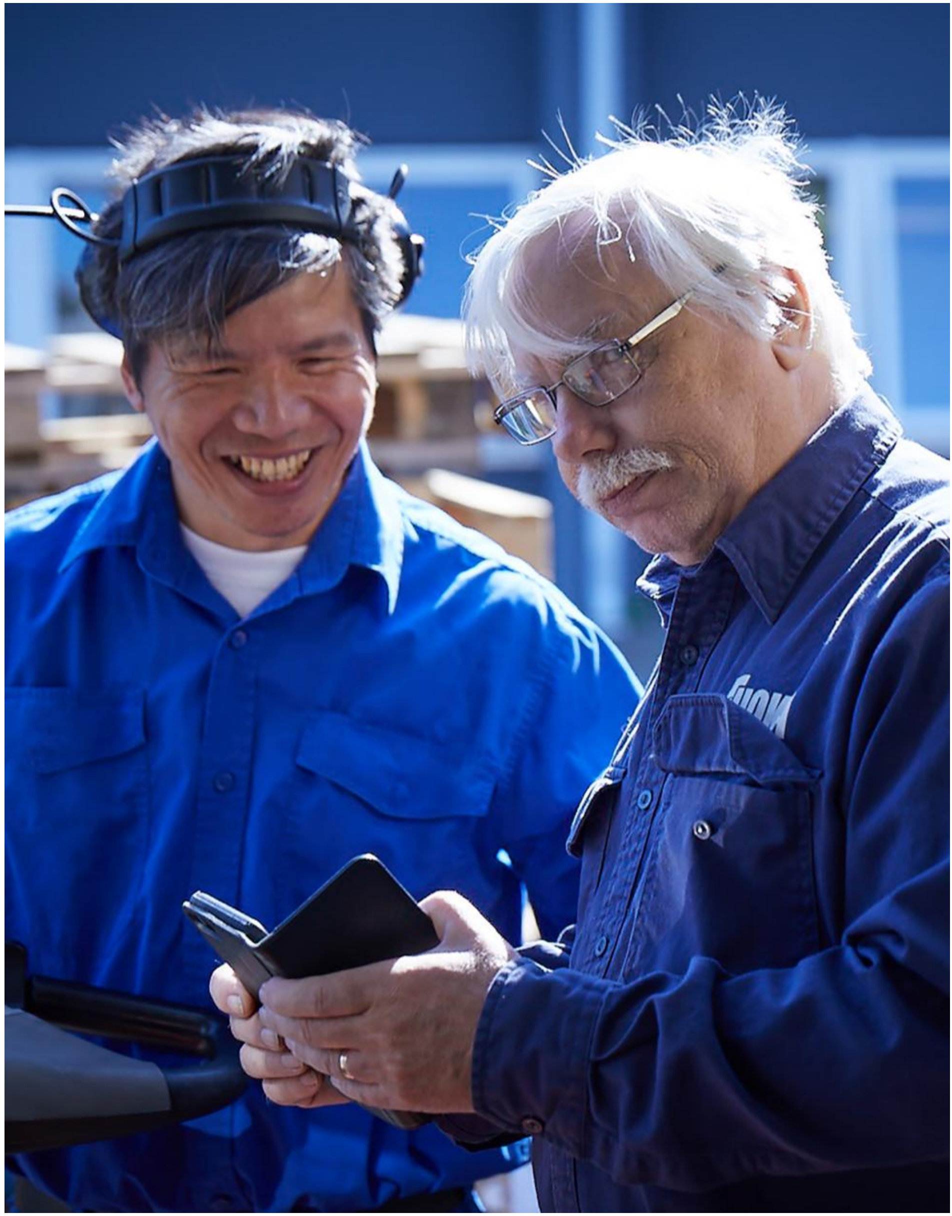
Industriens Pension also received the pension industry's best ratings in the *Digital Finance* report, which is prepared by FinansWatch and Wilke and deals with the digital products, self-service solutions and digital communication of Danish financial companies.

For the second year in a row, Industriens Pension also took first place in EPSI Rating Denmark's annual satisfaction survey among Danish pension savers.

Danish Insurance Complaints Board

Industriens Pension is a member of the Danish Insurance Complaints Board, which replaces the Danish Consumer Complaints Board in the field of insurance.

In 2024, there were 22 complaints made about Industriens Pension. This is six more complaints than in 2023. The Insurance Complaints Board issued decisions on a total of 17 cases in 2024. Industriens Pension's case was upheld in eight cases, two cases went to settlement, and in three cases the member's case was upheld. In accordance with their articles of association, the Insurance Complaints Board refused to consider four cases, all of which concerned the rejection of transfers.



Investment activities

Financial security on a responsible foundation

Industriens Pension was established to provide financial security for its members. We do this by means of long-term investment with a view to achieving the highest possible returns on investment, considering both traditional financial risks and sustainability factors such as climate risk.

Risks are reduced by spreading investments across geographical regions and by considering the loss of value that may arise from non-compliance with sustainability-related risks. Industriens Pension's work to assess and account for different types of risks is described in the section entitled 'Risk and solvency' on page 21.

We also want to support sustainable development through investments and minimise adverse impacts on society from investments, as described in the section entitled 'Returns on a responsible foundation' on page 14.

Return for the year

The profit from investment activities was DKK 14.4 bn. after costs and before tax in 2024. This corresponds to a total return on investment for the year of 6.3%.

From the beginning of 2024, gradual interest rate increases kept returns down on both shares and bonds, but from spring to autumn, interest rates fell in anticipation of a more relaxed monetary policy from both the Fed and the ECB. This also paved the way for healthy gains in the stock market, led by US technology shares, which reported positive results.

Towards the end of the year, interest rates rose again, as growth in the USA remained high and the market was less convinced that inflation would continue to fall. Yet the interest rate increases did not hit US shares, as growth continued, and the Republican victory in the election provided extra impetus to the USA in anticipation of lower taxes and a more business-friendly policy.

The situation was more subdued for European shares, as the German economy in particular performed disappointingly, and the market feared the consequences of the tariffs announced by the new US administration.

For Danish shares, the reaction to US tariffs and pressure for lower prices of medicines was relatively strong, with Danish shares falling by almost 8% in the fourth quarter, measured using the Kaxcap index.

On the listed stock market, where Industriens Pension has invested DKK 89.7 bn., the return on Danish shares was 3.8%, while foreign shares generated a return of 17.3%, driven primarily by US shares.

Investment-grade bonds (DKK 5.1 bn.) were negatively impacted by the interest rate increases in the fourth quarter and yielded a small positive return of 2.4%. High-yield corporate bonds (DKK 7.9 bn.) yielded a return of 6.3% due to declining credit spreads, while the return on emerging markets bonds (DKK 10.1 bn.) was 5.0% due to high coupons and a positive credit trend.

Gilt-edged bonds (DKK 33.9 bn.), including mortgage bonds in particular, achieved a modest return of 2.9%, which was negatively impacted by interest rate increases in the fourth quarter.

Strategic hedging of interest rate risk and inflation risk had a negative impact on returns for the year due to expectations of falling inflation and interest rates in Europe. Hedging contributed -0.3 percentage points on total returns for the year.

Relevant benchmarks are applied to assess the return on listed assets, and the current return for each benchmark is listed in Table 7. With regard to unlisted investments, for which there are no similar benchmarks, returns earned are applied. For unlisted investments, a number of other points of reference were used to assess returns on individual asset classes.

Table 7 Return on assets 2024

	Return (%)	Benchmark
Gilt-edged bonds	2.9	2.7
Other credit	9.3	9.2
Bonds, high-yield corporate bonds	6.3	7.1
Bonds, emerging markets	5.0	4.6
Bonds, investment-grade	2.4	1.0
Shares, Danish	3.8	2.4
Shares, foreign	17.3	20.6
Unlisted shares	3.2	3.2
Properties	-6.6	-4.9
Infrastructure	0.9	0.5
Other strategies	-0.1	-0.1
Total	6.3	7.1
Total, including hedging of liabilities	**6.3**	**7.1**

Performance relative to benchmarks was primarily lower in foreign shares, with asset managers generally being underweight in the large technology shares that drove the market. This meant that the overall return for the year was 0.8 percentage points below the total weighted benchmark return.

Unlisted investments

The total portfolio of unlisted investments amounts to DKK 87 bn. Investments are made in unlisted companies, infrastructure assets, properties and loans. The majority are invested in unlisted companies (DKK 30 bn.) and infrastructure assets (DKK 28 bn.). The majority of the unlisted investments are made through funds and co-investments with these.

Investments in Danish properties, however, take the form of direct investments. The same applies to long-term investments in a number of infrastructure assets with stable and predictable cash flows. Investments of this type are made together with partners that have operational expertise in the assets concerned.

The return on investments in unlisted companies (private equity) produced a total return of 3.2% and was thus unable to match the large increases in listed shares. The low return came against the background of a less attractive exit market and a low level of M&A activity.

Investments in infrastructure, which are made both through funds and as direct investments, generated a total return of 0.9%, driven down primarily by investments in renewable energy.

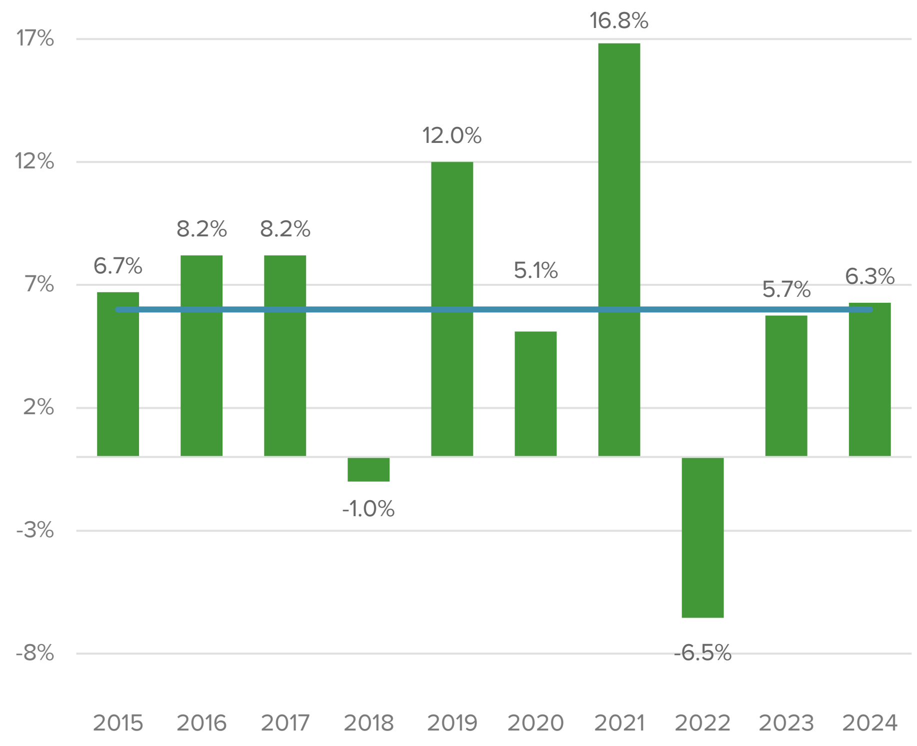
The return on properties was -6.6% in 2024. The portfolio of Danish properties generated a positive return of 2.8%, while the portfolio of foreign properties was severely affected by increasing impairment losses due to the negative trend in office properties in the USA.

Other credit (DKK 17.8 bn.) is investments through funds that focus primarily on variable rate corporate loans. They delivered a return of 9.3% in 2024, with investments benefiting from high short-term interest rates and attractive credit premiums.

Healthy returns over 10 years

Investment assets have historically secured good returns for members. Even though the markets have developed very differently during the period, with significant rises and falls, the average return over the past ten years has been 6.0% after costs.

Figure 2 Returns for the last 10 years



Investment costs

Investment costs accounted for 0.69% of assets in 2024, which is slightly lower than in 2023. Investment costs vary significantly across asset classes and are highest for unlisted investments. The return for the year of 6.3% is after investment costs incurred.

Industriens Pension's portfolio management involves a high proportion of unlisted investments. This strategy entails relatively higher costs than a strategy primarily involving listed assets.

Investment assets

Investment assets valued for accounting purposes rose from DKK 235 bn. to DKK 255 bn. in 2024. If derivative financial instruments with a negative value and outstanding transactions and interest receivables are included, the net exposure to investment assets amounted to DKK 245 bn. at the end of 2024, compared with an exposure of DKK 230 bn. at the end of 2023.

Go to www.industrienspension.dk/Aktiver for a list of investments made by Industriens Pension.

Table 8 Investment costs in 2024 by asset types

Asset type	DKK mill.	%
Gilt-edged bonds	27.8	0.09
Other credit	265.3	1.62
Investment-grade corporate bonds	16.6	0.24
High-yield corporate bonds	73.7	0.79
Emerging markets bonds	63.8	0.49
Danish shares	43.3	0.23
Foreign shares	206.2	0.27
Unlisted shares	615.7	2.14
Properties (core)	14.3	0.21
Properties	61.4	1.49
Infrastructure (core)	11.1	0.14
Infrastructure	323.7	1.58
Other strategies	12.3	1.24
Unallocated costs*	4.0	-
Total investment costs	**1,739.3**	**0.69**

*Unallocated costs include rent, costs of liquidity and derivatives including TAA and SAA

Table 9 Breakdown by asset types

	Exposures carried forward 2023		Exposures carried forward 2024	
Asset type	DKK mill.	%	DKK mill.	%
Gilt-edged bonds	28,187	12.3	33,921	13.8
Other credit	15,719	6.8	17,796	7.3
Emerging markets bonds	17,643	7.7	10,075	4.1
High-yield corporate bonds	8,458	3.7	7,850	3.2
Investment-grade bonds	7,105	3.1	5,100	2.1
Danish equities	17,980	7.8	16,558	6.8
Foreign shares	56,298	24.5	73,126	29.8
Unlisted shares	28,718	12.5	29,745	12.1
Properties	10,959	4.8	10,863	4.4
Infrastructure	27,706	12.0	28,443	11.6
Other strategies	1,085	0.5	4,888	2.0
Money market*	5,567	2.4	6,972	2.8
Strategic hedging	4,509	2.0	-240	-0.1
Total	**229,934**	**100.0**	**245,097**	**100.0**

*Calculated as bank deposits + market value of derivative financial instruments.

Corporate Social Responsibility

Industriens Pension was established to create financial security in old age for employees in the Danish industrial sector who have savings in the company. We must therefore secure efficient asset management of savings, which are intended to supplement the state pension in retirement.

At the same time, society has legitimate expectations that the growing pension assets should contribute to sustainable social development. This is also what we want at Industriens Pension, and we believe that by investing responsibly and being an active investor, we can also protect and increase the returns for our members.

Finally, we must of course also limit Industriens Pension's own climate and environmental footprint and ensure decent conditions for employees.

We believe that our corporate social responsibility encompasses all of this.

Returns on a responsible foundation

Through its investments, Industriens Pension would like to support responsible and sustainable social development. Sustainable development includes environmental, climate, social and governance (ESG) aspects. Consideration of ESG factors is enshrined in the Policy on Sustainability and Active Ownership of Investments The policy is based on a number of international standards and conventions on responsible conduct for companies in areas such as human rights, labour rights, the environment, climate, anti-corruption and taxation.

Data is key to integrating sustainability considerations

As an institutional investor, Industriens Pension has a diversified portfolio with many different assets across regions and sectors.

Consideration for sustainability therefore requires us to have an insight into issues including climate and social conditions in a broad portfolio. It is positive that the availability of sustainability data is undergoing significant development in recent years, helped by EU regulation on sustainability reporting. The aim is that over time we will have as high a level of information for sustainability-related parameters as we currently have for financial key ratios. 2024 therefore saw us continuing work to collect and improving the quality of our sustainability data across asset classes. The strengthening of the information base in the area of sustainability is being achieved by such means as conducting a dialogue with external managers of unlisted assets, where the base data is still not as advanced as it is for listed investments. In 2024, we strengthened the ESG-related due diligence of asset managers in unlisted investments, to acquire even greater insight into their approach and processes in the area of sustainability.

Accountability is not always black and white

Even if data is the key to the full integration of sustainability in investments, it is not possible to wait for it to be fully developed before we implement policies and processes in this area. We have therefore adopted a humble approach to the area, as we are aware that we are always learning and must therefore be prepared to adjust our strategy and processes. It is also important for us to emphasise that accountability in investment is a complex area with no unambiguous answers. For example, there may be trade-offs between climate and social considerations, where investments that support the transition to a low-carbon society can have negative impacts on social conditions.

Another key question is whether we best support sustainable societal development by investing in and trying to influence companies that should change their behaviour, or by divesting the investment. In the vast majority of cases, we would like to encourage development through positive changes to companies in the portfolio rather than divestment. We do this because our goal is to support genuine change in the community around us, and not just in our portfolio. Through dialogues and voting at general meetings, we make demands of companies to behave responsibly and sustainably. We have both direct dialogue with companies in the portfolio and dialogues through our external partner Federated Hermes EOS. In 2024, we were in dialogue with 1,171 companies about responsible investments, see Table 10, and we voted on 20,301 general meeting proposals.

There are, however, companies that do not align with our policy and that we therefore exclude from our investment universe. This applies, for example, to companies involved in the production of weapons in violation of conventions. There are also companies that we have not been able to move in a more sustainable direction through active ownership. We also exclude investments in government bonds issued by countries that have a low ESG performance based on factors such as a lack of respect for human rights, problems with corruption and environmental challenges.

Consideration of social conditions in the transition

Industriens Pension specifies demands for compliance with human rights, including labour rights, in its investments, and this is a special consideration in the investment process. Many companies in the portfolio have value chains across the world, and in these cases we specify demands that companies comply with human rights in all parts of the value chain. The shift to a low-carbon society places strict demands on companies to make the transition and, for example, increases demand for raw materials, which brings an increased risk of non-compliance with human rights in connection with mining operations in developing countries. In this transition, it is therefore important that we as investors insist on our demands for social conditions.

In 2024, we engaged in 271 dialogues on human and labour rights. These dialogues addressed issues such as how companies in the portfolio ensure compliance with labour rights in their value chains. Another area that is increasingly occupying our dialogues is the management of digital rights, including data protection, protection against misinformation and responsibility in the development of artificial intelligence.

There are companies that face challenges with labour rights and where we have been unable to achieve the desired progress through dialogue, and which have therefore been excluded from Industriens Pension's investment universe. This applies to the US companies Amazon, Tesla and Walmart, which have resisted the right of employees to organise in trade unions.

Responsible tax behaviour

Industriens Pension distances itself from both aggressive tax planning and outright tax evasion, including attempts at and complicity in money laundering, and the same is expected of all business partners.

In collaboration with several other Danish investors, Industriens Pension has prepared a common tax code for unlisted investments, which contains a number of principles and recommendations for responsible tax behaviour among external asset managers.

The code forms the basis of how we work systematically in the investment process to ensure that members' funds are not invested in aggressive tax structures that can be used to reduce tax payments to a level that is contrary to the consideration of economically sustainable societal development.

Industriens Pension requires external asset managers that offer unlisted investments to monitor and manage relevant tax risks in a responsible manner, and we encourage them to adopt their own tax policies.

Climate targets for the portfolio

One key element of Industriens Pension's ambition to contribute to sustainable societal development is to support the objectives of the Paris Agreement. This means that the entire investment portfolio must be climate-neutral by 2050. In this connection, Industriens Pension has joined the global Net-Zero Asset Owner Alliance and set specific targets for reducing the carbon footprint of the portfolio's listed shares, corporate bonds and directly owned properties by at least 29% from 2019 to 2025.

In 2024, the footprint had been reduced by 27% compared with 2019. In 2024, we set a new target to reduce our footprint by 40% from 2019 to 2030. We will include more asset classes in the targets in the years ahead, as data on emissions is developed. The first step in this development is that the carbon footprint for the entire portfolio has been calculated for the first time in this report. See Table 11. For unlisted funds in particular, this data is estimated and therefore subject to some uncertainty, which is why it is still considered too early to set reduction targets for this part of the portfolio.

Our approach in the climate area is also active ownership, since as active owners we can help encourage companies to undergo a transition that is sustainable for the environment and climate. In 2024, Industriens Pension engaged in 486 climate-related dialogues. The dialogues were conducted both independently and in collaboration with like-minded investors.

There are companies in the portfolio that currently have a relatively large carbon footprint, such as fossil fuel companies, but where it is our assessment that we as investors can make the biggest positive difference for the climate by remaining as owners and actively influencing the company to transition and reduce its carbon footprint. The importance of trying to influence companies with high emission levels remained strong in 2024. In many places in the world, there was a political downgrading of climate considerations, while the global temperature increase was measured at an average of 1.6 degrees above pre-industrial levels, which is the first time the average temperature had risen above the desired limit of 1.5 degrees in the Paris Agreement.

There are companies where we believe that a sufficient restructuring of the business areas is not possible, and these are therefore excluded from our investment universe. This applies, for example, to all coal mining companies that are assessed to have significant negative consequences on the environment and climate, and where there may also be problems with labour conditions and basic human rights.

Investing in sustainable solutions with a view to returns

For many years, we have also been investing in climate solutions that help support the transition from fossil energy sources to renewable energy. This applies, for example, to investments in renewable energy such as wind turbines, solar cells and biogas, and to other types of infrastructure investments that are part of the solution on the road to a more electrified society or that secure efficient energy production.

Returns in relation to the risk of these investments have been attractive over several years, and this has made a positive contribution to members' pension savings. We expect this to continue to be the case in the future, regardless of the fact that we observed challenges for wind and solar energy throughout 2024, primarily in Denmark.

Regarding investments in Danish properties, we work actively with sustainability both in day-to-day operations and when properties are acquired or built. Six areas have been selected in this context that will receive special focus. These are: environment and climate, labour rights, health and well-being, the planet's resources, biodiversity and chemicals in building products.

There is a requirement that new buildings in which we invest must have sustainability certification to a minimum of DGNB Gold. DGNB is a holistic certification scheme that includes measuring the lifecycle of building materials as well as energy consumption before, during and after construction. Industriens Pension also aims to certify operations of all 100%-owned properties in the portfolio. Operational certification is used as a transformation and management tool that supports the work of optimising the operation of properties and identifying potential optimisation measures. Most of the properties have achieved the DGNB Silver operational certification, and a certification process is under way for the other newly purchased properties. Properties are re-certified every three years, and the aim is that properties will eventually have operational certification to the DGNB Gold level.

Table 10 Active ownership

	Number
Dialogues in connection with active ownership	1,171
- climate-related dialogues	486
- dialogues on human and labour rights	271
Number of companies with which we have engaged in dialogue	651
Proposals at general meetings voted on, total	20,301

Transparency of sustainability in investments

The increased focus on data on sustainability issues has been helped along by EU regulation in the form of the taxonomy and disclosure regulations, which require both non-financial and financial companies to document sustainability characteristics.

