

CSR REPORT 2011

CORPORATE RESPONSIBILITY AND ETHICS AT PFA

PFA APRIL 2012

TRANSLATION: In case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

**WE CREATE VALUE FOR CUSTOMERS WITH
RESPONSIBILITY FOR SOCIETY, OF WHICH
PFA IS A SUBSTANTIAL PART.**

**FOR PFA, RESPONSIBILITY IS A VALUE —
NOT A COST**

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INTRODUCTION

RESPONSIBILITY IS A PART OF THE FOUNDATION

PFA was established almost 100 years ago because employers and employee organisations took responsibility. Responsibility for wage earners' financial welfare. It was a task for the individual wage earner and also a social task.

Ever since, responsibility for customers and for society has been an important part of the foundation on which PFA is built. It still is.

PFA is Denmark's largest and leading pension company. We are responsible for the pension plans of 650,000 customers and for the life and health insurance of half a million Danish people. The actions we take have a decisive influence on the life of hundreds of thousands of Danish people after reaching retirement age and their security in connection with sickness and loss of occupational capacity.

We are important for Danish people and therefore for Danish society as well. And with importance comes responsibility.

We acknowledge and are aware of this responsibility – both in the way we operate a responsible business and in the ethics our employees at PFA abide by every day.

We accept this responsibility towards our customers. It is especially applicable to PFA as we are

also a customer-owned business. This means that our task quite simply is to create the best possible pension plans and insurance policies for our customers. We also accept responsibility towards society as both our customers and we are essential elements of society and are important to it.

We therefore have a rule at PFA which we incorporate fully into our daily life. A rule regarding fairness. It sounds simple, but is complex, as we strive to live up to it in all our actions. This fairness applies to our customers, to society and to one another and is thus an integral part of our corporate strategy.

CSR, social responsibility, corporate responsibility and ethics shall therefore combine with our business at PFA. Only in this way can we achieve our strategy and our corporate objectives. And only in this way can we stand firm on the foundation on which PFA is built, namely responsibility to our customers and society of which PFA is a part.

Yours sincerely



Henrik Heideby
Group CEO and President



AREAS OF FOCUS AND RESULTS

This report describes PFA's work with responsibility, the adoption of a new CSR policy and the results which were achieved in 2011.

PFA bases its work with responsibility on UN Global Compact's 10 principles, and works to incorporate the values and objectives of these principles in PFA's business and day-to-day activities. PFA focuses on those areas which are the most significant for the company's corporate areas and for those expectations that the outside world has for PFA.

In 2011, PFA focused on further integration between CSR and PFA's corporate strategy. This was carried out in parallel with the continued work to identify areas of focus for CSR.

PFA's areas of focus for its work with responsibility in 2011 were responsible investments, sustainable operations, pensions and welfare, and dialogue. Within these areas, work was carried out to improve processes, expand knowledge and skills and implement the stipulated objectives.

In addition, PFA has worked strategically to create clear coherence between the CSR policy and corporate strategies. In May 2011, PFA launched a new corporate strategy and market position which, together with its vision, mission and values, also focussed on employee behaviour and working culture. Fairness is a basic rule at PFA and it must be well prepared when meeting with customers.

As part of the work with the new strategy, PFA formulated a new policy for corporate responsibility and ethics in the second half of 2011. The policy is an overall value compass which provides the framework for how PFA operates its business based on values such as fairness, integrity and commitment. It has, as one concrete example, led to the establishment of a whistle-blower scheme at PFA. The management in all areas of PFA have been involved and contributed to the content of the policy before being adopted by the Supervisory Board in December 2011. The policy forms the framework and structure of the CSR report in terms of its content.



ABOUT THIS REPORT

This is PFA's third CSR report. Together with the current Annual Report for PFA Holding, the intention of the Report is to comply with the Danish Financial Statements Act regarding the reporting of the company's social responsibility. It also represents PFA's Communication on Progress report to the UN regarding its work to implement UN Global Compact's 10 principles. PFA also reports independently regarding the implementation of the principles, supported by the UN, for responsible investments to PRI. The report applies to the period from 1 January to 31 December 2011 and concerns the PFA Group – with the exception of FunktionærPension and two associates. The CSR report is published at PFA Holding's Annual General Meeting on 25 April.

PFA still uses indicators from GRI G3 - Sustainability Guidelines and Financial Service Sector Supplement (FSSS), which cover the relevant areas in UN Global Compact's 10 principles. Based on the report and the GRI indicator chart, PFA assesses that the report is at level C in relation to GRI G3's assessment scheme.

Parallel with the development and operation of the CSR report, PFA is expanding and systemising the scope of data so that it is more substantial and reports can go into more detail in years to come.

The aim of this report is to provide a complete description of PFA's areas of performance, results, future challenges and objectives in the field of CSR.

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NEW CSR POLICY



NEW CSR POLICY

CORPORATE RESPONSIBILITY AND ETHICS AT PFA

In 2011, PFA formulated a new policy for “Corporate Responsibility and Ethics in the PFA Group”. The objective is to ensure coherence between PFA’s corporate strategy and values and PFA’s work with responsibility.

New policy combines strategy and responsibility

As a customer-owned pension company, PFA carries out the particularly responsible task of managing the pension funds of the Danish people. For this reason, PFA’s business is built on the confidence of customers, employees and society, and the company’s integrity is a core element in the corporate relationship.

PFA’s employees, managers and Supervisory Board work together to create value for customers, business partners, society and for PFA itself. Value creation includes a competitive business model and measures which ensure both financial value, consultancy value and service value. PFA strives to be the best at bringing professionalism and knowledge into play.

Fairness is a fundamental principle at PFA, and the desire to provide customers with qualified advice and operate a fair and reasonable business are basic elements of PFA’s method of operating. This places requirements on PFA’s corporate integrity. PFA must be a business partner you can trust.

Trust and integrity rest primarily on the personal behaviour of everyone at PFA. PFA’s actions contribute to giving substance to regulations, news and values. In practical terms, fairness means that PFA carries out its business under fair and responsible conditions for employees, customers and the environment. PFA complies with legislation and industry standards, and also principles for social responsibility and sustainability which PFA itself has chosen to apply. PFA takes responsibility for the social and environmental consequences of its business and actively seeks to contribute to the creation of a more sustainable society.

PFA’s policy for corporate responsibility and ethics is based on a set of internationally recognised principles for human rights, workers’ rights, the environment and anti-corruption as formulated in UN Global Compact. PFA signed up to the UN Global Compact and a corresponding set of principles for responsible investments, PRI, in 2009.

Principles

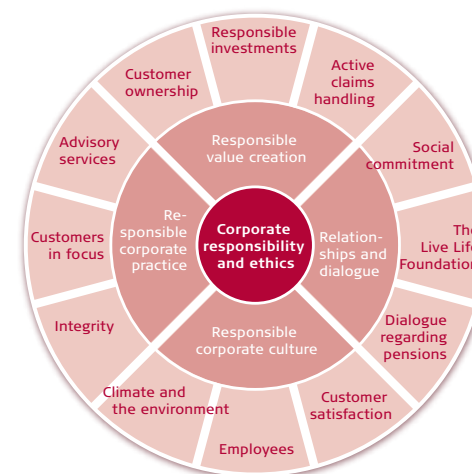
PFA’s policy for corporate responsibility and ethics follow four fundamental principles:

- 1 Good and responsible corporate practice**
PFA’s value creation for customers must be achieved by long-term, responsible economic growth and is based on fair and reasonable corporate practice which is reflected in all PFA’s corporate relationships. PFA provides its customers with qualified advice based on the customer’s needs and conditions which are stipulated as fair, reasonable and transparent.
- 2 Responsible corporate culture**
PFA develops a corporate culture based on integrity and respect. The aim is a culture which is inclusive and contains equal opportunities for all employees, promotes job satisfaction and health in the workplace and encourages learning and skill development. PFA desires an energetic corporate culture in which challenges are met effectively.
- 3 Responsible value creation**
PFA combines long-term financial value creation in investment with responsible governance, environmental and climate considerations and social responsibility in the companies in which PFA invests. PFA also promotes sustainable development through independent operations.

