Norges Bank Investment Management

Climate and nature disclosures 2025

Government Pension Fund Global

About the disclosures

The fund is a financial investor, with a management mandate set by the Ministry of Finance. The mandate states that the responsible management activities of the bank shall be based on the long-term goal that the companies in the investment portfolio organise their activities in such a way as to make these compatible with global net zero emissions in accordance with the Paris Agreement. The mandate also states that we shall report on climate risk efforts, including stress tests, assessments of companies' forward-looking emissions pathways, and measures that seek to capture exposure to climate- and environmentally-related activities. Such reporting shall be appropriate and shall be based on, and in accordance with, developments in internationally recognised standards and methods.

These disclosures provide information relevant for understanding the fund's exposures to climate and nature risks and opportunities, along with actions we take to address them. They also outline our priorities under the new 2030 Climate Action Plan and achievements from implementing the 2025 plan. We strive to use leading methodologies and high-quality data, but disclosures and stress tests are by nature uncertain, and context and assumption specific. They can provide insights that are relevant in understanding the fund's climate and nature risk exposures but will not in themselves be appropriate as a basis for management decisions. We include an index indicating how our reporting fulfils the recommendations established by the Task Force for Climate-Related Financial Disclosures and the Taskforce for Nature-related Financial Disclosures. Disclosures that are included in Norges Bank's annual report, are externally assured.

At a glance

In 2025, we published our 2030 Climate action plan. We deepened our understanding of how climate and nature risks affect the portfolio, revealing significant concentration in specific sectors and geographies. We continued engaging portfolio companies on their transition plans while investing in renewable energy infrastructure and decarbonising the real estate investments.

428
companies engaged on climate

10
climate and nature related divestments

Actions

Metric	2024	2025	Change
Companies engaged on climate	479	428	↘ -11%
Companies engaged on nature	209	158	↘ -24%
Total generation capacity (MW) **Capacity of renewable energy investments**	4,903	7,543	↗ +54%
Climate and nature divestments **Companies divested due to climate or nature risks**	10	10	→ 0
Climate and nature divestment reversals **Divestments reversed in the period**	8	4	↘ -4

51 million tCO_2e
Our share of portfolio company emissions (scope 1 and 2)

73%
financed emissions covered by net zero targets

Climate exposure

Metric	2024	2025	Change
Financed Scope 1 and 2 emissions (million tCO_2e) **Our share of portfolio company emissions**	48	51	↗ +6%
Financed Scope 3 emissions (million tCO_2e) **Our share of portfolio company emissions**	255	257	↗ +1%
Net zero target coverage (% financed emissions) **Our share of portfolio company emissions covered by net zero 2050 targets**	74%	73%	↘ -1pp
Average climate expectation score **Companies' climate policies and disclosures**	49%	52%	↗ +3.7pp
Implied temperature rise (°C) **Implied warming of corporate emissions targets**	2.5	2.5	→ 0%
Real estate aligned with 1.5°C pathway (%) **Alignment with current decarbonisation benchmark (Carbon Real Estate Risk Monitor)**	35% (2023)	40% (2024)	↗ +5pp

8%

estimated exposure to key biodiversity areas

11,500$

of natural capital impacts per million USD in revenue.

Nature exposure

Metric	2024	2025	Change
Share of portfolio companies' assets near key biodiversity areas (%) **Physical assets near ecologically sensitive areas**	8%	8%	→ 0pp
Natural capital impact ($ per $1M revenue) **Economic costs of business impacts on nature**	$11,700	$11,500	↘ -2%
Average nature management expectation score **Companies' biodiversity policies and disclosures**	37%	36%	↘ -0.3pp

Contents

Preface

Climate change is a financial risk to the fund. It is closely linked with nature risk, and both can reinforce each other's effects. These disclosures present our latest analysis of the fund's exposure to climate and nature risks and the actions we take to manage it.

Amidst a rapidly changing world, this report highlights a number of key observations driving our work on climate and nature risk.

First, while global emissions continue to grow, emissions associated with the direct operations of companies we invest in, or the energy they procure and consume, have gradually declined over time. However, the latter omits emissions in up- and downstream supply chains and is somewhat distorted by the recent growth of the technology sector.

Second, the risk appears significant but concentrated. 20 percent of our investments by value account for more than 60 percent of our financed emissions. Similarly, a large share of our direct exposure to nature risk is felt through investments tied to agriculture and the global food system. We are also monitoring whether new energy demand – including data centres that will power artificial intelligence - will predominately be supplied by low-emission energy sources or not.

Third, our actions to address these risks, as outlined in our new 2030 Climate Action Plan, can be effective in various ways. Our research indicates that engaged companies seem more likely to set net zero targets than those we do not engage with. A survey of portfolio companies also found that 72 percent considered shareholder engagement as value-adding. Moreover, divestments have on aggregate reduced our financed emissions over time while contributing positively to returns. We added 10 climate- and nature-related divestments in 2025. Finally, we continue to push for globally aligned climate and nature disclosures from companies that focus on financially material information.

> Long-term portfolio resilience requires an understanding of climate and nature as investment risks.

Patrick Du Plessis
Global Head of Risk Monitoring

These disclosures show our current understanding of the fund's exposure to climate and nature risks, using different methods. Numbers are invariably uncertain, and models will continue to develop over time. When interpreting results, it is important to keep underlying model assumptions in mind. Our analysis on physical climate risk and on nature risk from year to year reflects the rapid evolution of both measurement methodologies and scientific understanding. It is therefore more insightful to look at long-term trends in these metrics than annual changes.

While the growing financial risks from climate change and nature loss are increasingly understood, uncertainties remain with regards to when and how they will impact the fund. To what extent climate and nature risk is priced in the market, how much risks may spread and compound, and what the macroeconomic impacts of concentrated damages will be, are all questions we will explore through further analysis and research funding.

> Through our ownership work, we address climate and nature risks holistically, recognising their interconnections.

Carine Smith Ihenacho
Chief Governance and Compliance Officer

Our plan toward 2030

The fund is a long-term, diversified owner, investing in global markets. Climate and nature risks are interconnected and can affect the fund's long-term financial performance. Our 2030 Climate action plan sets out our approach to managing these risks and associated opportunities.

As a long-term and diversified owner investing in global markets, our returns depend on sustainable development in economic, environmental and social terms. Climate systems and ecosystems are closely linked and mutually dependent on each other. Climate change threatens biodiversity. Forests, wetlands, oceans and other ecosystems both store carbon and face increasing threats from rising temperatures and extreme weather. Acknowledging these interdependencies, the fund addresses climate and nature risks and opportunities through an integrated approach within the parameters of the management mandate.

> Climate systems and ecosystems are closely linked and mutually dependent.

Our overall exposure to climate and nature risk depends on adequate government policies and whether portfolio companies reach their climate targets. In the long-term, we benefit from an orderly transition to a low-carbon economy. However, climate policy globally has not tightened uniformly as envisaged after the Paris Agreement. This raises the prospect of a disorderly transition driven by policy delay and divergence. The costs and competitiveness of mitigation technologies have not advanced uniformly. Our strategy to invest long-term in a globally diversified portfolio, combined with risk mitigation tools focused on company and market engagement, helps the fund build resilience against growing climate risk.

In response, we published our 2030 Climate action plan incorporating nature, with five strategic priorities:

1. Support the delivery of our management mandate of achieving the highest possible return by enhancing the links between our investment objectives and climate work across risk management, investment and ownership functions.

2. Continue to engage with companies to support setting corporate net zero and interim targets covering scope 1, 2 and 3 emissions, with associated transition plans. We expect high emitters to set net zero 2050 targets urgently.

3. Strengthen market-level standards and methodologies for climate and nature-related financial disclosures, target-setting and scenario analysis.

4. Enhance our focus on nature, physical climate risk, adaptation and resilience in standard-setting, risk management and engagement.

5. Embed AI and proprietary analytics in our management of climate risk to streamline processes and enhance decision making.

Our efforts on climate and nature are integrated into our work at the market, portfolio and company levels.

> Our efforts on climate and nature are integrated into our work at the market, portfolio and company levels.

At the market level, we support improved global frameworks and standards. This includes driving adoption of International Sustainability Standards Board (ISSB) standards as the global baseline for sustainability-related financial information. We are supporting the Taskforce on Nature-related Financial Disclosures (TNFD) on the next steps of their work, and the Network for Greening the Financial System (NGFS) in developing climate scenarios. We also support academic research on the financial impacts of climate change and nature degradation.

At the portfolio level, we integrate climate and nature considerations across investment and risk management to capture opportunities and enhance resilience. We stress-test the equity portfolio against extreme climate scenarios, and plan to analyse how physical climate risk impacts our real assets and government-related fixed income portfolios. We monitor climate and nature risk at the individual company level, considering companies for risk-based divestments where appropriate. Going forward, we will seek to increase investments in renewable energy infrastructure and aim to achieve no net loss of nature for new investments. In unlisted real estate, we have set targets to reduce both operational and embodied emissions.

At the company level, we engage directly with portfolio companies through active ownership. Our climate focus list includes companies representing approximately 70 percent of our scope 1 and 2 financed emissions, those with the highest scope 3 emissions, and companies with heightened vulnerability to physical climate and nature risk. In our engagements we support and encourage companies to set credible net zero and interim targets with associated transition plans. We will increase emphasis on physical climate risk, adaptation and resilience, and the intersection with nature—including deforestation and conversion of natural ecosystems.

Building on our results

Climate and nature disclosures

The 2030 Climate action plan builds on lessons and achievements from our first plan (2022-2025). During that period, we observed encouraging corporate climate actions, particularly between 2022 and 2024. Yet despite this progress, global emissions continued rising, physical climate risks intensified, and the climate policy landscape grew increasingly uncertain with mounting regional disparities.

Company engagement is our primary tool for mitigating climate risk in the fund. To assess effectiveness, we conducted three detailed analyses over the past three years:

- Quality of our climate discussions with companies
- Tracking of self-reported engagement outcomes
- Comparison of net zero target adoption: engaged vs. non-engaged companies

The results point to an improved engagement process and positive influence on corporate strategies and disclosures. Although it is hard to isolate the effect of our ownership work from concurrent regulatory developments as well as engagements by other investors, the growing number of portfolio companies we have engaged with that adopted robust net zero targets indicates that our engagement can contribute to improved corporate practices.

Of the 25 planned actions in our 2025 Climate Action Plan, the vast majority were fully implemented. See 2025 Climate action plan close out for full implementation details and 2025 Climate action plan close out: Engagement Effectiveness for our impact assessment. Key outcomes from the close out are shown below.

Climate action plan 2025: Main outcomes				
Climate risk metrics	**Market**	**Portfolio**	**Company**	**Reporting**
Portfolio companies' emissions covered by science-based net zero targets increased from 57% to 76% from 2022 to July 2025. The fund's financed emissions and weighted-average carbon intensity (WACI) declined by 5 and 11 percent respectively from 2022 to 2024.	Supported the development of the IFRS Climate-related Disclosure Standard as the global baseline and advocated for regulatory adoption in 16 juristictions. Supported three new academic research projects to deepen understanding of climate and nature risks in financial markets.	Expanded our renewable energy infrastructure portfolio to 84.2 billion kroner as of June 2025. Strategically divested from 44 companies and reversed 8 divestment decisions. Reduced our real estate portfolio's carbon emission intensity by 25% through active portfolio management and sustainability initiatives from 2019 to 2024.	Engaged with companies representing 71% of financed emissions, where own evaluation indicates that the quality of these dialogues increased over time. Systematically tracked engagement outcomes, achieving objectives with significant variation by type. Companies engaged on net zero targets specifically seem more likely to set targets than companies we did not engage. Voted against directors at 69 companies for inadequate climate risk management.	Published combined Climate and nature disclosures in 2025 to address the interconnected nature of climate and environmental risks. Presented results from an expanded set of analytical models to estimate the fund's forward-looking climate risk.

Climate risk

Climate change generates a financial risk to the fund. We use a variety of approaches to identify and assess financially relevant climate risks affecting the companies in the fund's equity portfolio. The analyses inform our engagement, risk and investment decisions. As a diversified and long-term investor, the fund's financial exposure to climate and nature risks broadly resembles that of the global capital markets.

Portfolio emissions are concentrated and flattening

In 2025, global emissions increased by 1.1 percent, continuing a long-term trend. This means the fund's exposure to physical climate risk increased marginally, since every year of continued emissions growth makes more severe climate impacts more likely in the future. Reversing this trend largely depends on adequate government incentives that accelerate the transition away from fossil fuels and toward lower-emitting energy and industry, and whether that leads to sufficient reductions in global emissions to curb further warming.

Interestingly, while global emissions continue to rise, the fund's share of emissions in the listed companies in which we have invested – known as our financed scope 1 and 2 emissions – has declined 25 percent since 2018. These emissions are associated with the direct operations of companies, or the energy they procure and consume. As companies report their annual emissions at different times of the year, we may have to estimate emissions when companies have not recently disclosed data. However, for longer time series analysis, we use restated figures for earlier years which capture all the reported emissions data associated with a given year. In line with the GHG Protocol Corporate Standard and the Partnership for Carbon Accounting Financials (PCAF) Financed Emissions Standard, we have defined our organisational boundary using the financial control approach, which determines the entities included for financed emissions reporting.