In 2024 and previous years, Industriens Pension has worked extensively to meet the regulatory requirements in the area of sustainability. We continued work to develop the data that forms the basis for the regulatory disclosure requirements. In 2024 we published, for the second time, the Declaration on Principal Adverse Impacts (PAI) for Industriens Pension's investment portfolio. The declaration contains a number of indicators for adverse sustainability impacts, e.g. in the form of carbon emissions, pollution and various social conditions. The declaration is available on the Industriens Pension website.

EU taxonomy

The EU taxonomy is a classification system that aims to create greater clarity and transparency about when an investment can be categorised as sustainable. The taxonomy contains screening criteria for a total of six climate and environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. Moreover, it must be possible to document that an investment - besides contributing considerably to one or more environmental objectives - will do no significant harm to any of the other environmental objectives and furthermore will meet a number of social minimum requirements.

The so-called product reports, which describe the sustainability characteristics of Industriens Pension's products, are presented in Annexes 1 and 2.

They are also part of the disclosure requirements in the Sustainable Finance Disclosures Regulation and contain a number of sustainability-related disclosures about Industriens Pension's products (average rate and market rate). These state that the products are so-called Article 8 products that promote environmental and social characteristics. The annexes describe which conditions that the investments promote and which indicators we use to measure the impact of the investments.

The annexes also contain a statement of the proportion of investments in Industriens Pension's products that could be classified as sustainable in 2024 in accordance with the criteria in the EU taxonomy. In 2024, this proportion was 3% in the market rate product. The very low proportion should be viewed in the light of a lack of data in this area. The documentation requirements for the EU are high, which is why there are still only a few investments that make it through the eye of the needle. Furthermore, data only covers listed investments. Our work to assess our unlisted investments against the taxonomy will continue in 2025. It is expected that both our DGNB-certified property portfolio and investments in renewable energy will be taken into account in relation to the taxonomy criteria.

The Sustainable Finance Disclosures Regulation also allows us to define sustainable investments based on a relatively broad definition in Article 2.17 of the Regulation.

As one purpose of the regulation is to increase the comparability of sustainability issues across investment products, we do not find it appropriate to calculate sustainable investments based on a non-objective definition. We will therefore continue with the calculation of sustainable investments in accordance with the taxonomy. In 2025, Industriens Pension will continue its work to document sustainability in the portfolio.

You can read more about Industriens Pension's work with responsible investments and sustainability on the website https://www.industrienspension.dk/ansvarligeinvesteringer.

The company's own situation

As a natural consequence of the demands placed on business partners for responsible conduct, we make similar demands on ourselves as a company. It is therefore expected that all employees act with a high degree of accountability, decency and ethics in their daily work.

Policies and guidelines are updated on an ongoing basis so that they support our actions and thus contribute to this propriety.

Climate and environment

Industriens Pension supports society's efforts to reduce climate change, which is why we strive to reduce our own adverse impact on the environment. Among other things, Industriens Pension's owner-occupied property was the first in Denmark to achieve sustainability certification according to new principles for buildings already in operation, and in 2024 this was elevated from silver to gold certification. The electricity used for the operation of the owner-occupied property is 100% green.

The replacement of company vehicle with low-emission vehicles was initiated a few years ago, and all vehicles now comply with this, with one single exception. The number of electric charging stations installed at the owner-occupied property has doubled. An internal sustainability group regularly communicates various sustainability messages and continuously identifies initiatives that can contribute to reducing the carbon footprint and energy consumption in the building. These include a strong focus on a lunch scheme with sustainable food solutions, as well as reducing food waste and abolishing single-use plastic.

The statement of in-house environmental data is presented in Table 11.

Table 11 In-house environmental data

	2023	2024
CO2e, Scope 1 (tonnes)	0	0
CO2e, Scope 2 (tonnes)	23	21
CO2e, Scope 3 (tonnes)	465	383
Energy consumption (GJ)	3,257	3,740
Proportion of renewable energy (%)	40%	41%
Water consumption (M3)	1,227	1,863

Scope 3 emissions measured have fallen by 18%, which comes from a reduction in air travel in connection with visits by managers.

Social and employee conditions

Industriens Pension is a knowledge-based company in which employees are the most important resource.

For Industriens Pension, it is crucial to have the best possible qualifications in all positions, as interaction between qualified employees is crucial for value creation for members and companies.

There is a focus on equal opportunities and a balanced gender composition of the workforce. At the same time, Industriens Pension believes that diversity among employees can make a positive contribution to achieving the best possible long-term results. We therefore believe that a diverse group of employees – in terms of factors such as age, experience, gender and nationality – is a potential competitive advantage, as it is well-documented that there can be significant benefits from a mix of different skills and a varied experience base that can challenge each other, and thereby also create the best basis for being able to deliver good results and experiences for members and companies.

Members and companies must feel that Industriens Pension is not only a profitable and advantageous pension company, but that the internal climate also has a positive impact on the company's services and range of innovative and socially responsible solutions and products.

Industriens Pension prioritises ensuring that its employees are well-educated, competent and innovative, and we create the framework for this in the form of continuous upskilling, training and development. There is a flexible employment framework that makes it possible to be employed part time, on a flexible job scheme or under a senior policy scheme.

Industriens Pension prioritises employing trainees, so that both the company and the sector maintain a strong recruitment base. Nine trainees are currently employed. Of these, four will qualify in 2025 and continue as customer advisors. Historically, everyone who has completed their trainee period has subsequently been offered permanent employment at Industriens Pension.

Regular work climate surveys, occasional SPOT surveys (of occupational health and safety) and statutory workplace assessments all provide important data about the organisation, which managers, liaison committees and the occupational health and safety organisation use in their targeted work.

The purpose is to promote the engagement and well-being of individual employees, so that the mission and vision can be enacted in the best interests of members and companies.

A focus on sustainable management

There is no fixed definition of sustainability. Instead, sustainability is a dynamic term that develops in step with increasing requirements from the outside world for a socially responsible pension company. This is why Industriens Pension has included sustainable management on its agenda in recent years. The goal is to ensure that the initiatives and specific activities adopted and prioritised in Industriens Pension's strategy are executed – both in accordance with and taking into account Industriens Pension's mission, vision and values – and in accordance with Industriens Pension's responsibilities in relation to ESG and sustainable development.

At Industriens Pension, sustainable management is the management required to further develop a sustainable pension company, with all the uncertainties and dilemmas this involves. The starting point is Industriens Pension's management values, which express how managers at Industriens Pension are expected to behave. This applies in relations with individual employees, with the local team/department and as a role model throughout Industriens Pension.

Equal pay and gender diversity

Industriens Pension supports equal pay between genders, if responsibilities, tasks and seniority are comparable.

The Board of Directors has adopted targets and policies for the gender composition of the Board of Directors and at other managerial levels. A target has been set, stating that a gender is considered

Table 12 Carbon emissions

	2023	2024
Listed shares, listed credit bonds and directly owned properties		
Carbon emissions from investments (tonnes)	771,128	843,444
Carbon footprint (tonnes/DKK mill. invested)	8.0	7.6
Proportion of total calculated portfolio	44%	45%
Total investment portfolio*		
Carbon emissions from investments (tonnes)		1,459,962
Carbon footprint (tonnes/DKK mill. invested)		7.0

*All listed and unlisted investments excluding government bonds underrepresented on the Board of Directors if it is represented by less than 28%.

At the end of 2024, the 14 members of the Board of Directors consisted of four women and ten men, which meant that the target set by the Board of Directors for gender composition was not met. From 1 January 2025, one member of the Board was replaced, with the effect that the proportion of women on the Board of Directors is now 36%, which means that the target is met. However, the company does not yet have equal gender distribution, and the Board of Directors will therefore set a new target at the upcoming board meeting.

For other levels of management – executive directors and heads of department with management responsibility – the target is set at 40%. Gender distribution at the end of 2024 in this area is five women and nine men, corresponding to gender diversity of 36%. This means that the target has not been met. This ratio will be one of several parameters included in future recruitment processes.

The trend in Industriens Pension's social ESG metrics is presented in Table 13

The key ratios show, among other things, that there is a 20% difference in pay between the genders. This difference is not an indication of a lack of equal pay between the genders within the individual areas, but rather an expression of the fact that several specialist positions that attract the highest salaries, e.g. in the investment area, are dominated by male employees. In connection with new appointments, one of the employment parameters is more gender-equal distribution within the areas, as we want to achieve a diverse employee composition.

Governance

Industriens Pension follows the Danish Pension Market Council's recommendations on good and effective corporate governance for occupational pensions in the context of current legislation and the latest standards for good corporate governance.

Industriens Pension has reported on compliance with the individual recommendations on the company's website www.industrienspension.dk/ godselskabsledelse.

Board of Directors

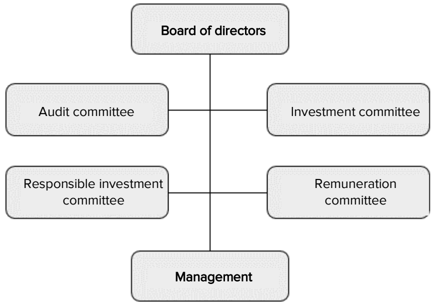
The Board of Directors is composed of 14 members. Of these, 12 members are appointed by the shareholder groups behind the pension scheme and two by the merged pension funds PNN PENSION and PHI pension.

The Chairman of the Board is Mads Andersen, who is Chairman of the Industrial Sector of the United Federation of Danish Workers (3F) and Vice President of CO-industri. The Deputy Chairman is Kim Graugaard, Deputy CEO of DI. The Board of Directors has established an audit committee, an investment committee, a remuneration committee and a committee for responsible investment. Attendance at meetings by the Board of Directors is described in Table 14, with an attendance rate of 97% for 2024. The management duties of the Board of Directors, including representation on these committees, are described on page 63.

Self-assessment by the Board of Directors in 2024

The Board of Directors conducts a self-assessment every year. The Board of Directors has decided to conduct the self-assessment using external assistance on a three-year rotation basis. The self-assessment in 2024 therefore made no use of external assistance.

The Board of Directors considers that the best process is achieved by organising the self-assessment differently over time, and that an external consultant can offer new perspectives on board work and ensure



that the Board of Directors takes a critical view of its work.

The process

The assessment takes the form of a written mapping of the desired and actual competencies of the Board of Directors, a collection of written input on issues including attitudes to the content of meetings, the conduct of meetings, the scope of material and about the board committees. This is followed by an oral evaluation and discussion based on the data collected.

Competence profile

The Board of Directors assesses the need for the key competencies in the Board of Directors and compares these with the actual competencies in the Board of Directors. For a more detailed description of the experience and competencies of the individual members of the Board of Directors, please refer to their CVs on the company website www.industrienspension.dk/bestyrelse.

Conclusions from the 2024 assessment

The Board of Directors concluded that there is alignment between the competencies of the whole Board of Directors and those demanded by the Board of Directors, and that, on the basis of the self-assessment, there is no reason to change the composition of the Board of Directors.

Board of Management and day-to-day management

Board of Management:

Laila Mortensen, CEO.

The responsibilities of the Board of Management are described on page 62.

Table 13 Social data

	2023	2024
Full-time equivalents workforce (FTE)	218	231
Gender diversity (%)	46	47
Gender pay gap (factor)	1.2	1.2
Employee turnover rate (%)	14	11
Sickness absence (days/FTE)	8	9

Day-to-day management consists of:
Laila Mortensen, CEO.
Joan Alsing, Insurance Director.
Peter Lindegaard, Chief Investment Officer.

Chief Actuary:
Rikke Sylow Francis, Deputy Director.

Remuneration policy
The Board of Directors sets a remuneration policy every year to promote sound and effective risk management. The remuneration policy ensures that no pay agreements are concluded with the Board of Directors, the Board of Management or other employees whose activities have a significant influence on the risk profile of Industriens Pensionsforsikring A/S, that contain variable salary components exceeding DKK 100,000 per year or that encourage increased risk-taking. The remuneration policy is been approved by the general meeting, after which it will appear on the company website.

For further information, please refer to Industriens Pension's remuneration report for 2024 on the company website at www.industrienspension.dk/afloenning-2024.

Organisational links
Industriens Pension is a member of the trade association Insurance and Pension Denmark, the employers' association F&P Arbejdsgiver, the Danish Insurance Complaints Board and PensionsInfo.

Data ethics and information security
A data policy has been drawn up that includes a number of guidelines in the area of data ethics. One of the requirements is that member data be stored and managed in a responsible manner. In many areas, the policy goes beyond the minimum requirements laid down in legislation.

New solutions are designed and IT systems are developed with data ethics in mind, to ensure subsequent compliance with the policy's requirements regarding data ethics.

Most recently, in connection with the implementation of DORA, a strategy was drawn up for digital operational resilience and IT third-party risk, firmly based around the protection of data.

Industriens Pension processes personal ID numbers and financial information for all members, and for some members, particularly sensitive information about the member's health and social circumstances is also processed.

It is crucial that the members, member organisations and the companies that pay contributions on behalf of their employees can be confident that the data that Industriens Pension has about them is adequately protected.

Industriens Pension is subject to legislation that specifies requirements for the protection of data. In addition to breaches of trust, any compromising of confidentiality, integrity or authenticity can result in extensive clean-up work and regulatory sanctions in the form of fines, injunctions and/or bans on processing. Ultimately, this may prevent Industriens Pension from fulfilling its core task.

Table 14 Attendance at meetings

	Board of Directors	Committees			
	Meetings and seminars	Audit	Investment	Responsible investments	Remuneration
Mads Andersen	5/5		4/4	4/4	2/2
Kim Graugaard	5/5		4/4	4/4	2/2
Lars Andersen	5/5	4/4	4/4		
Thomas Egebo	4/4				
Chresten Dengsøe	5/5				
Claus Jensen	4/5				
Heidi Jensen	2/2				
Jim Jensen	5/5				
Lars Mikkelgaard-Jensen	2/2				
Tina Moltke-Leth	5/5	4/4			
Nina Movin	5/5		4/4		
Lars Ingemann Nielsen	5/5	4/4			
Steen Nielsen	5/5		4/4		
Pernille Damm Nielsen	4/4				
Rasmus Sejerup Rasmussen	3/5				
Anja Borg	1/1				
Marianne Tholin	1/1				

The highest priority is therefore to ensure that malicious actors cannot steal, modify or delete data or otherwise affect trust in the data that Industriens Pension stores and processes, and the likelihood of this happening unintentionally must be minimised. This must be ensured through organisational, behavioural, physical and technological measures that minimise the likelihood of breaches and limit the potential scope if a breach were to occur.

All employees at Industriens Pension regularly undergo awareness campaigns and e-learning courses in GDPR, money laundering and IT security, with the aim of ensuring that everyone has an up-to-date, high level of knowledge.

Through the work in the company's risk management function, a culture has been ensured in which operational errors and incidents are reported to a central register. This also applies to breaches in the areas governed by data and information security policies.

Table 15 Gender diversity – management

	2023	2024
Senior management (Board of Directors)		
Total number of members	14	14
Underrepresented gender (%)	29	29
Target (%)	28	35
Target year to meet target	2026	2026
Other management levels		
Total number of members	15	15
Underrepresented gender (%)	40	36
Target (%)	40	40
Target year to meet target	-	-

Risk and solvency

Risk management

The key element in risk management at Industriens Pension is to ensure that all significant risks arising from the current business model and activities in general are identified, quantified, assessed, managed and reported.

The Board of Directors addresses various risk themes on an ongoing basis and maintains a comprehensive overview of the risks to which Industriens Pension is exposed. This. combined with other inputs, forms the basis for the company's ongoing risk assessment and management.

When assessing the individual risks, consideration is given to the circumstances of both the members and the company, as well as to the size of the capital base required to cover the company's risks.

The majority of the members have a market rate product, in which the individual member bears the risk. In this context, one key task in risk assessment is to ensure that the individual member's savings are not exposed to an inappropriate risk. This has been achieved by measures including the introduction of a lifecycle product, in which the risk depends on the individual member's age and thus their investment horizon. In addition to this, a smoothing mechanism is built into the setting of the pension paid on retirement, which reduces the size of fluctuations resulting from any negative investment returns or from increases in the remaining life expectancy of members.

For the average rate product, sickness and accident insurance and group life, as well as for the company's capital base, the risk assessment considers the impact of the individual risks on the size of the solvency capital requirement to be covered by capital.

The prudent person principle

Industriens Pension complies with the prudent person principle by defining a number of principles for risk-taking, which are laid down in policies issued by the Board of Directors. The Board of Directors conducts an independent assessment of members' risk.

The entire investment process centres on the prudent person principle, from stipulating the strategic asset allocation to the actual execution of internally managed investments and the selection of external asset managers and funds. Workflows have been established to ensure that investments are only made in assets with risks that the company can identify, understand, measure, monitor, manage, control and report on.

This point is particularly important for unlisted investments, where models have been developed to monitor risks in the individual funds and also to monitor relevant market information that may be of significance for the ongoing valuation of these investments.

Ongoing monitoring of investment assets includes monitoring compliance with the principles and guidelines laid down by the Board of Directors. Calculations are made of how far actual investments are from the strategic asset allocation to determine whether the security, quality, liquidity and accessibility of investment assets deviate significantly from the profile judged to be appropriate in policies for investments.

The market risk for the individual member is assessed on the basis of short-term and long-term risk analyses, as well as on selected risk scenarios. Given the long-term investment horizon of members, the strategic risk level is determined based on the long-term risk analysis, assuming that the short-term risk and the fluctuations in the risk scenarios are acceptable. Key elements in the analyses include the degree of cover for members as pensioners and the risk of a reduction in payments.

Sustainability risks

Industriens Pension maintains a focus on sustainability risks and assesses these in line with other risks associated with investments.

Sustainability risks are environmental, social or governance (ESG) events or circumstances that, if they occur, could have an actual or potential material negative impact on the value of investments. The integration of sustainability risks into investment decisions takes place in several areas, but data on sustainability risks is limited and is to a large extent only available in the climate area for listed assets.

Industriens Pension's integration of climate risks is based on a model that indicates how much of the value of investee companies may be at risk of being lost as a result of physical conditions or transition costs. The model is applied at three levels for listed companies. The model is applied to the total portfolio in the annual portfolio optimisation to adjust the expected returns on the different asset classes, based on how sensitive they are assessed to be to temperature increases. In the optimisation process, assets with a high climate risk tend to have a reduced weighting.

In addition, the model is also used to measure transition and physical climate risks at sub-portfolio level and for individual assets, in order to identify whether the risk level is acceptable in relation to expected returns.

Solvency capital requirements and own funds

The solvency capital requirement arises primarily as a consequence of the obligations of the base capital in respect of the average rate product, sickness and accident insurance and group life, as well as from the investment risk on the capital base's own assets. Common solvency regulations apply in the EU. The aim of these regulations is to ensure effective risk management and a uniform statement of the technical provisions, solvency capital requirements and own funds for EU insurance and pension companies

Industriens Pension has decided to calculate the solvency capital requirement according to the Solvency II standard model. Insurance contracts in Industriens Pension do not contain earnings to equity, and provisions therefore do not include a profit margin.

The solvency capital requirement is calculated on the basis of a quantification and a weighting of the different types of risk according to the regulations stipulated in the Solvency II standard model.

Overall, the different risks are categorised into insurance risks, market risks, counterparty risks and operational risks. The insurance risks category primarily includes the consequences of members living longer than anticipated, an increase in the number of members who lose their ability to work, and a possible disaster situation with extraordinary increases in the number of deaths and illnesses within a short period.

The market risks category includes the consequences of negative changes in financial markets primarily resulting from changes in interest rates, falling equity prices and currencies, and falling property prices.

The solvency capital requirement amounted to DKK 3.1 bn. at the end of 2024 and has thus increased by DKK 0.4 bn. compared to last year, primarily due to an increase in market risks, including equity risk in particular.

Total own funds of DKK 11 bn. has been recognised to cover this. This corresponds to excess liquidity of DKK 7.9 bn., and Industriens Pension is thus well consolidated.

Pursuant to the solvency regulations, a group 1 insurance company must analyse the effect of changes in significant risks on the company's own funds and solvency. The results of the analysis are reported quarterly to the Danish Financial Supervisory Authority. The method used to conduct the sensitivity analysis, including the risk categories to be stressed in the analysis, has been implemented in a separate Executive Order from the Danish Financial Supervisory Authority. The results from the latest analysis are presented in the table.

Table 16 Solvency capital requirements and own funds

DKK mill.	2023	2024
Insurance risks, life	393	390
Insurance risks, sickness-accident	148	147
Market risks	4,554	5,002
Counterparty risks	19	34
Effect of diversification	-400	-410
Operational risks	100	105
Covered by provisions	-2,158	-2,188
Total solvency capital requirement	**2,657**	**3,080**
Accepted own funds	**10,688**	**11,003**
Excess cover	**8,031**	**7,923**
Solvency ratio	**402%**	**357%**

The starting point is that the analysis for each risk category must specify the stress that lowers the current solvency ratio (see Table 11) to 125% and 100% respectively, with a statement of the associated reduced own funds, see the two scenarios 'SCR 125%' and 'SCR 100%'.

If the solvency ratio cannot be lowered to 125% or 100%, even with maximum stress, the maximum stress must be stated with the associated effect on the solvency ratio and own funds. The individual risk categories cannot be stressed by more than 100%. Table 17 shows that even this maximum stress does not bring the solvency capital requirement below 125% or 100% respectively.

For the life expectancy risk, however, a stress scenario of 80% is applied, as a higher stress will result in life expectancies that cause uncertainty in the model.

See Note 23 on risk management as well as the 'Rapport om solvens og finansiel situation for 2024' (Report on the solvency and financial situation for 2024 – only in Danish) on the company website www.industrienspension.dk/solvens-2024.