4 Relationships and dialogue

PFA has an open dialogue with customers and other interested parties and contributes, by means of developing market surveys, analyses and public debate, to clarifying matters within the company’s areas of business. The objective of PFA’s dialogue with interested parties is long-term and mutually beneficial partnerships based on trust, openness and transparency.

PFA responsibility model



RESPONSIBLE CORPORATE PRACTICE



RESPONSIBLE CORPORATE PRACTICE INTEGRITY

PFA builds its business on the confidence of customers, employees and society, and the company's integrity is a core element of the corporate relationship.

PFA takes its responsibility seriously and aims to create a framework and policies which ensure that its employees act fairly and boost PFA's integrity.

Actions are carried out based on policies which are based on the company's handling of risk. Policies and guidelines are adopted by the Supervisory Board, and everyone within PFA has an obligation to familiarise themselves with and understand the policies, guidelines and regulations.

As a part of the financial sector, PFA is covered by a range of legislation and controls which minimise the risk of fraud. These apply, amongst other things, to financial reporting and risk analysis, guidelines for a ban on speculation, a formulated IT security policy and written corporate procedures for all important areas of business which, amongst other things, ensure separation of functions and internal controls.

In addition to the statutory procedures, PFA has taken a range of other initiatives with the aim of contributing to further minimising the risk of fraud and preventing irregularities. These include initiatives such as the establishment of a compliance function, which incorporates the company's corporate procedures, and a new scheme for whistle-blowers.

New whistle-blower scheme

As a part of its new policy for corporate responsibility and ethics, PFA adopted a whistle-blower scheme in 2011. The aim of the scheme is to create openness and to uncover unethical and irresponsible behaviour which conflicts with PFA's policies and values.

The objective of the scheme is to create an alternative to the management system in which employees can anonymously report reprehensible behaviour which could have a negative effect on PFA and risks placing the reporter in an uncomfortable situation.

The whistle-blower scheme will be launched in 2012, when employees and management will be informed of the scheme's objective, content and possibilities.

Perspectives

PFA will continue to focus on the development of parameters and policies which ensure that employees behave fairly and responsibly. In connection with the policy for corporate responsibility and ethics being implemented, the corporate policies will be examined to assess whether there is a need, based on the new policy, for changes in existing policies or practice.

RESPONSIBLE CORPORATE CULTURE



RESPONSIBLE CORPORATE CULTURE COMMITTED EMPLOYEES CREATE MORE VALUE

PFA seeks to have committed employees who thrive in their daily work and can be involved in making a difference for the many customers and colleagues they come into contact with on a daily basis.

Skill development and focus on the management role

Knowledge and skill development is involved with developing employees and supporting a positive and involving working culture. For this reason, PFA continues to focus on internal communication, knowledge sharing and cooperation across the organisation. Individual employee development is governed by the annual personal development meetings and follow-up process which is agreed with the individual employee.

PFA continued the successful pension adviser talent programme from 2010 with a new team in 2011. The objective is to maintain and develop talented employees who have the potential to provide excellent pension advice to PFA's customers. The training will be completed in May 2012 with a test and evaluation of the talented applicants' possibility of being employed as a pension adviser at PFA.

The IT departments focussed in 2011 on a larger skill initiative where managers worked to define roles and skills profiles. The aim is to create greater clarity regarding responsibility and principle tasks in the different functions and regarding which skills are essential for success in the job. This shall contribute to a goal-oriented and value-creating development of employees' skills and to clarifying the development path within the IT departments.

130 employees at PFA have a managerial position. PFA therefore focuses on the management role. Based on PFA's strategy, managers and employees were involved in anchoring the PFA scorecard and PFA transformation card in the strategy. From 2011, all managers and executives at PFA are part of a micro network which acts as a confidential, interdisciplinary forum where managers discuss management development based on PFA's management model and achieves a better understanding of the business.

Equal opportunities and a fair working culture

PFA would like all employees to have equal opportunities to develop their potential and discrimination based on gender, age, religion, ethnicity, disability or sexual orientation will not be tolerated. PFA seeks to involve all employees and encourage their commitment so that PFA remains a dynamic and excellent workplace. In combination with the

launch of PFA's new market position, PFA formulated four individual rules of conduct in 2011. It subsequently implemented a range of processes to create commitment to ensure that employees are familiar with and adopt the rules of conduct.

PFA strives to achieve a good balance between male and female employees and managers. At the end of 2011, 51.4 per cent women and 48.6 per cent men were employed at PFA, which broadly speaking corresponds to the composition of the Danish population. The average age of a PFA employee in 2011 was 41.8 years compared with 43.5 years in the industry in general.

Overall, 2011 saw the recruitment by PFA of female managers and area managers. In contrast there has been a slight decrease in female team leaders. The proportion of women on the PFA's Supervisory and Executive Board is one fifth and a quarter respectively. At PFA, equality is also promoted by the father's opportunity to take paternal and parental leave after the birth of a child over and above the 14 days stipulated by law. Fathers at PFA have the opportunity to take 10 weeks' paid parental leave in addition to the 4 weeks' paternal leave. In 2011, 49 men and 74 women took advantage of the option of parental leave from PFA.

Job satisfaction, working climate and health
To form an overview of employees' attitudes,

Sickness absence



the working climate and job satisfaction, PFA carries out a survey of employee satisfaction on an annual basis. Over the last three years, PFA has achieved a high level of job satisfaction and above the level of the labour market in general. PFA focuses on health, exercise and a good working environment for its employees. A varied selection of healthy food is served in the canteen, and fruit and vegetables are also served as snacks between mealtimes. PFA has set up a child-friendly office which can be used if an employee cannot arrange other suitable childcare. PFA also has employee clubs and associations where employees can meet and participate in professional and social events.

Working climate and commitment have an effect on sickness absence. In 2010, PFA set a target for sickness absence of a maximum of 3.8 per cent. This objective has been fulfilled in 2011, when sickness absence equalled 3.3 per cent.

Perspectives

In 2012, PFA will focus on well-being management, and managers will receive additional training amongst other things in handling stress and job dissatisfaction and creating increased satisfaction in their teams. PFA's objective is to continue to reduce sickness absence, and the goal for 2012 is 3.1 per cent.

A high-contrast, black and white photograph showing the lower legs and feet of a group of people walking across a highly reflective, light-colored tiled floor. The people are silhouetted against the bright floor, and their long, dark shadows are cast prominently in the foreground. The perspective is from a low angle, looking down at the feet and shadows. The overall mood is one of movement and collective action.

RESPONSIBLE VALUE CREATION

RESPONSIBLE VALUE CREATION

PENSIONS AND INSURANCE ARE RESPONSIBILITIES

Pensions and insurance are extremely important for the welfare and security of Danish people. PFA makes a difference for thousands of Danes.

Pension savings, for the vast majority of Danish people, is an absolutely crucial element in ensuring their financial security. PFA's core product, pension savings, is therefore important. But importance brings with it responsibility. PFA has a responsibility for the management of the Danish citizens' financial security after they have reached retirement age.

Approx. 650,000 Danish people have pension savings with PFA. At the same time, around half a million Danes hold insurance with PFA for such things as sickness, death and loss of occupational capacity. PFA's products, advisory services and other services deal with the welfare and security for several hundreds of thousands of Danish families. Around every fourth or fifth household in Denmark has a customer relationship with PFA which deals with financial security in those life situations to which we are exposed.

DKK 325 billion in pensions
PFA manages total wealth of DKK 325 billion for

pension savings. PFA's customers paid DKK 17.7 billion to their pension plans in 2011. In 2011, PFA disbursed a total of DKK 15.4 billion to customers in pensions and insurance.

PFA works to ensure that as many people as possible have adequate pension funds to ensure a satisfactory standard of living after reaching retirement age. This requires a continued expansion of the pension fund in years to come, one of the reasons being that Danish people are living for longer.