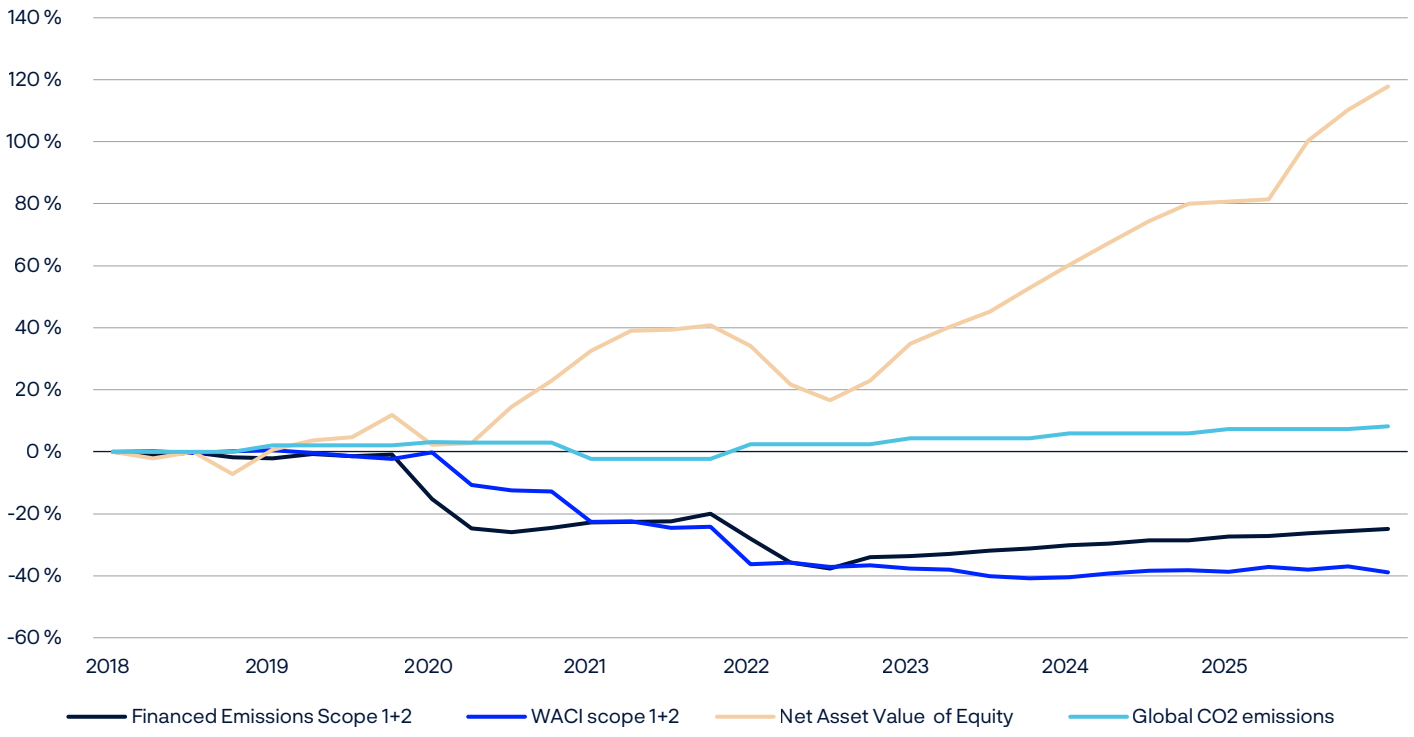
The observed decline in financed scope 1 and 2 emissions since 2018 has several explanations. Emissions reported by portfolio companies that we were invested in throughout the period decreased substantially. In addition, the relative growth of low-emission companies in global equity

> “
>
> Emissions reported by portfolio companies that we were invested in throughout the period decreased substantially

markets, notably in the US technology sector, and decisions to divest from companies with high emissions, also contributed to lowering our emissions. While less than 20 percent of our equity portfolio is invested in companies in the Energy, Basic Materials and Industrials sectors, they account for approximately 60 percent of our financed emissions.

The weighted-average carbon-intensity (WACI) of the fund's equity holdings – or the emissions associated with each unit of revenue generated by companies we invest equity in – increased by 3 percent in 2025[1], but has nevertheless decreased by 39 percent since 2018. As with financed emissions, changes in the composition of the portfolio through divestments and exclusions have driven down the portfolio's carbon-intensity since 2018. In addition, investments in lower emissions sectors accounted for a larger share of our investments in 2025, compared to 2018. The increase in 2025 is driven in part by investments in companies that manufacture computer chips and generate electricity to power AI data centres, which require large amounts of energy and are in general more carbon-intensive than typical businesses.

FIGURE 1
Time series of key carbon metrics: WACI for scope 1 and 2 of the equity portfolio, financed emissions for scope 1 and 2 of the equity and corporate bond portfolio, net asset value of the equity portfolio, and global emissions. Source: S&P Global Trucost. 31 December 2025.



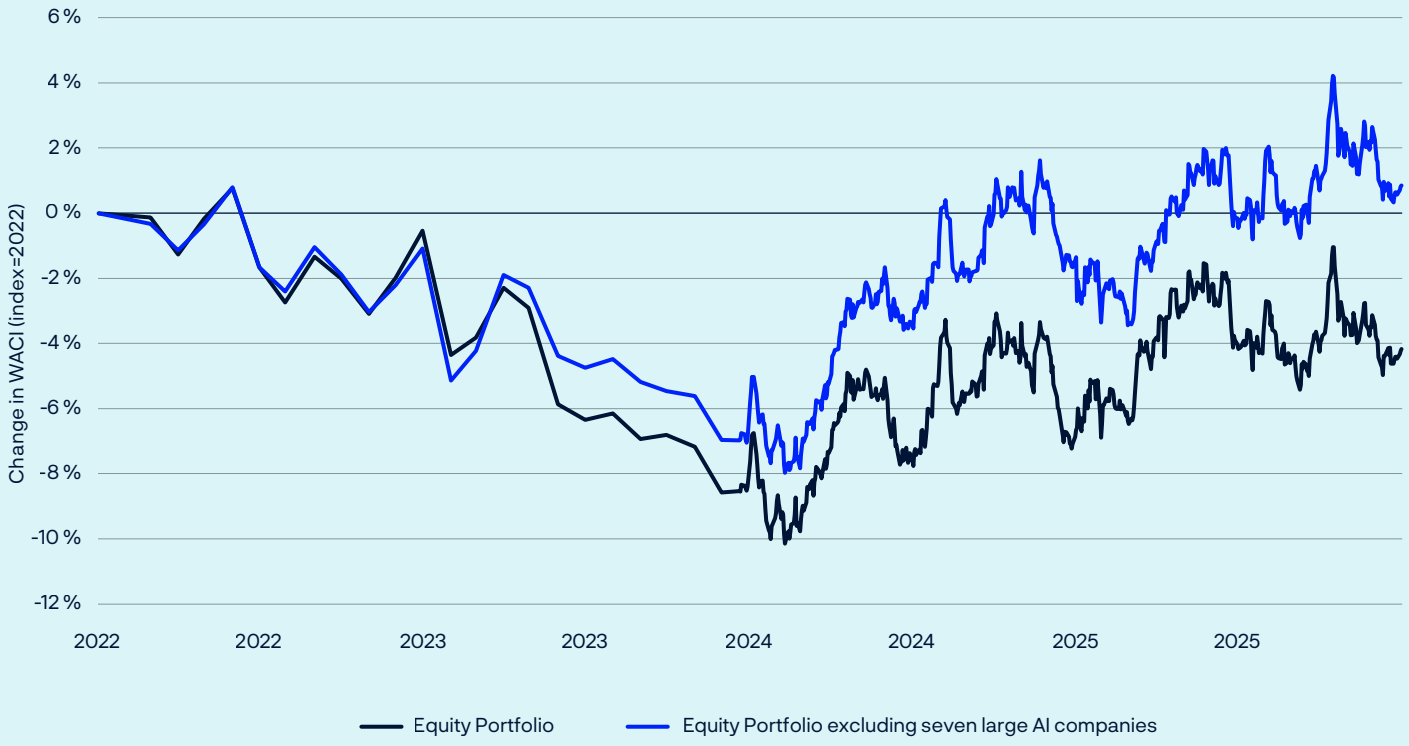
[1] Compared to reported values for 2024, the weighted average carbon intensity for scope 1 and 2 increased by 8 percent.

Deep-dive
Technology growth impacts portfolio carbon intensity

The market gains of sectors with low emissions, notably technology, have lowered the carbon-intensity of the entire equity portfolio. If the relative value of sectors with low emissions were to decline, the carbon-intensity of our equity portfolio could increase. Figure 2 illustrates the impact on carbon intensity of seven large AI companies. They contributed to greater carbon intensity reduction from 2022 through mid-2024, though this trend has reversed since mid-2024, potentially as their energy-intensive AI operations have scaled up. To further explore this sensitivity, we estimated the consequences for carbon intensity of a hypothetical scenario in which valuations in large technology companies materially decline relative to other sectors. We find that this would increase the carbon-intensity of the equity portfolio and wipe out all of the reduction in carbon-intensity since 2022.

> The growth of technology has lowered the carbon-intensity of the equity portfolio

FIGURE 2
Weighted-average carbon-intensity of the equity portfolio and the equity portfolio excluding seven large AI companies. Scope 1 and 2 emissions. Percentage change. 31 December 2025.



2025 in review

Using PCAF's methodology[2], the quality of scope 1 and 2 emissions data we have for companies in our equity portfolio increased slightly since 2024, when weighted in accordance with the size of our investments. The main driver is more available disclosure data in the consumer staples sector. The portfolio's two largest sectors by value showed the weakest data quality scores. In contrast, traditional high-intensity sectors like Energy and Utilities maintained better data quality in their reporting. Scope 3 downstream emissions remain the weakest across sectors in terms of data quality.

As corporate emissions have not changed significantly year to date, most of the changes we observe in financed emissions can be explained by changes in our portfolio and valuations. The financed emissions of the portfolio are 4 percent below the benchmark mainly because the value of our investments in high emitting industrials and energy companies is less than their value in the benchmark.

> “Scope 3 downstream emissions remain the weakest across sectors in terms of data quality.

TABLE 1

Financed scope 1 and 2 emissions weighted by share of enterprise value including cash. Source: S&P Global Trucost. 31 December 2025.

	Equity and corporate bonds, financed emissions, tonnes CO_2 – equivalent.	
Industry	**Portfolio**	**Benchmark**
Energy	11	12
Basic materials	4	4
Industrials	2	2
Utilities	10	10
Consumer discretionary	0	0
Consumer staples	1	1
Technology	10	10
Health care	0	0
Telecommunications	2	2
Financials	1	1
Real estate	10	10
Total	**51**	**53**

We also monitor emissions in companies' value chains. In 2025, financed scope 3 emissions were 1 percent higher than 2024.[3] These emissions – which are generated in a companies' upstream and downstream value chain – are estimated either by the companies or by us. In our equity portfolio, financed scope 3 emissions remain concentrated in the downstream activities of companies in the industrials and energy sectors. The observed increase is partly driven by companies reporting higher scope 3 emissions, and partly offset by changes in our equity holdings, including decisions to sell holdings as a result of risk-based divestments and ethical exclusions.

[2] Data based on verified corporate disclosures achieve the highest data quality score (1), whereas estimates based on economic disclosures from the company achieve the lowest score (5).

[3] For reported numbers, financed emissions for scope 3 have decreased by 36 percent relative to 2024.

TABLE 2

Financed scope 3 emissions, tonnes CO_2 – equivalent, weighted by share of enterprise value including cash. Source: S&P Global Trucost. 31 December 2025.

Industry	Upstream	Downstream	Total
Basic materials	6	16	22
Consumer discretionary	10	23	33
Consumer staples	10	5	15
Energy	9	24	33
Financials	2	61	62
Health care	3	7	10
Industrials	11	48	58
Real estate	0	1	1
Technology	4	7	11
Telecommunications	1	4	5
Utilities	1	6	7
Total	**56**	**200**	**257**

As discussed above, the equity portfolio's carbon intensity reflects competing effects from technology gains displacing higher-intensity sectors and gains in energy-intensive companies supporting AI infrastructure, a trend that continued in 2025 but was counterbalanced by gains in AI-related stocks in the utilities sector.[4] Our decision to omit cash from the holdings used to measure carbon-intensity of the equity portfolio reduced the relative weight of low-carbon technology holdings, of low-carbon technology holdings, as the underweight cash position had been offsetting the equity weight, causing the overall carbon intensity metric to increase. Relative to the benchmark, the equity portfolio has a lower carbon-intensity mainly because of the companies we have chosen to invest in within industry sectors, and the effects of divesting from selected companies in the utilities and industrials sectors.

> “
>
> Relative to the benchmark, the equity portfolio has a lower carbon-intensity

TABLE 3

Carbon intensity, tCO_2e per million dollars in revenue, weighted by market value of fund holdings, companies' scope 1 and 2 emissions. Source: S&P Global Trucost. 31 December 2025.

Industry	Equity portfolio	Equity benchmark index	FTSE Global all cap index
Basic materials	14	16	17
Consumer discretionary	6	6	5
Consumer staples	2	2	2
Energy	9	10	13
Financials	1	1	1
Health care	2	2	2
Industrials	16	18	18
Real estate	2	1	1
Technology	10	9	9
Telecommunications	1	1	1
Utilities	27	29	46
Total	**90**	**96**	**116**

[4] The equity portfolio's weighted average carbon intensity increased by 3 percent since 2024 restated values. Relative to reported numbers, it increased by 8 percent.

The fixed income portfolio's carbon-intensity is 18 percent higher than the benchmark. The largest contributor is the selection of companies in the utility sector. Changes to the selection of high intensity corporate debt issuers has increased carbon-intensity by 2 percent since 2024.[5]

TABLE 4

Carbon intensity, tCO_2e per million dollars in revenue, corporate bonds portfolio and benchmark index, scope 1 and 2 emissions. 31 December 2025.

Industry	Fixed-income portfolio	Fixed-income benchmark index
Financial institutions	3	3
Industrial	54	50
Utility	35	24
Total	**92**	**78**

How companies can reduce fund exposure to transition risk

When companies set emissions reduction targets and plan to achieve them, they contribute to lowering the fund's overall exposure to future climate transition risk. We assess corporate actions on managing transition risks through four complementary lenses:

1. Evaluating corporate commitments – whether companies have set science-based net zero targets
2. Testing how those commitments align with climate policy goals – using implied temperature rise to aggregate portfolio pathways against Paris Agreement goals.
3. Examining governance and disclosure quality through climate expectation scores – revealing whether companies are managing these risks systematically.
4. Measuring actual performance – tracking whether stated commitments translate into measurable corporate climate action.