Table 17 Sensitivity information

	SCR 125%			SCR 100%		
	Stress	Own funds (DKK bn.)	Solvency ratio *	Stress	Own funds (DKK bn.)	Solvency ratio *
Risk category:						
Interest rate risks	200 bp	10,778	343%	200 bp	10,778	343%
Share risks	100%	2,507	203%	100%	2,507	203%
Property risks	100%	10,403	281%	100%	10,403	281%
Credit spread risks						
Danish government bonds, etc.	100%	7,400	188%	100%	7,400	188%
Other government bonds, etc.	100%	8,793	227%	100%	8,793	227%
Other bonds	100%	9,543	252%	100%	9,543	252%
Currency spread risks**						
USD	100%	10,211	341%	100%	10,211	341%
CHF	100%	10,955	361%	100%	10,955	361%
GBP	100%	10,963	360%	100%	10,963	360%
Counterparty risks		11,003	326%			
Life expectancy risks	80%	11,003	303%	80%	11,003	303%

* Accepted own funds as % of the solvency capital requirement

** Sensitivity calculations are performed for the three currencies with the largest net exposure

ESG metrics

Table 18 ESG metrics

	Unit	Target 2030***	Target 2025***	2024	2023	2022	2021	2020
Carbon emissions from investment assets*								
Listed shares	tonnes			497,064	377,179	342,351		
Listed credit bonds	tonnes			345,737	393,274	471,804		
Mortgage bonds (Scopes 1-2)	tonnes			48				
Mortgage bonds (Scope 3)	tonnes			31,775				
Government bonds	tonnes			1,320,808				
Unlisted companies (private equity)	tonnes			99,305				
Other credit	tonnes			159,481				
Directly owned infrastructure	tonnes			73,782				
Infrastructure through funds	tonnes			246,309				
Directly owned properties	tonnes			643	675	861		
Properties through funds	tonnes			5,818				
Carbon footprint*								
Listed shares	tonnes/DKK mill.			5.58	5.28	6.47		
Listed credit bonds	tonnes/DKK mill.			23.85	21.81	31.87		
Mortgage bonds (Scopes 1-2)	tonnes/DKK mill.			0.00				
Mortgage bonds (Scope 3)	tonnes/DKK mill.			1.68				
Government bonds	tonnes/DKK mill.			39.70				
Unlisted companies (private equity)	tonnes/DKK mill.			3.34				
Other credit	tonnes/DKK mill.			8.96				
Directly owned infrastructure	tonnes/DKK mill.			10.56				
Infrastructure through funds	tonnes/DKK mill.			11.48				
Directly owned properties	tonnes/DKK mill.			0.10	0.10	0.14		
Properties through funds	tonnes/DKK mill.			1.40				
Total carbon footprint of listed equities, listed credit bonds and directly owned properties	**tonnes/DKK mill.**	**6.28**	**7.43**	**7.64**	**8**	**11**		
Total carbon footprint of the entire investment portfolio**	**tonnes/DKK mill.**			**6.97**				
Total carbon emissions for the entire investment portfolio**	**tonnes**			**1,459,962**				

*The statement for the individual asset classes includes Scope 1 and Scope 2 emissions. One exception is mortgage bonds, where a separate statement has been produced for Scope 3 emissions in line with Finance Denmark's CO2 model for the financial sector.

**Excluding government bonds to avoid double-counting

***Industriens Pension aims reduce the carbon footprint of listed shares, listed credit bonds and directly owned properties by 29% in 2025 and 40% in 2030, with 2019 as baseline year. The carbon footprint for 2019 is not included in the summary of ESG metrics, but has been revised this year as a result of our work to provide more comprehensive data at asset class level. This revision affected the target in 2025, which means that the carbon footprint cannot be compared with the last annual report.

Table 18 ESG metrics, continued

	Unit	Target 2030***	Target 2025***	2024	2023	2022	2021	2020
Active involvement in climate improvements								
Active ownership								
Dialogues in connection with active ownership:								
- dialogues on climate change, total	number			486	392	251	252	258
- dialogues via ESG rating agency	number			1,141	928	709	695	783
- Total dialogues	number			1,171	1,008	709	695	783
Sustainability of property investments	Described on page 16 of this report							
Sustainability of business models								
Commitment to the Paris Agreement	Section 3.5 in the Policy on Sustainability and Active Ownership of Investments on the company website							
The company's own emissions								
CO2 - Scope 1	tonnes			0	0	0	0	0
CO2 - Scope 2	tonnes			19	23	23	33	111
CO2 - Scope 3	tonnes			383	465	149	59	98
Renewable share:								
- purchased	%			40	40	41	42	29
- self-produced	%			0	0	0	0	0
Energy consumption	GJ			3,740	3,257	3,760	3,863	3,131
Water consumption	M3			1,863	1,227	1,385	1,124	1,002
Social data								
Full-time equivalents	FTE			231	218	207	198	195
Gender diversity	%			47	46	45	44	49
Gender diversity, other management levels	%			36	40	33	33	39
Gender pay gap	factor			1.2	1.2	1.2	1.2	1.3
Sickness absence	Days/FTE			9	8	9	7	6
Employee turnover rate	%			11	14	13	15	12
Governance - management data								
Gender diversity on the Board of Directors	%			29	29	21	21	14
Attendance at board meetings	%			97	93	96	95	93
Pay gap, CEO and employees	factor			7.7	8.1	8.1	7.7	8.0

Practice applied for ESG metrics

The overview of metrics contains the figures requested by Insurance and Pension Denmark in its recommendations on climate partnership reporting, supplemented by the ESG metrics requested in the guidance on 'ESG key figures in the annual report' issued by FSR - Danish Auditors, Nasdaq and the CFA Society Denmark.

The principles for calculating individual metrics are described below. When data is available for earlier periods, comparative figures are provided.

From 2022 to 2023, the metrics regarding the carbon footprint of investments covered listed investment assets, i.e. listed shares and corporate bonds, as well as directly owned properties. More work was undertaken during 2024 to provide more comprehensive base data for the statement, by such means as expanding the asset classes and producing separate statements per asset class.[1]

Industriens Pension's statement of the emissions and carbon footprint of the investments was revised because of significant methodological changes and significant changes in the base data.

Compared to previous years, unlisted investments and government bonds have been added to the statement of the emissions and carbon footprint of the investments in 2024. Unlisted investments include private equity and private debt (unlisted shares and debt), property funds, infrastructure funds and directly owned infrastructure. The statement of metrics for mortgage bonds was also added and clarified in accordance with Finance Denmark's CO_2e model for the financial sector.

In addition to this, the classification of emissions relating to leased vehicles has been changed, as from 2024 they are included under Scope 3, as opposed to previously under Scope 1. Comparative figures have been amended accordingly. The method used to calculate emissions is unchanged compared to previous years.

Carbon metrics of investments

Estimated carbon emissions include the investments' emissions, i.e. greenhouse gas emissions from Industriens Pension's investments. Carbon emissions are calculated in tonnes of CO_2 equivalents (CO_2e) and include seven greenhouse gas emissions in accordance with the GHG Protocol. According to the GHG Protocol, companies should divide their emissions into three so-called scopes, as described in the box below.

Due to the very limited availability of reported data from companies on Scope 3 carbon emissions, at present Industriens Pension only calculates Scope 1 and Scope 2 carbon emissions for listed shares and corporate bonds, directly owned properties and other unlisted investments.

This means that Scope 3 carbon emissions are omitted from the calculation of these asset classes until further notice. By contrast, Scope 3 emissions are included separately for Danish mortgage bonds, where reported data is available. This has been done in accordance with Finance Denmark's CO_2e model for the financial sector.

Scopes 1-3

Scope 1: Covers direct emissions from sources owned or controlled by the company itself. These can be, for example, emissions from own office buildings, vehicles or heat and energy production plants operated by the company.

Scope 2: Covers indirect emissions from the company that originate from, for example, the purchase and consumption of publicly supplied energy such as district heating, electricity and cooling.

Scope 3: Covers all other indirect emissions from the company's activities that arise from sources that the company neither owns nor is able to control. This includes emissions from the company's value chain.

Data sources

For listed investments, i.e. listed shares and corporate bonds, as well as government bonds, Industriens Pension's own portfolio information is combined with accounting and carbon emissions for the individual companies from the external data provider, MSCI.

MSCI data for carbon emissions includes both reported data from the companies themselves and estimated data. The ESG metrics are based on both reported and estimated data from MSCI. Estimated data is based on MSCI's own methods.

Data from MSCI is calculated on an annual basis and will typically be delayed by 1-2 years compared to the year for which the metrics are calculated. This means that the metrics for 2024, for example, will be based on accounting data and carbon emissions from 2023 and 2022. Industriens Pension will always use the latest information as far as possible. This means that Industriens Pension recalculates the carbon metrics three years back in time. It is therefore not possible to compare the carbon metrics in the annual report for the current year with those for previous years.

For listed shares and corporate bonds, there is coverage at the end of 2024 of 99.6% and 78.8% respectively, measured in relation to the market value of the holdings. For government bonds, there is coverage of 99.2%. The base data and data quality are expected to improve in the coming years as more companies report data.

For directly owned properties, Industriens Pension's own portfolio information is combined with its own collection of data on energy consumption and emission factors from direct investments in properties. There is 100% coverage at the end of 2024.

For Danish mortgage bonds, data on the Scope 1 and Scope 2 carbon emissions of mortgage credit institutions are taken from MSCI. The institutions' Scope 3 carbon emissions, which cover the carbon emissions of the underlying activities (such as homes), are taken directly from the capital centres. The latter is taken from the institutions' published figures in the Danish Harmonised Transparency Template (European Covered Bond Initiative). The total market value of mortgage bonds issued in the capital centres is also taken from there. This is combined with Industriens Pension's own portfolio information. Data has been reported for 83.6% of total mortgage bonds measured by market value at the end of 2024.

[1] It was decided to remove 2021 from the overview of ESG metrics. This is due to challenges in validating data at asset class level for the year.

The calculation of the emissions and carbon footprint of investments follows the guidelines from Finance Denmark's CO2 model for the financial sector.

The availability of data is a significant challenge, and to ensure that the metrics provide the most accurate picture possible, the carbon emissions for missing companies were estimated in 2024. This means that in cases where coverage is not 100%, the carbon emissions are scaled up to cover 100% of the portfolio. The emission figures are thus based on the entire portfolio, of which the share that is not covered is included by upscaling of the available emission data.

The estimating of carbon emissions for the unlisted asset classes is based on the carbon emissions from the listed investments based on the industries to which the assets belong.

The figures do therefore entail a degree of uncertainty. Industriens Pension works on an ongoing basis to improve the completeness and accuracy of the base data, while at the same time making changes to calculation methods – as far as possible – retrospectively in order to ensure comparability between years.

Carbon emissions from government bonds are not consolidated in the metrics for the investment portfolio's total financed emissions or total carbon footprint. This is due to double-counting with other asset classes.

Definitions of metrics

The meanings of the individual metrics and calculation methods are described below.

Carbon emissions in the investment portfolio
This metric shows the total estimated Scope 1 and Scope 2 emissions, or so-called financed emissions, from Industriens Pension's investments. This represents the greenhouse gas emissions that are financed by Industriens Pension's investments.CO_2e

The total carbon emissions in year t for investment i are calculated using the formula:CO_2

$$\sum_{i=1}^{n} Ownership\ interest_{i,t}\ x \left(\begin{matrix} The\ company's\ Scope\ 1\ and \\ Scope\ 2\ carbon\ emissions \end{matrix}\right)_{i,t}$$

where Industriens Pension's ownership interest in the company corresponds to:

$$\frac{Market\ value\ of\ investment_i}{The\ company's\ EVIC_i}$$

The company's value is measured as Enterprise Value Including Cash (EVIC) in accordance with the recommendations of the Partnership for Carbon Accounting Financials (PCAF). The EVIC includes the market value of the company's shares, the carrying amount of debt, and cash or other liquid assets.

When estimating total carbon emissions for unlisted investments, the same other formula is used.

The calculation of financed emissions is slightly different for investments in government bonds. The metric is based instead on production emissions, which include emissions produced domestically plus domestic consumption and exports in accordance with the recommendations of the PCAF. This metric is calculated using the following formula:

$$\sum_{i=1}^{n} Ownership\ interest_{i,t}\ x \left(\begin{matrix} The\ state's\ Scope\ 1 \\ carbon\ emissions \end{matrix}\right)_{i,t}$$

where Industriens Pension's ownership interest in the company corresponds to:

$$\frac{Market\ value\ of\ investment\ in\ government\ bond_i}{Purchasing\ power - adjusted\ GDP_i}$$

For directly owned properties, the ownership interest is used directly, while the energy consumption is translated into carbon emissions based on emission factors from the property's various energy sources j:

$$\sum_{i=1}^{n} Ownership\ interest_{i,t}\ x \left(\begin{matrix} The\ property's\ energy\ consumption_{i,t} \\ x\ Emission\ factor \end{matrix}\right)_{j,t}$$

For Danish mortgage bonds, Industriens Pension's share of the total Scope 1, 2 and 3 carbon emissions financed via the capital centre from which the mortgage bond was issued is calculated as follows:

$$\sum_{i=1}^{n} Ownership\ interest_{i,t}\ x \left(\begin{matrix} Scopes\ 1+2+3 \\ carbon\ emissions\ financed\ by \\ the\ capital\ centre \end{matrix}\right)_{i}$$

where Industriens Pension's ownership interest in the capital centre in corresponds to:

$$\frac{\left(\begin{matrix} Nominal\ value\ of\ investment\ in \\ mortgage\ bond \end{matrix}\right)_i}{\left(\begin{matrix} Total\ nominal\ value\ of\ mortgage\ bonds \\ issued\ by\ the\ capital\ centre \end{matrix}\right)_i}$$

Carbon footprint
The carbon footprint indicates the relative carbon emissions in tonnes for every DKK 1 mill. invested. The carbon footprint in year t is calculated using the following formula for all asset classes:

$$\frac{Total\ carbon\ \ emissions}{Market\ value\ of\ total\ investments_t}$$

Dialogues

When calculating the number of dialogues, we include those situations where we have made contact about one or more issues and where we have subsequently received qualified responses or explanations. Industriens Pension has not only its own proactive dialogues with portfolio companies, but also dialogues through our partner, EOS at Federated Hermes.

The company's own emissions

When carbon emissions for Industriens Pension's own activities are to be calculated, these are divided into sub-groups depending on the source of emissions in accordance with the Greenhouse Gas Protocol.CO_2

Scope 1
Direct emissions from own vehicles are calculated on the basis of estimated number of business-related kilometres driven and the emission factors of the vehicles.

Scope 2
Indirect emissions from purchased electricity and district heating from energy producers. The calculation of emissions is based on data obtained via meter readings and the latest published emission factors provided by the energy companies. Industriens Pension only has activities in Denmark and uses a market-based method to calculate emissions. Industriens Pension has concluded an agreement to purchase 'green' electricity, which is why emissions from electricity consumption are stated as 0.

Scope 3
Under the Greenhouse Gas Protocol, Scope 3 carbon emissions are divided into 15 sub-categories. Not all categories are disclosed by Industriens Pension. Certain sub-categories are not relevant, and for those that are relevant, the base data is still inadequate.

The calculation thus includes current carbon emissions from:

- Paper Consumption (C1: Purchases)
- Lunch scheme (C1: Purchases)
- Water (C5: Waste generated in operations)
- Business trips in employees' own vehicles and air travel (C6: Business travel)
- Transport in leased company vehicles (C8: Upstream leased assets)

The emissions from paper consumption are calculated using paper consumption and emission factors provided by suppliers.

Emissions from the lunch scheme are calculated with data from the supplier based on the number of meals served multiplied by an average emission per meal.

Emissions relating to water are based on data obtained via meter readings produced by Industriens Pension's supplier as well as the latest published emission factors.

Emissions relating to the employees' own driving are based on the number of kilometres driven and the emission factors of the vehicles.

Emissions from air travel are based on figures received directly from Industriens Pension's travel agency. The emissions are based on DEFRA's emission factors, i.e. the figures include the total atmospheric climate impact and not just the carbon impact.

Emissions from transport in leased company vehicles are calculated based on the estimated number of business-related kilometres driven and the emission factors of the individual vehicles.

Energy consumption

Calculated as the energy consumption in Scopes 1 and 2 converted into KWh.

Renewable energy share

The share is calculated on the basis of purchased guarantees of origin for renewable energy, divided by total energy consumption.

Water consumption

The metric for water consumption only includes the owner-occupied property, as data is not available for rented premises. The calculation is based on data obtained via meter readings provided by Industriens Pension's supplier.

Social data

Full-time workforce

Calculated as the average number of employees converted into full-time equivalents (FTEs). Hourly paid employees are converted to FTEs based on the actual hours worked per month.

Gender diversity

Calculated as the number of female FTEs in relation to the company's total FTEs at the end of the year, based on civil registration number (CPR number).

Gender diversity for other management levels

Calculated as the number of female managers in relation to the total number of managers at the end of the year. In this context, managers are defined as employees with staff and management responsibilities in the first two management levels below the Board of Directors.

Gender pay gap

Calculated as the ratio between the median salary for male employees and the median salary for female employees, calculated at the end of the year. When calculating the median salary, all employees' salaries are converted into a full-time salary.

Sickness absence

Calculated as the number of sick days, including days off to care for a sick child, per FTE.

Employee turnover rate

Calculated as the number of people leaving the company in relation to the total workforce. The total workforce is defined as all employees minus temporary employees and hourly paid employees.

Governance – management data

Gender diversity on the Board of Directors

Calculated as the number of female board members in relation to the company's total number of board members. The figure is calculated at the end of the year.

Attendance at board meetings

This figure shows the attendance of board members at meetings in the individual years in relation to the maximum attendance possible. Meetings include board meetings, board seminars and meetings of sub-committees set up by the Board of Directors.

Pay gap between the CEO and employees

Calculated as the ratio between the salary paid to the company's CEO and the median salary paid to the company's employees, calculated at the end of the year. When calculating the median salary, all employees' salaries are converted into a full-time salary.

Financial statements 2024

Income statement and statement of comprehensive income

Note	DKK mill.	2024	2023
2	Gross premiums	9,741	9,143
	Total premiums, net of reinsurance	**9,741**	**9,143**
10	Income from group undertakings	940	1,723
11	Income from associated undertakings	-795	260
	Interest income and dividends, etc.	6,444	6,878
3	Value adjustments	8,257	3,922
	Interest payable	-5	-5
6	Administration costs in connection with investment activities	-390	-353
	Total return on investment	**14,452**	**12,424**
4	**Tax on yields of certain pension scheme assets**	**-2,083**	**0**
5	Benefits paid	-8,426	-8,111
	Total insurance benefits, net of reinsurance	**-8,426**	**-8,111**
	Change in life assurance provisions	-13,089	-12,765
	Total change in life assurance provisions, net of reinsurance	**-13,089**	**-12,765**
13	**Change in excess capital**	**-24**	**57**
6	Administration costs	-149	-132
	Total insurance operating costs, net of reinsurance	**-149**	**-132**
	Retained investment returns	**-423**	**-617**
	Technical result	**-1**	**0**
7	**Technical result of sickness and accident insurance**	**8**	**0**
	Investment return on equity	290	140
	Profit before tax	**297**	**140**
	Tax on yields of certain pension scheme assets for equity capital	-10	-5
	Profit for the year	**287**	**135**
	Value adjustment of property, plant and equipment	2	-1
	Allocated to insurance and investment contracts	-2	1
	Tax on yields of certain pension scheme assets on other comprehensive income	0	0
	Other comprehensive income	**0**	**0**
	Comprehensive income for the year	**287**	**135**

Balance sheet, assets

Note	DKK mill.	31.12.2024	31.12.2023
8	Operating equipment	4	1
9	Owner-occupied property	108	107
	Total property, plant and equipment	**111**	**108**
10	Equity investments in group undertakings	2,686	4,962
11	Equity investments in associated undertakings	95	360
	Loans to associated undertakings	376	437
	Total investments in group undertakings and associated undertakings	**3,158**	**5,760**
	Equity investments	8,494	7,157
	Investment units	1,666	1,340
	Bonds	13,874	10,223
	Other loans	4	4
	Deposits with credit institutions	425	171
	Other financial investment assets	1,292	2,090
	Total other financial investment assets	**25,755**	**20,984**
	Total investment assets	**28,912**	**26,744**
12	**Investment assets attached to market rate products**	**226,409**	**208,301**
	Receivables from policyholders	744	703
	Receivables from group undertakings	0	-
	Other receivables	1,017	740
	Total receivables	**1,761**	**1,444**
	Current tax assets	343	315
	Deferred tax assets	474	307
	Liquid assets	871	473
	Total other assets	**1,688**	**1,095**
	Interest receivable	624	390
	Prepayments and other accrued income	176	174
	Total prepayments and accrued income	**800**	**564**
	Total assets	**259,682**	**238,257**

Balance sheet, equity and liabilities

Note	DKK mill.	31.12.2024	31.12.2023
	Share capital	110	110
	Reserve for tax-free retained earnings	6,162	5,875
	Retained earnings	531	531
	Total equity	**6,803**	**6,516**
	Excess capital	3,925	3,893
	Other subordinated loan capital	276	284
13	**Total subordinated loan capital**	**4,201**	**4,177**
	Premium provisions	**236**	**242**
14	Life assurance provisions at average rate	6,311	6,563
15	Life assurance provisions at market rate	218,935	205,594
	Total life assurance provisions	**225,246**	**212,156**
	Provisions for claims outstanding for sickness and accident insurance	**7,749**	**7,607**
	Risk margin on sickness and accident insurance	**12**	**12**
	Provision for bonuses and premium rebates	**912**	**854**
	Total provisions for insurance and investment contracts	**234,154**	**220,871**
	Other provisions	225	223
	Total provisions	**225**	**223**
	Creditors arising out of direct insurance operations	40	14
	Debt to credit institutions	4,071	2,600
	Debts to group undertakings	32	31
	Current tax liabilities	2,250	51
16	Other debt	7,906	3,775
	Total debt	**14,299**	**6,471**
	Total liabilities	**259,682**	**238,257**

17 Collateral and contingent liabilities
18 Related parties
19 Five-year summary of key figures and financial ratios
20 Schedule of assets and returns on assets
21 Derivative financial instruments
22 Breakdown by valuation of investment assets and financial liabilities
23 Risk management

Changes in equity

Note	DKK mill.	Share capital	Reserve*	Retained earnings	Total
	Equity as at 1 January 2024	110	5,875	531	6,516
	Profit/loss for the year	-	287	-	287
	Other comprehensive income	-	0	-	0
	Equity as at 31 December 2024	**110**	**6,162**	**531**	**6,803**
	Equity as at 1 January 2023	110	5,739	531	6,380
	Profit/loss for the year	-	135	-	135
	Other comprehensive income	-	0	-	0
	Equity as at 31 December 2023	**110**	**5,875**	**531**	**6,516**

*The reserve for tax-free retained earnings is subject to special limitations, see Section 307 of the Danish Financial Business Act on labour-market related life assurance limited companies.

The company's share capital of DKK 110 mill. is issued in shares of DKK 1,000 or multiples thereof.

Own funds

DKK mill.	31.12.2024	31.12.2023
Equity, see above	6,803	6,516
Difference between equity and solvency capital:		
Excess capital (special bonus provisions type B)	3,925	3,893
Other subordinated loan capital (special bonus provisions type A)	276	284
Difference between solvency and accounting provisions	-1	-4
Total own funds (accepted to cover solvency capital requirement)	**11,003**	**10,688**

Notes

1. Accounting policies

General

This annual report is prepared in accordance with the regulations of the Danish Financial Business Act and the Executive Order from the Danish Financial Supervisory Authority on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds (Executive Order on the Presentation of Financial Statements).