Some of the ways PFA is contributing to this are by ensuring the best possible value creation through a high level of return, low costs and customer ownership, which means that profits go to customers through CustomerCapital. Customer ownership ensures that PFA makes money for customers and not from customers.

Insurance with security

Every year, thousands of PFA customers benefit from their insurance policies associated with sickness and disability, for example.

PFA's insurance plans mean that people affected by sickness or who lose occupational capacity in a period have the opportunity to receive quick treatment, and in this way can quickly return to an active existence.

32,000 people received treatment via PFA Health Insurance one or more times in 2011. 5,400 used PFA Preventive Care on one or more occasions, while almost 1,000 people were awarded a disbursement of Critical Illness. 3,200 people had their case settled in relation to loss of occupational capacity.

At PFA, we are not content with paying out the amount we are obliged to. We will go the extra mile to help people recovering from illness or loss of occupational capacity to return to active employment again. We have therefore implemented something we call Active Claims Handling. In 2011, 270 people received Active Claims Handling where we help people who have lost their occupational capacity to get through their illness so that they have the opportunity to return to employment.

Perspectives

PFA works to ensure that many Danish people have pension savings which ensure them a comfortable life after retirement. Payments by Danish people to pension plans have generally been on the increase in recent years, and this means that pension payments for future retirees will have increasing importance.

In connection with the economic crisis, there has been a tendency for pension payments also to be affected. There has also been political intervention in the tax conditions for pension savings. PFA safeguards good conditions for pension savings. For example, PFA is especially cautious of recommending that Danish people withdraw from early retirement plans as for many people it can be beneficial to stay in the plan in the long term. In the same way, PFA warns against political measures which restrict incentives for pension savings or which limit the return on investments.

RESPONSIBLE VALUE CREATION IT IS THE CUSTOMERS' MONEY

PFA is owned by its customers. The values which are created in the PFA Group therefore go to the customers first and foremost.

PFA creates maximum value for customers by obtaining a high return on investment and keeping costs low. In addition, customers are guaranteed the largest possible share of the value created by saving with Customer Capital.

Openness regarding costs

PFA goes the extra mile to create openness regarding costs. PFA was one of the first pension companies with a costs ready-reckoner. Customers of PFA were some of the first to be able to see, in their annual surveys, the annual costs in DKK (ÅOK) and in per cent (ÅOP). This applies to both customers with market rate products and customers with traditional pension savings with average interest rate products.

PFA openly publishes all its costs. In connection with the publication of ÅOK and ÅOP for 2011, also published are a method description and an accountant's statement which documents that the costs contained in the financial statements agree with the totals in the information which

customers have received. At the same time, full comparability between other pension companies is ensured.

Low costs

PFA keeps costs low to create maximum value for customers. In an impartial comparison of pension companies mentioned in Berlingske on 2 July 2011, ÅOP in pension companies' life cycle products varied between 0.70 and 1.11 per cent with PFA Plus having the lowest. PFA's costs are published at pfa.dk.

Reserves brought along when switching to PFA Plus

When individual customers choose PFA Plus and move their saved deposits from average rate products, they can bring along their share of the unallocated reserves.

The first time round, PFA opened for a transfer allowance for a period in June and the second time around in September when customers received a quotation regarding a transfer. The amount of the allowance depends on the interest group's unallocated reserves and will as a general rule be higher for older pension savings than for more recent savings. From 1 November, PFA will continue to offer the option of transferring deposits with reserves, and the allowance will subsequently be calculated for a month at a time.

PFA's expense ready-reckoner (available in Danish only)

The screenshot shows a web form titled "PFA Plus – PFA Investorer med PFA KundeKapital". It contains several input fields for personal and financial data, each with a "Indtast værdi" (Enter value) button. The fields are: "Din nuværende pensionsopsparing (i kroner):", "Din årlige indbetaling til pension (i kroner):", "Din forventede pensionsalder:", "Din alder:", and "Din investeringsprofil i PFA Plus:". Below these is a table of costs. The table has three columns: "Årlige omkostninger" (Annual costs), "Kroner pr. år" (Crown per year), and "% af opsparingen" (% of savings). The rows are: "Direkte omkostninger" (Direct costs), "Indirekte omkostninger" (Indirect costs), and "Standard-ÅOK/ÅOP". The "Standard-ÅOK/ÅOP" row shows a value of 0 in the "Kroner pr. år" column and 0% in the "% af opsparingen" column. At the bottom right is a "Print beregning" button.

Årlige omkostninger	Kroner pr. år	% af opsparingen
Direkte omkostninger		
• Administrationsomkostninger	0	
Indirekte omkostninger		
• Investeringsomkostninger	0	
• Andre omkostninger (driftsheretillæg mv.)	0	
Standard-ÅOK/ÅOP	0	0%

220 million back to the customers

PFA paid approx. DKK 220 million back to individual customers with fewer insurance disbursements than expected. This concerned plans with a special agreement with experience rating.

The increased focus on health and prevention appears to be working. The better customers are at taking care of themselves and their health, the more money there is to distribute.

Perspectives

PFA works continuously to minimise costs and maintain its position as the company in which customers enjoy the highest value creation.

In 2012, PFA will implement new initiatives which make it easier to be a customer of PFA and easier to understand one's pension plan. PFA will also continue to consolidate its advice and ensure that PFA's knowledge is converted into value for its customers.

RESPONSIBLE VALUE CREATION

BACK TO WORK

Through Active Claims Handling, PFA helps customers through sickness and back to work.

The number of Danish people in receipt of transfer income due to sickness has been increasing substantially in recent years and is regarded as being an economic and social time bomb for society and the welfare system. When a person is affected by illness or loses occupational capacity for some other reason, it can be expensive for society.

Businesses are also affected. They lose working capacity, have expenses for long periods of sickness and increased insurance expenses unless measures are actively deployed. If the person concerned is also insured, lasting state provision will also mean expenses for disability benefit.

Long-term sick leave is a serious matter for the individual citizen. People who are absent due to illness for a long time are at great risk of being excluded completely from the labour market. For this reason, early intervention is crucial for getting people on sick leave back into work.

Effective measures for getting citizens with reduced occupational capacity back into the labour market are therefore in the interests of everyone.

PFA Active Claims Handling

PFA's Active Claims Handling scheme helps customers who are in receipt of a disability pension from PFA or have an illness which PFA assesses puts them at risk of receiving a disability pension.

PFA's measures comprise amongst other things sharing knowledge with customers to motivate them to improve their situation, helping customers steer their way through the Danish municipal system and investigating the options for and contributing to concrete health and treatment offers.

In 2011, PFA's Active Claims Handling scheme looked at cases for 1,252 customers. Of these 1,252 customers, PFA has had a dialogue with 270 customers. In concrete terms, PFA's contact with customers in 2011 meant that 25 customers in receipt of disability pension have recovered to such an extent that they no longer require the disability pension. 12 customers have received preventive aid to such an extent that they are back in the labour market and have not utilised their disability pension at all.

Perspectives

Against this background, PFA has been in dialogue in 2011 with the political system regarding PFA's experiences which could provide inspiration for new solutions in the public sector. PFA would like to continue with this dialogue in 2012 as well as with its measures for Active Claims Handling.

Case 1: Preventive work

Through a pension adviser, Active Claims Handling becomes aware of a customer suffering from stress and depression and being absent from work full time due to illness. After a dialogue with the customer, he is quickly offered an appointment with a psychiatrist who assesses a need for a further five hours of treatment. Active Claims Handling approves this treatment which assists with the customer being back in work full time a short time after. With the help of Active Claims Handling, a longer period of being off work due to sickness, detrimental to the individual, the business, society and PFA, can be avoided. For PFA alone, such a case could result in the payment of a disability pension of DKK 7.4 million over the course of the life of the person in question.

Case 2: Treatment of injury

At the age of 25, Kenneth suffered a shoulder injury which put him in receipt of a disability pension. He could have continued on passive support from the state and from PFA until he reached retirement age more than 40 years later.