“

When companies set emissions reduction targets and plans to achieve them, they contribute to lowering the fund's overall exposure to future climate transition risk.

[5] The fixed income portfolio's scope 1 and 2 weighted average carbon intensity increased by 3 percent relative to 2024 reported values.

1. Corporate net zero targets

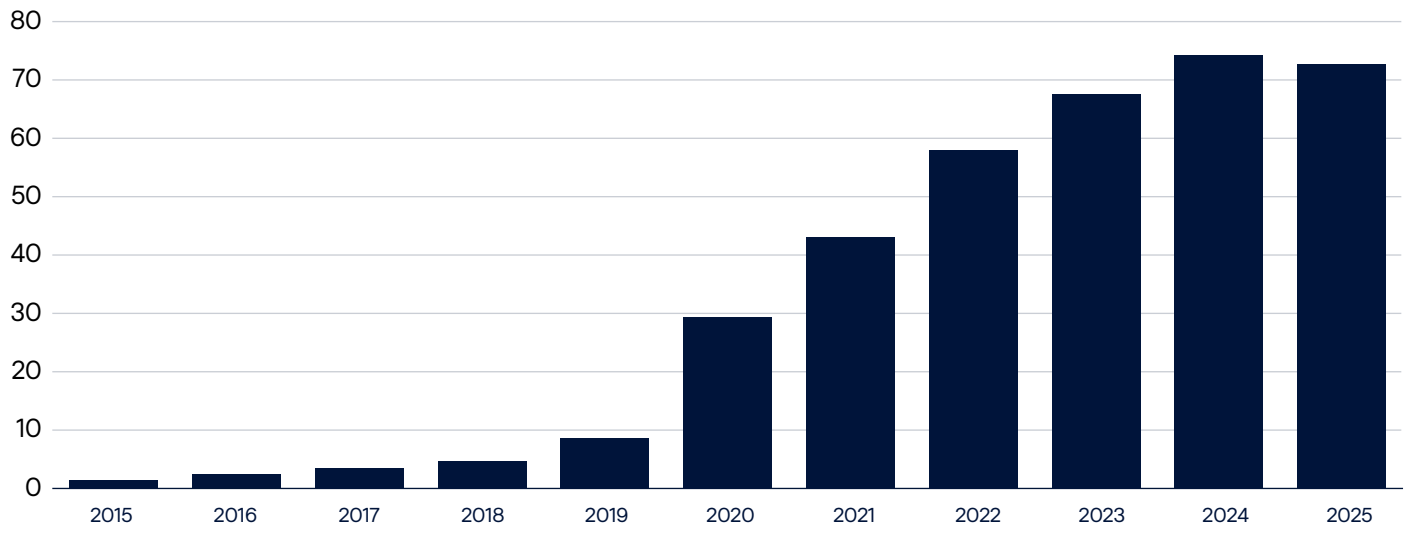
The core of our ownership work is to support companies in setting science-based targets and transition plans. We evaluate the quality of our portfolio companies' net zero targets for scope 1 and 2 emissions, track the number of companies with such targets and the share of the fund's financed emissions covered by them.

While financed emissions give some indication of the fund's climate risk exposure, we also assess whether our portfolio companies actively manage the climate risk they are exposed to. A key metric is the share of emissions in the equity portfolio covered by corporate net zero targets. If emissions covered by targets are more likely to be mitigated than those that are not, they pose less risk to the fund.

At the end of 2025, 73 percent of the fund's financed scope 1 and 2 emissions were covered by science-based net zero targets for 2050 or sooner, down 1 percentage point from 2024. Changes to the composition of our portfolio contributed to this decline, as 650 companies entering the portfolio in 2025 brought 2.40 million tonnes of financed emissions with only 31 percent net zero coverage, compared to 2 108 exited companies that had 1.72 million tonnes with 45 percent coverage. Over the course of the year, 225 companies in the portfolio adopted science-based net-zero targets, covering approximately 0.74 million tonnes of financed emissions.

FIGURE 3

Percentage of financed emissions covered by science-based net zero 2050 targets. Sources: SBTi and MSCI ESG Research LLC for net zero targets; S&P Global Trucost for scope 1 and 2 emissions. 31 December 2025.



2. Implied temperature rise

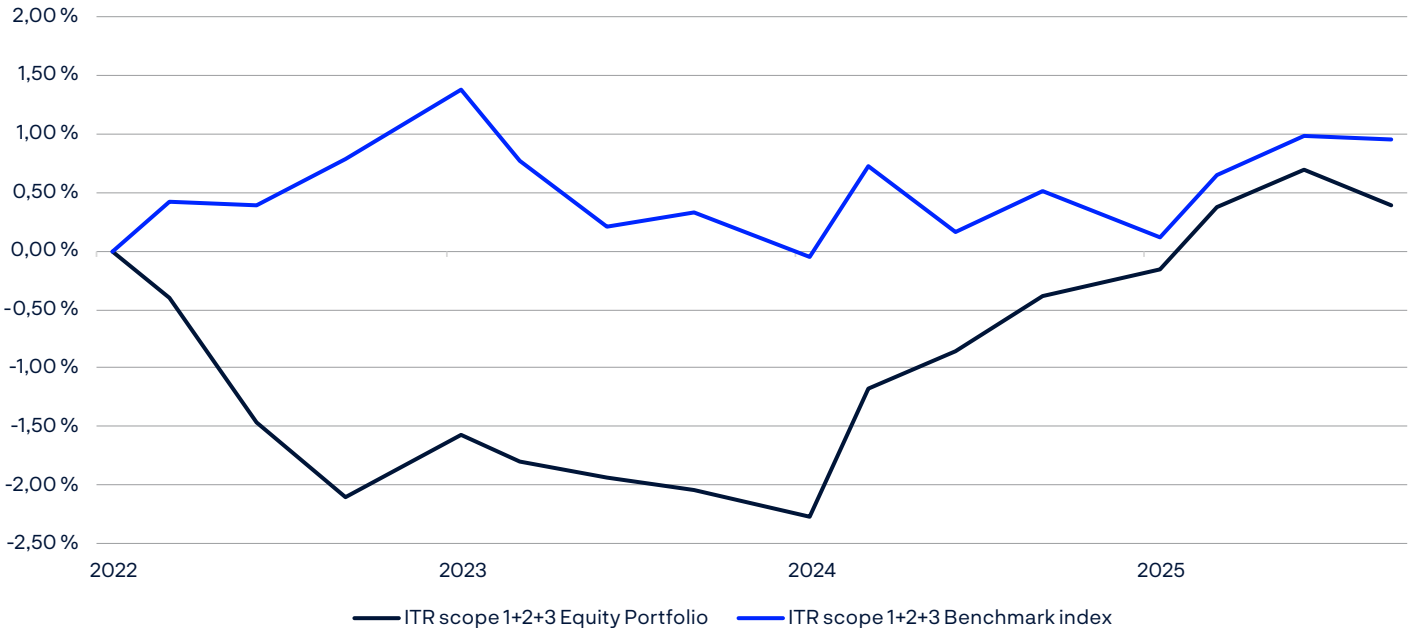
Implied temperature rise (ITR) is a forward-looking metric measuring the implied warming that would result from corporate emissions pathways given the targets companies have set. It compares projected emissions pathways of each company against sector reference pathways, and aggregates to portfolio level. It considers if companies have decarbonisation targets and how credible they are. All things equal, lower implied warming indicates lower climate transition risk. Each company's contribution to the implied temperature rise of the portfolio depends on its scope 1, 2 and 3 emissions, target ambition and credibility, and the size of our investment.

The implied temperature rise of the portfolio has mostly been stable since 2022, using restated numbers based on a consistent methodology. In 2025, the portfolio's implied temperature rise was 2.5°C, which is on par with the benchmark index. It is less than one percent higher than 2024, mostly driven by increased exposure to companies that lack scope 3 targets or have emissions pathways that overshoot them.[6]

The technology sector is the top contributor to the portfolio's temperature rise, driven by many companies lacking credible scope 3 reduction targets. When focusing only on scope 1 and 2 emissions, a quarter of our portfolio value is misaligned with Paris Agreement temperature targets. However, when we include scope 3 emissions, that figure jumps to over 50 percent, highlighting that much of our climate transition risk is concentrated in the supply chain.

FIGURE 4

Weighted average implied temperature rise for the equity portfolio and benchmark index. 31 December 2025.



[6] Relative to 2024 reported values, the current equity portfolio ITR has increased by 1 percent.

3. Climate and nature expectation scores

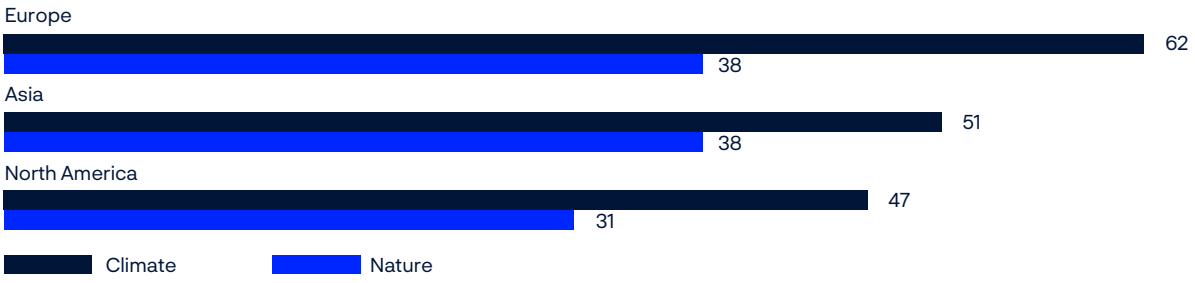
We systematically measure how well our portfolio companies disclose information on material sustainability issues against our expectations on climate change, biodiversity, and water management. These expectation scores assess companies across four dimensions: policies and strategy, risk management, disclosure, and supplier engagement. Achieving the maximum score of 100 means that a portfolio company meets all assessed expectations whereas a score of 0 indicates that it does not meet any of our expectations.

On average, portfolio companies score 52 on our Climate Expectation Score (up 3.7 percentage points from 2024) and 36 on our Nature Expectation Score (virtually unchanged from 2024), which combines biodiversity and water management performance equally. [7] We present both scores together to illustrate the relative maturity of corporate climate versus nature disclosure practices. The gap between climate and nature scores likely reflects both the different maturity levels of corporate disclosure practices and the varying difficulty of meeting expectations across topics (See our 2025 Responsible Investment report for detailed year-on-year changes).

When we examine companies in sectors where climate or nature are financially material (per SASB standards), the pattern becomes clear: Climate scores slightly increase to 53 across all sectors, suggesting disclosure has become standard practice. Nature scores, however, are significantly higher in material sectors (43 vs. 36 overall) — indicating that nature-related management remains concentrated among companies with direct environmental dependencies.

There are clear regional differences, as shown in the figure below. European companies lead on both measures, with Asian companies matching Europe on nature. North American companies score lowest on both climate and nature. These variations likely reflect different regulatory environments, with Europe's mandatory disclosure requirements driving higher scores, while North America and Asia have mixed voluntary and mandatory frameworks. We use these expectation scores primarily to identify engagement priorities and track progress of portfolio companies.

FIGURE 5
Portfolio companies' average climate and nature expectation scores, 2025.



[7] Last year's figures have been restated to reflect methodological improvements and changes to indicators, including retirements, additions, and updates. The 2024 scores as reported last year were: Climate 56%, Water management 49%, and Biodiversity 32%. This year's Nature score is an equal-weighted average of the Water management and Biodiversity scores.

4. Climate Performance Score

While expectation scores assess the quality of companies' climate policies and disclosures, in 2025 we established a Climate Performance Score that evaluates actual decarbonisation performance. This complementary metric combines forward-looking measures with backward-looking indicators, ranking companies against industry peers on seven dimensions. The performance score rewards tangible emissions reductions while penalizing missing data and Paris-misaligned advocacy, providing a reality-check on whether companies' stated commitments translate into measurable climate action.

The seven indicators are:

Forward-looking trajectory measures:

1. Implied Temperature Rise: projected global warming if all companies met their reduction targets and they accounted for all of global emissions.
2. Interim target progress: whether the company is on course to meet 2025–2035 climate targets

Backward-looking emissions trends:

3. Three-year trend in revenue-based emissions intensity
4. Year-on-year change in physical emissions intensity
5. Three-year trend in absolute emissions (regardless of company growth)

Governance indicators:

6. Data quality: penalises incomplete reporting on targets and emissions
7. Corporate policy alignment evaluates whether corporate advocacy supports Paris Agreement goals

Corporate policy engagement

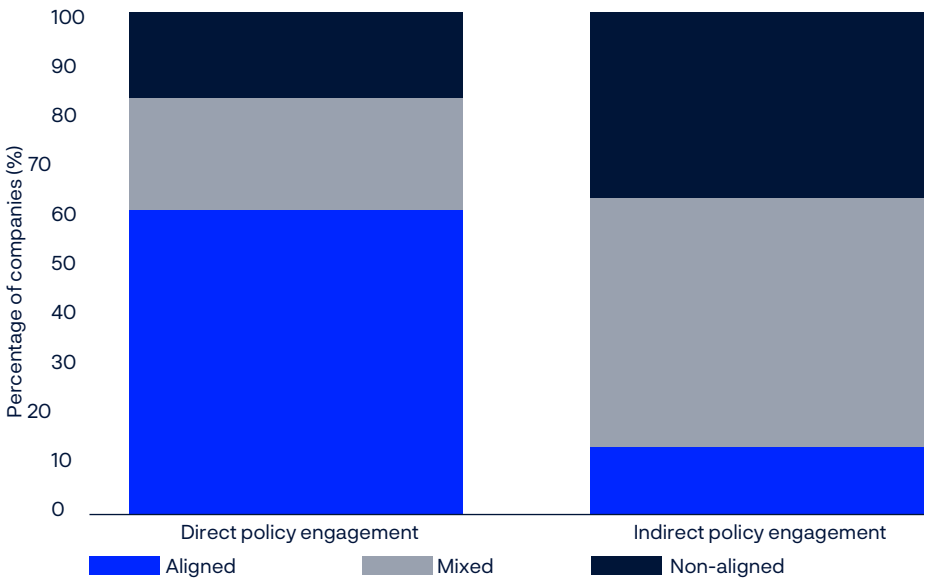
Congruence and alignment of corporate policy engagement, the seventh indicator in our Climate Performance Score, reflects our view on responsible corporate policy engagement. Both direct corporate policy engagement and indirect policy engagement through membership in trade associations can influence the regulatory environment affecting portfolio companies' climate transition pathways. We expect companies to be transparent about where they advocate for specific policy and legislative support, and align their policy engagements with Paris Agreement objectives. We analyse evidence of policy engagement related activities from company reporting to assess this alignment.