The accounting policies applied are unchanged in relation to 2023.

All amounts in the financial statements are presented in whole million DKK. Each figure is rounded separately, which means that there may be small differences between the totals stated and the total of the underlying figures.

Pursuant to Section 148(1) of the Executive Order on Financial Statements, no consolidated financial statements have been prepared for the company. The company and its subsidiaries, together with the affiliate Industriens Pension Service A/S, are included in the consolidated financial statements of IndustriPension Holding A/S (CVR no. 15 89 32 30).

Accounting estimates and assessments

The preparation of the financial statements requires management to make a number of estimates and assessments regarding future conditions that have a significant impact on the accounting treatment of assets and liabilities and thus the result in the current and future years. The most important estimates and assessments concern the calculation of provisions for insurance contracts, the fair value of unlisted financial instruments and the fair value of owner-occupied properties.

Provisions for insurance and investment contracts

The calculation of provisions for insurance contracts (excluding the market rate scheme) is based on actuarial calculations, and applies assumptions of mortality and disability rates, for example. The assumptions about mortality are based on the Danish Financial Supervisory Authority's benchmark and, like any other assumptions, they are determined as a best estimate based on experience acquired from previously held portfolios of insurance contracts. The provisions are calculated as the present value of the future benefits discounted by the yield curve defined in the Executive Order on Financial Statements. The yield curve is applied without the use of volatility adjustment. This means that the size of the provisions is also affected by the current interest rate level, which determines the discount rate. Provisions with these uncertainties account for less than 5.7% of total provisions.

Fair value of financial investment assets

There are no significant estimates connected with the valuation of financial instruments with listed prices on an active market (level 1), or where valuations are based on accepted valuation models with observable market data (level 2).

For financial instruments where there is only limited observable market data on which to base valuation (level 3), valuation will be affected by estimates. This applies in particular to holdings in group undertakings and associated undertakings with investments in investment properties and wind turbines, to unlisted equity investments in funds with private equity, property and infrastructure, to unlisted investment units, to unlisted bonds, and to the owner-occupied property.

The valuation of investment properties and wind turbines in group undertakings and associated undertakings is based on the present value of expected cash flows during a planning period of 10 years for investment properties and up to 30 years for wind turbines For investment properties, the method (discounted cash flow (DCF)) is defined in an annex to the Executive Order on Financial Statements. The most significant estimates concern the determination of the discount rate, which is composed of an individual rate of return and the expected inflation rate, as well as certain elements of the budgeted cash flows, in particular budgeted rental income, which depends on the level of the rent and vacancy periods etc., expenses for maintenance and renovation, as well as a so-called terminal value when the planning period expires. The determination of the individual rate of return is based on statistics on actual property transactions involving similar properties and takes into consideration the location of the property, its age, use and state of maintenance, etc. As a supplement to this valuation, a valuation is obtained every year from an external estate agent concerning the assumptions applied (primarily individual rates of return), and the fair value is calculated every three years.

The lengthy planning period of up to 30 years for wind turbine investments naturally adds to the uncertainty concerning expected future cash flows and consequently about the current fair value of the wind turbines. Again, the most significant estimates relate to the discount rate and to specific elements that have a major impact on budgeted cash flows, in particular electricity production, which is based on wind forecasts, idle days with no generation of electricity, electricity price developments, costs of maintenance for the wind turbines and costs of dismantling the wind turbines at the end of their useful lives. The discount rate is calculated according to a cost-of-capital method and combines a risk-free interest rate with the addition of an illiquidity premium and the expected inflation rate. The DCF model is maintained by external experts and, as a supplement to their valuation, a statement is obtained every year from another external expert concerning the market conformity of the model and the assumptions applied.

The valuation of the unlisted holdings in private equity funds and property funds, etc., unlisted investment fund units and unlisted bonds is to a large extent based on information from the funds themselves or from asset managers etc., including reports that in many cases were prepared prior to the reporting date. Internal procedures have been established to ensure the quality of the information included in the measurement of fair value. This means that temporal differences in accounting data between the most recent report and the reporting date are taken into account; that additional information is obtained from selected funds and asset managers; that internal information on large transactions in individual funds is collected on an ongoing basis; that general market trends since the most recent report are evaluated; and that there is general follow-up on the quality of the report received (back test).

The fair value of the owner-occupied property is calculated using a returns model, which is also defined in an annex to the Executive Order on Financial Statements. According to this model, the fair value is calculated on the basis of the budgeted, normal operating return on the property in the form of the market rent less costs of operation and maintenance, as well as a required rate of return for the type of property in question. The fair value calculated is adjusted by any non-recurring income or expenses not included in the normal return, e.g. deferred maintenance works. The most significant estimates relate to the individual required rate of return, as well as individual elements of the normal return, in particular the determination of the market rent and the annual maintenance costs.

The estimates are inherently associated with a degree of uncertainty. New information and/or future events may therefore result in changes to these estimates and consequently in the calculated fair values.

For a more detailed description of the valuation process in this area, please refer to the section on investment assets and Note 22, which includes a breakdown of investment assets and financial liabilities according to the fair value hierarchy (levels 1-3) as well as a specification and further information on the valuation etc. of level 3 assets.

Intra-group transactions

Transactions between group undertakings are made on the basis of written agreements, and settlement is on a cost-recovery basis or on commercial market terms.

General notes regarding principles for recognition and measurement

Income and expenses are recognised in the income statement as they are earned or incurred. Value adjustments, both realised and unrealised, are therefore generally included in the profit or loss for the year. However, special rules apply to value adjustments of owner-occupied properties, and under certain conditions these are recognised under other comprehensive income, see the principles for measuring owner-occupied properties.

Assets are recognised in the balance sheet when it is probable that future economic benefits will accrue to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when it is probable that future financial benefits will flow out of the company and value of the liability can be reliably measured.

Financial instruments and derivative financial instruments are recognised on the trading day. At initial recognition, intangible and tangible assets are measured at cost, while other assets and liabilities are measured at fair value. Measurements after initial recognition take place as described for each individual accounting item below. For recognition and measurement, predictable risks and losses that arise before the annual report is presented, and that confirm or disprove conditions that existed on the reporting date, are taken into account.

Translation of foreign currency

Transactions denominated in foreign currencies are translated at the exchange rate on the transaction date. Gains and losses arising between the exchange rate on the transaction date and the settlement date are recognised in the income statement. Monetary assets and liabilities in foreign currency are translated at the exchange rate on the reporting date. Similarly, currency adjustments arising between the transaction date and the reporting date are recognised in the income statement under value adjustments.

Income statement and statement of comprehensive

Income from insurance activities

Premiums, net of reinsurance

Includes premiums and contributions due in the financial year. Withheld labour market contributions and A tax are deducted from the premium income.

Investment returns

Income from group and associated undertakings

Includes the company's share of profit after tax in group and associated undertakings calculated in accordance with Industriens Pension's accounting policies.

Interest income and dividends, etc.

Includes interest earned and dividends received during the financial year on financial investment assets and liquid assets, including index adjustments for index-linked bonds and interest income on lending to group and associated undertakings.

Value adjustments

Value adjustments contain both realised and unrealised gains and losses on investment assets, including foreign currency translation adjustments except for gains and losses on group undertakings and associated undertakings.

Interest payable

Includes interest on other debt and repo transactions, etc.

Administration costs in connection with investment activities

Includes costs in connection with trading in securities, depositary charges, remuneration for external management, as well as own costs for administration of investment assets, including management fees from group undertakings.

Tax on yields of certain pension scheme assets

Tax on yields of certain pension scheme assets for the financial year includes tax on the return ascribed individually to members' deposits as well as tax on the return ascribed to collective reserves (equity and collective bonus potential etc.). Individual and collective tax on yields of certain pension scheme assets are recognised separately in the balance sheet. Tax on yields of certain pension scheme assets payable is recognised under other debt. Tax on yields of certain pension scheme assets receivable is no longer recognised in the insurance provisions and subordinate loan capital. Only tax on yields of certain pension scheme assets payable is recognised in 'Tax on yields of certain pension scheme assets'. Tax is calculated at 15.3% of the tax base, which is calculated on the basis of the investment return for the year. Deferred tax on yields of certain pension scheme assets is also provided at 15.3%.

Expenses of insurance activities

Insurance benefits paid net of reinsurance

Includes pension scheme benefits due in the year.

Change in life assurance provisions

Includes change in life assurance provisions for the year.

Change in excess capital

Change in excess capital includes the change in excess capital (special bonus provisions type B) and other subordinated loan capital (special bonus provisions type A).

The change includes returns and net accumulation during the year, any risk return for this and previous years, and a proportionate share of the result of sickness and accident insurance, etc.

Administration costs

Administration costs include all costs accrued for the year relating to life assurance activities, including administration fees from group undertakings. Costs not directly attributable to either life assurance or sickness and accident insurance are allocated to the two areas on the basis of resource consumption.

Retained investment returns

Retained investment returns comprise the portion of the investment returns not included in the technical result.

Retained investment returns therefore comprise investment returns regarding sickness and accident insurance, as well as investment returns on equity.

Technical result of sickness and accident insurance, net of reinsurance

The result of sickness and accident insurance is calculated in accordance with the accounting rules for non-life insurance. The result is detailed in the notes.

Contribution and profit

Appropriation of the realised profit for the year is described in the agreement with members. Industriens Pension is therefore not subject to the Executive Order on the Contribution Principle, and for this reason members with insurance policies entitled to a bonus are not divided into contribution classes.

The realised profit is calculated and appropriates in accordance with the principles for the appropriation of profit.

The return after tax on the associated investment assets is added to the equity and subordinated loan capital, and a risk return for providing risk capital can also be added to equity and subordinated loan capital.

Excess capital, which comprises special bonus provisions type B, is composed of the realised profit or positive sub-elements of this. The percentage corresponds to the percentage deduction in contributions, deposits and transfers, excluding unit supplement.

The remaining realised profit from insurance policies with a bonus entitlement accrues to the policyholders.

Balance sheet

Property, plant and equipment

Operating equipment

Operating equipment is measured at cost less accumulated depreciation and impairment. Straight-line depreciation is applied over the expected useful life of the assets of five years.

On initial recognition, leased operating equipment and the associated leasing commitment are measured at cost, corresponding to the discounted value of expected lease payments for the lease period agreed. Subsequently, the leased operating equipment is measured at cost less accumulated depreciation and impairments, which are recognised in the income statement. Depreciation is calculated on a straight-line basis over the lease period and recognised in the income statement. After initial recognition, the leasing commitment is measured at amortised cost and a calculated interest expense is recognised in the income statement.

Owner-occupied property

Owner-occupied properties are measured at revalued amount, which is the fair value at the date of revaluation less subsequent depreciation and impairment. The revalued amount is calculated according to a returns model based on a market rent, costs of the property and a required rate of return for the specific type of property. Increases in the revalued amount are recognised in other comprehensive income, unless the increase corresponds to a decrease that has previously been recognised in the income statement. Decreases in the revalued value are recognised in the income statement, unless the decrease corresponds to an increase that was previously recognised in other comprehensive income. Owner-occupied properties are depreciated on a straight-line basis over an expected useful life of 50 years at the estimated scrap value. Depreciation is calculated on the revalued amount and recognised in the income statement. No estate agent valuation was obtained in connection with determining the fair value on the reporting date.

On initial recognition, leased properties from where Industriens Pension operates and the associated leasing commitment are measured at cost, corresponding to the discounted value of expected rentals for the period in which Industriens Pension is entitled and expects to use the leased properties. Subsequently, the leased properties are measured at cost less accumulated depreciation and impairments, which are recognised in the income statement. Depreciation is calculated on a straight-line basis over the expected useful life and is recognised in the income statement. After initial recognition, the lease commitment is measured at amortised cost, and a calculated interest expense is recognised in the income statement.

Equity investments with group undertakings and associated undertakings

Undertakings in which Industriens Pension exercises a controlling influence are recognised as group undertakings. Undertakings in which Industriens Pension holds between 20 and 50% of the voting rights and exercises a significant influence are recognised as associated undertakings. In certain cases, investments with an equity interest of more than 20% are recognised as equity investments in the balance sheet. These are situations in which a specific assessment has shown that Industriens Pension has neither a controlling influence nor a significant influence. At initial recognition, equity investments in group undertakings and associated undertakings are measured at cost, and subsequently according to the equity method. According to this method, equity investments are recognised as the proportionate share of the undertakings' result and equity, calculated according to the accounting policies of Industriens Pension. This means that property, plant and equipment (e.g. wind turbines) and investment assets (e.g. investment properties) in group undertakings and associated undertakings are valued at cost in the construction phase, and subsequently at a revalued fair value for property, plant and equipment, and at fair value for investment assets.

The fair value of wind turbines and investment properties is calculated as the present value of the expected future cash flow in a planning period of 25-30 years and 10 years respectively, calculated using an individual fixed discount rate.

Increases and decreases in the fair value of investment assets of associated and associated companies are recognised in full in the income statement under income from the undertakings concerned.

Loans to group and associated undertakings

Loans to group and associated undertakings are measured at amortized cost.

Other financial investment assets

Listed equity investments and investment units are measured at fair value, calculated at the official closing price on the reporting date. For equity investments and investment units that are not actively traded, a calculated rate is used. Unlisted equity investments, investment units and bonds are measured at estimated fair value using recognised valuation methods, for example by comparing with similar assets for which a fair value is available or by discounting expected future cash flows, etc.

Listed bonds are measured at fair value based on official market prices on the reporting date, which are modified in relation to trading activity, etc. in the individual markets. A calculated rate is generally used for bonds that are not actively traded. Unlisted bonds are measured at an estimated fair value using recognised valuation methods, see above. The fair value of called bonds is measured at present value.

Bonds that have been sold and repurchased forward (genuine sale and repurchase transactions) are included in the bond portfolio. The fair value of these at the end of the financial year is shown in Note 17 on collateral ceded.

Listed and unlisted derivative financial instruments are measured at fair value on the reporting date. The fair value is set at mid-market prices on the reporting date. Positive fair values are recognised in the balance sheet under other financial investment assets, and negative values are recognised in the balance sheet under other liabilities. Value adjustments are recognised under value adjustments in the income statement. Note 22 shows a summary of the derivative financial instruments with associated fair values.

Information on prices, etc., that appears after the closing date of the financial statements will only be included if this is material to an assessment of the annual financial statements.

Investment assets attached to market rate products

Investment assets attached to market rate products are recognised and measured according to the same principles as for other investment assets, see above.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. Deductions are made to account for any losses.

Deferred tax assets

Negative tax on yields of certain pension scheme assets calculated on a negative tax basis (tax on yields of certain pension scheme assets at institution level) is recognised as an asset in the balance sheet for offsetting in positive tax on yields of certain pension scheme assets in subsequent years, provided it is likely that such offset can be utilised in the years to come. These considerations include the fact that, under certain conditions, tax assets not utilised to offset positive tax on yields of certain pension scheme assets during the first five calendar years after the tax asset was created will be repaid to the company by the Danish Tax Agency.

Prepayments and deferred income

Prepayments and deferred income recognised under assets include costs incurred relating to subsequent financial years. The items are measured at amortised cost, which usually corresponds to the nominal value.

Subordinated loan capital

Subordinated loan capital includes excess capital and other subordinated loan capital, and constitutes risk capital provided by the members. Excess capital comprises special bonus provisions type B, and interest is accrued at the same rate as equity, whereas other subordinated loan capital comprises special bonus provisions type A, with interest accrued on market terms. Subordinated loan capital is included in own funds to meet the solvency capital requirement.

Provisions for insurance and investment contracts

Premium provisions

Relate to sickness and accident insurance and cover the present value of expected future payments concerning claims and costs of insurance events which can be expected to occur after the end of the financial year.

Life assurance provisions at average rate

Life assurance provisions at average interest rates are calculated at market value with the technical basis notified to the Danish Financial Supervisory Authority. Provisions are calculated as the present value of the expected future payments current insurance contracts, based on a discounting yield curve and assumptions on insurance risks (mortality rate and disability, etc.) and costs, fixed at best estimate. The yield curve defined in the Executive Order on Financial Statements is applied as the discount rate. Industriens Pension applies EIOPA's yield curve without volatility adjustments.

When calculating the life assurance provisions, a risk margin has been added, which constitutes the amount likely to be payable to a buyer of life assurance products in order for the buyer to be willing to accept the risk that the costs associated with settling the portfolio deviate from the calculated present value of the expected payment flows.

The provisions also include an estimated amount to cover benefits from insured events occurring during the financial year but not reported at the end of the financial year.

In the notes, the life assurance provisions are divided into guaranteed benefits and into individual and collective bonus potentials.

Guaranteed benefits include commitments to pay the benefits attached to the pension scheme. Guaranteed benefits are calculated as the present value of the expected future benefits, as well as the present value of the expected future expenses for administration of the insurance policy, less the present value of the agreed future premiums. The risk margin is added to this.

Individual bonus potentials include the ability to provide a bonus in the future and are calculated as members' savings less the present value of the guaranteed benefits. The bonus potential cannot be negative. Collective bonus potentials include the members' share of realised results, which are allocated collectively to future bonuses.

Life assurance provisions at market rate

Life assurance provisions at market rate are calculated at the fair value of the related assets.

The provisions also include provisions for claims outstanding and bonus provisions for the group life scheme for death, disability and critical illness.

Provisions for claims outstanding amount to the present value of expected future payments pertaining to insurance events occurring under the group life scheme as well as bonus provisions for this scheme, denoting saved-up profits for use in reducing future premiums.

Provisions for claims outstanding for sickness and accident insurance

These include insurance benefits due but not yet paid, including bonuses as well as an estimate of expected payments pertaining to insurance events occurring in the financial year or earlier under the sickness and accident scheme.

Provisions for claims outstanding settled by regular payments have been calculated as the present value of expected future payments, including costs, applying the yield curve defined in the Executive Order on Financial Statements.

Risk margin on sickness and accident insurance

The risk margin includes the amount likely to be payable to a buyer of sickness and accident insurance products in order for the buyer to be willing to accept the risk that the costs associated with settling the portfolio deviate from the calculated present value of the expected payment flows.

Provisions for bonuses and premium rebates

Provisions for bonuses and premium rebates are amounts in sickness and accident insurance provided for policyholders owing to a favourable result in the financial year or previous years.

Deferred tax liabilities

Deferred tax on yields of certain pension scheme assets is calculated on the basis of temporary differences between accounting and tax values of assets and liabilities included in the collective tax basis (basis for tax on yields of certain pension scheme assets at institution level).

Debt to credit institutions

Debt to credit institutions includes debt related to commitments to repurchase securities in repurchase agreements. The debt is measured at fair value.

Other debt

Derivative financial instruments with negative fair value are included in other debt. Derivative financial instruments are measured at fair value. Other amounts payable included under other debt are measured at amortised cost, which normally corresponds to the nominal value.

Contingent liabilities

Commitments regarding pledges on investments, guarantees and sureties etc. on non-insurance matters are disclosed in a note to the annual report.

Key figures and financial ratios

The company's financial rations have been calculated in accordance with the regulations in the Executive Order on Financial Statements.

2. Gross premiums

DKK mill.	2024	2023
Current premiums	9,400	8,912
Contributions incl. transfers	3,118	2,749
Gross premiums before taxes	**12,519**	**11,662**
Income tax (A tax) and labour market contributions	-1,926	-1,807
Total gross premiums	**10,593**	**9,855**
Of which premiums concerning sickness and accident insurance, see Note 7	-852	-712
Total gross premiums on insurance contracts	**9,741**	**9,143**
Premiums broken down according to how insurance was taken out:		
Insurance taken out as part of an employment relationship	10,079	9,386
Insurance and investment contracts taken out individually	514	469
	10,593	**9,855**
Premiums concerning insurance:		
Insurance policies with bonus entitlement	0	0
Insurance and investment contracts without bonus entitlement	10,592	9,855
	10,593	**9,855**
Members with collective agreement-based schemes	446,927	442,251
Members with group life insurance	221,828	223,165
Members with policies taken out individually	51,980	49,707

All insurance policies and investment contracts have been set up based on collective agreements, agreements and similar under which the insurance is a compulsory part of the conditions for employment.
All insurance policies pertain directly to Danish business.

3. Value adjustments

DKK mill.	2024	2023
Loans to group undertakings	-	1
Equity investments	13,402	1,260
Investment units	1,283	468
Bonds	1,418	1,489
Deposits with credit institutions	-289	17
Derivative financial instruments	-7,558	687
Total value adjustments	**8,257**	**3,922**

4. Tax on yields of certain pension scheme assets

DKK mill.	2024	2023
Tax on yields of certain pension scheme assets payable for the year	2,083	59
Adjustment of deferred tax	0	-29
Adjustment for tax on yields of certain pension scheme assets concerning previous years	0	-30
Tax on yields of certain pension scheme assets transferred to other comprehensive income	0	0
Total tax on yields of certain pension scheme assets	**2,083**	**0**

5. Benefits paid

DKK mill.	2024	2023
Regular pension benefits	2,181	1,973
Lump sums on old age	474	425
Insurance sums on disability	211	241
Insurance sums on critical illness	138	145
Insurance sums on death	903	813
Transfers to other pension schemes	4,122	3,944
Surrender (disbursement of small dormant accounts)	257	230
Tax correction of old-age lump sum	18	31
Health-promotion costs	11	10
Transferred to other insurance provisions	111	298
Total benefits paid	**8,426**	**8,111**

6. Administration costs

DKK mill.	2024	2023
The staff expenses specified below have been recognised in the items for administration costs, administration costs in connection with investment activities, as well as result of sickness and accident insurance:		
Staff expenses		
Staff wages and salaries	190	173
Pension contributions	24	21
Other social security expenses	3	3
Payroll tax	31	28
Total staff expenses	**247**	**225**
Average number of full-time employees in the year	**231**	**214**
Staff expenses include salaries and remuneration for:		
Board of Management and Board of Directors	8.2	8.0
Number of employees whose activities significantly influence risk profile, 12 people (12 people in 2023)	26.9	26.0

No bonus schemes or performance-related pay agreements are linked to the employment of the Board of Directors, the management or other employees with a significant influence on the risk profile. No new employment or severance payments were paid in 2024. Remuneration is not paid to members of the management for board positions in other companies in the group.

Salaries and remuneration for the Board of Directors, the management and significant risk-takers are disclosed in the remuneration report, which is available on the company's website.