PFA helped him, first with an operation and then rehabilitation via Health Insurance, then with help from Active Claims Handling. Active Claims Handling has helped with support for his treatment and provided further help with rehabilitation, which under normal circumstances is not covered by health insurance.

Kenneth was declared fit for work in August, and PFA was able to discontinue disability disbursements, likewise Kenneth was able to return to active participation in the labour market – for the benefit of both Kenneth and society.

RESPONSIBLE VALUE CREATION

RESPONSIBLE INVESTMENTS

PFA aims to create the highest possible return on investments for customers, and this shall be achieved on a responsible basis.

Responsibility and ethics are integral parts of PFA's investment processes. Since 2009, PFA has been a signatory of both UN Global Compact and PRI, and it is these international principles and recognised standards which form the basis on which PFA's policy on responsible investments has been developed. PFA has converted policy into internal procedures. Accordingly, social, environmental and governance considerations have been integrated in the investment process.

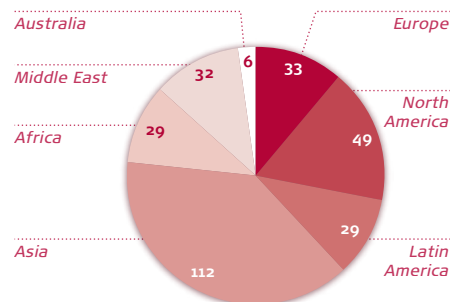
10 years of positive returns

In 2011, PFA had investments in more than 3,400 shares and corporate bonds worldwide. Despite difficult economic times, PFA has been able to achieve an extremely satisfactory return of DKK 27.2 billion for its customers. In so doing, PFA has been the only Danish pension company to ensure its customers a positive return on investment for 10 years in a row. This is the result of an investment process based on knowledge sharing, dynamic investment processes and energetic portfolio administrators.

Dialogue and screening

In 2011, PFA continued its work to screen companies and enter into dialogue with those which violate PFA's guidelines for responsible investments. PFA collaborates with the screening agency GES, which has screened all the investments in PFA's portfolio and has been in dialogue with approx. 250 companies regarding a total of 290 different cases. The cases concerned environmental and climate violations, breaches of human rights and violations of workers' rights.

GES Engagement
Engagement activities, breakdown on regions



Source: GES 2011

Based on the screenings, PFA assesses its exclusion list at least once every six months. The list is an integral part of PFA Kapitalforvaltning, PFA Asset Management, and is also sent to PFA's external asset managers. PFA also operates with an "engagement list" in which companies are listed which

come into conflict with PFA's guidelines as a result of the screening. The list is the starting point for PFA's active ownership and engagement.

Process summary Responsible investments



Increased active ownership

In 2011, PFA continued to work on implementing the principles in PRI and integrating ESG factors throughout investment analysis. In continuation

of PFA's experiences with voting on selected cases and to strengthen PFA's options to be able to exert active ownership, we have prepared an overall policy for active ownership via proxy voting.

The policy includes guidelines for voting at annual general meetings both nationally and globally. This is implemented via the British proxy voting agent The Manifest Voting Agency and gives PFA the opportunity to vote at foreign annual general meetings. PFA regards voting as an escalation of its engagement in those cases where companies have been in breach of PFA's policies over a longer period of time. It is PFA's RI Board which takes decisions regarding voting.

Promotion of dialogue

PFA actively contributes to sharing knowledge and spreading the word regarding responsible investments using methods including engaging in dialogue with interested parties and the media and through committee work in Dansif. In 2011, PFA reported to PRI for the second time in a self-assessment survey. In the spring of 2011, PRI carried out an audit of replies and subsequently approved PFA's report which also showed progress compared with the first report.

Signatory of:
PRI Principles for Responsible Investment

RESPONSIBLE VALUE CREATION

RESPONSIBLE INVESTMENTS

- NEW INITIATIVES

In 2011, PFA contributed with concrete investments which promoted social considerations as well as supported the ambition of PFA to achieve the highest possible degree of value creation for its customers.

Half a billion to growth businesses

PFA was the first commercial pension company to make a concrete commitment to invest in growth businesses through Dansk Vækstkapital, which is an initiative in partnership with the government. The commitment is for DKK 520 million.

Dansk Vækstkapital provides capital for entrepreneurs and small growth businesses. PFA is prepared to pledge a part of the amount. PFA can in this way contribute to Danish innovation and growth in small and medium-sized businesses. It is an important task for which PFA takes joint responsibility.

Energy investments in Africa

PFA has set aside an amount in the million range for investments in the investment fund DI Frontier Market Energy & Carbon Fund. The money has been set aside and will be invested gradually as the fund locates suitable and profitable projects.

The fund shall invest in energy facilities in Africa, where there is considerable shortage of energy and a substantial need for investment in energy. For PFA, it is a matter of a long-term investment in necessary and profitable energy projects with prospects of achieving a solid return which at the same time support responsible developments in Africa.

The fund has been set up in partnership with the Confederation of Danish Industry (DI), the Investment Fund for Developing Countries, the Global Energy Efficiency and Renewable Energy Fund and is managed by the European Investment Bank (the British Government's investment fund for developing countries), as well as the South African company Fabvest.

The fund's operation has been supported by the EU with a contribution of approx. DKK 1 million and by Seed Capital Assistance Facility with approx. DKK 5 million.

Promotion of Public-private partnerships

The public sector is responsible for a very considerable investment requirement within, for example, infrastructure, energy, buildings etc. It is a matter of socially beneficial investments which promote both growth and welfare, but also investments which promote environmental aspects.

Seeking out alternative forms of financing for these socially beneficial investments is increasingly relevant. Increased use of public-private partnerships is one of the solutions.

PFA contributed in 2011 to putting the issue on the agenda. This has been achieved by contributing to debates and interviews in the press, at conferences, in direct dialogue with the political system with concrete proposals and through dialogue with the Danish competition and consumer authorities and many government departments regarding their work to develop a public-private partnership standard model.

In concrete terms, PFA has expressed an interest in participating in investments in sanitary facilities, traffic installations and in the energy infrastructure, and PFA works actively to remove the structural barriers for pension funds in Danish public-private partnership projects.

Government bonds and ethics

Active ownership is the first solution when a company violates PFA's ethical standards. As joint owners of a company, there is the possibility of influencing the running of the company. This is why active ownership is used.

In line with other pension companies, PFA also invests in foreign government bonds. Compared

with foreign governments; however, investors in government bonds have no opportunity for active ownership or to seek to exert influence in another way. The influencing of foreign governments is foreign policy – and it is a task which is handled in political terms by the Ministry of Foreign Affairs and in the Danish Parliament.

As a pension company, the fact that it has no influence does not remove the responsibility for investments being ethically responsible. For this reason, PFA strives to ensure that PFA's investments in government bonds are in agreement with Danish foreign policy and with assessments from official Danish opinion regarding the situation in the individual country.

In 2011, therefore, PFA took the initiative to open direct dialogue with the Ministry of Foreign Affairs and the Danish government regarding investments in foreign government bonds. The aim is to ensure that PFA's investment policy in this area is in agreement with Danish and international standards. This dialogue will continue in 2012.

RESPONSIBLE VALUE CREATION

IMPROVED CLIMATE — GREENER OPERATIONS

PFA's environmental and climate policy forms the framework for activities to reduce the use of resources and make more effective the use of electricity and heat.

In terms of climate, PFA acts both globally and locally. On a global level, it is all about sustainable investments. For this reason, PFA invests in the energy sector both in Denmark and abroad. On a local level, it is about PFA saving energy at its head office in Copenhagen and environmentally screening of suppliers.

External efforts for climate

As a member of the international climate network the Carbon Disclosure Project (CDP), PFA is working to increase the number of Danish businesses which report their climate accounts to CDP.

In 2011, PFA continued its work with responsible supplier management and applied guidelines for responsible procurement as a part of the dialogue with suppliers. This means a dialogue regarding the supplier's CSR work together with climate and environmental screening. PFA has, over the last few years, achieved environmental screening and conducted a dialogue with

more than 85 suppliers. The dialogue primarily concerned promoting climate measures within businesses. One of the consequences of this in 2011 was a business starting to work towards working environment certification.

