

A high-contrast black and white photograph of a person running on a path. The path is lined with large, bare trees on the left and a decorative fence on the right. The sun is low in the sky, creating long shadows and a bright, hazy background. The person is running away from the camera towards the horizon.

PFA'S CORPORATE RESPONSIBILITY, PROGRESS AND RESULTS

CSR REPORT 2012 // FEBRUARY 2013

PFA
PENSION

CONTENTS

Introduction	3
Corporate responsibility and ethics at PFA	4
Responsible corporate practice	6
Fair corporate behaviour rests on policies	6
Responsible corporate culture	8
Job satisfaction produces results	8
Responsible value creation	10
Responsible products and services	10
Responsible investments	12
Green operations and green investments	14
Relationships and dialogue	16
Dialogue promotes understanding	16
Significant increase in customer dialogue	18
The PFA Live Life Foundation	19
Support for associations and voluntary work	20
About this report	21
CSR key facts and figures 2012	22
CSR management and structure at PFA	22
Employees and working conditions	22
Investments and active ownership	24
Stakeholders and society	25
Environment and CO ₂ consumption	26

TRANSLATION:

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

INTRODUCTION

RESULTS AND RESPONSIBILITY GO HAND IN HAND

2012 has been one of the best years in PFA's history, and the year is the peak so far in a period during which PFA's business model has proved to be strong and durable. In 2012, we achieved an investment return of more than DKK 31 billion for the benefit of our customers. In 2012, PFA experienced a growth in payments to pension plans of more than 21 per cent, and we have increased PFA's capital strength by almost DKK 8 billion. These results have been achieved at the same time as we have provided the market's lowest costs among competitive pension companies and provided the highest total value creation for our customers.

In the pension industry, PFA's results are in a class of their own, and PFA's strength is currently growing as we are consolidating our position as market leader. As PFA acquires greater significance for Danish pension savers, for the labour market parties and for society in general, we also assume greater general responsibility. Significance for society means corporate responsibility.

At PFA, we recognise this responsibility. We regard it as our job to ensure that the management of DKK 370 billion is carried out in a responsible manner, and we support the UN principles in Global Compact and PRI, at the same time as ensuring that our

investments keep within Danish standards of good ethics. We also have the opportunity with our investments to impact the Danish economy. So for this reason, we also regard it as a completely natural progression to support good investment opportunities which create growth and jobs in Denmark.

The responsibility towards society occurs in harmony with our ambitions to create the best possible return on investments for the benefit of future pensions. Fortunately, our experience shows that responsible behaviour goes hand in hand with good results.

The core of PFA's corporate responsibility is the responsibility to create the best possible pension solutions for our customers. Substantial pension savings are the basis for ensuring that we in Denmark will continue to have a cohesive welfare society also in the future. It is with regards to pension savings that PFA is of the most significance, and therefore, it is in this area we need to take the most responsibility.

This requires that we do our utmost to create results, to minimise costs and to supply our individual customers with as large a part of the value creation as possible. This is the essence of PFA's business model. Our results and our responsibility are therefore connected.

Yours sincerely

Henrik Heideby

Group CEO and President

CORPORATE RESPONSIBILITY AND ETHICS AT PFA

In 2012, PFA anchored the policy for corporate responsibility and ethics, which the Group adopted in 2011.

Anchoring of corporate responsibility and ethics

In 2012, PFA's policy for corporate responsibility and ethics was translated into concrete measures for day-to-day life at PFA. This has been achieved by ongoing dialogue with line managers in the different business areas. It has created a broad internal knowledge of the policy which has been translated into more than 70 concrete activities across PFA. PFA's policy shall be an integral part of the entire Group's operations and development. Work is well underway in this respect.

PFA's policy for corporate responsibility

Responsible corporate practice

PFA's value creation for customers must be achieved by long-term, responsible economic growth and is based on a fair and reliable corporate practice which is reflected in all PFA's corporate relationships. PFA gives its customers qualified advice based on the customer's needs and conditions which are stipulated in a fair, reasonable and transparent way.