7. Technical result of sickness and accident insurance

DKK mill.	2024	2023
Current premiums	852	712
Transferred from provisions for insurance and investment contracts	111	298
Total gross premiums	**963**	**1,010**
Change in premium provisions	6	-193
Premium income, net of reinsurance	**969**	**818**
Claims paid	-872	-809
Change in provisions for claims outstanding	-62	-405
Change in risk margin	0	0
Claims expenses, net of reinsurance	**-934**	**-1,214**
Bonuses and premium rebates	**-58**	**118**
Insurance operating costs, net of reinsurance	**-33**	**-29**
Technical result	**-55**	**-308**
Investment returns	63	308
Investment return after return on insurance provisions	**63**	**308**
Technical result of sickness and accident insurance	**8**	**0**

With a claims rate of 0.7% (0.66%), 1,530 (1,435) claims were paid in 2024, with an average indemnity of DKK 737,000 (DKK 939,000). The figures shown in brackets are the corresponding figures for 2023.

8. Operating equipment

DKK mill.	31.12.2024	31.12.2023
Accumulated cost, 1 January	5	5
Additions during the year	4	0
Accumulated cost, 31 December	**8**	**5**
Accumulated depreciation, 1 January	4	3
Depreciation for the year	1	1
Accumulated depreciation, 31 December	**5**	**4**
Carrying amount, 31 December	**4**	**1**

The value of operating equipment under finance leases is included at an amount of DKK 1.8 mill. (DKK 0.3 mill. in 2023)

9. Owner-occupied property

DKK mill.	31.12.2024	31.12.2023
Revalued amount, 1 January	107	110
Depreciation for the year	-1	-2
Value adjustment for the year	2	-1
Revalued amount, 31 December	**108**	**107**
Rate of return with fair value valuation	4.75	4.75

The value of financially leased properties is included at an amount of DKK 10 mill. (DKK 11 mill. in 2023)

10. Equity investments in group undertakings

DKK mill.	31.12.2024	31.12.2023
Carrying amount, 1 January	28,303	28,943
Additions/issues during the year	490	1,244
Capital reductions/redemptions during the year	-20,575	-3,366
Dividend for the year	-450	-240
Share of profit for the year	940	1,723
Carrying amount, 31 December	**8,708**	**28,303**

Equity investments are disclosed in balance sheet items:

Equity investments in group undertakings	2,686	4,962
Investment assets attached to market rate products, see Note 12	6,021	23,340

Equity investments in group undertakings consist of:

Name	Registered office	Ownership interest	Profit	Capital and reserves
Kapitalforeningen Industriens Pension Portfolio	Copenhagen	100%	727	37
IP Alternative Investments Komplementar ApS	Copenhagen	100%	0	0
IP Butendiek Wind K/S	Copenhagen	100%	6	924
IP Gode Wind II K/S	Copenhagen	100%	38	465
IP Invest 2024 ApS	Copenhagen	100%	11	426
IP Komplementar ApS	Copenhagen	100%	0	0
IP Ejendomme 2013 P/S	Copenhagen	100%	257	6,709
IP Ejendomsudvikling P/S	Copenhagen	100%	-27	145

The capital association Industriens Pension Portfolio invests in shares and bonds, etc., while the other group undertakings are involved in activities in the areas of property, infrastructure and wind turbines.

11. Equity investments in associated undertakings

DKK mill.	31.12.2024	31.12.2023
Carrying amount, 1 January	1,098	618
Additions/issues during the year	0	224
Dividend for the year	0	-5
Share of profit for the year	-795	260
Carrying amount, 31 December	**303**	**1,098**

Equity investments are disclosed in balance sheet items:

Equity investments in associated undertakings	95	360
Investment assets attached to market rate products, see Note 12	208	737

Equity investments in associated undertakings consist of:

Name	Registered office	Ownership interest	Profit	Capital and reserves
Gode Wind II Joint FinCo ApS	Copenhagen	21%	0	2
Better Energy Impact K/S	Copenhagen	50%	34	1,057
Better Energy Impact Komplementar ApS	Copenhagen	50%	0	0
Better Energy Impact II K/S	Copenhagen	50%	-9	253
Better Energy Impact II Komplementar ApS	Copenhagen	50%	0	0

Gode Wind II Joint FinCo ApS is engaged in financing activities and the Better Energy Impact companies are engaged in infrastructure activities.

12. Investment assets attached to market rate products

DKK mill.	31.12.2024	31.12.2023
Equity investments in group undertakings	6,021	23,340
Equity investments in associated undertakings	208	737
Loans to associated undertakings	823	892
Total investments in group undertakings and associated undertakings	**7,052**	**24,970**
Equity investments	139,463	120,707
Investment units	17,997	17,663
Bonds	51,262	32,770
Other loans	68	73
Deposits with credit institutions	2,982	1,859
Other financial investment assets	7,586	10,260
Total other financial investment assets	**219,357**	**183,331**
Total investment assets attached to market rate products	**226,409**	**208,301**
Interest receivable	513	318
Contributions receivable and other receivables	1,434	1,202
Debt to credit institutions and other debt	-9,420	-4,228
Other balance sheet items attached to market rate products	**-7,474**	**-2,708**
Net assets attached to market rate	**218,935**	**205,594**

13. Subordinated loan capital

DKK mill.	31.12.2024	31.12.2023
Excess capital		
Special bonus provisions type B, 1 January	3,893	3,948
Change in special bonus provisions type B	31	-55
Share in other comprehensive income	0	0
Special bonus provisions type B carried forward	**3,925**	**3,893**
Other subordinated loan capital		
Special bonus provisions type A, 1 January	284	285
Change in special bonus provisions type A	-7	-2
Special bonus provisions type A carried forward	**276**	**284**
Total subordinated loan capital	**4,201**	**4,177**

14. Life assurance provisions at average rate

DKK mill.	31.12.2024	31.12.2023
Life assurance provisions at average rate, 1 January	**6,563**	**6,765**
Collective bonus potential, 1 January	-1.535	-1.397
Accumulated value adjustments, 1 January	-18	-20
Retrospective provisions, 1 January	**5,009**	**5,348**
Gross premiums	0	0
Addition of interest	167	128
Insurance benefits	-447	-459
Cost supplement after addition of cost bonus	-4	-4
Risk result after addition of risk bonus	-6	-16
Transferred to/from life assurance provisions at market rate	5	11
Distribution from special bonus provision	0	0
Retrospective provisions carried forward	**4,724**	**5,009**
Accumulated value adjustment carried forward	17	18
Collective bonus potential carried forward	1,570	1,535
Life assurance provisions at average rate carried forward	**6,311**	**6,563**
Return before tax	3.6%	4.2%
Ratio of bonus potential to provisions	55%	51%
Return on customer funds after costs and tax	3.5%	4.1%
The risk margin has been recognised in the life assurance provisions at	16	17

Breakdown of life assurance provisions at the highest guaranteed interest rate on policy, 31 March 2024

	0.00%	1.50%	2.50%	Total
Guaranteed benefits	2,516	586	621	3,723
Individual bonus potential	737	69	212	1,018
Collective bonus potential	1,077	217	276	1,570
Life assurance provisions, 31 December 2024	**4,331**	**872**	**1,109**	**6,311**

Breakdown of life assurance provisions at the highest guaranteed interest rate on policy, 31 December 2023

	0.00%	1.50%	2.50%	Total
Guaranteed benefits	2,693	625	682	4,001
Individual bonus potential	747	66	214	1,026
Collective bonus potential	1,051	211	274	1,535
Life assurance provisions, 31 December 2023	**4,491**	**902**	**1,170**	**6,563**

15. Life assurance provisions at market rate

DKK mill.	31.12.2024	31.12.2023
Life assurance provisions at market rate, 1 January	**205,594**	**192,628**
Of which provisions for group life, 1 January	-864	-782
Life assurance provisions at market rate, 1 January (excluding group life)	**204,729**	**191,846**
Gross premiums	9,729	9,132
Return after tax on yields of certain pension scheme assets	11,568	11,417
Insurance benefits	-7,340	-6,791
Cost supplement	-249	-225
Distribution from special bonus provision	244	251
Transferred to/from life assurance provisions	-5	-11
Transferred to sickness and accident insurance	-105	-292
Transferred to group scheme	-628	-597
Life assurance provisions at market rate carried forward (excluding group life)	**217,944**	**204,729**
Provisions for group life carried forward	991	864
Life assurance provisions at market rate carried forward	**218,935**	**205,594**

Return on customer funds after costs and before tax	6.4%	5.7%
The risk margin has been recognised in the life assurance provisions at	1	22

Savings at the market rate are invested in a compulsory lifecycle product.

Return and risk in 2024:

Years before retirement	Share of provisions	Return	Risk
30 years (age: 35)	0.8%	8.6%	4.50
15 years (age: 50)	3.0%	8.6%	4.50
5 years (age: 60)	4.2%	6.8%	4.25
5 years after retirement (age: 70)	1.6%	5.1%	3.25

Return and risk in 2023:

Years before retirement	Share of provisions	Return	Risk
30 years (age: 35)	0.8%	5.8%	4.50
15 years (age: 50)	3.0%	5.8%	4.50
5 years (age: 60)	3.8%	5.0%	4.25
5 years after retirement (age: 70)	1.3%	4.2%	3.25

16. Other debt

DKK mill.	31.12.2024	31.12.2023
Negative market value of derivative financial instruments	6,910	3,032
Debt concerning unsettled transactions	877	614
Other debt	119	129
Total other debt	**7,906**	**3,775**

17. Collateral and contingent liabilities

DKK mill.	31.12.2024	31.12.2023
As collateral for the technical provisions, assets have been registered at a carrying amount of:		
Equity investments	89,249	71,332
Investment units	78,589	97,380
Bonds	57,921	41,800
Collateralised securities	560	-
Deposits with credit institutions	5,231	4,856
Loans	1,060	511
Derivative financial instruments	3,855	6,990
Total registered assets	**236,466**	**222,869**
Bonds received as collateral for accounts receivables according to standard reverse contracts	2,003	3,374
Bonds pledged as collateral for loans according to standard repurchase contracts	4,073	3,939
Liquid assets and bonds pledged as collateral for clearing and for fair value of derivative financial instruments	5,386	1,933
Liquid assets and bonds received as collateral for fair value of derivative financial instruments	4,473	7,135
Pledges to invest in property, infrastructure and unlisted equity investments, etc., including warranties for pledges in associated undertakings	39,665	35,952

The company has joint VAT registration with a number of group undertakings. The joint registration entails joint and several liability for VAT and payroll tax.

18. Related parties

Industriens Pensionsforsikring A/S is wholly owned by the parent company IndustriPension Holding A/S, which also owns Industriens Pension Service A/S. Consequently, these two companies are closely related to Industriens Pensionsforsikring A/S. The same applies to group undertakings and associated undertakings, see Notes 10 and 11, as well as the members of the company's Board of Directors and Board of Management.

Transactions with related parties are entered into and settled on market terms. In 2024, the company had the following transactions and balances with related parties:

- Supply of administrative services for the parent company, IndustriPension Holding A/S, as well as to the fellow subsidiary, Industriens Pension Service A/S, and the wholly owned subsidiaries. Assets management services are also supplied to the subsidiaries. The fees for these services are set on market-based terms.

- Sale of the equity investments in Baneby Konsortiet K/S and Baneby Konsortiet GP ApS to IP Ejendomsudvikling P/S

There have been no transactions with the company's Board of Directors or Board of Management other than the salaries and described in Note 6 and in the remuneration report.

19. Five-year summary of key figures and financial ratios

DKK mill.	2020	2021	2022	2023	2024
Key figures for life assurance (DKK mill.)					
Premiums	8,075	9,308	10,250	9,143	9,741
Insurance benefits	-5,121	-6,489	-7,650	-8,111	-8,426
Investment returns	9,685	33,501	-14,980	12,424	14,452
Insurance operating costs	-119	-127	-117	-132	-149
Technical result	0	0	-2	0	-1
Technical result of sickness and accident insurance	-2	0	0	0	8
Profit/loss for the year	195	626	-152	135	287
Other comprehensive income	0	0	0	0	0
Provisions for insurance and investment contracts	189,071	219,461	207,454	220,871	234,154
Capital and reserves	5,906	6,532	6,380	6,516	6,803
Assets	205,665	238,590	231,024	238,257	259,682
Financial ratios for life assurance					
Return before tax on yields of certain pension scheme assets, average rate	6.3%	7.5%	-2.6%	4.2%	3.6%
Return before tax on yields of certain pension scheme assets, market rate	5.1%	18.1%	-6.5%	5.9%	6.6%
Risk on returns related to market rate	4.75	4.75	5.50	4.50	4.25
Costs as a percentage of provisions	0.1%	0.1%	0.1%	0.1%	0.1%
Costs per member	DKK 256	DKK 267	DKK 239	DKK 262	DKK 288
Return on equity after tax	3.4%	10.1%	-2.4%	2.1%	4.3%
Return on excess capital after tax	3.0%	9.2%	-3.4%	2.2%	4.0%

DKK mill.	2020	2021	2022	2023	2024
Key figures for sickness and accident insurance (DKK mill.)					
Gross premium income	841	858	803	1,010	963
Gross claims costs	883	489	1,109	1,214	934
Insurance operating costs	21	23	26	29	33
Profit/loss on reinsurance	-	-	-	-	-
Technical result	-82	-373	77	-308	-55
Investment return after technical interest	80	373	-77	308	63
Profit/loss for the year	-2	0	0	0	8
Run-off results	544	1,262	1,893	821	821
Total insurance provisions	8,857	9,178	8,238	8,715	8,908
Financial ratios for sickness and accident insurance					
Gross claims ratio	107.3%	357.5%	91.8%	107.6%	103.2%
Gross expenses ratio	2.5%	17.0%	2.1%	2.6%	3.6%
Combined ratio	109.8%	374.5%	93.9%	110.2%	106.8%
Operating ratio	109.8%	374.5%	93.9%	110.2%	106.8%
Relative run-off results	7.3%	15.8%	24.7%	11.7%	14.7%

20. Schedule of assets and returns on assets

	Assets linked to average rate	Market value		
	DKK mill.	Brought forward	Carried forward	Return before tax
1.	**Land and buildings directly owned**	**581**	**506**	**0.5%**
2.1	Listed equity investments	1,054	1,192	18.7%
2.2	Unlisted equity investments	1,042	960	1.4%
2.	**Total equity investments**	**2,096**	**2,152**	**10.2%**
3.1	Government bonds and mortgage bonds	2,284	2,479	3.1%
3.2	Index-linked bonds	0	0	-
3.3	Credit bonds and emerging markets bonds	1,117	974	8.4%
3.4	Loans, etc.	104	86	-10.9%
3.	**Total bonds and loans**	**3,505**	**3,539**	**4.4%**
4.	**Subsidiaries**	**193**	**122**	1.7%
5.	**Other investment assets**	**-50**	**-142**	-
6.	**Derivative financial instruments**	**204**	**-119**	-

	Assets linked to market rate	Market value		
	DKK mill.	Brought forward	Carried forward	Return before tax
1.	**Land and buildings directly owned**	**8,430**	**8,410**	**-6.3%**
2.1	Listed equity investments	68,468	84,964	18.4%
2.2	Unlisted equity investments	49,773	52,079	6.5%
2.	**Total equity investments**	**118,241**	**137,043**	**13.5%**
3.1	Government bonds and mortgage bonds	22,846	32,542	3.0%
3.2	Index-linked bonds	-	-	-
3.3	Credit bonds and emerging markets bonds	44,678	36,434	11.0%
3.4	Loans, etc.	965	929	-10.2%
3.	**Total bonds and loans**	**68,488**	**69,906**	**7.6%**
4.	**Subsidiaries**	**1,764**	**1,363**	**0.3%**
5.	**Other investment assets**	**1,433**	**398**	-
6.	**Derivative financial instruments**	**6,444**	**-935**	-

The returns on individual investment assets, as well as total investment assets, have been calculated using the time-weighted method, i.e. daily return calculations are made throughout the year. Currency hedging is included under derivative financial instruments

21. Derivative financial instruments

DKK mill.	Principal amount	Positive value	Negative value
Interest-rate and inflation contracts, swaps			
Term 0-10 years	43,761	4,315	-1,620
Term 10-20 years	16,231	2,351	-1,046
Term >20 years	661	107	0
Total	60,653	6,773	-2,666
Repo/reverse business			
Term 0-10 years	-2,299	2,002	-4,071
Forward foreign exchange contracts			
Term 0-10 years	108,397	103	-4,245
Balance 31 December 2024	**166,751**	**8,878**	**-10,981**

All interest-rate contracts are in DKK, EUR and SEK. Positive fair values are included in other financial investment assets, and negative fair values are included in liabilities under other debt.

22. Breakdown by valuation of investment assets and financial liabilities

Investment assets and financial liabilities are recognised at fair value or amortised cost, see Note 1 for further details. Fair value is the price that can be obtained by selling an asset, or that must be paid to transfer a liability in a regular transaction between independent parties at the time of measurement. Fair value is determined on the basis of the following hierarchy:

Level 1 – listed prices:

Listed prices are used when there is an active market for the individual assets. As a general rule, official market prices on the reporting date are used. For listed bonds in highly liquid markets, the market price is modified based on the actual trading activity just before the reporting date.

Level 2 – observable input:

For listed securities, where the market price does not reflect the fair value, the fair value is set on the basis of the listed prices of similar assets or liabilities, or on the basis of other methods of valuation based on observable market input, e.g. input from banks or brokers. For derivative financial instruments, assessment techniques are applied based on observable market conditions such as yield curves and exchange rates, etc. This category includes unlisted bonds and derivative financial instruments.

Level 3 – unobservable input:

For a significant part of the investments, valuation cannot be based solely on observable market data. These investments include unlisted equity investments, such as equity investments in group and associated undertakings, as well as owner-occupied properties. For these assets, valuation models are applied that may include estimates of current market conditions and their future development. Note 1 on accounting policies describes the valuation methods applied in more detail.

22. Breakdown by valuation of investment assets and financial liabilities, *continued*

DKK mill.	Listed prices 2024	Listed prices 2023	Observable input 2024	Observable input 2023	Unobservable input 2024	Unobservable input 2023	Total 2024	Total 2023
Equity investments in group undertakings	5	1,037	-	1,115	2,681	2,810	2,686	4,962
Equity investments in associated undertakings	-	-	-	-	95	360	95	360
Equity investments	5,112	3,992	-	-	3,382	3,165	8,494	7,157
Investment units	-	-	1,156	864	510	475	1,666	1,339
Bonds	7,430	5,598	6,343	4,181	101	444	13,874	10,223
Other loans	-	-	-	-	4	4	4	4
Deposits with credit institutions	425	171	-	-	-		425	171
Other financial investment assets	-	-	1,292	2,090	-		1,292	2,090
Investment assets attached to market rate products	114,396	95,373	43,509	43,919	67,681	68,117	225,586	207,409
Investment assets recognised at fair value	**127,368**	**106,171**	**52,300**	**52,169**	**74,454**	**75,375**	**254,121**	**233,716**
Recognised at amortised cost (loans etc.)							1,200	1,330
Total investment assets							**255,321**	**235,046**
Derivative financial instruments with negative fair value	-	-	6,910	3,032	-	-	6,910	3,032
Financial liabilities at fair value	-	-	**6,910**	**3,032**	-	-	**6,910**	**3,032**

Losses and gains on investment assets and financial liabilities measured at fair value according to level 3 are recognised in the income statement under the items ‘Income from group undertakings’, ‘Income from associated undertakings’ and ‘Value adjustments’ (see the description in Note 1).

22. Breakdown by valuation of investment assets and financial liabilities, *continued*

Movements for the year in assets and liabilities measured at fair value using unobservable input are as follows:

DKK mill.	Group undertakings 2024	Associated undertakings 2024	Equity investments 2024	Investment units 2024	Bonds 2024	Other loans 2024	Investment assets attached to market rate products 2024	Total 2024
Balance sheet as at 1 January	2,810	360	3,165	475	444	4	68,117	75,375
Price changes	-67	-249	54	18	8	-	401	165
Purchases/sales, net	-62	-16	163	17	-351	0	-837	-1,086
Transfer to level 3	-	-	-	-	-	-	-	-
Transfer from level 3	-	-	-	-	-	-		-
Balance sheet as at 31 December	**2,681**	**95**	**3,382**	**510**	**101**	**4**	**67,681**	**74,454**

DKK mill.	Group undertakings 2023	Associated undertakings 2023	Equity investments 2023	Investment units 2023	Bonds 2023	Other loans 2023	Investment assets attached to market rate products 2023	Total 2023
Balance sheet as at 1 January	2.782	217	3.256	703	101	3	68,552	75,613
Price changes	-197	84	-287	0	-13	0	-5.117	-5.530
Purchases/sales, net	226	59	196	-227	356	1	4,682	5,293
Transfer to level 3	-	-	-	-	-	-	-	-
Transfer from level 3	-	-	-	-	-	-		-
Balance sheet as at 31 December	**2,810**	**360**	**3,165**	**475**	**444**	**4**	**68,117**	**75,375**

22. Breakdown by valuation of investment assets and financial liabilities, *continued*

For assets and liabilities measured at fair value using unobservable input, the following valuation techniques and input have been applied:

DKK mill.	Fair value 2024	Fair value 2023	Valuation technique	Key input	Measurement uncertainty
Group undertakings, properties	6,855	6,871	DCF model*	Required rate of return from 4.60% to 5.80% (4.75% to 7.00%)	If the required rate of return for the individual properties is increased by 0.25 percentage points, the value will change by DKK -192 mill. (DKK -193 mill.)
Group undertakings, wind turbines	1,390	1,546	DCF model*	WACC from 6.7% to 7.02% (7.18% to 7.40%)	If the WACC is increased by 0.25 percentage points, the value will change by DKK -17 mill. (DKK -16 mill.)
Group undertakings, infrastructure	426	-	Reported fair value**		If the WACC is increased by 0.25 percentage points, the value will change by DKK -7 mill.
Group undertakings, equity investments	-	115	Reported fair value**		
Group undertakings, bonds	-	516	Reported fair value**		
Associated undertakings, properties	-	2	Reported fair value**	-	-
Associated undertakings, solar farms	302	1,096	DCF model*	WACC from 5.00% to 8.75% (5.64% to 9.29%)***	If the WACC is increased by 0.25 percentage points, the value will change by DKK -119 mill. (DKK -268 mill.)
Associated undertakings, other	0	0	Reported fair value**	-	-
Equity investments, unlisted	58,918	56,546	Reported fair value**	-	-
Investment units, unlisted	6,018	6,739	Reported fair value**	-	-
Bonds, unlisted	474	1,868	Reported fair value**	-	-
Other loans	71	76	Reported fair value**	-	-
Total	**74,454**	**75,375**			

*See Note 1 for a more detailed description

**Reported fair value based on reports received from relevant companies in which underlying assets and liabilities are measured at fair value. See Note 1 for a more detailed description.