PFA strives to use more environmentally-friendly products where this is a genuine option. We have therefore continued with the switching of petrol-based company cars to diesels cars with particle filters and increased the number of ecological and sustainable products that are used at PFA. PFA's canteen supplier used 30 per cent ecological products and aims to maintain this objective. In 2011, PFA covered 7,751 km with a taxi company which, through the purchase of quotas, has neutralised CO₂ emissions of 1,035 kg CO₂.

CO₂ reductions in property management

PFA is working with energy efficiency at its head office in Østerbro in Copenhagen, Denmark. The climate measures in the office building are an expression of both a commercial focus at PFA and its responsible attitude towards the environment.

PFA started in 2010 with systematic mapping of energy use and the involvement of employees and total savings of 11 per cent in CO₂ emissions.

In 2011, PFA identified and implemented those savings initiatives and investments which were

possible and most profitable. Amongst other things, PFA switched all its lighting equipment to new intelligent and programmable ceiling lights and trimmed and adjusted the operation of the ventilation system. The initiatives resulted in total savings of 10 per cent in CO₂ emissions in 2011.

MEASURE 2010 and 2011	Saving in kWh		Saving	
	Electricity	Heating	T CO ₂	%
Switched all ceiling lights to new 'intelligent' programmable fittings	249,335		133	6.6
Installed 1,300 energy-saving power strips	41,808		22	1.1
Control using CO ₂ transmitters	88,462	286,950	87	4.3
Switch from halogen to LED bulbs	29,139		15	0.8
Heating using recirculation of air	22,168	86,429	23	1.2
Switch to the most energy-efficient coffee machines	15,075		8	0.4
Turning off toilet extraction at night	12,420	21,033	9	0.5
Fitting of on/off clocks on coffee machines	2,978		1	0.1
Walkways. Switching off electric heat	88,835		47	2.4
Prognosis control of the heating system		107,000	14	0.7
Trimming of operating times and needs management for ventilation system	34,238	152,708	39	2.0
Switch to the most energy-efficient printers	37,406		20	1.0
Total	621,864	654,120	424	21.0

Perspectives

In 2012, PFA intends to focus on responsible supplier management in connection with an audit of the guidelines for responsible procurement.

It is PFA's aim to be able to reduce CO₂ emissions by up to 30 per cent in the period 2010-2014. PFA is well on the way, with forward-looking initiatives to be implemented to achieve CO₂ savings of a more radical and long-term nature.

PFA would like to gather its experiences from making the buildings at head office more effective in terms of energy. These good examples will be promoted to the tenants in PFA's properties as inspiration to work with energy savings

RELATIONSHIPS AND DIALOGUE



RELATIONSHIPS AND DIALOGUE

DIALOGUE PROMOTES UNDERSTANDING OF PENSIONS

PFA has an ambition to use the company's knowledge and experience to make pensions more understandable and simpler for customers.

Pensions are very important for the individual, but many people do not have sufficient understanding of their own pension plans and have difficulty in working through the decisions that need to be made to ensure the best possible life as a retiree. It is for this reason that PFA makes a special effort to promote understanding of pensions.

Concrete measures in 2011:

- PFA has committed to providing qualified advice to customers. This means that the advice has been tightened up so that customers receive clearer answers from PFA.
- PFA has developed apps for smartphones and iPads which shall promote understanding of pensions on those platforms users already use.
- PFA has employed a private economist whose objective is to make PFA more able to communicate clearly regarding pension and increase understanding of pensions through analysis and commentaries in the press and in direct customer communication.

- PFA has held approx. 90 50+ courses and information meetings for seniors approaching retirement age. At these events, they have received guidance and knowledge to assist their preparation for life as a retiree. Close to 2,500 seniors took part in PFA events in 2011.
- PFA's external communication occurs in a no-nonsense world in which PFA states that pensions are complicated, but important. PFA recommends that consumers enter into a dialogue with their pension company and pay no attention to superficial marketing.
- PFA has set up a new networking option for customers, PFA Morning Brief, which is a new way of entering into a dialogue with current and potential decision makers. The meetings shall contribute to creating dialogue, inspiration and new knowledge for the different areas where Danish top managers are invited to share their experience. PFA Morning Brief held two meetings in 2011 and has 12 meetings planned for 2012.

PFA takes advice from its customers

PFA's Customer Board comprises 60 top managers from the largest customers. The Customer Board focuses on different topics such as pension policy questions, new products and services.

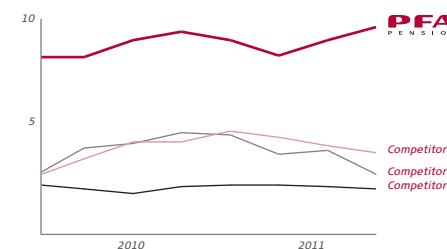
In 2011, four meetings were held regarding topics such as how to put together optimal pension savings, social considerations in connection with new frameworks and conditions, and the analysis and debating of tax law changes in the pension sector. The meetings were intended to ensure that PFA knows its customers and their needs and can adjust and develop services and products which match these customer needs.

Dialogue strengthens reputation

PFA believes in dialogue and openness regarding pensions and insurance. PFA places importance on being well-prepared, converting knowledge into value, displaying fairness and providing qualified advice. This is the heart of PFA's market position.

PFA's position on the market and in Danish society is reflected in PFA's reputation. In 2011, PFA was mentioned more in the press than its three largest competitors put together. PFA was mentioned a total of 2,335 times in printed and electronic media. The media coverage was also the most positive in the sector and means that PFA has the best reputation in the pension industry. PFA's reputation is measured by the analysis institute Infomedia, where measurements from a broad area of the population placed PFA at no. 6 on the list of the financial companies with the best reputation at the end of 2011.

PFA has the best reputation amongst pension companies



Source: Infomedia/You Gov.

Perspectives

PFA will continue to focus on a range of central challenges when it comes to pension plans, both to ensure good conditions for customers and to promote understanding of complex topics and regulation of the area.

Through dialogue with the Customer Board and other networks, PFA will gather knowledge to be in a better position to supply responsible products and advice which meets the needs of customers.

RELATIONSHIPS AND DIALOGUE

PFA CONVERTS KNOWLEDGE INTO VALUE

PFA converts knowledge into value for customers and provides qualified advice. The aim is satisfied customers.

Good advice from PFA

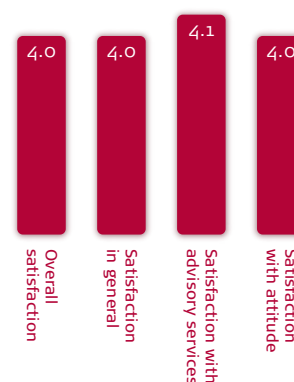
PFA's Advisory Services Centre is available for queries via telephone and email every weekday and responds to approx. 250,000 queries from individual customers every year. PFA's advisers assist with concrete advice regarding pensions, help with explaining terms and implement more simple changes to pension solutions and are also able to give customers qualified advice. In line with greater focus in society being directed towards pension savings and health plans, PFA is also experiencing an increase in daily enquiries.

Activity	2011	2010	2009
Customer advice calls	47,000	45,000	37,000
Number of telephone calls	197,500	183,385	203,779
Number of email enquiries	42,500	27,408	19,761
Customer availability	96.7%	98.2%	98.5%
Customer satisfaction* (on a scale of 1-10)	8.9 by telephone 7.9 via email	8.8 by telephone 7.9 via email	8.8 by telephone

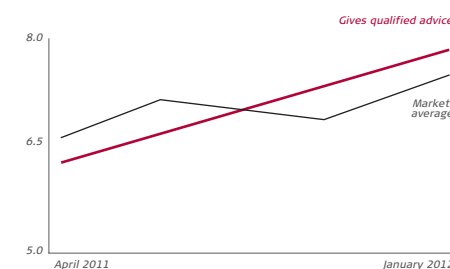
* There are no figures for customer satisfaction for email enquiries in 2009.

