



# Leading the Way

*Danish Pension Funds  
in Global Energy Transition*

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## Danish Pension Funds

**sampension**



**Danica Pension**

LÆRERNES  
**pension**

**Velliv**

**Nordea**

**pbu**  
Pædagogernes  
Pension

**PenSam**



**PensionDanmark**



**NORLI**

**PFA**



# Danish pension funds are a top global player in renewable investments

*Denmark's unique position as a financial hub for global investments in the transition to a more renewable economy can be attributed to four key factors.*



# 1

## **Long-standing commitment to renewable energy**

Denmark's enduring dedication to renewable energy has fostered a highly favorable environment for sustainable investments. This has paved the way for Danish pension funds to become pioneers in renewable energy investments and has cultivated an environment where sustainable investments and good financial returns go hand in hand. Danish pension funds have been at the forefront, pioneering the shift from fossil fuels to renewable sources, driving significant growth in the sector, and showcasing Denmark's vision for a greener future.

An aerial photograph of a vast solar farm. The solar panels are arranged in neat, parallel rows across a dry, sandy landscape. In the center of the image, a small truck is parked on a dirt path. The overall scene is one of organized industrial scale.

# 2

## Leadership and expertise

In 2012, Danish pension funds made a pivotal move – in collaboration with senior executives from the energy sector – by launching two groundbreaking investment funds – Copenhagen Infrastructure Partners (CIP) and AIP Management (AIP). These funds, now leaders in the field, channel billions of dollars from both Danish and global investors into transformative renewable energy projects, from expansive wind farms to solar power developments.



# 3

## **Unprecedented industry pledge in 2019**

In 2019, Denmark's pension industry made a pledge to invest USD 65 bn in renewable energy infrastructure and sustainable initiatives. Announced by the Danish Prime Minister Mette Frederiksen at the UN Climate Summit, this was the first industry-wide commitment of its kind, underscoring Denmark's, and the pensions funds' role as pioneers in sustainability and renewables.



# 4

## Size of Danish pension assets

The scale of Denmark's pension assets also plays a crucial role in the energy transition. Over the years, these assets have grown to exceed €660 billion (USD 710 billion), making Denmark's pension funds among the largest in the world relative to the country's GDP. Notably, about two-thirds of these assets are invested abroad, further amplifying Denmark's influence in global renewable energy markets.



# Active investments in renewable energy infrastructure and sustainability activities

The Danish pension industry continues to play an important role facilitating a sustainable transition. Through its investments the Danish pension industry has actively been supporting the transition to a more sustainable economy and by investing heavily in the renewable energy and sustainable buildings.

Danish pension funds have played a crucial role in the development of the Danish wind industry and has been investing into offshore wind projects before offshore-wind energy was common.

## ***Offshore wind farm in the North Sea, supplying electricity to 450,000 British households***

Danish pension funds are making a significant impact by supporting renewable energy projects around the world. From large-scale solar parks to innovative wind and solar initiatives, these investments are helping to reduce carbon emissions and promote cleaner energy sources. By aligning financial growth with environmental responsibility, these investments are contributing to a more sustainable future, both in Denmark and internationally.

Danish pension funds have made substantial green investments across the globe, driving the transition to renewable energy. These include financing Canada's largest solar park in Alberta, which powers facilities in the northwestern United States, and initiating a large rooftop solar project in Fredericia, Denmark, that will eventually cover 200,000 m<sup>2</sup> and provide electricity for thousands of homes. In California, investments in two solar parks deliver green electricity to over 100,000 homes, while a partnership in Denmark's wind and solar projects powers 78,000 households annually.