***The WACC used varies primarily due to differences in the risk-free interest rate, which is dependent on the geographical location of the actual solar farm.

23. Risk management

Through its policies and guidelines, the Board of Directors of Industriens Pension determines the overall level of the company's risk-taking and the framework for ongoing risk management.

The day-to-day management team monitors risks on an ongoing basis, and ensures compliance with the frameworks stipulated. The Board of Directors receives regular reports on compliance with the individual frameworks.

Industriens Pension's attitude to risk

Industriens Pension's attitude to risk is to acknowledge that results desired are generated through a controlled risk appetite and that risks should therefore be managed and controlled, and not necessarily eliminated.

All potential risks are assessed on an ongoing basis, and in cases where the risk exceeds an acceptable level, measures are taken to mitigate the risk to a lower, acceptable level. These measures are implemented in policies, guidelines and internal procedures, as well as in the establishment or adaptation of internal controls.

Industriens Pension aims to promote risk awareness among its employees, and the overall attitude to risks is therefore integrated into the day-to-day management of the company's risk activities.

Risk identification and assessment

The key element of Industriens Pension's risk management is to ensure that all significant risks arising from the current business model and activities in general are identified, quantified, assessed, managed and reported.

The assessment of individual risks takes account of the risk for members, the risk faced by the company as well as the size of the own funds required to cover the risks in question.

The majority of members of Industriens Pension have a market rate product, where each member bears the majority of the risks that exist. For these members, a key element of the risk assessment to ensure that the individual member is not exposed to an inappropriate risk.

Every year, the Board of Directors approves an overall risk assessment, which is subsequently submitted to the Danish Financial Supervisory Authority and communicated to all relevant employees at Industriens Pension.

Risk management in practice

In accordance with the Executive Order on Management and Control of Banks etc., separate actuary, compliance and risk management functions have been set up, as well as an internal audit function. Furthermore, a person has been appointed to assume responsibility for each function. In addition to these functions, Industriens Pension also has a data protection officer and two persons responsible for the area of money laundering; one for the member and business area, and one for the investment area. A whistleblower system has also been established, providing the opportunity for the individual employee to report incidents.

The risk management function plans work on risk and prepares regular reports in this area. It is essential for Industriens Pension that those responsible in the individual departments all buy in to the practical task of implementing management of the individual risks. This means that the individual heads of department are responsible on an ongoing basis for identifying new risks and ensuring that they are mitigated by means of appropriate controls. Errors and other inappropriate incidents are compiled and assessed. These assessments are incorporated into work on risks and the organisation of controls.

The risk management function follows up on identified risks on an ongoing basis and checks to ensure that the controls implemented are being executed. Furthermore, the risk management function also follows up on any operational errors that occur.

The most significant risks faced by Industriens Pension

Current risks can be divided into market risks, insurance risks and operational and strategic risks.

Market risks

Market risks include risks of losses on investment assets, including losses on shares, interest rates, currency and properties. Also included are the risks of losses as a consequence of credit risk, counterparty risk and liquidity risk, as well as losses due to climate change and the ongoing transition to a more sustainable economy.

As a company, Industriens Pension is exposed to market risk in the context of the existing own funds as well as the provisions in the average rate scheme and sickness and accident insurance.

The most important financial risks for members who still have a pension scheme with average interest rate are those linked to the interaction between investment assets and current insurance obligations.

Members in the market rate scheme bear the market risk themselves, and this is managed through a lifecycle product in which the risk depends on the investment horizon of each member, determined on the basis of each member's age.

The risk of losses in the event of changes in exchange rates is mitigated by the use of derivatives.

Counterparty risk is generally mitigated by applying the 'delivery versus payment' principle in connection with trading in securities, and by setting limits for the size of transactions and demanding collateral for positive fair values above a certain level on the various derivatives used. In addition to this, central clearing is used as much as possible.

Insurance risks

Insurance risks include the risk of losses as a consequence of a negative trend in mortality rates, life expectancy, loss of ability to work and critical illness.

Operational and strategic risks

Operational risks comprise the risk of losses attributable to internal errors in IT systems, incorrect procedures, inadequate internal controls, fraud, cyber risks, etc.

These risks are mitigated by continuous monitoring of errors and the establishment of appropriate controls.

Strategic risks include reputational risks and other risks related to external events and factors.

The most significant operational risks are linked to the company's use of IT, including in particular the risk of cyberattacks.

Solvency capital requirement

As an insurance company, Industriens Pension must continuously calculate a solvency capital requirement. The scope of the capital requirement depends on the current risk profile.

The Board of Directors ultimately approves the methods used to calculate the solvency capital requirement. The requirement is calculated in accordance with the standard model, the parameters and the buffers laid down in the Danish Financial Supervisory Authority in the Executive Order on Calculation of the Solvency Capital Requirement.

Statement by management

We have on this date presented the annual report for Industriens Pensionsforsikring A/S for the financial year 1 January to 31 December 2024.

The annual report is presented in accordance with the Danish Insurance Business Act and other relevant legislation.

We are of the opinion that the annual financial statements give a fair presentation of the company's assets and liabilities, financial position and profit.

We are of the opinion that the management's review provides a true review of the development of the activities and financial situation of the company, as well as a description of the most significant risks and uncertainty factors that might impact the company.

Furthermore, we are of the opinion that the ESG metrics included have been prepared in accordance with the accounting policies described.

We recommend that the annual report be adopted at the Annual General Meeting.

Copenhagen, 20 March 2025

Board of Management:

Laila Mortensen
CEO

Board of Directors:

Mads Bo Keis Andersen
Chairman

Kim Graugaard
Deputy Chairman

Lars Andersen

Tina Majgård Moltke-Leth

Chresten Dengsøe

Claus Jensen

Pernille Damm Nielsen

Jim Jensen

Thomas Als Egebo

Nina Christiane Movin

Lars Ingemann Nielsen

Steen Nielsen

May-Britt Larsen

Anja Borg

Independent auditor's report

To the shareholders of Industriens Pensionsforsikring A/S

Our opinion

We have audited the financial statements of Industriens Pensionsforsikring A/S for the financial year 1 January 2024 to 31 December 2024, which include the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies applied. The financial statements are prepared in accordance with the Danish Insurance Business Act.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2024, and of the results of the company's activities for the financial year 2024 in accordance with the Danish Insurance Business Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

Basis for our opinion

We have conducted our audit in accordance with international standards on auditing and the additional requirements that apply in Denmark. Our responsibilities under those standards and requirements are described in more detail in the section of our report entitled 'The auditor's responsibilities for the audit of the financial statements'. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical obligations in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) no. 537/2014 were not provided.

We were first elected as auditor for Industriens Pensionsforsikring A/S on 25 April 2024 for the financial year 2024.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 1 January 2024 to 31 December 2024. These matters were dealt with as part of our audit of the financial statements as a whole and in the preparation of our opinion in them. We express no separate opinion on these matters.

Measurement of unlisted investments

Unlisted investments amount to DKK 74,454 mill. as of 31.12.2024 (DKK 75,375 million as of 31.12.2023) and consist of investments measured at fair value, where inputs are not observable (level 3). We have assessed that the measurement of unlisted investments is a key audit matter, as the measurement is influenced by accounting estimates, including managerial assessments and assumptions, as well as management's choice of valuation models and base data. Changes in accounting estimates as well as models and data may have a material impact on the measurement of unlisted investments.

The most important managerial estimates include:

- Assessment of significant market developments since the last report from external managers, including benchmark model
- Determination of required rate of return, including expectations for illiquidity premiums and investment-specific risk premiums
- Assessment of future cash flows

Management has described in more detail the principles and assumptions for the measurement of unlisted investments in the accounting policies applied, Note 1.

How our audit addressed the matter

Based on our understanding of the valuation process as well as risk assessment, we audited the company's valuation of unlisted investments.

Our audit procedures included the following:

- Assessment and testing of key controls for the valuation of unlisted investments, including whether the key controls have been designed and implemented appropriately, and whether these functioned effectively during the financial year
- Random testing of the completeness and accuracy of base data, including reporting from external asset managers
- Assessment of the chosen valuation methods based on the characteristics of the investments, our industry knowledge and changes compared to last year
- Assessment of the most significant managerial estimates of market developments since the last report from external asset managers, including model for validation of this
- Assessment of managerial estimates of required rate of return and expected future cash flows in relation to historical trend, budgets, external market data as well as our industry knowledge and market developments

Measurement of provisions for insurance and investment contracts

Provisions for insurance and investment contracts amounted to DKK 234,154 mill. as at 31.12.2024 (DKK 220,871 mill. as at 31.12.2023).

The measurement of insurance and investment contracts is considered to be a key audit matter, as the valuation is determined on the basis of complex methods, data and assumptions, as well as managerial estimates.

Changes in assumptions and methodologies used may have a material impact on the measurement of provisions concerning insurance and investment contracts.

The most important managerial estimates include:

- Setting expectations for mortality rates and life expectancy
- Setting expectations for when policyholders will become ill and healthy (disability intensity and probability of reactivation)
- Setting expectations for whether policyholders will terminate their schemes (repurchase probability)
- Setting expectations for whether policyholders will stop paying premiums (probability of paid-up policy)
- Setting expectations for costs and inflation
- Setting expectations for loss-making insurance contracts

Management has described in more detail the principles and assumptions for the measurement of insurance and investment contracts in accounting policies applied, Note 1.

How our audit addressed the matter

Based on our understanding of the process for calculating provisions and risk assessment, we audited management's measurement of provisions for insurance and investment contracts.

Our audit procedures, in which we involved our own internationally qualified actuaries, included the following:

- Assessment and testing of key controls regarding management's setting of assumptions, including whether the key controls have been designed and implemented appropriately and whether these functioned effectively during the financial year
- Assessment of methods, models and data used in relation to generally accepted actuarial standards and market practice
- Assessment of assumptions used in relation to historical data and market practice
- Random checks on the accuracy and completeness of underlying data
- Assessment of assumptions for the calculation of sickness and accident insurance policies, including assessment of loss-making insurance contracts
- Analysis of the trend in risk, interest and cost results through the use of our industry knowledge and experience

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Insurance Business Act. Management is also responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- We plan and carry out the audit of the financial statements in order to obtain sufficient and appropriate audit evidence regarding the consolidated financial disclosures of the companies or business units as a basis for preparing an opinion on the financial statements. We are responsible for leading, supervising and reviewing the audit work performed. We are solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate to them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, safeguards applied or actions taken to eliminate threats.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless legislation or other regulations prevent such matters from being disclosed to the public or, in extremely rare cases, where we determine that the matter should not be communicated in our auditor's report, because the negative consequences of this could reasonably be expected to outweigh the benefits to the public interest of such communication.

Statement on the management's review and statement on the supplementary reports in accordance with the Sustainable Finance Disclosures Regulation

Management is responsible for the management's review and for the supplementary reports and disclosures in accordance with the Sustainable Finance Disclosures Regulation, etc.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion on the management's review or the supplementary reports.

In connection with our audit of the financial statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review and supplementary reports are materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appear to be materially misstated.

Moreover, our responsibility is to consider whether the management's review and the supplementary reports provide the information required under the Danish Insurance Business Act and the Sustainable Finance Disclosures Regulation.

Based on the work performed, in our view, the management's review is consistent with the financial statements and has been prepared in accordance with the requirements of the Danish Insurance Business Act and the Sustainable Finance Disclosures Regulation. We found no material misstatements in the management's review or in the supplementary reports.

Copenhagen, 20 March 2025

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR no. 33 96 35 56

Kasper Bruhn Udam	**Tenna Hauge Jørgensen**
State Authorised Public Accountant	State Authorised Public Accountant
mne29421	mne33800

The independent auditor's report on the ESG metrics for 2024

To the stakeholders of Industriens Pensionsforsikring A/S

Under an agreement with Industriens Pensionsforsikring A/S, we have conducted a limited assurance investigation of ESG metrics for the financial year 1 January - 31 December 2024, which are presented in the annual report on pages 24-25 in Industriens Pensionsforsikring A/S' ESG Metrics in the Annual Report 2024 ("the report").

In preparing ESG Metrics, Industriens Pensionsforsikring A/S has applied the reporting principles described on pages 26-28 of the report. ESG Metrics must be read and understood in the context of the reporting principles, which management is solely responsible for selecting and applying.

Management's responsibilities

Management at Industriens Pensionsforsikring A/S is responsible for organising, implementing and maintaining internal controls over information that is relevant in the preparation of the ESG Metrics and the other information in the report, as well as ensuring that these are free of material misstatements as a consequence of fraud or error. Management is also responsible for establishing an objective accounting policy ('reporting principles'), which is used as a basis for the provision of ESG Metrics, for the content of the report, and for measuring and reporting ESG Metrics in accordance with the reporting principles described on pages 26-28 of the report.

The auditor's responsibilities

Our responsibility is to express a limited assurance opinion based on our agreement with management and in accordance with the agreed scope. We have organised and performed our work

in accordance with ISAE 3000, Assurance engagements other than audits or reviews of historic financial information, and in relation to greenhouse gas emissions in accordance with ISAE 3410, Assurance engagements on greenhouse gas statements, as well as additional requirements under Danish auditing legislation in order to obtain limited assurance for our opinion. The quantification of greenhouse gas emissions is subject to inherent uncertainty due to incomplete scientific knowledge used to determine emission factors and the values to be used to combine emissions of different gases.

We are responsible for:

- planning and performing the engagement with a view to obtaining limited assurance that the ESG Metrics are free of material misstatements as a consequence of fraud or error, and that they have been prepared, in all material respects, in accordance with the reporting principles
- forming an independent opinion, based on the procedures performed and the evidence we have obtained
- communicating our opinion to stakeholders of Industriens Pensionsforsikring A/S

Deloitte Statsautoriseret Revisionspartnerselskab uses the International Standard on Quality Management 1, ISQM 1, which requires us to design, implement and operate a quality management system, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable laws and other regulations. We have complied with the requirements for independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is based on the fundamental principles of integrity, objectivity, professional competence and due diligence, confidentiality and professional conduct, as well as ethical requirements applicable in Denmark.

The scope of the actions we perform on a limited assurance engagement is significantly less than on a high assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a high assurance engagement been performed.

Work performed

We are required to plan and perform our work in order to assess the risk of material misstatement in the ESG Metrics. As a consequence of this, we have:

- conducted interviews with data owners to understand key processes and controls for measuring, recording, consolidating and presenting ESG Metrics
- examined documentation on a random sample basis to verify that data has been properly measured, recorded, compiled and reported
- conducted analytical reviews of selected data based on risk and materiality
- sought explanations regarding significant trends in the reported data
- ensured consistency checks of other information related to ESG Metrics, including accounting policies applied
- assessed the structure and presentation of ESG Metrics
- assessed whether the process for reporting greenhouse gas emissions is in line with the principles of relevance, completeness, consistency, transparency and accuracy as described in The Greenhouse Gas Protocol Corporate Standard Revised edition (2015)
- assessed the evidence obtained

Our opinion

Based on our review and the evidence obtained, we have not become aware of any circumstances that give us reason to conclude that the ESG Metrics for the financial year 1 January - 31 December 2024, as presented on pages 24-25 of the ESG Metrics 2024, have not materially been calculated in accordance with the reporting principles on pages 26-28.

Copenhagen, 20 March 2025

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR no. 33 96 35 561

Tenna Hauge Jørgensen
State Authorised Public Accountant
mne33800

Lena Lykkegaard
State Authorised Public Accountant
mne47836

Ownership, Management and Board of Directors

Ownership

Industriens Pensionsforsikring A/S and Industriens Pension Service A/S are 100% owned by IndustriPension Holding A/S, and are part of the group, together with subsidiaries wholly owned by Pensionsforsikring A/S.

IndustriPension Holding A/S is owned by the parties to the collective agreement in the industrial sector, and the share capital of DKK 125 mill. is divided between employee organisations and employers' organisations as follows:

Table 20 Shareholders

	Ownership interest (%)
United Federation of Danish Workers 3F	40.80
Confederation of Danish Industry (DI)	35.00
Danish Metalworkers' Union	21.96
Danish Union of Electricians	2.00
Painters' Union in Denmark	0.12
Plumber and Pipeline Union in Denmark	0.08
Serviceforbundet	0.04
Total	**100.00**

Management

Laila Mortensen

CEO of IndustriPension Holding A/S and the wholly owned subsidiary Industriens Pensionsforsikring A/S

Intra-group positions:

Industriens Pension Service A/S	CEO
The committee for responsible investment of Industriens Pensionsforsikring A/S	Member

Laila Mortensen is also on the board directors of 8 subsidiaries.

Other positions:

Insurance and Pension Denmark	Member of the Board

The above positions have been approved by the Board of Directors, see Section 121(1) of the Danish Insurance Business Act.

Board of Directors

Mads Andersen

Group Chairman of Industrigruppen 3F and Deputy Chairman of the Central Organisation of Industrial Employees (CO-industri). Appointed 21 April 2010. Appointed by the unions in the Central Organisation of Industrial Employees.

Intra-group positions:

IndustriPension Holding A/S	Chairman of the Board of Directors
Industriens Pension Service A/S	Chairman of the Board of Directors
The investment committee of Industriens Pensionsforsikring A/S	Chairman
The committee for responsible investment of Industriens Pensionsforsikring A/S	Chairman
The remuneration committee of Industriens Pensionsforsikring A/S	Chairman

Other positions:

Industriens Kompetenceudviklingsfond	Member of the Board
Industriens Uddannelses- og Samarbejdsfond	Member of the Board
Laugesens Have, kursuscenter A/S	Chairman of the Board of Directors
Danish Trade Union Confederation (FH)	Member of the Board
Nordsøenheden S.O.V.	Member of the Board
TekSam	Vice Chairman of the Board
Board of the United Federation of Danish Workers	Member

Kim Graugaard

Deputy Director General of the Confederation of Danish Industry (DI). Appointed 28 April 2005. Appointed by the Confederation of Danish Industry.

Intra-group positions:

IndustriPension Holding A/S	Vice Chairman of the Board
Industriens Pension Service A/S	Vice Chairman of the Board
The investment committee of Industriens Pensionsforsikring A/S	Member
The committee for responsible investment of Industriens Pensionsforsikring A/S	Member
The remuneration committee of Industriens Pensionsforsikring A/S	Member

Other positions:

Confederation of Danish Employers	Member of the Board
PFA	Member of the Board
TekSam	Chairman of the Board of Directors

Board of Directors

Lars Andersen

Director of the Economic Council of the Labour Movement. Appointed 28 April 2005. Appointed by the unions in the Central Organisation of Industrial Employees.

Intra-group positions:

The investment committee of Industriens Pensionsforsikring A/S	Member
The audit committee of Industriens Pensionsforsikring A/S	Chairman

Other positions:

Arbejdernes Landsbank A/S	Member of the Board of Directors, Chairman of the Risk Committee and member of the Audit Committee
Danish People’s Aid	Chairman of the Board of Directors
Statistics Denmark	Member
Master of Science (MSc) in Economics programme	External examiner

Chresten Dengsøe

CEO of The Medical Doctors’ Pension Fund and The Medical Doctors’ Bank. Appointed 9 March 2016. Appointed by the Confederation of Danish Industry.

Other positions:

The Medical Doctors’ Pension Fund and The Medical Doctors’ Bank	Chairman of the Board of Directors/Executive Director of a number of subsidiaries
Copenhagen Infrastructure Partners II, III and IV and New Markets Fund I	Member of the investment committee/LPAC
Insurance and Pension Denmark	Member of the Board

Jim Jensen

Vice President, Fødevareforbundet NNF.
Appointed 25 April 2017. Appointed by employees in the merged pension funds PNN PENSION and PHI pension.

Other positions:

Arbejdernes Landsbank	Member of the Advisory Board of Representatives

Board of Directors

Claus Jensen

Chairman of the Danish Metalworkers' Union and Chairman of the Central Organisation of Industrial Employees. Appointed 25 April 2013. Appointed by the unions in the Central Organisation of Industrial Employees.

Intra-group positions:

IndustriPension Holding A/S	Member of the Board
Industriens Pension Service A/S	Member of the Board

Other positions:

Arbejderbevægelsens Kooperative Finansieringsfond	Member of the Board
Economic Council of the Labour Movement	Member of the Board
Arbejdernes Landsbank A/S	Chairman of the Board of Directors
Sydporten P/S	Chairman of the Board of Directors
A/S A-Pressen	Member of the Board
Danmarks Nationalbank	Member of the Board of Representatives
The Danish Museum of Science and Technology 4.0 - Building and Development Fund	Deputy Chairman
Danish Economic Council	Member
The Danish Museum of Science and Technology 4.0 - Building and Development Fund	Vice Chairman of the Board
Danish Trade Union Confederation (FH)	Member of the Executive Committee and Steering Committee
IndustriALL, European Trade Union	Vice Chairman of the Board
Nordic IN	Chairman of the Board of Directors
Industriens Uddannelses- og Samarbejdsfond	Vice Chairman of the Board
Industriens Kompetenceudviklingsfond	Chairman of the Board of Directors
Odense Havn A/S	Member of the Board
Sund & Bælt Holding A/S	Member of the Board
Think Tank EUROPA	Member of the Board
The Øresund Bridge Consortium	Member of the Board

May-Britt Larsen

Industrial engineer at KP Components A/S. Appointed on 1 January 2025. Appointed by the unions in the Central Organisation of Industrial Employees.

Other positions:

KP Components, Spjald	Joint union representative
Danish Metalworkers' Union, Skjern-Ringkøbing branch	Member of the Board

Anja Borg

Electronics operator and union representative at Kamstrup A/S. Appointed 1 November 2024. Appointed by the unions in the Central Organisation of Industrial Employees.

Other positions:

Kamstrup A/S	Member of the Board
Electronics Operator programme	Examiner
Industrial development committee for the field of electronics	Member

Board of Directors

Pernille Damm Nielsen

CFO of DSB. Appointed 11 June 2024. Appointed by the Confederation of Danish Industry.

Other positions:

DSB Ejendomsudvikling A/S	Chairman of the Board of Directors
Codeex A/S	Member of the Board

Thomas Egebo

CEO of ENERGINET. Appointed 11 June 2024. Appointed by the Confederation of Danish Industry.

Other positions:

Confederation of Danish Industry (DI)	Member of the Board
DI Energi	Member of the Board

Lars Ingemann Nielsen

Vice President at Nordea-fonden. Appointed 26 June 2015. Appointed by the Confederation of Danish Industry.

Intra-group positions:

The audit committee of Industriens Pensionsforsikring A/S	Member

Other positions:

TG Partners VI P/S Holding	Member of the Board
TG Partners VI P/S	Member of the Board
Shareholders Nomination Board, Nordea Bank Abp	Member

Tina Moltke-Leth

Group CFO of Semler Gruppen A/S. Appointed 18 May 2021. Appointed by the Confederation of Danish Industry.