PFA has around 650,000 customers. 2011 saw changes in many regulations in the pension area. It has been a particular challenge to communicate these changes. At the same time, many customers have chosen to transfer to PFA Plus with increased need for advice as a result. Despite an increase in enquiries, PFA has consistently maintained a high degree of availability and the same high degree of customer satisfaction.

Customer satisfaction 2011
On a scale from 1-5†



Development in our DNA
How well do the following statements apply to PFA?



RELATIONSHIPS AND DIALOGUE

COMPLAINTS ARE A WAY TO LEARN

Customers of PFA have ample opportunity to submit complaints if they are dissatisfied with PFA's decisions or with the advice or services received from PFA.

Complaints are a way to learn

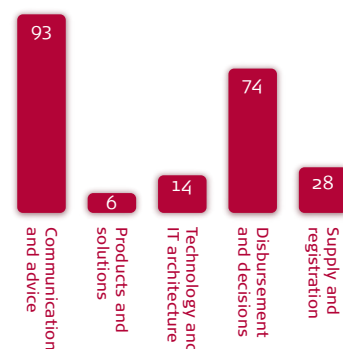
With daily contact with more than 1,000 customers, situations arise in which customers are dissatisfied. Such cases must be regarded as learning opportunities.

In 2010, PFA changed the complaints options and set up a central complaints department and a customer representative. The aim was to increase customers' confidence in PFA and ensure uniform treatment of complaints. The new structure also provides better opportunities for internal experience gathering within PFA. It is an advantage for customers, who receive responsible handling of their complaint, and a possible critical situation is changed.

In 2011, PFA was in contact with around 300,000 customers. The Complaints Department received a total of 215 complaints in the same period, of which 210 were closed before the end of the year. The majority of the com-

plaints related to communication and advice and a smaller number to disbursements and decisions. Overall, 26 per cent of the complaints were granted in favour of the customer, in full or in part, while 44 per cent were not. The remaining 30 per cent were settled with supplementary information or advice. Four of the complaints handled by the Complaints Department in 2011 were subsequently settled by the Insurance Complaints Board; its decision went in PFA's favour on one occasion while the others are still ongoing.

Complaints, broken down by topic in 2011



Customer representative

Since 2010, PFA has had a customer representative to supplement the Complaints Department. The task of the customer representative is to listen to any customer dissatisfaction from

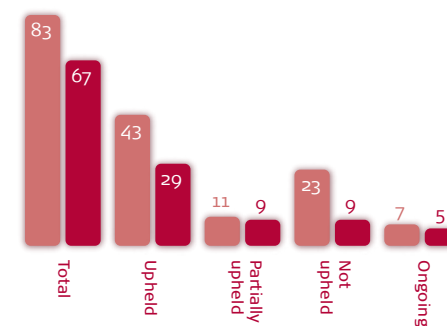
customers so that PFA can learn from mistakes it has made and implement changes where possible. This applies to both customers dissatisfied with a decision taken by PFA and customers who are dissatisfied with PFA in another respect.

In 2011, the customer representative received 67 complaints compared with 83 complaints the year before. PFA believes that the drop in the number of complaints can partially be attributed to concrete measures and changes which PFA introduced based the complaints of the previous year.

Of the 67 complaints, 15 complaints were referred to the Complaints Department with simultaneous monitoring of the outcome. 12 per cent of the complaints were not upheld, 13 per cent were partially upheld and 43 per cent were fully upheld. Five cases were ongoing at the end of 2011.

In 2011, many of the enquiries resulted in learning and changes in PFA on a range of issues. For example, they related to the definition of standard text in the pension calculation in terms of requirements for the calculation as well as the drafting of written guidelines on what information must be submitted with telephone enquiries.

Number of complaints 2010 / 2011



RELATIONSHIPS AND DIALOGUE

SOCIAL COMMITMENT

PFA is important in Danish society. Importance means responsibility. PFA is committed to society for this reason.

PFA actively participates in creating public debate and dialogue with political decision makers within PFA's area of interest.

PFA also supports voluntary work by employees in a range of areas, and for this reason PFA has an overall strategy for supporting associations and social objectives.

Participates actively in social dialogue

PFA is an important part of the Danish pension system and is one of the largest investors in Denmark. PFA is therefore extremely important in Danish society. This importance means responsibility and PFA is committed to being an active and responsible participant in Danish society. This responsibility applies to customers, but it also obliges PFA to take part in creating the best possible conditions for pension savings in Denmark in general. PFA must also contribute to the pension sector being a positive participant in finding solutions to the shared challenges in society.

For this reason, PFA often takes the initiative to enter into dialogue with the public, in connection with the political system or in connection with other decision makers and opinion formers in Danish society.

Active in the press

A large part of PFA's media coverage in the press concern socially relevant topics such as CSR, health, pensions and welfare.

Concrete debates in 2011:

- Businesses should take greater responsibility for the health of their employees.
- PFA has wide experience with Active Claims Handling for people who have lost their occupational capacity. This can be used as inspiration for the public sector.
- One should not hide behind excellent reports and declarations of intent. It is the daily actions which count.
- Both businesses and society can use dedicated individuals. We must value, provide space for and support the extra measures and voluntary work.
- Many older people have to provide for themselves. This is crucial if the elderly boom is not to develop into a great burden of the welfare society.

- Commercial life must contribute to making it possible for the retirement age to be increased by making space for older people on the labour market.
- Pension taxation brought forward - we set up a fund on behalf of the child. If we also pinch their future tax income, we undermine the welfare society.
- Secure pensions on the wish list for politicians.
- Promoting Public-private partnerships will benefit the welfare society and free up resources for services.

There are also many socially relevant topics in which PFA has participated in both the press and in direct dialogue with the political system.

RELATIONSHIPS AND DIALOGUE

SUPPORT FOR ASSOCIATIONS AND VOLUNTARY WORK

PFA is a committed and active partner in the society of which PFA is part, and contributes through partnerships and support activities for improvements in social conditions both in Denmark and around the world.

PFA believes that support is most effective if it is provided in collaboration with partners who focus on individual issues. For this reason, each year PFA selects a range of different collaboration organisations and supports some smaller associations who make it their work to create awareness for their key issues.

PFA also stimulates employees' interest in providing charitable services, whether this is with the work of associations of various kinds, collections and other initiative which promote social measures outside of working life. PFA's employee fund contributes with support activities of various kinds.

Concrete measures in 2011

The PFA Live Life Foundation supported two organisations:

- Danske Hospitalsklavne [Danish Hospital Clowns] for the training of more hospital clowns
- TUBA (treatment and advice for young people with alcoholic parents)

PFA has business partnerships with various organisations:

- Dansk Røde Kors [the Danish Red Cross]
- Ingeniører Uden Grænser [Engineers Without Borders]
- DR Koncerthuset [the Copenhagen Concert Hall]

PFA's employees and PFA supported the following 15 primary causes:

- Børn, Unge & Sorg (Children, Young People & Grief)
- La Vida recreation for seriously-ill children
- Danske Hospitalsklavne
- Støt kvinderne bag brysterne
- TUBA – treatment and advice for young people with alcoholic parents
- War veterans and dependants
- Hjerneskadet.dk [association for people with brain damage]
- Ventilen Danmark
- Orchid Project
- Livsnettet – Mennesker betyder alt [Life Network = People mean everything]
- Foreningen Fair Dog [Fair Dog association]
- Information video regarding autism
- AngelKit
- Giv unge en stemme med Ordskaelv [Give young people with dyslexia a voice]
- Hjælp Nicklas

PFA supported the following associations with adverts in its members' newsletter:

- Gigtforeningen [The Rheumatism Association]
- LFA nyt
- LEV
- Blindesagen [Danish Association for the Blind]
- Døve Bladet [magazine for the deaf]
- Døveidræt [sport for the deaf]
- Kbu Kalender
- Handicappede Børn [handicapped children]
- LUMA
- Spastikeren [cerebral palsy]
- Sim
- Lungeforeningen [Danish Lung Association]
- Luges jul
- Lavia
- DHIF
- Muskel
- SBU
- Rygforeningen [Back Association]
- Servicehunden [service dogs]
- Hjerneskadeforeningen [Brain Damage Association]
- Københavns Handicapforbund [Copenhagen's's Handicapped Alliance]
- Scleroseforeningen [the Sclerosis Association]
- Gigtforeningen [the Rheumatism Association]

RELATIONSHIPS AND DIALOGUE

THE PFA LIVE LIFE FOUNDATION

The PFA Live Life Foundation supports dedicated individuals who help others to live their lives.