We evaluate two dimensions:

- **Direct police engagement:** Are the company's lobbying efforts in line with the goals of the Intergovernmental Panel on Climate Change (IPCC) 1.5 degree scenario and the International Energy Agency (IEA) Net Zero by 2050 scenario? The evaluation is based on a combination of seven sector specific, science-based frameworks routed in those scenarios.
- **Indirect policy engagement:** This indicator is constructed in three steps: Which trade association is the company a member of? Are respective associations lobbying for policy changes in line with the I the IPCC 1.5 degree and IEA Net Zero by 2050 scenario? What is the average score of all associations the company is a member of?

Our analysis of more than 1,200 portfolio companies in 2025 reveals that 61 percent of companies demonstrate Paris-aligned direct policy engagement positions. Meanwhile, only 14 percent of companies achieve alignment in their indirect policy engagement conducted through trade associations.

FIGURE 6
Corporate policy engagement on climate in 2025: direct vs. indirect.



Note: Data as of September 30, 2025, as delivered by Danu Insight based on publicly disclosed corporate reporting.

Physical climate risk could be significant

The fund's vulnerability to future climate change is challenging to assess. Climate risk materialises over long time periods, is associated with considerable uncertainty, and will impact the fund systematically, yet unequally, across markets, sectors, and asset classes. Overall, we stand to benefit from an orderly transition to a low-carbon economy, as this will enable a predictable, efficient, and necessary large-scale redeployment of investment and resources away from carbon-intensive activities. But this is only one of several plausible climate scenarios.

To estimate the impact of long-term climate change on the fund, we rely mainly on long-term climate scenarios developed by the Network for Greening the Financial System (NGFS), which explore various combinations of climate policy, technology trends, and supply-demand dynamics. The NGFS draws on climate damage functions to estimate economic losses from physical climate change in its macro-financial scenarios.

Measuring long-term climate risk using two approaches

We distinguish between bottom-up and top-down approaches to estimating portfolio impacts from climate change. Estimating transition risks bottom-up entails that we aggregate net transition costs of companies in which we have invested equities up to portfolio level. Results from a bottom-up model based on estimating company impacts and aggregating these to portfolio level suggests between 1 to 11 percent of present value of equities is at risk through 2080, or 1 to 10 percent if we account for technology opportunities. Higher losses occur in scenarios with abrupt or stringent climate policy, whereas relaxed policy show lower policy costs. With regards to physical risks, we estimate losses of 1 to 8 percent in present value terms through 2080 for a range of warming scenarios, using a bottom-up approach. These loss estimates are very modest in the context of expected volatility in a globally diversified portfolio. They leave out a wide range of broader macro-economic impacts of climate change, such as inflation and disruptions to trade, investment, and migration.

To address this deficiency, we also use a top-down approach which derives portfolio impacts from the relationship between climate change, the economy and asset prices. We have initially applied this approach to cover US equities only, given that it accounts for a majority share of portfolio value and the market's superior data coverage and robustness relative to other markets. Over time, we aim to also estimate losses to our investments in other markets. We find loss estimates to the relative value of our US equities for a scenario consistent with current policies to be between -8 to -10 percent relative to a baseline scenario without climate change. Top-down approaches are complementary to bottom-up approaches because they capture direct and indirect impacts from gradually onsetting events such as shifts in climate patterns, and in some cases, from discrete events such as extreme precipitation.

“

We distinguish between bottom-up and top-down approaches to estimating portfolio impacts from climate change.

We believe both approaches likely underestimate the long-term portfolio impacts of physical climate change. Current damage functions omit impacts not directly associated with temperature and precipitation changes and rely on historical relationships that may break down under unprecedented stress. This is more pronounced at higher levels of warming, where crossing critical thresholds may lead to more severe climate damages than we are capturing with these models. Climate adaptation can temper some of these adverse effects, but it will likely vary significantly by region and is unlikely to mitigate all the risk.

A hybrid approach is likely to yield more insights for engagement, which requires company-specific exposure and vulnerability analysis and more focus on shorter term horizons. In 2025, we participated in a benchmarking study with MSCI and Swiss Re analysing physical climate risks across 500,000 corporate assets and 11,000 companies.[8] MSCI estimated that 23 percent of our equity portfolio by value is exposed to severe physical climate hazards already today. Business interruption is the main source of losses, and extreme heat and heavy precipitation is predicted to affect the majority of our companies.

TABLE 5

Climate transition risk scenario analysis, equity portfolio. Percent in present value terms through 2080. Source: MSCI CvaR model. Source: MSCI CvaR model. 31 December 2025.

Scenario	Estimated gain in value – Technology opportunities	Estimated reduction in value – Policy risk	Estimated reduction in value – Net transition risk effect
1.5°C Orderly	1	- 11	- 10
1.5°C Low Demand	1	- 8	- 7
2°C Disorderly	0	- 4	- 4
3°C NDC	0	- 3	- 3
2°C Orderly	0	- 2	- 2
3°C Fragmented	0	- 1	- 1

[8] MSCI (2025), Hidden in Plain Sight: Physical Risk in Asset Owners' Portfolios.

Nature risk

Our portfolio companies can have significant impacts on nature and may depend critically on the provision of nature's goods and services. This translates into material risks and dependencies for us as a financial investor. We use a range of analytical tools to understand nature-related risks and opportunities.

In 2025, we combined insights from our different nature analyses to deepen our understanding of nature-related risks and opportunities. Results vary greatly by sector. Our analysis shows that pressures on the global food system will likely be a source of losses for portfolio companies, and our mapping of portfolio companies' nature impact and dependencies indicates that food and beverage producing companies are both heavily impacting and depending on nature. When we interpret the results across our analyses we find that nature risk is material in the food and beverage sector. To illustrate these findings clearly, we present detailed results from this sector through the following analyses.

Our analyses will help guide our future risk management and ownership efforts as we continue advancing our nature ambitions outlined in our 2030 Climate action plan. They also inform our contributions to standard-setting: we encourage portfolio companies to report in line with the TNFD framework, and since 2023 we align our reporting with this framework (as shown in our index). Our analysis followed five steps to assess our portfolio's nature risk exposure and how companies are managing these risks:

1. **Scenario analysis on nature risks:** Our scenario analysis has provided insights on where nature risk poses the most material risk to our portfolio companies, highlighting the global food system as a key source of future losses to our portfolio.
2. **Impact and dependency mapping of sectors:** We map impact and dependencies to identify which sectors face the most material nature risks. Sectors with high impact and dependency comprise 8 percent of net asset value, with food producers showing the highest impacts and dependencies on nature and biodiversity. As this is consistent with our

“

In 2025 we combined insights from our different nature analyses to deepen our understanding of nature-related risks and opportunities.

findings in the scenario analysis, we focused subsequent analyses on food producers.

3. **Impact quantification for companies:** To quantify the impacts that companies had on nature, we used natural capital impact intensity, which measures the environmental and societal impacts of a company in dollar terms, and provides insight into the relative sizes of the drivers of those impacts. These estimates show that companies involved in the production of food have highest impacts through land use, which is a predominant driver of the ecosystem degradation.

4. **Location-specific risk:** To better understand where the company specific risks come from, we analysed the geographic locations of food producers' assets. We find that company operations intersect with sensitive ecosystems in 9 percent of their asset locations and 37 percent of food producer assets are located in water-stressed regions.

5. **Assessing management of nature risk:** We assessed how well companies align with our expectations to identify high-risk companies without proper management practices and disclosures. We identified 64 potential high-impact food and beverage companies, of which 14 had inadequate risk management practices. Such companies could be central in our engagement activities.

Our analyses have limitations - notably data quality and coverage and availability of metrics. However, they provide important insights into the emerging topic of nature risks for a broadly diversified portfolio.

Identifying most important nature risk for our portfolio

Climate and nature disclosures

To assess potential future risks, we employ scenario analysis to understand how climate change, regulatory shifts, and ecosystem degradation could affect our companies' operations and financial performance over time. We present several scenarios below that illustrate these dynamics across our portfolio. This forward-looking perspective strengthens both our risk management and our engagement approach.

Our scenario analysis shows that the most significant effects from environmental degradation accelerate in the near-term. We modelled six critical ecosystem services across three climate pathways until 2050, focusing on the US equity market. The US accounts for approximately 15 percent of global cereal production.

Consumer staples, including food producers, face particularly material impacts, with cereal yields potentially rising while oil seed yields could fall under some climate scenarios. This could potentially affect profit margins through higher input costs or supply constraints.

Deep dive

Scenario analysis on nature, climate and economic growth

In collaboration with the University of Minnesota, we developed a scenario analysis framework to explore how changes in ecosystem services may impact the global economy, and the fund. The scope of the model has broadened over time. In 2024, we analysed four ecosystem services (pollination, timber production, marine fisheries, carbon sequestration) and their potential impact on fund exposure by 2030. In 2025, we expanded to six ecosystem services by incorporating coastal protection and erosion control. We have also extended our analysis across multiple NGFS climate scenarios through 2050.

The aggregate losses from changes in 6 of 18 ecosystem services at a macroeconomic level are estimated to reduce GDP growth between 0.3–2.0 percent (median: 1.4 percent) in developed markets by 2050, and between 1.5–4.2 percent (median: 2.7 percent) in emerging markets. To assess how changes to ecosystem service affect our equity investments, we begin by connecting changes in the six ecosystem services to relevant

industry sectors, then adjust impacts on each sector based on its weight in our portfolio holdings. The net effect on sectors is relatively modest, ranging from –0.46 percent to +0.26 percent across sectors. This is because some changes to ecosystem service benefit certain companies while negatively affecting others, and our portfolio is exposed to both.

However, aggregate estimates of net effects across sectors mask important variations within sectors. For example, changes to ecosystem service are likely to affect agricultural yields differently. Cereal yields could rise while oil seed yields could fall under certain climate scenarios. Consequently, impacts across companies will depend on their relative exposure to specific agricultural commodities.

Overall, we regard these aggregate loss estimates as conservative. The model excludes most ecosystem services that the economy and human well-being depends on. While the model includes international trade and pricing effects, it does not fully capture all secondary impacts relevant to future economic growth or potential supply chain disruptions. Moreover, ecosystem service degradation can trigger non-linear, tipping-point dynamics not captured in the current framework. Significant losses in specific regions and sectors could destabilize those areas economically and politically and cascade to other regions, amplifying their impact on the fund. As a result of the omission of these effects, potential loss estimates could therefore be substantially higher.

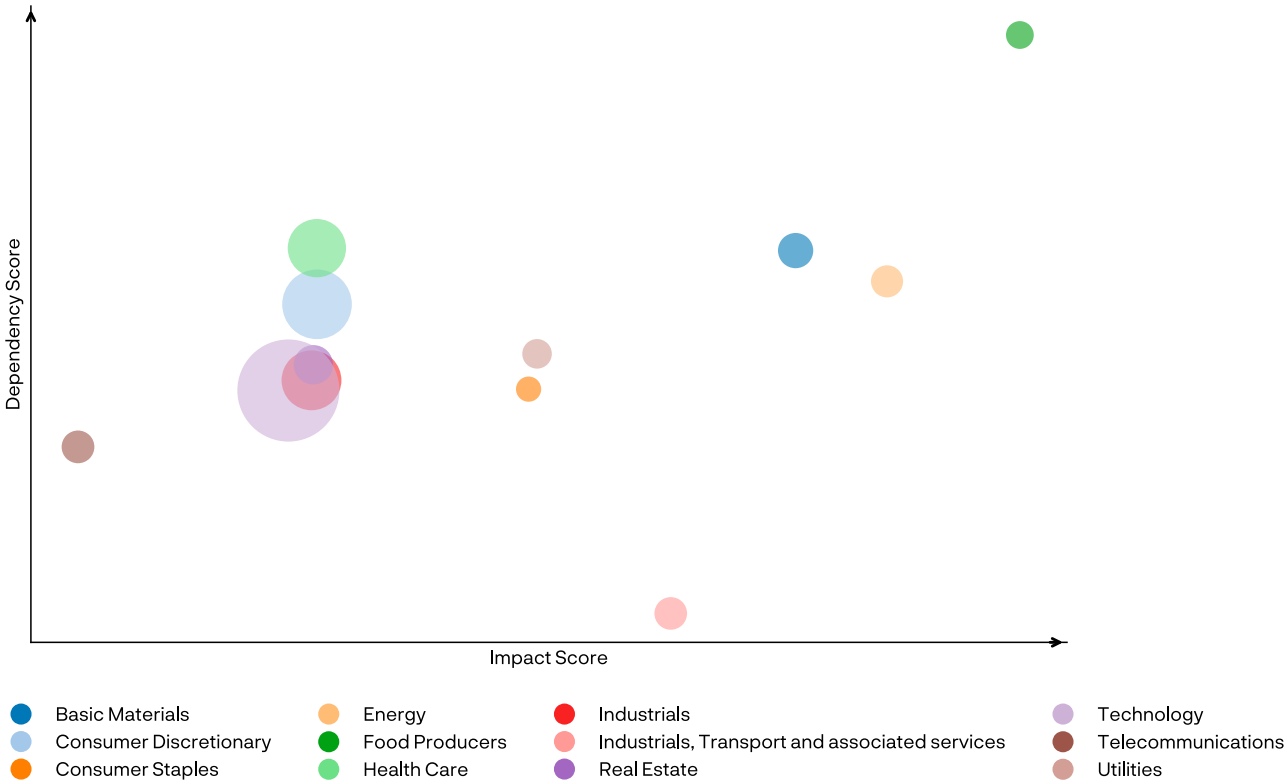
Food producers with highest impact and dependency on nature

The analysis of ecosystem services illustrates the centrality of agricultural yields as a connection between changes in nature and economic impacts. This finding is confirmed when we investigate nature dependencies across industry sectors. Using ENCORE's sector-level materiality ratings, we find that food producers have very high dependencies on ecosystem services and water resources.[9] They also drive significant impacts through land use change, water consumption, and invasive species introduction. Other sectors in our portfolio with potential high impact and dependencies on nature are basic materials and energy, which comprise around 6 percent of fund value.