Intra-group positions:

The audit committee of Industriens Pensionsforsikring A/S	Member

Other positions:

Kemp & Lauritzen	Member of the Board

Board of Directors

Nina Movin

CEO of Otto Mønsteds Fond and Otto Mønsted A/S. Appointed 25 April 2013. Appointed by the unions in the Central Organisation of Industrial Employees.

Intra-group positions:

The investment committee of Industriens Pensionsforsikring A/S	Member

Other positions:

Arator A/S	Chairman of the Board of Directors
GateHouse Holding A/S	Vice Chairman of the Board
GateHouse Group A/S	Member of the Board
Employees' Pension Fund Sulinermik Inuussutissarsiuteqartut Soraanerussutiaiaqalernissamut aningaasaateqarfiat	Member of the Board

Steen Nielsen

Deputy Director General of the Confederation of Danish Industry – head of the pay statistics and labour market policy departments. Appointed 17 April 2018. Appointed by the Confederation of Danish Industry.

Intra-group positions:

IndustriPension Holding A/S	Member of the Board
The investment committee of Industriens Pensionsforsikring A/S	Member

Other positions:

ATP	Member of the Board of Representatives

Industriens Pensionsforsikring A/S
Nørre Farimagsgade 3
1364 Copenhagen K
DK – 1364 Copenhagen K

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Business registration number (CVR no.) 16 61 41 30

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Industriens Pension

2024

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Standard produkt i Industriens Pension **Legal entity identifier:** 213800293KKAGOS4BM

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?	
☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	X It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 3.1 % of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	X with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

Industriens Pension's goal for its investments is to ensure the highest possible long-term real rate of return after costs, while at the same time accounting for investment risk. Industriens Pension wants to invest responsibly and be an active investor to protect and increase the return for its members and at the same time contribute to the sustainable development of society. In 2024, Industriens Pension promoted a number of environmental and social characteristics, as described below.

Environmental characteristics

Climate change considerations were promoted by the investments supporting the goals of the UN Paris Agreement from 2015 to keep global temperature increases well below 2 degrees, and preferably 1.5 degrees above pre-industrial levels. Industriens Pension continuously sets milestones for reducing the investment portfolio's greenhouse gas emissions, with the aim of ensuring that the investment portfolio achieves net-zero emissions by 2050 at the latest, in line with the Paris Agreement.

The first milestone was set in 2023. The objective is to reduce the carbon footprint of the portfolio's listed equities and corporate bonds as well as direct real estate by at least 29% from 2019 to 2025. The next milestone for 2030 was set in 2024. The objective is also to reduce the carbon footprint of the portfolio's listed equities and corporate bonds as well as direct real estate by at least 40% compared to the level in 2019. The reduction targets will include more asset classes over time as the data for carbon emissions becomes available and the quality improves. These carbon reduction targets have been set for Industriens Pension's entire investment portfolio and are therefore not specific to the individual product.

The strategy is to achieve the objective of continuously reducing the carbon footprint of the investment portfolio through a transformation of the portfolio companies invested in. This strategy is supported by Industriens Pension's focus on active ownership, which will help encourage the companies' ambitions to make the transition. Industriens Pension entered into dialogue with and voted at the annual general meetings of companies in the portfolio to promote their transition to a sustainable society. Furthermore, Industriens Pension supports the investor-led initiative Climate Action 100+, which engages with companies on their carbon reduction targets and transition plans in the short, medium and long term.

Industriens Pension excluded companies where Industriens Pension concluded that a sufficient restructuring of the company's activities was not possible. This applies to all mining companies with revenues from extraction of thermal coal, which are considered to have material adverse impacts on the environment and climate. This also applies to oil companies where more than 5% of revenues come from extraction of tar sand.

Industriens Pension also invests directly in solutions that help drive the transition to a low-carbon society, such as investments in renewable energy and sustainable construction. Since 2020, Industriens Pension has set a minimum requirement for investments in real estate such that all new buildings must be able to achieve a gold standard in the DGNB sustainability certification system. Furthermore, efforts are being made to classify the existing real estate in the portfolio with the ambition to gradually improve their sustainability.

Social characteristics

Industriens Pension also promoted social characteristics taking into account fundamental human and labour rights, by requiring the companies in which

Industriens Pension invests to respect international guidelines such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Reference is also made to the Ten Principles of the UN Global Compact, which are overarching objectives for companies on corporate social responsibility, based on a number of international declarations and conventions related to social and environmental conditions, as well as anti-corruption.

Furthermore, Industriens Pension does not wish to invest in companies whose activities are associated with weapons in violation of conventions in the form of anti-personnel landmines, cluster munitions, biological weapons and chemical weapons.

How did the sustainability indicators perform?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Sustainability indicators for environmental characteristics

- Industriens Pension measures and monitors the carbon emissions and carbon footprint of investments in order to support the objectives of the Paris Agreement. The so-called Scope 1 (direct) and Scope 2 (indirect) emissions of the investments are measured. The product's carbon footprint is calculated at 8.06 tonnes per million Danish kroner invested.
- Industriens Pension monitors the proportion of direct real estate in Denmark that have DGNB silver or gold certifications. In 2024, 56.4% of the product's direct real estate in Denmark had a gold certification and 16.6% had a silver certification.
- Industriens Pension also supports sustainable development through investments in renewable energy. The investments are made through both listed and unlisted investments, including in major direct infrastructure investments such as solar and wind energy. In 2024, almost 3% of the product, corresponding to just over DKK 6 bn, was invested in renewable energy.

Sustainability indicators for social characteristics

- Industriens Pension monitors significant social conditions in the companies in which Industriens Pension invests. This includes compliance with the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises. The proportion of companies that have violated the UN Global Compact principles corresponds to 0.4% of the portfolio in 2024.
- Industriens Pension assesses whether government bonds from certain countries should be excluded with regard to issues such as human rights. 30 countries were excluded in 2024.

…and compared to previous periods?

Sustainability indicators for environmental characteristics

Total carbon emissions and carbon footprint of investments:*

	Unit	2024	2023
Listed equities, listed corporate bonds and direct real estate			
Carbon emissions	Tonnes	802,574	755,812
Carbon footprint	Tonnes/ DKK mn	8.06	8.73
Total investment portolio (excluding government bonds)			
Carbon emissions	Tonnes	1,342,444	NA
Carbon footprint	Tonnes/ DKK mn	7.29	NA

*The calculation is performed for the investments in the product

The data coverage included in the calculations is being expanded continuously as data availability improves and the quality increases. In 2023, the calculation was based on investments in listed equities, listed corporate bonds and direct real estate. Total carbon emissions from investments increased from 2023 to 2024 resulting from an increase in portfolio size. If, by contrast, we consider the carbon footprint, which measures carbon emissions per DKK million invested, this decreased by approx. 8% from 2023 to 2024. This is partly due to a relatively increased market value of listed equities with a lower carbon footprint as compared to listed corporate bonds with a higher carbon footprint.

In 2024, Industriens Pension has expanded the data coverage to include unlisted asset classes such as private equity and infrastructure, as well as mortgage bonds in the calculation of carbon emissions and carbon footprint. See page 26 of the Annual Report for a more detailed description of changes in the data coverage and methodology in ‘Applied practice for ESG metrics’. It is important to emphasise that data on carbon emissions of companies is under development and being continuously improved as data coverage and quality increase.

As the carbon emissions and carbon footprint were not calculated for the total investment portfolio in the last reference period, i.e. 2023, no comparison can be made to the current period.

Proportion of direct real estate in Denmark that have DGNB silver and gold certification respectively:

	2024	2023
Real estate with a silver DGNB certification	56.4%	57.3%
Real estate with a gold DGNB certification	16.6%	14.8%
Proportion of real estate assets in the certification process	12.6%	12.6%

The proportion is calculated as the value of the real estate assets as a share of the total value of investments in direct real estate in Denmark in the product, which at the end of 2024 amounted to DKK 4.4 bn. DGNB is a recognised and holistic certification system for sustainability. For new buildings, measurements are made on the lifecycle of building materials, energy consumption, etc. before, during and after construction, whereas for the certification of buildings in use, measurements are made on reducing energy consumption, water consumption as well as waste management.

Direct investments in real estate built after 2020 are conditional on the building being able to achieve a god standard in the DGNB sustainability certification system. Furthermore, efforts are being made to certify operation of existing properties in the portfolio with the aim to gradually improving their sustainability. In 2024, just over 56% of our direct investments in real estate assets in Denmark had a silver certification and almost 17% had a gold certification.

Sustainability indicators for social characteristics

Industriens Pension reports on two sustainability indicators for social characteristics as per below. The proportion of investments is calculated as the percentage of investments in companies that fall within the respective categories.

Indicator	**2024**	**2023**
Violations of the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises	0.4%	0.6%
Lack of processes and compliance mechanisms to monitor compliance with the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises	0.8%	0.4%*

** The comparative figure has been updated based on MSCI's changes to the calculation method for the indicator*

As shown in the table, investments in companies that have violated the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises remains limited in 2024. The proportion of companies that lack processes to monitor compliance with the above principles and guidelines also remained limited in 2023 and 2024.

With regards to investments in countries, Industriens Pension uses data from the data provider Sustainalytics to assess whether government bonds from certain countries should be excluded on the basis of low ESG performance in terms of respect for human rights, climate considerations, effective and stable governance, etc. In this context, Sustainalytics' Country Risk Rating is applied, which is a rating of countries' ESG factors, and countries with a score below 25 on a scale from 1-100 are excluded. The score is calculated on the basis of data from recognised sources such as the World Bank, UN bodies and the ILO (International Labour Organization). On this basis, 30 countries were excluded in 2024 compared to 21 countries in 2023.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

The EU Sustainable Finance Disclosure Regulation allows pension funds such as Industriens Pension to define sustainable investments based on a relatively broad definition given in Article 2(17) of the regulation. As one purpose of the regulation is to increase the comparability of sustainability issues across investment products, it is not considered appropriate to calculate sustainable investments based on a non-objective definition. Industriens Pension will therefore continue to calculate sustainable investments in accordance with the EU Taxonomy. For an investment to be aligned with the EU Taxonomy, the investment must contribute significantly to at least one of the environmental objectives. Moreover, it must not significantly harm the remaining environmental objectives and, finally, it must meet a number of minimum social requirements in the areas of human and labour rights, corruption, taxation and competition.

In contrast to the calculation of a sustainable investment under Article 2(17), the classification of sustainable activities under the EU Taxonomy is determined by the companies themselves. In this context, it is up to the companies to document which share of their activities are aligned with the classification in the taxonomy.

In connection with this change in the calculation method during 2024, Industriens Pension has not set a target for the minimum proportion of sustainable investments in the product.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

Like the product's other investments, the sustainable investments had to live up to Industriens Pension's Policy on Sustainability and Active Ownership in Investments. The Policy contains a number of principles to ensure that the investments do not significantly harm environmental and social conditions. Industriens Pension continuously monitors our investments in order to identify companies that are involved in, for example, oil extraction from tar sand, extraction of thermal coal and any adverse impacts on human rights and labour rights. Both the due diligence process and ongoing monitoring of existing investments ensure that investments live up to the Policy.

How were the indicators for adverse impacts on sustainability factors taken into account?

See description under the question 'How did this financial product consider principal adverse impacts on sustainability factors?'

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Industriens Pension's Policy on Sustainability and Active Ownership in Investments is based on the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Industriens Pension conducts a biannual screening of the portfolio of listed equities and corporate bonds, based on data from an external data provider, in order to identify companies that have violated the OECD Guidelines for Multinational Enterprises and the UN Global Compact principles (which include a reference to the UN Guiding Principles on Business and Human Rights). One of the purposes of the due diligence process prior to any investment is to ensure that unlisted investments are also in compliance with the guidelines. See section "Sustainability indicators for social characteristics" under the question *"How did the sustainability indicators perform?"*.

How did this financial product consider principal adverse impacts on sustainability factors?

The product took into account the material principal adverse impacts on sustainability factors in 2024. Adverse impacts were taken into account through the due diligence process, which involves an assessment of whether new investments can be made in accordance with Industriens Pension's Policy on Sustainability and Active Ownership in Investments. The due diligence process aims to identify, prevent, mitigate and account for potential and actual adverse sustainability impacts on society and the environment in connection with the investment.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Reporting of the portfolio's principal adverse impacts on sustainability factors (Principal Adverse Impact indicators (PAIs)) takes place once a year and can be found on Industriens Pension's website under sustainability-related information. Selected environmental and social indicators are also presented in this Annex under the question *"How did the sustainability indicators perform?"*.

What were the top investments of this financial product?

The largest investments are calculated at company level, see the table below. This means that investments in mortgage bonds are totalled per mortgage credit institution, e.g. Realkredit Danmark A/S. This also applies to investments in companies where the market value of all listed equities and corporate bonds issued are totalled per company, e.g. Apple Inc. For investments in unlisted infrastructure funds such as GIP IV, the fund's total investments in portfolio companies are presented**.**

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: January 1, 2024 – December 31, 2024

Largest investments	Sector (NACE codes)	% Assets	Country
REALKREDIT DANMARK A/S	Financial and insurance activities	2.2	Denmark
NYKREDIT REALKREDIT A/S	Financial and insurance activities	1.5	Denmark
APPLE INC	Manufacturing	1.4	USA
DANISH GOVERNMENT BOND	Public administration and defence	1.4	Denmark
MICROSOFT CORP	Information and communication	1.3	USA
NVIDIA CORP	Manufacturing	1.2	USA
ALPHABET INC	Information and communication	1.1	USA

DUTCH GOVERNMENT BOND	Public administration and defence	0.8	Netherlands
META PLATFORMS INC	Information and communication	0.8	USA
GIP IV (Infrastructure)	Investment firms, venture companies and private equity funds	0.7	USA
IP INFRA INVESTORS LP (Infrastructure)	Investment firms, venture companies and private equity funds	0.7	USA
JYSKE REALKREDIT A/S	Financial and insurance activities	0.6	Denmark
NOVO NORDISK A/S	Manufacturing	0.6	Denmark
AUSTRIAN GOVERNMENT BOND	Public administration and defence	0.6	Austria
DSV A/S	Transport og logistics	0.6	Denmark

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

The proportion of Industriens Pension's sustainability-related investments is calculated as the share of investments in line with the EU Taxonomy. At the end of 2024, this corresponded to 3.1% of total investments. See question *"To what extent were the sustainable investments with an environmental objective alligned with the EU Taxonomy?"*.

What was the asset allocation?

Industriens Pension's pension product is a lifecycle product. This means that the investment risk is reduced as the individual member gets older and approaches retirement age. The distribution across asset classes, i.e. the distribution between equities, corporate bonds and other investments in e.g. real estate and infrastructure, therefore depends on the individual member's age. In practice, the individual member's pension savings are divided into two portfolios. A defensive portfolio that has relatively low risk and an offensive portfolio that has relatively high risk. A member under the age of 51 has 100% of their savings in the offensive portfolio. From the age of 51, the proportion of savings in the offensive portfolio is reduced, while the proportion in the defensive portfolio is increased. This means that the risk gradually decreases with age.

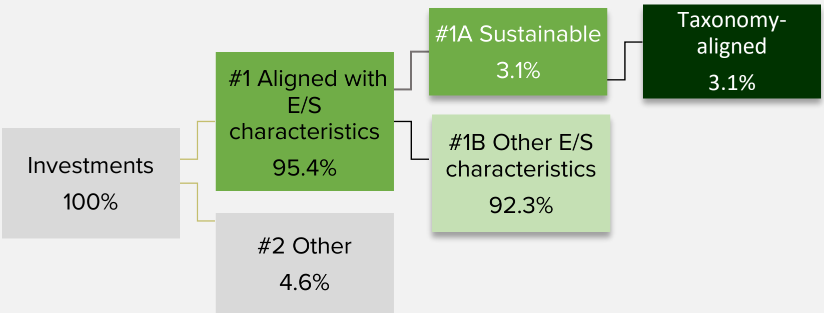
The specific distribution of asset classes in the two portfolios can be seen here: https://www.industrienspension.dk/da/OmIp/Investeringer/Aktiver.

the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The asset allocation is shown for the total portfolio, i.e. both the offensive and the defensive portfolio. It is therefore not the asset allocation for a specific member that is shown, but the asset allocation for all members' pension savings in Industriens Pension's lifecycle product. Derivatives and liquidity, which are included in the category #2 Other, are not used to achieve environmental or social characteristics.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product. *This category includes the entire portfolio apart from derivatives and liquidity, as all investments in the portfolio live up to the Policy for Sustainability and Active Ownership in Investments and therefore promote environmental or social characteristics.*

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments. *This category includes derivatives and liquidity.*

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?

The investments in both the listed and unlisted portfolio have been made broadly across different sectors. Sectors such as IT, financial institutions, industrials, healthcare and healthcare equipment, energy supply, consumer discretion and real estate are among those sectors that make up the largest proportion of the portfolio when measured in terms of share of market value.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Industriens Pension has not set targets for sustainable investments with an environmental objective, but 3.1% of the total investment portfolio, which consists of listed and unlisted investments, is assessed to be aligned with the EU Taxonomy.

The calculation of sustainable investments according to the EU Taxonomy takes place for the first time in 2024.

In order to assess the proportion of the listed portfolio companies' (i.e. listed equities and corporate bonds) revenues that is aligned with the EU taxonomy, Industriens Pension has used data from data provider, MSCI.[1] Data is not yet available for the unlisted investments.

Proportion of investments that can be classified as sustainable investments according to the criteria of the EU Taxonomy:

	2024	**2023**
Proportion of sustainable investments, with an environmental objective in economic activities, that qualify as environmentally sustainable under the EU Taxonomy	3.1%	NA

The figure shows the investments as a proportion of the product's total portfolio of listed and unlisted investments. The very low proportion should be viewed in the light of the fact that there are still very few companies reporting their proportion of activities in accordance with the EU Taxonomy.

Our work to assess Industriens Pension's unlisted investments against the EU Taxonomy will continue in 2025. It is expected that the direct real estate portfolio and investments in renewable energy can be taken into account in relation to the taxonomy criteria.

It is expected that the proportion of investments in accordance with the EU Taxonomy will increase as EU legislation is evolving and expanding, the data is improved and more asset classes can be included in the calculation.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?**

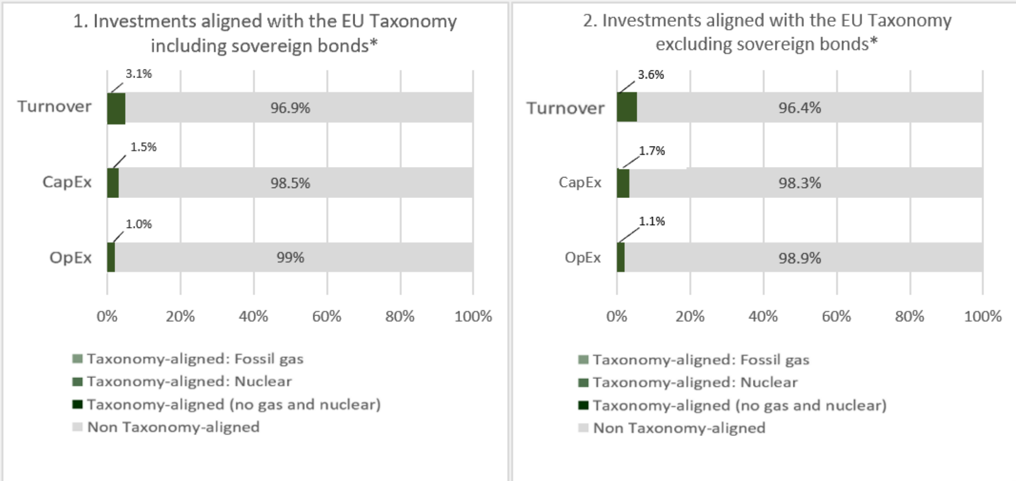
  X Yes

  ☐ In fossil gas X In nuclear energy

  ☐ No

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



For the purpose of these graphs, 'sovereign bonds' consists of all sovereign exposures.

**Investments in activities related to nuclear energy in accordance with the EU Taxonomy are not shown in the figure, as the share of investments corresponds to 0.01% of turnover, CapEx and OpEx.*

What was the share of investments made in transitional and enabling activities?

Industriens Pension has not set a minimum share of investments in transitional and enabling activities.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

The proportion of investments aligned with the EU Taxonomy was calculated for the first time in 2024. It is therefore not possible to compare with previous reference periods.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

No minimum share of sustainable investments with an environmental objective has been set.

What was the share of socially sustainable investments?

No minimum share of of socially sustainable investments has been set.

What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

The category “#2 Other” consists of derivatives and liquidity, the purpose of which is to manage investment risk and invest uninvested funds. These kinds of instruments are not used to achieve environmental or social characteristics, and are therefore not subjet to a minimum requirement. See comment above regarding derivatives.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The objective of continuously reducing the carbon footprint of the investment portfolio was primarily achieved through active ownership in the companies in which Industriens Pension is invested based on a principle of proportionality. A risk-based approach is used, in which Industriens Pension prioritises efforts where the risk, severity and extent of adverse impacts are greatest, and where Industriens Pension can create the best results in terms of influencing companies.

Industriens Pension entered into dialogue with and voted at the general meetings of companies in the portfolio to promote their transition to a sustainable society. Industriens Pension excluded companies where Industriens Pension concluded that a sufficient transitioning of the company’s activities was not being prioritised by the company or would not be possible. This applied to all mining companies with revenues from the extraction of thermal coal, which are considered to have significant adverse impacts on the environment and climate. This also applied to oil companies, where more than 5% of their revenues came from extraction from tar sand.

Since 2020, Industriens Pension has set a minimum requirement for investments in real estate such that all new buildings must be able to achieve a gold standard in the DGNB sustainability certification system. Furthermore, efforts are being made to classify existing properties in the portfolio with a view to gradually improve their sustainability.

The portfolio of both internally and externally managed listed equities and corporate bonds is screened every six months based on data from a data provider. This screening is based on the ten principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The screening provides input for dialogue with selected companies, and in addition to this, companies are identified that require special attention and may result in exclusion from Industriens Pension’s investment universe. Industriens Pension conducts dialogues with the companies in the portfolio via our external partner, EOS Federated Hermes.