PFA
BRUG LIVET FONDEN

The PFA Live Life Foundation supports one or more issues which help others to live their lives. These can be activities which make the lives of others easier, safer or better.

PFA has chosen Facebook as a framework for the foundation and the annual nominations and votes. In this way, the many dedicated individuals can themselves have their say and create awareness for their issues. In 2011, almost 24,000 people voted for at least 200 nominated issues, and during the vote the page was one of the fastest growing Facebook pages in Denmark.

In 2011, the fund supported two main issues: Danske Hospitalsklowne [Hospital Clowns] and TUBA (treatment and advice for young people with alcoholic parents).

Case: Danske Hospitalsklowne

Danske Hospitalsklowne is a charitable organisation whose aim is to spread happiness amongst sick and vulnerable children. Danske Hospitalsklowne has approx. 20 hospital clowns which twice a week on average visit 21 wards spread all over the country. The visits typically last three hours. This is far from adequate. More than 60,000 children are admitted to hospitals in Denmark. With the current capacity, it is unfortunately impossible to visit every child who has been admitted. Funds from the PFA Live Life Foundation in 2011 went to training more hospital clowns. For more information see www.danskehospitalsklowne.dk.

"At Danske Hospitalsklowne we work to spread happiness among sick children in the country's hospitals. There is a great need for this. The work is possible due to voluntary donations and for this reason it means a lot to us to be this year's main charity. We will use the donation to consolidate our work and train new hospital clowns", says Lea Brams Olesen, manager at Danske Hospitalsklowne.

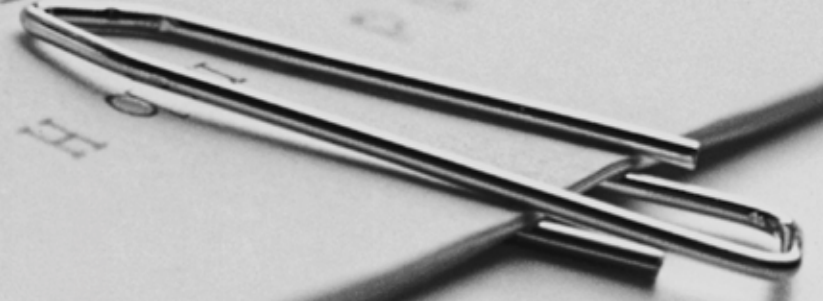
Facts about the PFA Live Life Foundation: The foundation's objective is to support dedicated individuals who help others to live their lives.

The foundation was established in 2009 with funds of DKK 3 million. The return on these funds can be distributed for charitable purposes. The first donation was distributed to two causes in 2010 – Girltalk.dk and Servicehund for Handicappede [Service Dogs for the Handicapped]. There was also support from PFA to create awareness regarding the causes.

Causes are set up on Facebook where there is also voting regarding which causes should be supported. The causes with the most support are recommended to the Supervisory Board, which distributes the grant to one or more causes.

The Supervisory Board comprises the chairman of the Danish Association of Managers and Executives Svend Askær (Chairman), the chairman of Teknisk Landsforbund Gita Grüning, Professor Bjørn Nørgaard and Group CEO and President of PFA Henrik Heideby. Read more about the PFA Live Life Foundation at www.facebook.com/pfabruglivetfonden.

APPENDICES



CSR MANAGEMENT AND STRUCTURE AT PFA

The framework for PFA's work with responsibility is PFA's CSR policy and guidelines. They have been formulated based on UN Global Compact's 10 principles and the UN-backed principles for responsible investments, PRI.

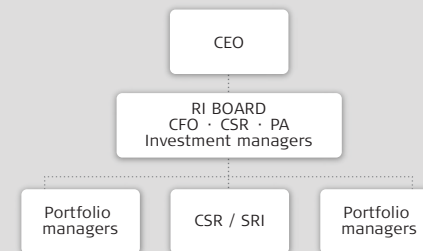
The policy for corporate responsibility and ethics in the PFA Group, which was formulated in 2011, is the result of a process in which experience with the CSR work and the work with the corporate strategy, together with the content of the international UN principles and standards, have been converted into concrete areas of focus and guidelines for PFA.

Future CSR efforts at PFA will be to incorporate the new policy so that the management becomes a part of delivering the values, and the employees are aware of the policy and its content.

Overall responsibility for CSR at PFA lies with the President and Group CEO. The daily work with CSR and coordination of activities, areas of focus and implementation of the policy is carried out by the CSR Department, which is a part of Corporate Communications & People Management.

Responsible investments

Responsibility for enforcement of the policy for responsible investments and the work with active ownership lies with the PFA's Board for Responsible Investments. The RI Board meets six times a year and comprises executive employees from PFA Kapitalforvaltning (PFA Asset Management), the Director of Public Affairs, CFO and CSR Manager. PFA's CFO is the Chairman of the RI Board.



ACTIVE OWNERSHIP

NORM-BASED SCREENING

PFA uses the screening agency GES, which provides analysis through GES Global Ethical Standard® including engagement activities and risk analysis.

The method is based on a systematic screening of international companies and their compliance with international conventions and guidelines regarding the environment, human rights, workers' rights and corruption. At the moment, GES screens approx. 16,000 listed companies.

The collection of information regarding events and businesses is managed by search tools which collect information from media and news reports, and NGO websites and databases internationally.

The screening resulted in 2011 in an observation list of around 126 businesses and a focus list of 27 companies associated with accidents or activities at variance with international standards, and as a result of which it is recommended they are excluded or should be subject to increased engagement pressure.

A separate engagement strategy is developed for each company connected with a clear process, audit criteria, objectives and plan of action. The strategy further develops the critical dialogue which is already taking place between owners and the company.

In addition to the lists mentioned above, PFA also has an exclusion list containing businesses which are systematically excluded and not subject to engagement.

PFA'S EXCLUSION LIST AT THE END OF 2011

Human rights

Exposure to Burma. This position has been disposed of due to the human rights situation in Burma:

Company	Country	Field
Chevron	USA	oil/gas
China Oilfield Service	China	oil/gas
Total	France	oil/gas

Cluster bombs and land mines

Manufacture components for cluster weapons:

Company	Country	Field
Alliant Techsystems	USA	Defence equipment
Raytheon	USA	Defence equipment
Gencorp	USA	Defence equipment
General Dynamics	USA	Defence equipment
Hanwha Corp	Korea	Chemicals
L-3 Communications	USA	Technology
Lockheed Martin	USA	Defence equipment
Poongsan Corp	Korea	Extraction & mining
Poongsan Holding Corp	Korea	Extraction & mining
Textron	USA	Multi-technology

The company manufactures land mines:

Company	Country	Field
Singapore Technologies	Singapore	Technologies

PFA systematically excludes companies which manufacture certain types of controversial weapons. With this type of company, we operate a strategy of non-involvement and they are systematically excluded from all investment activities. This applies to controversial weapons which cause disproportionately severe injury to humans and conflict with the following treaties and conventions:

- CCW including protocols I-V
- BWC and CWC (biological and chemical weapons)
- The Ottawa Convention (land mines)
- The Oslo Convention (cluster bombs)

EMPLOYEE REPORTING

Number of permanent employees

	31/12 2011	31/12 2010	31/12 2009
In number of employees	1,173	1,193	1,114

Gender breakdown for PFA employees in per cent

	31/12 2011	31/12 2010	31/12 2009
Women	51.3	53.3	54.8
Men	48.7	46.7	45.2

Gender breakdown for managers divided over 3 levels

In figures

	31/12 2011		31/12 2010		31/12 2009	
	Men	Women	Men	Women	Men	Women
Level 1 Directors	11	3	11	3	6	1
Level 2 Managers	27	15	30	13	23	9
Level 3 Executives	49	25	44	27	27	21

In per cent

	31/12 2011		31/12 2010		31/12 2009	
	Men	Women	Men	Women	Men	Women
Level 1 Directors	79	21	79	21	86	14
Level 2 Managers	64	36	67	33	72	28
Level 3 Executives	66	34	63	37	57	43

Level 1 is the group of directors, level 2 comprises the manager's group, and level 3 are executives at PFA.