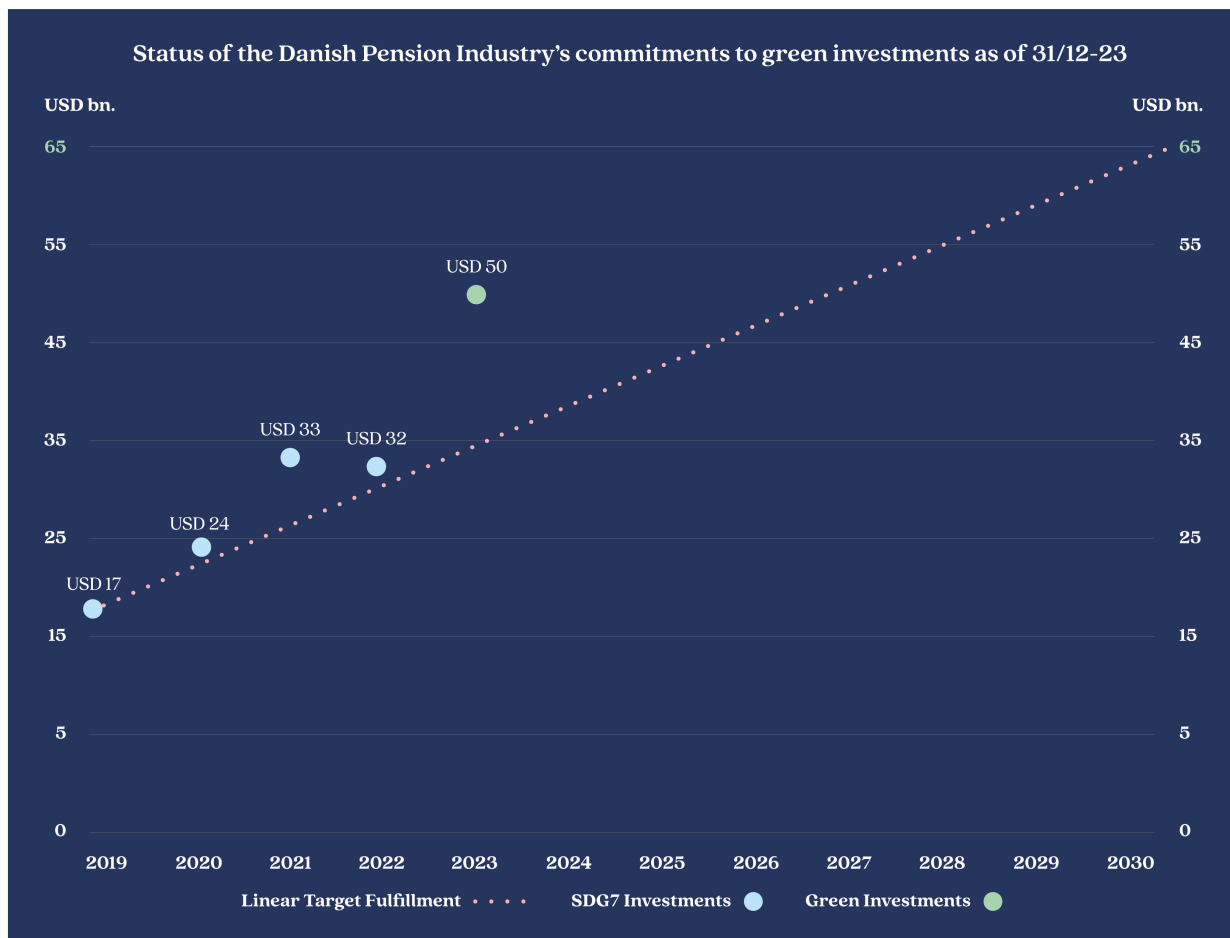
Further investments in India include two wind farms and four solar projects, providing electricity for over 50,000 homes and preventing significant CO<sub>2</sub> emissions. Danish pension funds have also financed part of an offshore wind farm in the North Sea, supplying electricity to 450,000 British households, and are co-owners of a Swedish wind farm expected to power 220,000 homes.

In Denmark and Poland, solar parks are being expanded without subsidies, marking a significant advancement in green energy deployment. Additionally, an investment in a U.S. solar energy company supports Denmark's ambitious climate goals for 2030. And these investments are just a few out of many.





# The USD 65 bn. Danish Industry Pledge



Due to a pioneering corporation between the Danish government and the Danish pension industry – politicians and private investors – the Danish pension industry made a conditional pledge to invest USD 65 bn. (DKK 450) in the sustainable energy transition by 2030, as announced by Danish Prime Minister Mette Frederiksen ahead of the UN Climate Summit in September 2019. The latest progress assessment shows that Danish pension funds have invested USD 50 bn. in sustainable climate related

and environmental investments within the framework of the EU's taxonomy for sustainable activities and the disclosure regulation's Article 2.17, which defines the framework for a sustainable investment.