Despite comprising only 2 percent of fund value, food producers' high impact and dependency make them relevant for engagement.

[9] This analysis has not changed since 2024, as the ENCORE tool has not been updated in 2025. Any changes are related to changes in fund allocation

FIGURE 7
Direct impact and dependencies for the sectors in our portfolio. Source: ENCORE. 30 December 2025.



Note: Score is calculated as the mean of the materiality scores. Plot sizes reflect our fund's equity NAV by industry.

Fund investments in agriculture impact and depend on nature

We measure the natural capital impact intensity of our equity investments to understand how companies may be impacted if forced to absorb the economic costs associated with their broader societal impacts. More specifically, this metric estimates the economic costs caused by the companies' adverse effects on nature and society or through their reliance on inputs from nature. It differentiates between six different impact drivers; greenhouse gas emissions, air pollution, water consumption, water and land pollution, waste generation and land use change.[10]

In 2025, the equity portfolio's natural capital impact-intensity decreased by 2 percent compared to 2024, from 11,700 to 11,500 dollars per million dollars of revenue. We find these changes are mostly a byproduct of our investment decisions rather than evidence that companies are improving their nature-related practices. A larger share of our portfolio is invested in

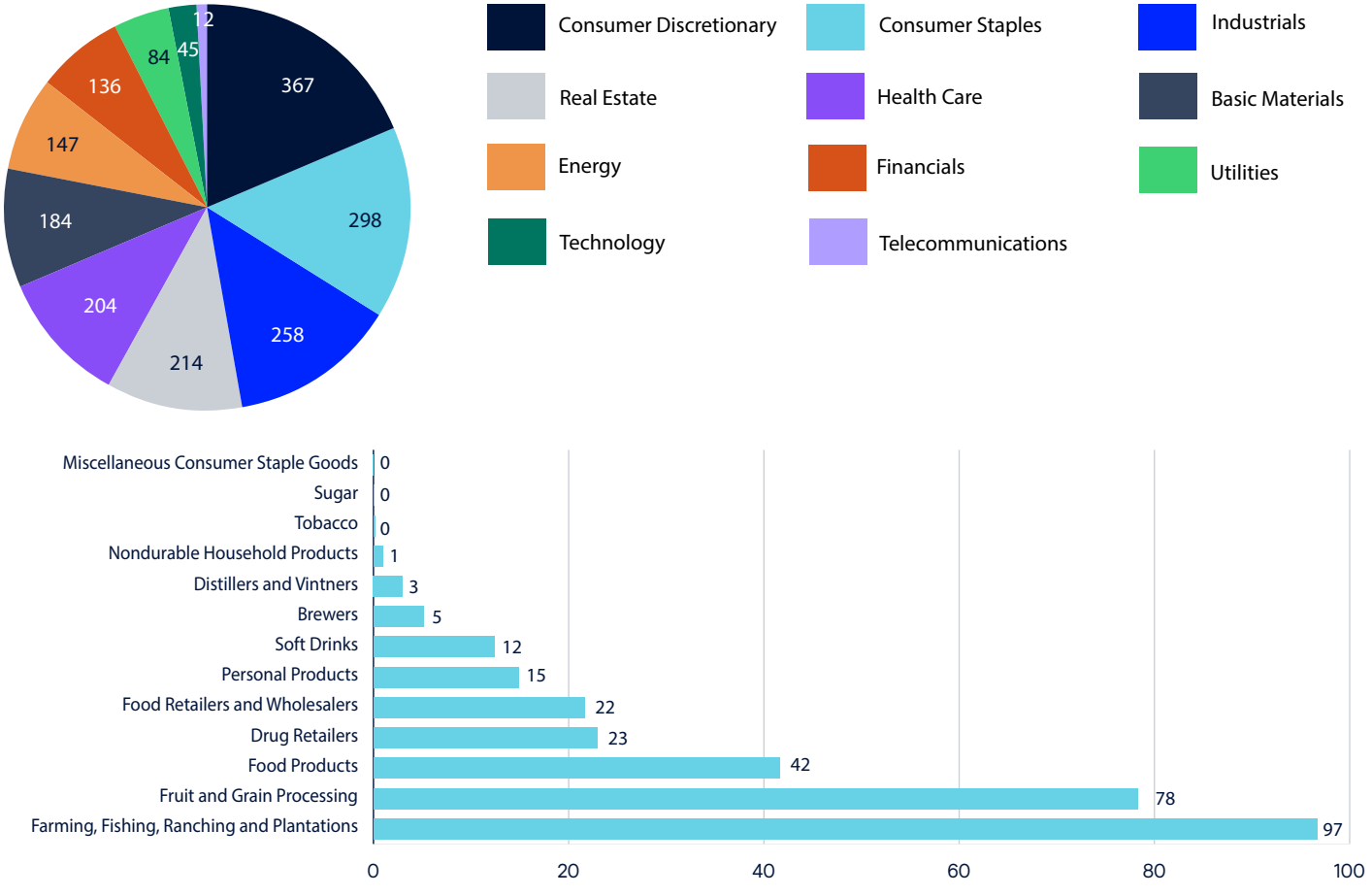
[10] The data is sourced from GIST Impact. Disclaimer: GIST Impact makes no warranties regarding the Data and accepts no liability for its use. Redistribution without GIST Impact's express written consent is prohibited.

relatively lower impact-intensive sectors, such as technology, and we have lower exposure to the highest impact-intensive companies within sectors such as basic materials and utilities.

The analysis helps us understand how companies impact nature and how this may affect their valuations. Greenhouse gas emissions are identified as the primary impact driver across sectors, reinforcing the importance of engaging companies on emissions and tracking the fund's carbon intensity. Waste generation and the impacts of land use change are also significant drivers of our portfolio impact-intensity. A large share of these impacts is concentrated in basic materials companies with high impact-intensity across multiple impact drivers, in particular waste generation.

Activities related to food production practices in the consumer staples and discretionary sectors drive a large part of the portfolio's impact-intensity related to land use change, as shown in Figure 8. This is due to their connection with agricultural practices, either directly or through investments. Both these findings are in line with our analysis based on the ENCORE tool above and highlight concrete areas of prioritisation for our risk monitoring and ownership activities.

FIGURE 8
Weighted average natural capital impact-intensity of the equity portfolio attributable to land use change, measured in USD impact per million USD revenue. For all industries (top) and broken down by subsector for consumer staples (bottom). Source: GIST Impact. 31 December 2025.

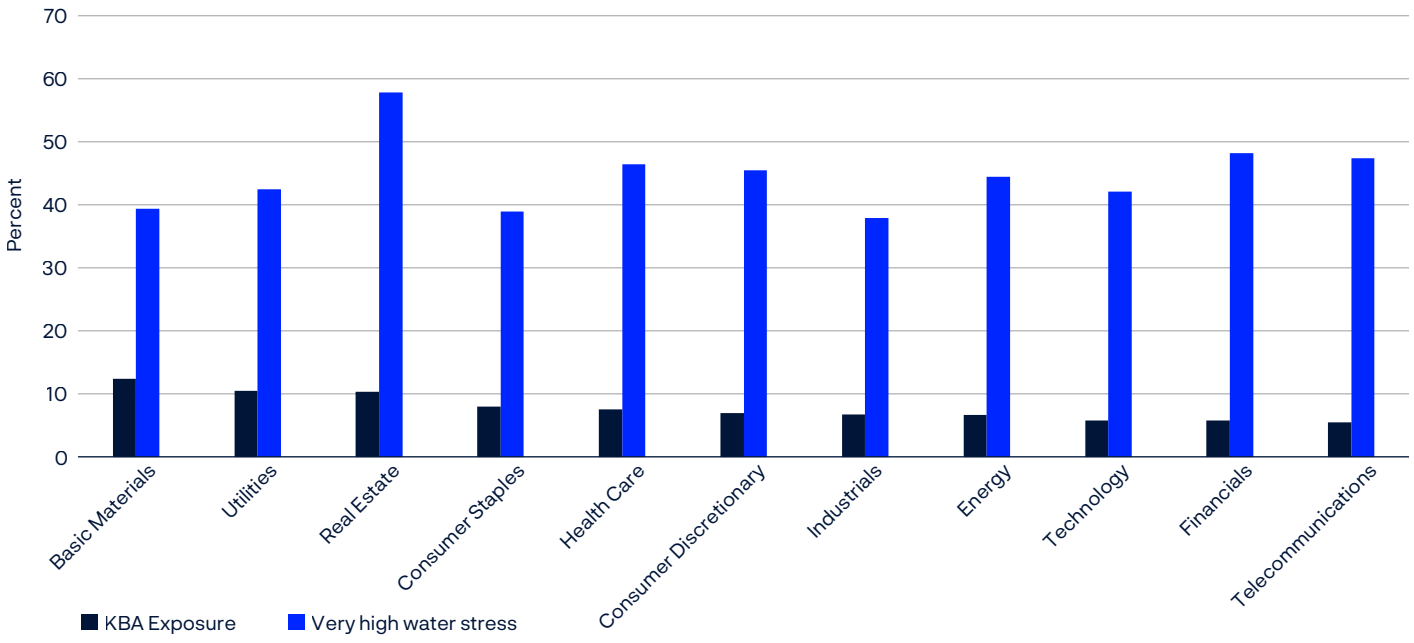


Proximity to sensitive locations can be a financial risk

We deepen our understanding of nature risks and opportunities by looking at the geographic location of corporate assets relative to key biodiversity areas, and areas with high water stress. Assets in these locations may face regulatory and reputational risk, and restricted access to water supply, in addition to impacting nature directly. High water stress could influence business continuity in sectors highly dependent on water availability.

In 2025, we estimate that on average nearly 8 percent of portfolio companies' potential high risk assets are located close to key biodiversity areas (KBA[11]). Utilities and basic materials have the highest shares of assets in key biodiversity areas. With regards to water stress, we estimate that on average 43 percent of companies' high-risk assets are located in areas where demand for water greatly exceeds supply, creating a material risk across multiple sectors.[12]

FIGURE 9
Average percentage of company assets exposed to KBAs and very high-water stress, by sector. Source: GIST Impact. 30 December 2025.



Note: Only selected high-risk asset types are included in this analysis. These comprise assets in agricultural/livestock, manufacturing & production facilities, mineral exploration & extraction, and infrastructure and construction. Asset-level data covers around 3 700 portfolio companies.

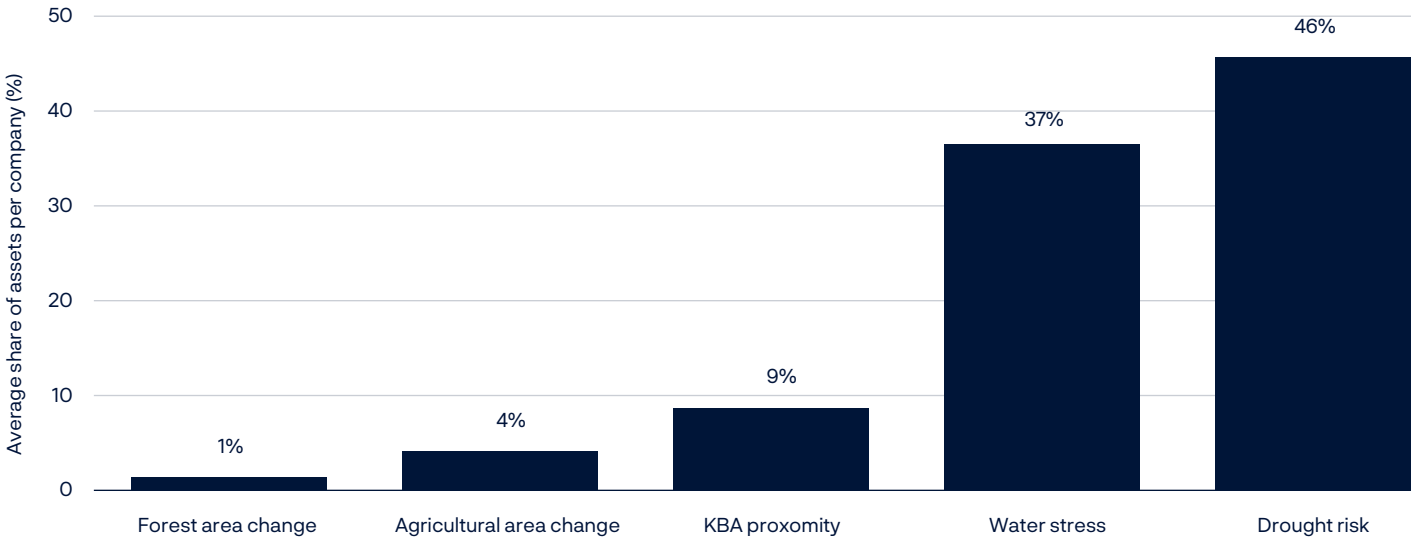
[11] KBAs, defined by the KBA Partnership of global conservation organisations, are sites that contribute significantly to the global persistence of biodiversity. They are identified based on rigorous scientific criteria, ensuring that they represent the most important areas for species and ecosystems. While KBA's do not capture all areas of high biodiversity value, they provide a globally consistent framework which enables meaningful comparison across our portfolio, allowing us to assess biodiversity impact in regions where formal protection may be lacking or inadequate.