Women are represented on PFA's Supervisory Board and Executive Board with a fifth and quarter of the members respectively.

Recruitment

	2011	2010	2009
Number of employees	124	129	85

The number of employees remains stable

Staff losses

	2011	2010	2009
Number of staff lost	147	99	179

The difference between the number of staff lost and the number recruited is not fully covered by the increase in the total number of employees. This may be due to the fact that retirements are not included in the number of employees who have left.

Sickness absence

In per cent

	2011	2010	2009
Sickness absence	3.3	3.5	3.8

Calculated as the number of working days per year less 30 days holiday/public holidays multiplied by the absence percentage.

Employee job satisfaction and well-being

	2011	2010
Job satisfaction	72	73
Well-being	71	72
Motivation	74	74
Loyalty	80	80
Faithfulness	79	79
Commitment	81	80

No survey was carried out in 2009.

ENVIRONMENTAL REPORTING 2011

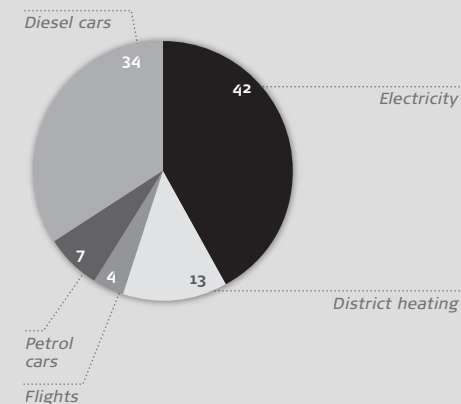
SUMMARY

Total CO₂ emissions for the PFA Group

	2011	2010	2009
CO ₂ emissions in total (tonnes)	2,111	2,138	2,404
CO ₂ emissions per employee (tonnes)	1.78	1.80	2.00

The effects of one element of the activities to reduce CO₂ emissions, implemented at the end of 2011, will only be felt in full in 2012.

2011 CO₂ emissions percentage distribution



NUMBER OF EMPLOYEES IN THE PFA GROUP

Average number of employees (PFA Group)

	2011	2010	2009
Employees	1,202	1,189	1,205

The number of employees remains stable.

ELECTRICITY AND DISTRICT HEATING SUNDKROGSGADE 4

CO₂ emissions from use of electricity

	kWh	g CO ₂ /kWh	Tonnes CO ₂	CO ₂ per employee
2011	1,984,878	448	889	0.74
2010	2,008,168	448	900	0.75
2009	2,274,555	484	1,101	0.93

*the figure "g CO₂/kWh" is supplied by DONG Energy

CO₂ emissions from electricity use are at the same level as 2010. The effects of one element of the activities to reduce CO₂ emissions, implemented at the end of 2011, will only be felt in full in 2012.

CO₂ emissions from use of district heating

	kWh	g CO ₂ /kWh	Tonnes CO ₂	CO ₂ -emissions/m ²
2011	2,078,281	132	274	11,760 g
2010	2,262,662	132	299	12,803 g
2009	2,302,286	132	304	13,027 g

*the figure "g CO₂/kWh" is supplied by Copenhagen's Energi A/S
(kWh is adjusted per degree day cf. DMI)

CO₂ emissions from use of district heating fell by 8 per cent from 2010 to 2011.

FLIGHTS

No calculations for CO₂ emissions from flights were carried out as airlines themselves calculate and submit these.

CO₂ emissions from flights

	Persons	Trips	Km travelled	CO ₂ (tonnes)	CO ₂ per trip
2011	157	661	605,036	78	0.12 ton
2010	79	436	570,769	73	0.17 ton
2009	84	397	528,164	69	0.17 ton

*Data for flights supplied by from Vejle Rejser

In 2011, CO₂ from flights increased by 7 per cent, while CO₂ per trip fell.

ENVIRONMENTAL REPORTING 2011

DRIVING

CO₂ emissions from driving (petrol cars)

	No. of cars	Litres used	g CO ₂ /l	CO ₂ (tonnes)
2011	14	65,800	2,272	148
2010	45	139,115	2,272	316
2009	95	251,103	2,272	570

*the figure "g CO₂/l" is supplied by The Greenhouse Gas Protocol Initiative

There has been a substantial decline in the number of petrol-driven cars.

CO₂ emissions from driving (diesel cars)

	No. of cars	Litres used	g CO ₂ /l	CO ₂ (tonnes)
2011	141	268,823	2,676	719
2010	108	205,614	2,676	550
2009	65	134,517	2,676	360

*the figure "g CO₂/l" is supplied by The Greenhouse Gas Protocol Initiative.

The number of diesel cars is increasing.

Total CO₂ emissions and CO₂ savings from driving

	No. of cars	Litres used	g CO ₂ /l	CO ₂ (tonnes)
2011	155	5.61	869	47.0
2010	153	5.66	866	36.0
2009	160	5.82	930	21.7

* CO₂/savings are expressed as how much CO₂ is saved by switching from petrol cars to diesel cars.

The total number of cars has increased and for this reason CO₂ emissions for driving in total has also increased.

7,751 km were travelled by PFA in 2011, in which period the taxi company, through the purchase of quotas, neutralised CO₂ emissions of 1,035 kg CO₂.

USE OF WASTE

Amounts in kg	2011	2010
Inflammable waste (comp)	158,330	141,220
Confidential papers recycled	45,380	42,158
Glass/bottles	180	390
Cardboard for recycling (16 m ³)	13,410	12,890
Waste for sorting building waste	42,980	32,500
Total amount of waste	260,260	229,158

The total amount of waste has increased by 12 per cent between 2010 and 2011.

ENVIRONMENTAL REPORTING 2011

PAPER

CO₂ emissions from use of paper

Sundkrogsgade 4

	Paper (tonnes)	T CO ₂ /T papir	CO ₂ (tonnes)
2011	532	0.78	415

*The figure CO₂/t of paper is supplied by Ecoinvent

CO₂ emissions from use of paper - external

Sundkrogsgade 4

	Paper (tonnes)	T CO ₂ /T papir	CO ₂ (tonnes)
2011	438	0.78	342

*The figure CO₂/t of paper is supplied by Ecoinvent

CO₂-REDUCTION

Total CO₂ reduction - PFA Group

	2011	2010	CO ₂ -reduction (tonnes)
CO ₂ - Group	2,111	2,138	27
Total CO₂ reduction	27		1%

In 2011, PFA decreased its CO₂ emissions by 1 per cent.

Distributed total CO₂ reduction - PFA Group

	2011	2010	CO ₂ -reduction (ton)
Electricity	889	900	10
District heating	274	299	24
Flights	78	73	-5
Petrol cars	149	316	167
Diesel cars	719	550	-169
Total	2,111	2,138	27

The reduction in CO₂ is primarily due to less use of district heating and electricity.

SCOPE SUMMARY

Total CO₂ emissions - PFA Group

	2011	CO ₂ -reduction (tonnes)
Scope 1	869	-3
Scope 2	1,164	35
Scope 3	78	-5
Total	2,111	27

*Scope 1 = petrol and diesel use

*Scope 2 = electricity and district heating use

*Scope 3 = flights

PFA uses the Greenhouse Gas Protocols method and achieved CO₂ reductions in scopes.