By 2024, the Danish pension industry is ahead of the expected amount as to what a linear target fulfilment would imply. An important development - particularly in years that have been characterized by financial instability.



# Two Danish investments funds are leading in the worldwide energy transition

A part of these investments has been made through investment funds like AIP and Copenhagen Infrastructure Partners (CIP) focusing on renewable energy projects around the globe. Both were founded by actors in the Danish pensions industry 13 years ago. Over the years, both investment funds have received substantial economic support from a growing number of Danish pension funds. They are crucial to the industry, providing solid investment opportunities in energy infrastructure. AIP and CIP have specialized in planning and realizing large scale renewable energy projects.

***CIP manages 12 funds and has to date raised approximately EUR 28 billion for investments in energy and associated infrastructure***

Today, AIP and CIP attract and collect billions of dollars from a diverse range of investors worldwide, including Denmark. These developments have catalyzed a fundamental shift in the financing of sustainable climate and environmental green initiatives, reshaping the risk landscape for investments in renewable energy.

In June, 2023, CIP announced that its' fifth flagship fund Copenhagen Infrastructure V (CI V) fund had reached a first close at

***To date, AIP has invested more than EUR 7 billion in infrastructure assets supporting the energy transition***

EUR 5.6 billion in capital commitments. This progress puts the fund on track to reach its target fund size of EUR 12 billion by the end of 2024 and become the world's largest dedicated greenfield renewable energy fund. CIP via its CI V has already taken or expect to take investment decisions soon in some of the largest onshore wind and solar-PV projects in North America, major battery storage projects in Australia and the UK and another offshore wind farm in Taiwan. Through its investments, CIP has contributed to the development of local industry and supply chains.

Additionally, through its Growth Markets Fund II, CIP will continue to pave the way for investments in greenfield utility scale renewable energy infrastructure projects in high-growth middle income countries. This is a major step in CIP's ambition to at once provide high-value contribution to the global just energy transition while delivering attractive risk-adjusted returns to its investors. CIP manages 12 funds and has to date raised approximately EUR 28 billion for investments in energy and associated infra-



structure from more than 160 international institutional investors.

The two investors also contribute to the transition by working together and setting up cooperation between wind turbine producers, utility/power companies etc. across the world.

AIP announced in March 2023 its stake in He Dreih, a construction ready 960 MW offshore wind farm located in the German North Sea. The investment is alongside Allianz Capital Partners (Allianz) on behalf of Allianz insurance companies and Norges Bank Investment Management (Norges Bank). The turbines will be supplied by Danish Vestas. The German utility company EnBW will remain as majority owner and

long-term off taker of the produced electricity, and further be responsible for the construction and long-term operation of the wind farm.

The project will – when beginning to deliver power in 2026 – be the largest operational offshore wind farm in Germany at that time. Each turbine will be taller than the pylons on the Great Belt Bridge, and together the park will supply green electricity to more than a million German households. This will on a yearly basis offset the equivalent of 1.2 million tons of carbon dioxide.

To date, AIP has invested more than EUR 7 billion in infrastructure assets supporting the energy transition.

# Playing a key role in the energy transition

Danish pension funds have not only positioned themselves as key players in the global shift toward renewable energy but have also showcased how financial institutions can lead in sustainability and the transition to renewable energy.

Through strategic investments, Danish funds have accelerated the transition to a greener economy, both in Denmark and abroad, setting a powerful example for other nations to follow. The unprecedented pledge to invest USD 65 bn in renewable energy infrastructure underscores Denmark's commitment to support the energy transition and fostering sustainable development on a global scale.

Looking toward the future, the role of pension funds in driving the energy transition will only grow in importance. The ability to align financial returns with environmental stewardship is an excellent example for how the financial sector can contribute to a more sustainable and less fossil-fuel dependent world. Denmark's leadership in this area benefits the environment and strengthens the Danish and global economy by fostering innovation and resilience in the realm of climate challenges.







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