[12] 2023 figures have been restated from prior year reporting due to CRREM's updated US methodology, which introduced more granular emissions factors and resulted in retroactive adjustments to alignment calculations.

Food and beverage producing companies have around 9 percent of assets located near KBA's, and 37 percent of assets located in areas of very high-water stress. These companies also have 46 percent of assets in areas with high drought risk, which represents acute hazard as opposed to water stress which is chronic.

This concentration of water-related exposure makes water dependencies a critical financial risk factor, particularly for companies where water consumption is a central production input. As a result, water risk has become a focal point for our engagement with companies in this sector.

FIGURE 10
Average share of food producer assets located in biodiversity-sensitive areas. Source: GIST impact. 30 December 2025.



Note: High-risk asset types are included in this analysis, which comprises assets in agricultural/livestock, manufacturing & production facilities, mineral exploration & extraction, and infrastructure and construction are included. Very high score of water stress and drought risk included. KBA: Key biodiversity areas; Water stress: the ratio of total water withdrawal to total available renewable surface and groundwater supplies (chronic hazard); Drought risk: Episodic water shortages due to low precipitation and/or high evaporation rates (Acute Hazard); distinct from water stress. Asset-level data covers around 3 700 portfolio companies, and around 200 food and beverage companies.

Corporate management of nature risks

Based on our quantitative analysis of impacts and asset locations, we have identified land use impacts and water dependencies as key risks for food and beverage companies. Our next step is to understand how well these companies are prepared to manage these risks.

Our goal is to identify and engage with companies whose nature-related risks are financially material. To achieve this, we are refining our analytical approach to strategically prioritise where our efforts can yield the most significant results. We begin with the risk pockets identified in our analysis, overlaying company-level impact intensity data with our assessment of how

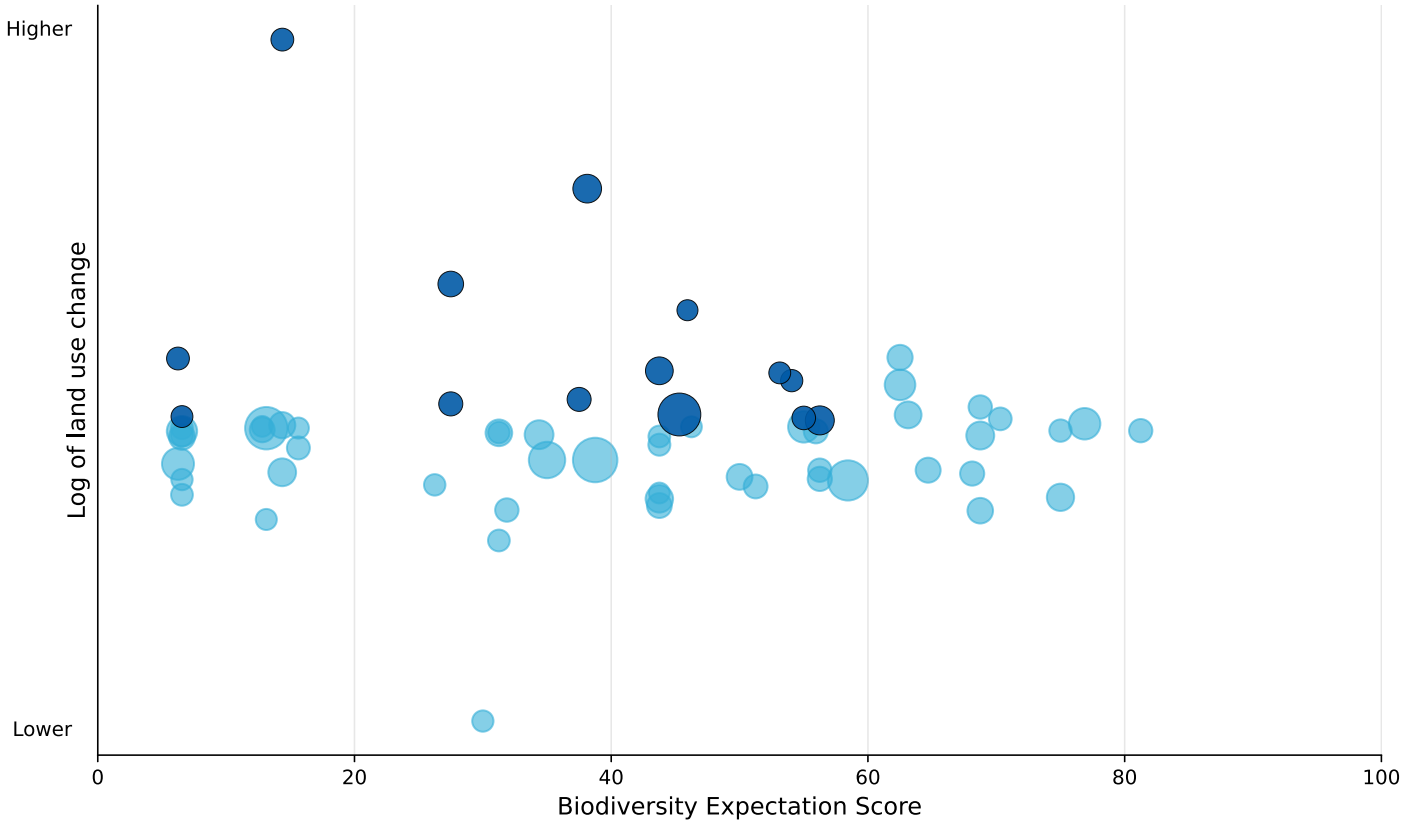
well companies meet our expectations for managing nature-related risks. This dual lens reveals high-priority engagement opportunities: companies with substantial nature impacts that currently do not meet our expectations.

While our portfolio companies meet 36 percent of our overall nature expectations, performance varies across our topic-specific expectations – 23 percent for biodiversity expectations and 45 percent for water management. These scores are lower than for climate change. Improving corporate management of nature risks will help reduce fund risk. We therefore continue engaging companies while supporting stronger market disclosure standards.

Our figure below shows ecosystem impacts of our portfolio companies plotted against their biodiversity expectation scores. This approach allows us to understand how companies are addressing potential nature risk exposure through risk management. We expect companies with high nature risk exposure to disclose key metrics in line with our expectations. 14 large cap food and beverage companies, coloured dark blue in the black box, have relatively high ecosystem impact and meet less than 60 percent of our biodiversity expectations.

This analytical framework represents an important first step, though significant methodological development remains. We continue working to improve data quality and metrics to better inform our risk management and engagement strategies.

FIGURE 11
Identifying high impact companies that score relatively low on our expectations. 30 December 2025.



Source: GIST Impact and expectation scores. Note: Only large cap companies. Dark blue: high risk and low expectation scores. Expectation scores: quantitative evaluation of companies' disclosures against our expectations. Bubbles weighted by market cap, n=64. 30 December 2025.

Our actions

Climate and nature disclosures

We use complementary tools to address climate and nature risks that affect our investments across asset classes. At the market level, we engage with standard setters for improved climate disclosures and support academic research to increase our knowledge on sustainability risks. At the portfolio level, we have frameworks to integrate sustainability and governance considerations into investment decisions and divest from companies based on our sustainability risk assessments. At the company level, we engage with portfolio companies and exercise our voting rights at shareholder meetings.

Overview of our actions.

Contributing to better market standards and knowledge creation

Climate and nature disclosures

Engaging standard setters for improved practices and standards

We engage with standard setters to improve standards for climate and nature risk management, and we advocate for mandatory climate-related corporate disclosures.

- We called for the regulatory adoption of the IFRS S2 Climate Standard. We have engaged on this topic in 18 jurisdictions, including submitting 24 consultation responses.
- We contributed to the Adaptation Working Group of the UK Transition Plan Taskforce, and to the development of GHG accounting standards in the financial sector as a member of the Partnership for Carbon Accounting Financials (PCAF).
- As a member of the Taskforce for Nature-related Financial Disclosures (TNFD), we participated in the Financial Institutions and Transition Planning working groups, and currently chair two working groups on Risk Assessment and Technology Sector guidance. We have continued to contribute to its wider work on market adoption and capacity building. We are very supportive of the ISSB's decision to undertake standard-setting on nature-related risks and opportunities not already reflected in explicit requirements in IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures by drawing on the TNFD framework.

We support the development of tools for measuring decarbonisation in real estate markets.

- In 2025, as members of the CRREM Foundation Board, we played a key role in strengthening the organisation's governance structure by leading the recruitment and appointment of the first CEO of the newly formed CRREM Foundation. We established a comprehensive governance framework that expanded the Foundation Board to 13 members, created an independent Technical Council to oversee pathway methodology, and developed Regional Advisory Committees to ensure global representation and local market expertise in carbon risk assessment for real estate.

Supporting research on climate and nature

We aim to strengthen the scientific foundation of our responsible investment management. Our research strategy has two pillars. We give financial support to academic initiatives where we deem that our research funding will help stimulate research on questions of direct relevance to

the fund. We also occasionally enter collaborative research projects with academics where we contribute expertise and data. This helps produce relevant research findings and, at the same time, helps us to learn from academics and build our internal research capabilities. In 2025, we continued funding for four climate- and nature-related projects.

Climate and nature disclosures

TABLE 6

Overview funded research projects, 2025.

Topic	Partner	Purpose
Climate finance	University of Cambridge and Imperial College London	Publish a journal issue on Biodiversity and Natural Resource Finance to advance research in this developing field. Generate knowledge on how biodiversity loss affects asset prices, nature solutions interact with carbon markets, and supply chain dependencies create corporate risk exposures.
	National Bureau of Economic Research	Host three annual conferences advancing research on climate and financial risk measurement, climate transition amid geopolitical tensions, and effectiveness of investor climate actions. Generate research findings to inform investment strategies, risk management, and ownership work.
	New York University	Support two conferences and research on the interconnected risks of climate and biodiversity loss. Create publicly available data on companies' exposure to nature risks and ecosystem fragility. Identify tipping points and feedback loops critical for systemic risks assessment.
Economics of natural resources	University of Minnesota	Support research on how resource scarcity and climate impacts will reshape economies over long-term investment horizons. Provide frameworks to anticipate constraints on growth, evaluate climate vulnerabilities across geographies, and identify opportunities in resource transition for investment decisions.

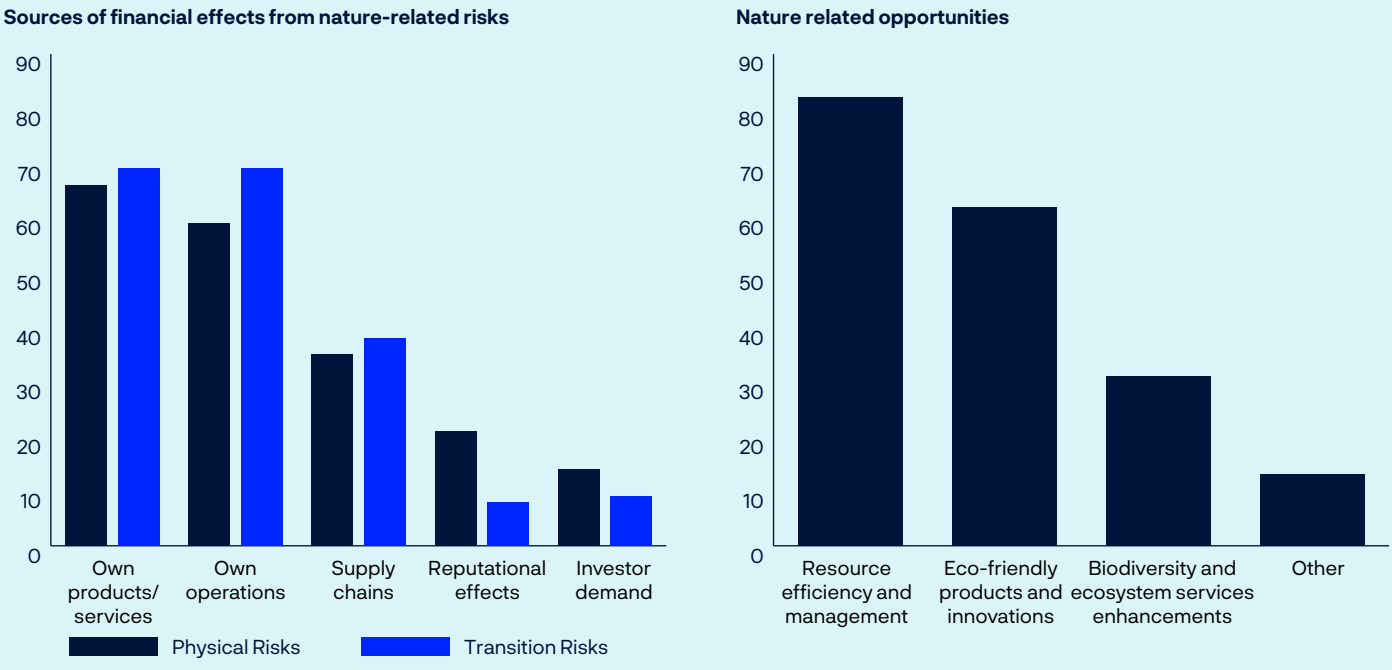
Deep dive

Research collaboration on corporate nature risk perceptions

We collaborated with Zacharias Sautner and Alexander Wagner from the University of Zürich to explore how companies perceive nature risks. In February, as part of this academic collaboration, we anonymously surveyed companies across our portfolio . In November, the findings based on responses from almost 400 companies were published by the Review of Finance in a special issue on Biodiversity and Natural Resource Finance. The survey results offer valuable insights into emerging corporate perspectives:

- Materiality perception: 48 percent of respondents consider nature risks financially material, with 43 percent reporting physical risks already affecting them financially today, indicating the importance of incorporating these risks into investment analysis and engagement strategies.
- Sources of risk and opportunities: Respondents believe that for both physical and transitions risks the most important source are their own products and services while most opportunities are perceived to relate to resource efficiency (see figure below for further details).
- Investor engagement: Among companies experiencing investor engagement on nature (40 percent), 72 percent perceive it as value-generating, with 56 percent reporting that engagement has informed their strategies or operational decisions, indicating that active ownership on nature topics can contribute to meaningful corporate change.
- Climate-nature nexus: 50 percent of respondents believe investors prioritise climate over nature issues in their strategies, though half of these companies think both topics should receive equal attention, highlighting the strength of an integrated approach to these interconnected issues.
- Implementation challenges: Companies cite data scarcity, complex interdependencies, and lack of standardised metrics as key obstacles, suggesting the need for further research into how these issues can be measured and managed, and the importance of continued efforts to drive standards development in this field.