As a general rule, Industriens Pension will always seek to excise influence through active ownership. A risk-based approach is used, in which Industriens Pension prioritises efforts where the risk, severity and extent of adverse impacts are greatest, and where Industriens Pension can create the best results in terms of influencing companies. Exclusion is considered a last resort when a desired change in behaviour has not been achievable through active ownership. The exclusion of a company from Industriens Pension's investment universe is effected by notifying all relevant portfolio managers that no investments can be made in the company in question. If the company is included in an asset manager's portfolio at the time of exclusion, it is sold.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Countries in which Industriens Pension has invested or is considering investing are monitored to ensure that Industriens Pension's guidelines are complied with, for example with regard to sanctions adopted by the UN or the EU and to which Denmark has acceded. In addition, countries with a low ESG performance in terms of respect for human rights, climate considerations, effective and stable governance, etc. are excluded. In this context, Sustainalytics' Country Risk Rating is applied, which is a rating of countries' ESG ratios, and countries with a score below 25 on a scale from 1-100 are excluded.

How did this financial product perform compared to the reference benchmark?

Industriens Pension does not apply specific sustainability indexes as a reference benchmark.

- ***How does the reference benchmark differ from a broad market index?***

  See the response above.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  See the response above.

- ***How did this financial product perform compared with the reference benchmark?***

  See the response above.

- ***How did this financial product perform compared with the broad market index?***

See the response above.

2024

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Pensionsopsparing med gennemsnitsrente **Legal entity identifier:** 213800293KKAGOS4BM

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?	
☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	X It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 2.2 % of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	X with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

Industriens Pension's goal for its investments is to ensure the highest possible long-term real rate of return after costs, while at the same time accounting for investment risk. Industriens Pension wants to invest responsibly and be an active investor to protect and increase the return for its members and at the same time contribute to the sustainable development of society. In 2024, Industriens Pension promoted a number of environmental and social characteristics, as described below.

Environmental characteristics

Climate change considerations were promoted by the investments supporting the goals of the UN Paris Agreement from 2015 to keep global temperature increases well below 2 degrees, and preferably 1.5 degrees above pre-industrial levels. Industriens Pension continuously sets milestones for reducing the investment portfolio's greenhouse gas emissions, with the aim of ensuring that the investment portfolio achieves net-zero emissions by 2050 at the latest, in line with the Paris Agreement.

The first milestone was set in 2023. The objective is to reduce the carbon footprint of the portfolio's listed equities and corporate bonds as well as direct real estate by at least 29% from 2019 to 2025. The next milestone for 2030 was set in 2024. The objective is also to reduce the carbon footprint of the portfolio's listed equities and corporate bonds as well as direct real estate by at least 40% compared to the level in 2019. The reduction targets will include more asset classes over time as the data for carbon emissions becomes available and the quality improves. These carbon reduction targets have been set for Industriens Pension's entire investment portfolio and are therefore not specific to the individual product.

The strategy is to achieve the objective of continuously reducing the carbon footprint of the investment portfolio through a transformation of the portfolio companies invested in. This strategy is supported by Industriens Pension's focus on active ownership, which will help encourage the companies' ambitions to make the transition. Industriens Pension entered into dialogue with and voted at the annual general meetings of companies in the portfolio to promote their transition to a sustainable society. Furthermore, Industriens Pension supports the investor-led initiative Climate Action 100+, which engages with companies on their carbon reduction targets and transition plans in the short, medium and long term.

Industriens Pension excluded companies where Industriens Pension concluded that a sufficient restructuring of the company's activities was not possible. This applies to all mining companies with revenues from extraction of thermal coal, which are considered to have material adverse impacts on the environment and climate. This also applies to oil companies where more than 5% of revenues come from extraction of tar sand.

Industriens Pension also invests directly in solutions that help drive the transition to a low-carbon society, such as investments in renewable energy and sustainable construction. Since 2020, Industriens Pension has set a minimum requirement for investments in real estate such that all new buildings must be able to achieve a gold standard in the DGNB sustainability certification system. Furthermore, efforts are being made to classify the existing real estate in the portfolio with the ambition to gradually improve their sustainability.

Social characteristics

Industriens Pension also promoted social characteristics taking into account fundamental human and labour rights, by requiring the companies in which

Industriens Pension invests to respect international guidelines such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Reference is also made to the Ten Principles of the UN Global Compact, which are overarching objectives for companies on corporate social responsibility, based on a number of international declarations and conventions related to social and environmental conditions, as well as anti-corruption.

Furthermore, Industriens Pension does not wish to invest in companies whose activities are associated with weapons in violation of conventions in the form of anti-personnel landmines, cluster munitions, biological weapons and chemical weapons.

How did the sustainability indicators perform?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Sustainability indicators for environmental characteristics

- Industriens Pension measures and monitors the carbon emissions and carbon footprint of investments in order to support the objectives of the Paris Agreement. The so-called Scope 1 (direct) and Scope 2 (indirect) emissions of the investments are measured. The product's carbon footprint is calculated at 5.88 tonnes per million Danish kroner invested.
- Industriens Pension monitors the proportion of direct real estate in Denmark that have DGNB silver or gold certifications. In 2024, 56.4% of the product's direct real estate in Denmark had a gold certification and 16.6% had a silver certification.
- Industriens Pension also supports sustainable development through investments in renewable energy. The investments are made through both listed and unlisted investments, including in major direct infrastructure investments such as solar and wind energy. In 2024, just over 4.5% of the product, corresponding to just over DKK 280 mn, was invested in renewable energy.

Sustainability indicators for social characteristics

- Industriens Pension monitors significant social conditions in the companies in which Industriens Pension invests. This includes compliance with the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises. The proportion of companies that have violated the UN Global Compact principles corresponds to 0.3% of the portfolio in 2024.
- Industriens Pension assesses whether government bonds from certain countries should be excluded with regard to issues such as human rights. 30 countries were excluded in 2024.

...and compared to previous periods?

Sustainability indicators for environmental characteristics

Total carbon emissions and carbon footprint of investments:*

	Unit	2024	2023
Listed equities, listed corporate bonds and direct real estate			
Carbon emissions	Tonnes	13,315	12,765
Carbon footprint	Tonnes/ DKK mn	6.50	6.90
Total investment portolio (excluding government bonds)			
Carbon emissions	Tonnes	27,984	NA
Carbon footprint	Tonnes/ DKK mn	5.88	NA

*The calculation is performed for the investments in the product

The data coverage included in the calculations is being expanded continuously as data availability improves and the quality increases. In 2023, the calculation was based on investments in listed equities, listed corporate bonds and direct real estate. Total carbon emissions from investments increased from 2023 to 2024 resulting from an increase in portfolio size. If, by contrast, we consider the carbon footprint, which measures carbon emissions per DKK million invested, this decreased by approx. 6% from 2023 to 2024. This is partly due to a relatively increased market value of listed equities with a lower carbon footprint as compared to listed corporate bonds with a higher carbon footprint.

In 2024, Industriens Pension has expanded the data coverage to include unlisted asset classes such as private equity and infrastructure, as well as mortgage bonds in the calculation of carbon emissions and carbon footprint. See page 26 of the Annual Report for a more detailed description of changes in the data coverage and methodology in ‘Applied practice for ESG metrics’. It is important to emphasise that data on carbon emissions of companies is under development and being continuously improved as data coverage and quality increase.

As the carbon emissions and carbon footprint were not calculated for the total investment portfolio in the last reference period, i.e. 2023, no comparison can be made to the current period.

Proportion of direct real estate in Denmark that have DGNB silver and gold certification respectively:

	2024	2023
Real estate with a silver DGNB certification	56.4%	57.3%
Real estate with a gold DGNB certification	16.6%	14.8%

Proportion of real estate assets in the certification process	12.6%	12.6%

The proportion is calculated as the value of the real estate assets as a share of the total value of investments in direct real estate in Denmark in the product, which at the end of 2024 amounted to DKK 453 mn. DGNB is a recognised and holistic certification system for sustainability. For new buildings, measurements are made on the lifecycle of building materials, energy consumption, etc. before, during and after construction, whereas for the certification of buildings in use, measurements are made on reducing energy consumption, water consumption as well as waste management.

Direct investments in real estate built after 2020 are conditional on the building being able to achieve a god standard in the DGNB sustainability certification system. Furthermore, efforts are being made to certify operation of existing properties in the portfolio with the aim to gradually improving their sustainability. In 2024, just over 56% of our direct investments in real estate assets in Denmark had a silver certification and almost 17% had a gold certification.

Sustainability indicators for social characteristics

Industriens Pension reports on two sustainability indicators for social characteristics as per below. The proportion of investments is calculated as the percentage of investments in companies that fall within the respective categories.

Indicator	2024	2023
Violations of the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises	0.3%	0.6%
Lack of processes and compliance mechanisms to monitor compliance with the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises	0.7%	0.4%*

** The comparative figure has been updated based on MSCI’s changes to the calculation method for the indicator*

As shown in the table, investments in companies that have violated the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises remains limited in 2024. The proportion of companies that lack processes to monitor compliance with the above principles and guidelines also remained limited in 2023 and 2024.

With regards to investments in countries, Industriens Pension uses data from the data provider Sustainalytics to assess whether government bonds from certain countries should be excluded on the basis of low ESG performance in terms of respect for human rights, climate considerations, effective and stable governance, etc. In this context, Sustainalytics’ Country Risk Rating is applied, which is a rating of countries’ ESG factors, and countries with a score below 25 on a scale from 1-100 are excluded. The score is calculated on the basis of data from recognised sources such as the World Bank, UN bodies and the ILO (International Labour Organization). On this basis, 30 countries were excluded in 2024 compared to 21 countries in 2023.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

The EU Sustainable Finance Disclosure Regulation allows pension funds such as Industriens Pension to define sustainable investments based on a relatively broad definition given in Article 2(17) of the regulation. As one purpose of the regulation is to increase the comparability of sustainability issues across investment products, it is not considered appropriate to calculate sustainable investments based on a non-objective definition. Industriens Pension will therefore continue to calculate sustainable investments in accordance with the EU Taxonomy. For an investment to be aligned with the EU Taxonomy, the investment must contribute significantly to at least one of the environmental objectives. Moreover, it must not significantly harm the remaining environmental objectives and, finally, it must meet a number of minimum social requirements in the areas of human and labour rights, corruption, taxation and competition.

In contrast to the calculation of a sustainable investment under Article 2(17), the classification of sustainable activities under the EU Taxonomy is determined by the companies themselves. In this context, it is up to the companies to document which share of their activities are aligned with the classification in the taxonomy.

In connection with this change in the calculation method during 2024, Industriens Pension has not set a target for the minimum proportion of sustainable investments in the product.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

Like the product's other investments, the sustainable investments had to live up to Industriens Pension's Policy on Sustainability and Active Ownership in Investments. The Policy contains a number of principles to ensure that the investments do not significantly harm environmental and social conditions. Industriens Pension continuously monitors our investments in order to identify companies that are involved in, for example, oil extraction from tar sand, extraction of thermal coal and any adverse impacts on human rights and labour rights. Both the due diligence process and ongoing monitoring of existing investments ensure that investments live up to the Policy.

How were the indicators for adverse impacts on sustainability factors taken into account?

See description under the question 'How did this financial product consider principal adverse impacts on sustainability factors?'

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Industriens Pension's Policy on Sustainability and Active Ownership in Investments is based on the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Industriens Pension conducts a biannual screening of the portfolio of listed equities and corporate bonds, based on data from an external data provider, in order to identify companies that have violated the OECD Guidelines for Multinational Enterprises and the UN Global Compact principles (which include a reference to the UN Guiding Principles on Business and Human Rights). One of the purposes of the due diligence process prior to any investment is to ensure that unlisted investments are also in compliance with the guidelines. See section "Sustainability indicators for social characteristics" under the question *"How did the sustainability indicators perform?"*.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did this financial product consider principal adverse impacts on sustainability factors?

The product took into account the material principal adverse impacts on sustainability factors in 2024. Adverse impacts were taken into account through the due

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

diligence process, which involves an assessment of whether new investments can be made in accordance with Industriens Pension's Policy on Sustainability and Active Ownership in Investments. The due diligence process aims to identify, prevent, mitigate and account for potential and actual adverse sustainability impacts on society and the environment in connection with the investment.

Reporting of the portfolio's principal adverse impacts on sustainability factors (Principal Adverse Impact indicators (PAIs)) takes place once a year and can be found on Industriens Pension's website under sustainability-related information. Selected environmental and social indicators are also presented in this Annex under the question *"How did the sustainability indicators perform?"*.

What were the top investments of this financial product?

The largest investments are calculated at company level, see the table below. This means that investments in mortgage bonds are totalled per mortgage credit institution, e.g. Realkredit Danmark A/S. This also applies to investments in government bonds, where the market value of all government bonds issued is totalled for each country, e.g. Denmark. For investments in unlisted infrastructure funds such as Welcome Break, the fund's total investments in portfolio companies are presented**.**

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: January 1, 2024 – December 31, 2024

Largest investments	Sector (NACE codes)	% Assets	Country
REALKREDIT DANMARK A/S	Financial and insurance activities	7.8	Denmark
NYKREDIT REALKREDIT A/S	Financial and insurance activities	5.2	Denmark
DANISH GOVERNMENT BOND	Public administration and defence	4.9	Denmark
DUTCH GOVERNMENT	Public administration and	2.8	Netherlands

Asset allocation describes the share of investments in specific assets.

BOND	defence		
JYSKE REALKREDIT A/S	Financial and insurance activities	2.1	Denmark
AUSTRIAN GOVERNMENT BOND	Public administration and defence	2.1	Austria
WELCOME BREAK (Infrastructure)	Investment firms, venture companies and private equity funds	1.8	United Kingdom
SKT. PETRI PASSAGE (Real estate)	Real estate activities	1.6	Denmark
US GOVERNMENT BOND	Public administration and defence	1.6	USA
BETTER ENERGY (Infrastructure)	Investment firms, venture companies and private equity funds	1.6	Denmark
FINNISH GOVERNMENT BOND	Public administration and defence	1.5	Finland
FRENCH GOVERNMENT BOND	Public administration and defence	1.1	France
NORTH HAVEN PRIVATE SECURED CREDIT (illiquid credit)	Investment firms, venture companies and private equity funds	1.0	USA
LANSFORSAKRINGAR HYPOTEK AB	Financial and insurance activities	1.0	Sweden
IP BUTENDIEK WIND K/S (Infrastructure)	Investment firms, venture companies and private equity funds	1.0	Denmark

What was the proportion of sustainability-related investments?

The proportion of Industriens Pension's sustainability-related investments is calculated as the share of investments in line with the EU Taxonomy. At the end of 2024, this corresponded to 2.2% of total investments. See question *"To what extent were the sustainable investments with an environmental objective alligned with the EU Taxonomy?"*.

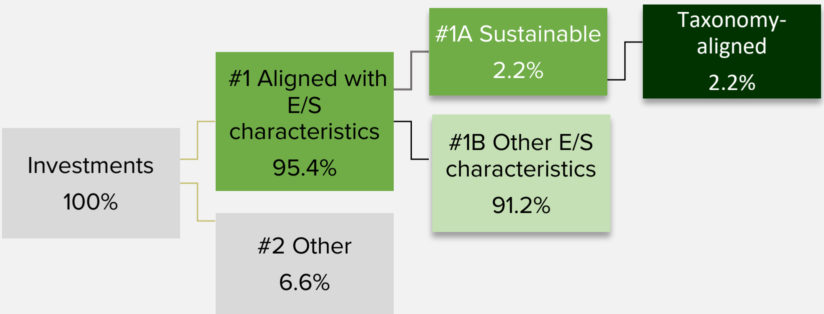
What was the asset allocation?

Industriens Pension's product is invested with 60% of assets allocated to a defensive portfolio that has a relatively low risk and 40% of assets allocated to an offensive portfolio that has a relatively high risk. The specific distrubution of asset classes in the two portfolios can be found here:

https://www.industrienspension.dk/da/OmIp/Investeringer/Aktiver the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product. *This category includes the entire portfolio apart from derivatives and liquidity, as all investments in the portfolio live up to the Policy for Sustainability and Active Ownership in Investments and therefore promote environmental or social characteristics.*

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments. *This category includes derivatives and liquidity.*

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?

The investments in both the listed and unlisted portfolio have been made broadly across different sectors. Sectors such as public administration, IT, financial- and credit mortgage institutions, industrials, healthcare and healthcare equipment, energy supply, consumer discretion and real estate are among those sectors that make up the largest proportion of the portfolio when measured in terms of share of market value.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Industriens Pension has not set targets for sustainable investments with an environmental objective, but 2.2% of the total investment portfolio, which consists of listed and unlisted investments, is assessed to be aligned with the EU Taxonomy.

The calculation of sustainable investments according to the EU Taxonomy takes place for the first time in 2024.

In order to assess the proportion of the listed portfolio companies' (i.e. listed equities and corporate bonds) revenues that is aligned with the EU taxonomy, Industriens Pension has used data from data provider, MSCI.[1] Data is not yet available for the unlisted investments.

Proportion of investments that can be classified as sustainable investments according to the criteria of the EU Taxonomy:

	2024	2023
Proportion of sustainable investments, with an environmental objective in economic activities, that qualify as environmentally sustainable under the EU Taxonomy	2.2%	NA

The figure shows the investments as a proportion of the product's total portfolio of listed and unlisted investments. The very low proportion should be viewed in the light of the fact that there are still very few companies reporting their proportion of activities in accordance with the EU Taxonomy.

Our work to assess Industriens Pension's unlisted investments against the EU Taxonomy will continue in 2025. It is expected that the direct real estate portfolio and investments in renewable energy can be taken into account in relation to the taxonomy criteria.

It is expected that the proportion of investments in accordance with the EU Taxonomy will increase as EU legislation is evolving and expanding, the data is improved and more asset classes can be included in the calculation.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?**

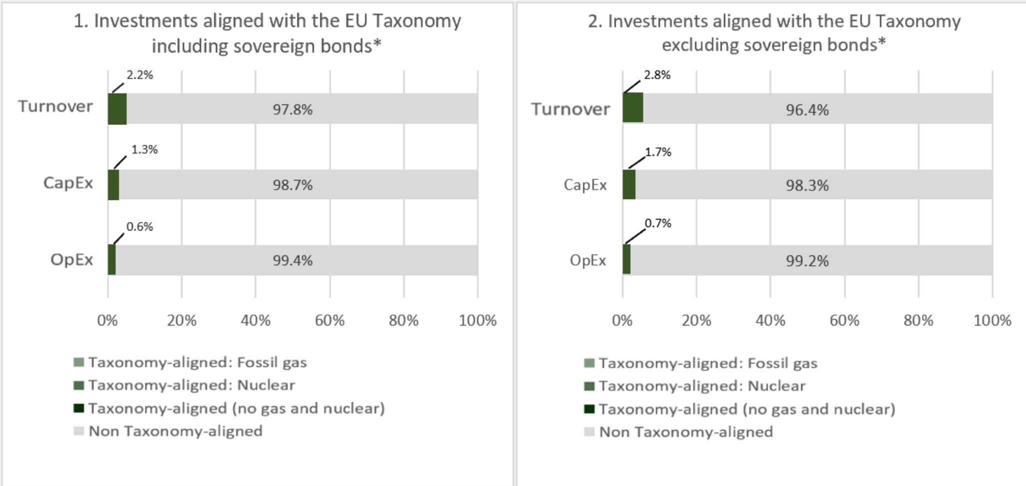
X Yes

☐ In fossil gas X In nuclear energy

☐ No

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



**For the purpose of these graphs, 'sovereign bonds' consists of all sovereign exposures.*

**Investments in activities related to nuclear energy in accordance with the EU Taxonomy are not shown in the figure, as the share of investments corresponds to 0.02% of turnover, CapEx and OpEx.*

What was the share of investments made in transitional and enabling activities?

Industriens Pension has not set a minimum share of investments in transitional and enabling activities.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

The proportion of investments aligned with the EU Taxonomy was calculated for the first time in 2024. It is therefore not possible to compare with previous reference periods.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

No minimum share of sustainable investments with an environmental objective has been set.

What was the share of socially sustainable investments?

No minimum share of of socially sustainable investments has been set.

What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

The category “#2 Other” consists of derivatives and liquidity, the purpose of which is to manage investment risk and invest uninvested funds. These kinds of instruments are not used to achieve environmental or social characteristics, and are therefore not subjet to a minimum requirement. See comment above regarding derivatives.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The objective of continuously reducing the carbon footprint of the investment portfolio was primarily achieved through active ownership in the companies in which Industriens Pension is invested based on a principle of proportionality. A risk-based approach is used, in which Industriens Pension prioritises efforts where the risk, severity and extent of adverse impacts are greatest, and where Industriens Pension can create the best results in terms of influencing companies.

Industriens Pension entered into dialogue with and voted at the general meetings of companies in the portfolio to promote their transition to a sustainable society. Industriens Pension excluded companies where Industriens Pension concluded that a sufficient transitioning of the company’s activities was not being prioritised by the company or would not be possible. This applied to all mining companies with revenues from the extraction of thermal coal, which are considered to have significant adverse impacts on the environment and climate. This also applied to oil companies, where more than 5% of their revenues came from extraction from tar sand.

Since 2020, Industriens Pension has set a minimum requirement for investments in real estate such that all new buildings must be able to achieve a gold standard in the DGNB sustainability certification system. Furthermore, efforts are being made to classify existing properties in the portfolio with a view to gradually improve their sustainability.

The portfolio of both internally and externally managed listed equities and corporate bonds is screened every six months based on data from a data provider. This screening is based on the ten principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The screening provides input for dialogue with selected companies, and in addition to this, companies are identified that require special attention and may result in exclusion from Industriens Pension’s investment universe. Industriens Pension conducts dialogues with the companies in the portfolio via our external partner, EOS Federated Hermes.

As a general rule, Industriens Pension will always seek to excise influence through active ownership. A risk-based approach is used, in which Industriens Pension prioritises efforts where the risk, severity and extent of adverse impacts are greatest, and where Industriens Pension can create the best results in terms of influencing companies. Exclusion is considered a last resort when a desired change in behaviour has not been achievable through active ownership. The exclusion of a company from Industriens Pension's investment universe is effected by notifying all relevant portfolio managers that no investments can be made in the company in question. If the company is included in an asset manager's portfolio at the time of exclusion, it is sold.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Countries in which Industriens Pension has invested or is considering investing are monitored to ensure that Industriens Pension's guidelines are complied with, for example with regard to sanctions adopted by the UN or the EU and to which Denmark has acceded. In addition, countries with a low ESG performance in terms of respect for human rights, climate considerations, effective and stable governance, etc. are excluded. In this context, Sustainalytics' Country Risk Rating is applied, which is a rating of countries' ESG ratios, and countries with a score below 25 on a scale from 1-100 are excluded.

How did this financial product perform compared to the reference benchmark?

Industriens Pension does not apply specific sustainability indexes as a reference benchmark.

- ***How does the reference benchmark differ from a broad market index?***

  See the response above.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  See the response above.

- ***How did this financial product perform compared with the reference benchmark?***

  See the response above.

- ***How did this financial product perform compared with the broad market index?***

See the response above.