FIGURE 12
Corporate views on nature-related risks and opportunities (percentage of respondents).



Engaging our portfolio companies

Climate and nature disclosures

We place portfolio companies that account for large shares of the fund's financed scope 1 and 2 emissions on a climate focus list. Our largest investments in sectors with significant indirect exposure to climate risk, and additional companies with elevated climate and nature risk based on proprietary assessments, are also part of the list. The list expanded from 267 companies in 2024 to 305 companies in 2025, which currently covers 68 percent of financed emissions. We primarily expanded the list by adding companies that significantly impact or depend on nature. The focus list helps prioritise companies for engagement, though not all companies are engaged every year.

We engaged with 428 companies on climate in 2025, representing 44 percent of financed emissions and 34 percent of our equity portfolio's market value. We also engaged with 158 companies on nature, representing 17 percent of our equity holdings, raising sector and company-specific nature risks. The number of companies engaged on climate and nature risks declined by 11 percent and 24 percent respectively as compared to the previous year. Over the last year, we have seen geopolitical uncertainty and other priorities rise on company agendas, potentially contributing to a lower prevalence of climate and nature topics in company meetings.

Net zero dialogues

Our net zero dialogues are in-depth engagements with companies with heightened climate risk, the vast majority of companies are part of our focus list. In total, we engaged 132 companies in net zero dialogues in 2025 as shown in the table below. We expanded our focus on nature in these dialogues and other engagements. The dialogues now incorporate nature issues, with a focus on board oversight and strategy integration of nature risks, assessment and disclosure of risks and opportunities, and target setting and planning.

TABLE 7

Overview of our net-zero dialogues in 2025.

Status	Sector	Number of companies	Share of financed emissions (in percent)
Ongoing	Oil and gas companies	29	16.3
Ongoing	Electric utilities	40	15.1
Ongoing	Metals and mining	29	10.7
Ongoing	Building materials	33	9.1
Ongoing	Consumer companies	35	2.9
Ongoing	Transportation	23	3

Status	Sector	Number of companies	Share of financed emissions (in percent)
Ongoing	Chemicals	16	2.6
Ongoing	Technology companies	13	2.7
Started 2025	Industrials	29	1.7
Finished 2025	Hardware and telecoms	11	1.5
Ongoing	Autos	12	0.4
Finished 2025	Pulp and paper	18	0.8
Ongoing	Banks	22	0.1
Finished 2025	Insurance	5	0
	Less: Double-counted companies	-17	-2.9
Total		298	64

Key topics discussed vary across sectors. In 2025, we focused on operational decarbonisation for energy companies, financed emissions targets for financial institutions, alternative fuels for transportation, and breakthrough technologies for heavy industry.

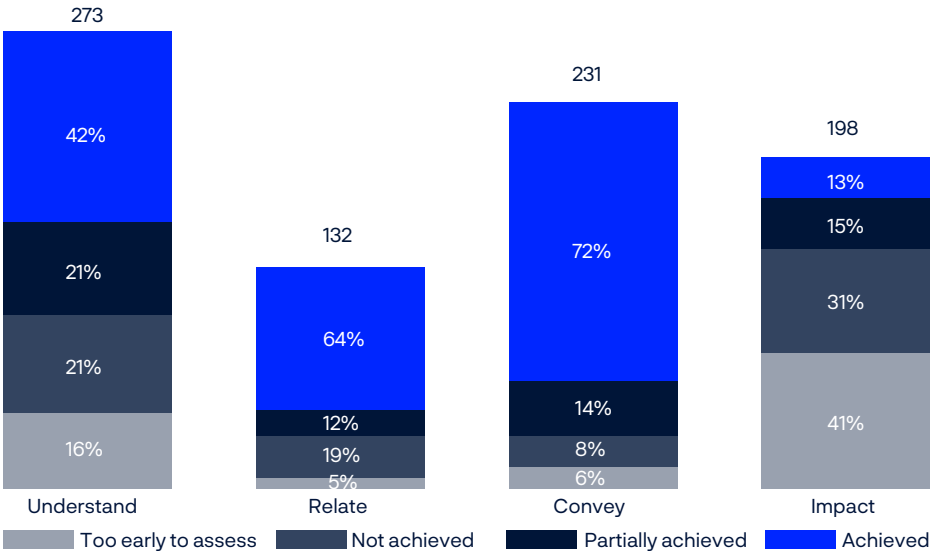
Objectives and tracking

Common objectives in the net zero dialogues include for the companies to:

- Set science-based net zero emission targets for 2050 or sooner
- Develop and publish detailed transition plans with clear interim targets and milestones
- Demonstrate measurable progress in reducing operational and value chain emissions
- Align capital expenditure with decarbonisation goals
- Implement robust governance structures to oversee their climate transition

We set and track specific objectives for each dialogue and company, based on their plans and progress versus peers. Dialogues often start with us establishing deeper relationships with the companies, understanding nuances in their decarbonisation strategies and conveying our general expectations. Where relevant, we then set impact objectives for specific and value-enhancing changes we want to see at the companies. We track progress across these four categories: Understand, Relate, Convey, and Impact. The figure below shows our progress on all net zero dialogues objectives in 2025.

FIGURE 13
Number of objectives by type and progress status in percent for our net zero dialogues at the end of 2025.



Voting relating to climate and nature risks

Board accountability
We believe that boards should be accountable, in their oversight role, for ensuring that companies manage material risks and do not contribute to unacceptable corporate governance and sustainability outcomes. In a small but important number of cases, we vote against directors and/or boards where we believe they have failed to fulfil their duties. Before doing so we generally seek to engage with the company to better understand their practices.

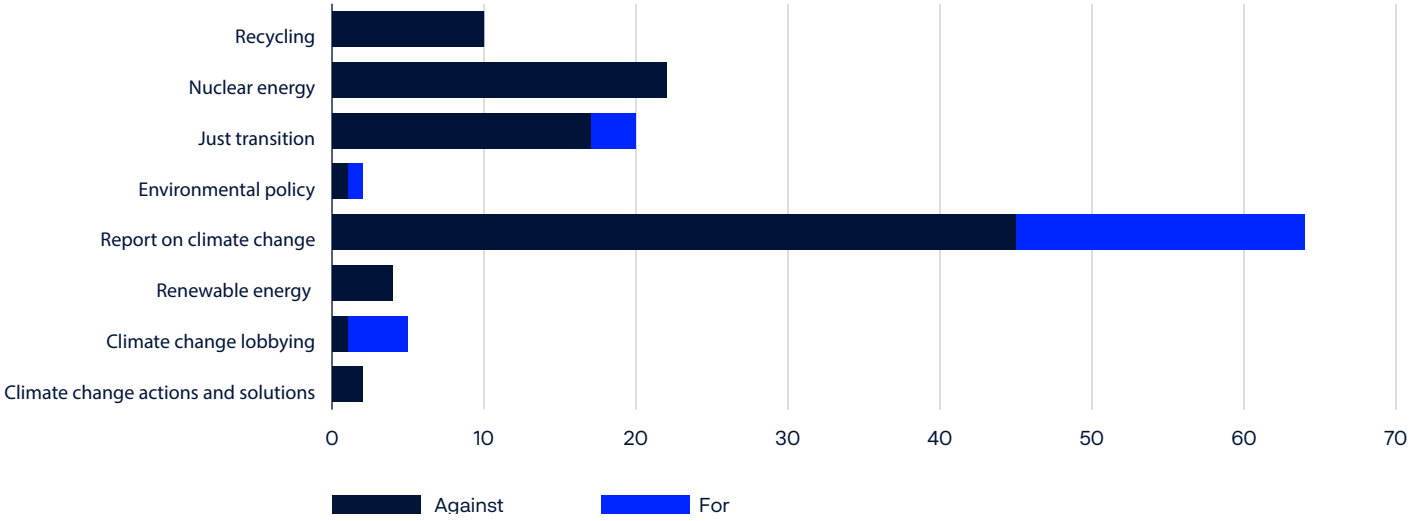
In 2025, we voted against one or more directors at 28 companies that were identified as having inadequate oversight, risk management, or disclosure of material environmental and climate risks.

Shareholder proposals

In 2025, we supported 21 percent of climate and environment proposals. We assess all proposals in detail, and vote according to a framework that considers whether:

- the topic is important enough (i.e. material).
- the topic entails micromanaging the company (i.e. prescriptive).
- the company is already doing enough (i.e. not appropriate).

FIGURE 14
Our vote decisions on shareholder proposals 2025.



'Say-on-climate' proposals

Some companies ask their shareholders to approve their climate plans, typically, through non-binding and advisory votes, every three years, with annual progress reports in between.

Standards for what climate transition plans should contain are still evolving, but the field has settled somewhat over the last few years. Our assessment of 'say-on-climate' proposals is guided by our expectations on climate change. We place particular emphasis on our core expectations, and the section on transition plans. We conduct more detailed evaluations for companies on our climate focus list, where climate risks are heightened and our net zero dialogues inform our voting decisions.

In 2025, we withheld our support from one out of 24 proposals.

Managing our exposure to climate opportunities and risks

Climate and nature disclosures

As part of our financial objective, we manage the fund's exposure to climate and nature opportunities through integrated portfolio actions that build exposure to the low-carbon transition while reducing exposure to high-risk companies.

On opportunities:

1. Investments in companies that provide climate solutions.

2. Scaling up investment in renewable energy infrastructure.

3. Decarbonising the real estate portfolio.

On risks:

4. Divesting from climate and nature laggards to reduce financial risk.

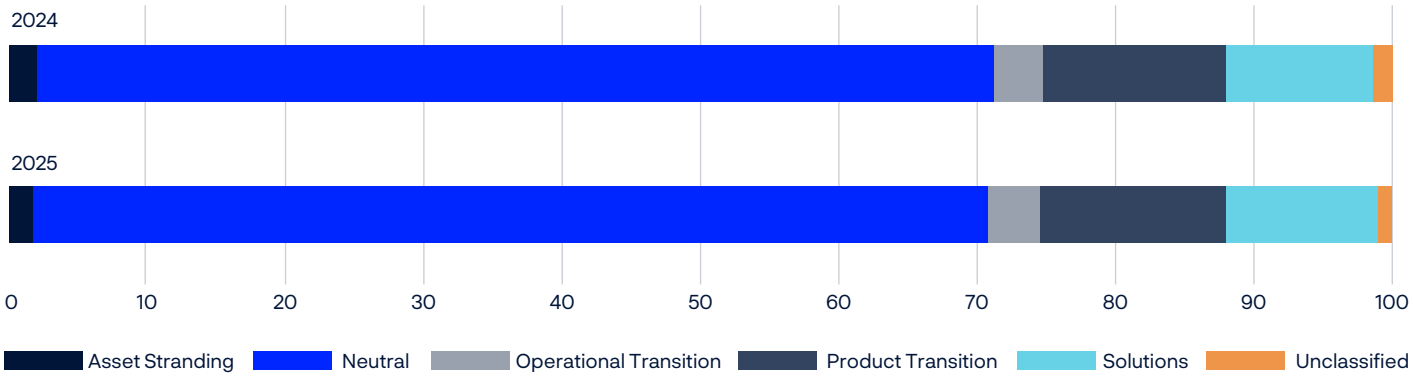
5. Excluding companies that violate ethical guidelines (Council on Ethics work paused since November).

We integrate climate and nature data into our investment systems to support active decision-making. In 2025, we integrated sustainability signals into our investment simulator to enable portfolio managers to identify outliers. Signals include Climate Expectation Scores (measuring climate disclosure and management) and Climate Performance Scores (measuring actual climate performance). Using SASB materiality mapping and industry-relative assessments, the system flags companies scoring in the top and bottom 5 percent of performance within their peer groups.

1. Investments in companies that provide climate solutions

We monitor the exposure of the fund to climate- and nature-related opportunities. Since 2024, the share of the fund's equity portfolio invested in "climate solutions" has increased 3 percentage points to 12 percent. Companies are categorised as “climate solutions” when their avoided emissions from low- or zero-carbon products and services exceed their combined operational emissions and product emissions. This increase has primarily been driven by growth in investments in the technology and financial sector, where companies are more often classified as contributors to “climate solutions”. Additionally, approximately 16 percent of the equity portfolio's net asset value at the end of 2025 was invested in companies included in the FTSE Environmental Opportunities index. Companies included in this index derive at least 20 percent of their revenues from environmental products and services such as renewable energy, energy management, water infrastructure, and pollution control.

FIGURE 15
Exposure of the equity portfolio to climate transition risks and opportunities, 2024 and 2025. Source: MSCI. 31 December 2025.

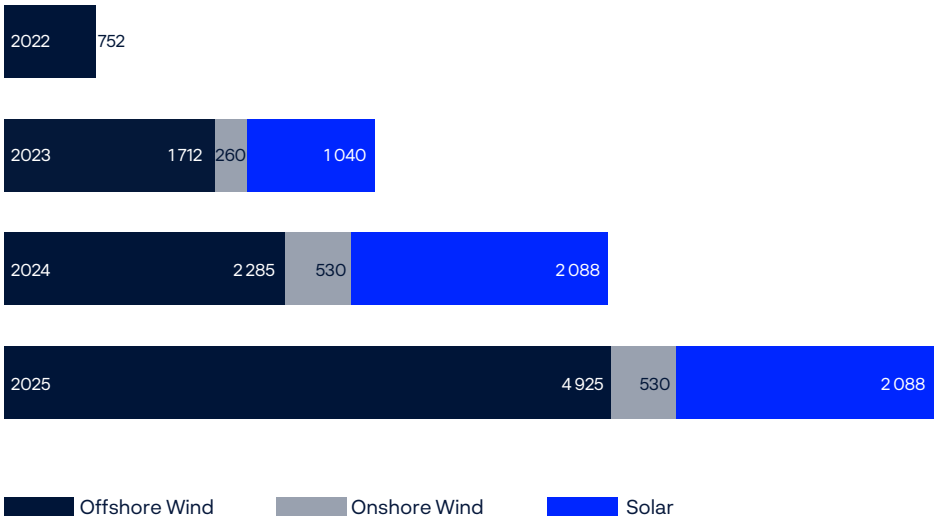


2. Scaling up investments in renewable energy infrastructure
Our renewable energy infrastructure investment strategy focuses on acquiring high-quality assets that offer sustainable, long-term returns. The fund emphasises diversification across both renewable energy technologies and geographical regions. This approach helps spread risk and enhances the fund's ability to capitalise on advances in different renewable energy sectors.

Our investments in unlisted renewable energy infrastructure currently make up approximately 0.4 percent of the fund and represent an installed capacity of 4,925MW offshore wind energy, 2,088MW of solar energy, 530MW of onshore wind energy, investment in transmission and indirect fund investments. These are active, financially motivated investment decisions and our mandate allows for investing up to 2 percent of the fund's investment portfolio in renewable energy infrastructure.

See our Responsible investment 2025 report for more information on our renewable infrastructure investments in 2025, including a highlight piece focusing on Investing in Europe's Energy Grid.

FIGURE 16
Installed capacity per energy sector. Megawatt.



3. Decarbonising the real estate portfolio

We aim for our unlisted real estate portfolio to achieve net zero emissions by 2050. To measure our progress, we have set an interim target to reduce carbon emission intensity by 40 percent by 2030 compared to a 2019 baseline. Emissions intensity has declined by 8kWh/m^2 between 2019 and 2024, equating to a 25 percent reduction. This is detailed below by sector. As of 2024, 40 percent of the portfolio meets the current CRREM decarbonisation benchmark developed by the Carbon Risk Real Estate Monitor (CRREM). This is a five percentage point increase from 2023.[13]

TABLE 8

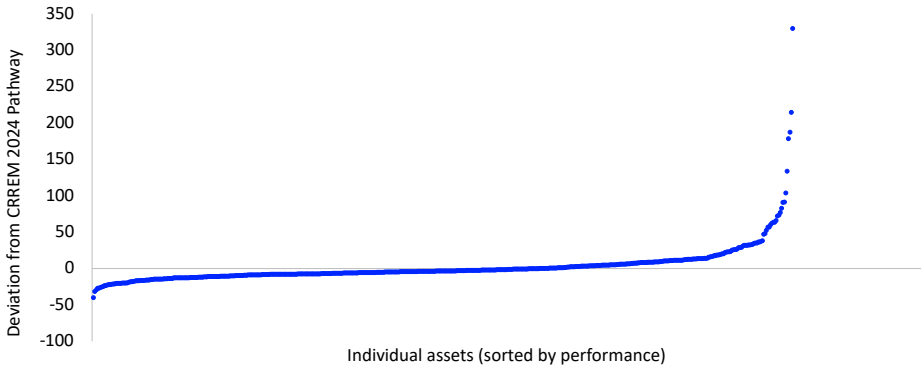
Emission intensity, unlisted real estate portfolio, by sector, 2024.

Sector	Carbon intensity (kg CO_2/m^2, 2019 Baseline)	Area estimated (percent)	Sector contribution to emissions (percent)	Carbon intensity (kg CO_2/m^2, 2024)	Area estimated (percent)	Sector Contribution to emissions (percent)	Change in emission intensity 2019-2024
Office	53	4%	37%	38	5%	33%	-15
Retail	51	64%	6%	29	16%	4%	-22
Logistics	24	100%	58%	20	35%	63%	-5
All	**32**	**78%**		**24**	**29%**		**-8**

We put a price on transition risk in our investment analysis, quantifying the impact of carbon regulations, market shifts, and technology changes on asset values, compliance costs, and future revenues. We use CRREM pathways as an early indicator of transition risk, identifying each asset's misalignment to prioritise intervention. Properties projected to fall below decarbonisation pathways face higher future compliance costs, reduced liquidity, and potential valuation impacts. Rather than divesting from energy-intensive sectors, we implement value-enhancing decarbonisation solutions that mitigate financial risks while maintaining portfolio diversification. This approach protects long-term economic performance by proactively managing regulatory compliance costs and capturing value in the transition to low-carbon real estate.

FIGURE 17

Emissions intensity by asset versus CRREM decarbonisation pathway, 2024.



[13] 2023 figures have been restated from prior year reporting due to CRREM's updated US methodology, which introduced more granular emissions factors and resulted in retroactive adjustments to alignment calculations.

Managing physical climate risk in real estate

We quantify the financial impacts of physical climate hazards on our unlisted real estate portfolio using physics-based models to assess both current exposure and future risks under multiple climate scenarios. Our analysis evaluates how extreme weather events affect asset values, insurance costs, and capital requirements for adaptation.

In 2025, we screened 486 US properties using First Street's hydrodynamic flood models under moderate climate scenarios (SSP2-4.5). We identified 41 properties (representing 8.7 percent of the US portfolio by value) currently at material flood risk (>30cm depth in 100-year flood events). Critically, this exposure increases to 51 properties (10.8 percent of portfolio value) within 30 years. For exposed properties, we conduct detailed asset-level assessments and prioritise adaptation investments using cost-benefit analysis.

4. Divesting from climate and nature laggards to reduce financial risk

Engagement is our primary tool for mitigating climate risk. Divestment is a last resort. We may divest from companies with high exposure to sustainability risks – including climate and nature-related - as a result of their business models and management practices. Risk-based divestments are active decisions within our tracking error limits that affect relative return. If a divested company improves, we may reverse the divestment decision.

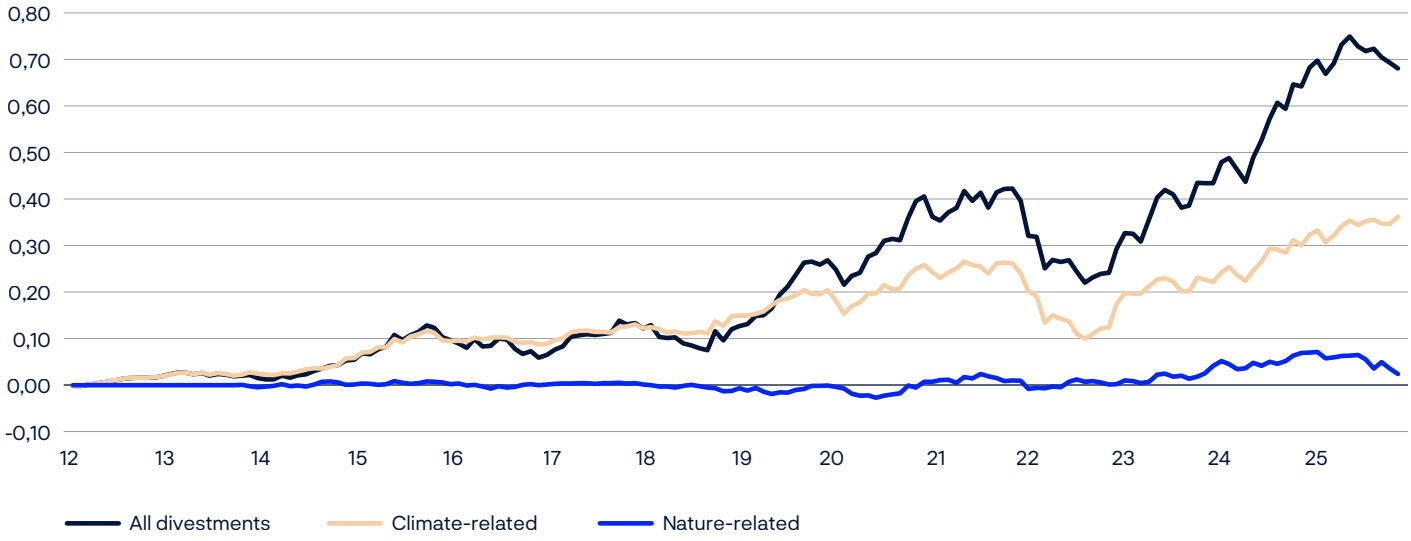
In 2025, we divested from 10 companies as a result of risks related to climate change, water management, and biodiversity and ecosystems, and re-included 4 companies. Since inception in 2012, risk-based divestments across these topics have generated 0.39 percentage points in cumulative excess returns.

TABLE 9

Climate and nature-related risk-based divestments in 2025.

Topic	Criteria	Divestments	Re-inclusions
Climate change	Elevated risk related to high greenhouse gas emissions, including coal mining and coal-based electricity generation	5	3
Water management	Insufficient risk management related to water use	1	0
Biodiversity and ecosystems	Exposure to markets associated with degradation of biodiversity and ecosystems	4	1
		10	**4**

FIGURE 18
Return on risk-based divestments on the equity reference portfolio, compared to a portfolio not adjusted for risk-based investments. Measured in dollars. Percentage points.



5. Excluding companies that violate ethical guidelines

Until November 2025, the Executive Board of Norges Bank decided whether companies should be excluded from the fund's investment universe or placed under observation, in accordance with guidelines established by the Ministry of Finance. The guidelines included criteria for nature and climate related norm violations. The Executive Board's decisions on exclusion or observation of companies were based on recommendations from the independent Council on Ethics, which is appointed by the Ministry of Finance. For the product-based coal criterion, recommendations came from Norges Bank Investment Management.

In November 2025, the Government appointed a committee to review the ethical framework. The committee is to deliver its report by 15 October 2026. Pending a new framework, the Ministry of Finance has established temporary ethical guidelines.

Under the temporary ethical guidelines, Norges Bank shall not decide on observation or exclusion, but may revoke previous decisions on observation and exclusion. The Council on Ethics shall continue to monitor the fund's investments and inform Norges Bank about companies where active ownership may be appropriate and may recommend to reverse previous decisions on observation and exclusion.

See the overview over companies excluded or under observation on our webpage, nbim.no.

Index

Reference to TCFD requirements

Core Elements	Recommended disclosures	Description	Location
Governance	Board Oversight	Board's oversight of climate risks and opportunities	Rules and Procedures for Norges Bank's Executive Board
		Process and frequency of board information on climate issues	Rules and Procedures for Norges Bank's Executive Board
	Management's Role	Management's role in assessing and managing climate risks	NBIM website
		Integration of climate considerations into executive decisions	Progress on 2025 Climate Action Plan
Strategy	Climate-Related Risks and Opportunities	Short, medium, and long-term climate risks identified	Climate risk
		Strategic planning implications	Progress on 2025 Climate Action Plan
	Impact on Organization	Impact on business operations and financial planning	Climate risk
		Capital allocation considerations	Our plan toward 2030
	Resilience of Strategy	Analysis of strategy against different climate scenarios	Climate risk
		Assessment of strategic resilience	Our plan toward 2030
Risk Management	Risk Identification	Processes for identifying climate risks	Climate risk
	Risk Management	Processes for managing identified climate risks	Managing our exposure to climate opportunities and risks
		Adaptation planning and implementation	Contributing to better market standards and knowledge creation
	Integration	Integration into overall risk management	Managing our exposure to climate opportunities and risks
Metrics and Targets	Climate-Related Metrics	Metrics used to assess climate risks and opportunities	At a Glance
		Key performance indicators	At a Glance
	GHG Emissions	Scope 1 emissions data and methodology	Climate risk
		Scope 2 and 3 emissions data	Climate risk
	Targets	Climate goals and targets	2030 Climate action plan
		Progress against targets	Progress on 2025 Climate action plan
Additional Resources	Supporting Documentation	Climate Change Policy	2030 Climate action plan
		Environmental Management System	--
		Stakeholder Engagement	Responsible Investment Report 2025
		External Assurance	--

Reference to TNFD disclosure recommendations

Core elements	Recommended disclosure	Location
Governance	A. Board Oversight	Rules and Procedures for Norges Bank's Executive Board
	B. Management's Role	NBIM website
	C. Stakeholder Engagement	Responsible Investment Report 2025
Strategy	A. Dependencies, Impacts, Risks and Opportunities	Nature risk
	B. Impact on Organisation	Our plan toward 2030
	C. Strategy Resilience	Our plan toward 2030, Nature risk on nature scenario analysis
	D. Priority Location Assessment	Nature risk
Risk and impact management	A. Assessment Processes	Nature risk
	B. Management Processes	Nature risk
	C. Integration with Risk Management	Nature risk
Metrics and targets	A. Risk Assessment Metrics	At a glance, Our actions
	B. Impact Metrics	At a glance, Nature risk
	C. Targets & Goals	Our plan toward 2030

This document is provided for information and transparency purposes only. It may contain forward-looking statements, including scenario analyses, estimates, targets and assessments related to climate- and nature-related risks and opportunities. Such statements are based on assumptions, methodologies and data available at the time and are subject to significant uncertainty.

Forward-looking statements are not forecasts, commitments or guarantees of future outcomes, including portfolio alignment, emissions pathways, risk levels or financial performance. Actual outcomes may differ materially due to changes in market conditions, regulation, technology, company behaviour, data quality or scientific understanding.

Scenario analyses, implied temperature metrics and quantitative estimates are analytical tools to support risk understanding. They are model-dependent, assumption-sensitive and should not be interpreted as predictions or point estimates.

References to company engagement, divestments or ownership activities describe historical actions and observed associations only and do not imply causation or assurance of future outcomes.

Climate and nature disclosures
Government Pension Fund Global

Norges Bank Investment Management

www.nbim.no