Responsible corporate culture

PFA develops a corporate culture based on integrity and respect. The aim is a culture which is inclusive and involves equal opportunities for all employees, promotes job satisfaction and health, and encourages learning and skills development. PFA aims at an energetic corporate culture in which challenges are met effectively.

Responsible value creation

PFA combines long-term financial value creation in investments with responsible corporate gover-

nance, environmental and climate considerations, and social responsibility in the companies in which PFA invests. PFA also promotes sustainable development through its own operations.

Relationships and dialogue

PFA has an open dialogue with customers and other stakeholders and contributes, by means of developing market surveys, analyses and public debate, to clarify conditions within the company's area of business. The objective of PFA's stakeholder dialogue is long-term and mutually beneficial partnerships based on trust, openness and transparency.

PFA's policy has resulted in the following activities

Responsible corporate practice

A total of 25 projects that are primarily divided into two main areas: integrity, confidentiality and data security. The activities contributed to strengthened security and dealt with, among other things, business processes, reporting and promoting effective risk management in a range of areas. This included the launch of the whistle-blower scheme and drafting of a code of conduct for suppliers.

Responsible corporate culture

A total of 18 projects that are primarily divided into three main areas: qualified communications, fair and proper working culture, as well as customer dialogue and advisory services. The activities strengthened PFA's services, developed tools, involved employees and made the measures broadly visible to our employees.

Responsible value creation

A total of 20 projects in three main areas: responsible investments, responsible purchasing and corporate responsibility in products and services. The activities contributed to the integration of corporate respon-

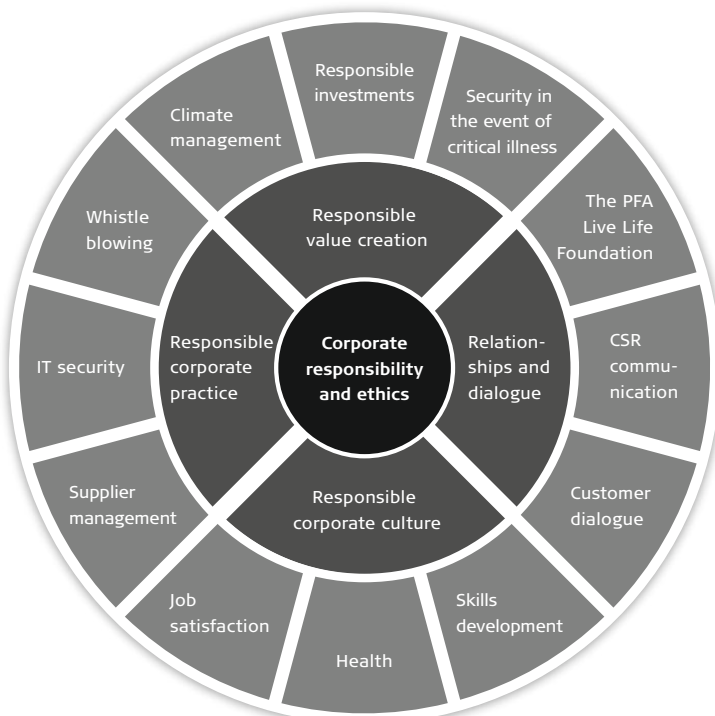
sibility in products and, for example, in the maintenance of properties, in purchasing and investments.

Relationships and dialogue

A total of 11 projects in three main areas: communications and reputation, handling of complaints, and stakeholder dialogue. The activities contributed to the external dialogue with customers etc., extracted lessons from satisfaction surveys and complaints, and resulted in a new structure for and content of the CSR pages at pfa.dk.

PFA's responsibility model

PFA's responsibility model is based on four fundamental principles in the policy for corporate responsibility and ethics and illustrates the themes and activities which PFA has focused on to implement the policy in 2012. The model's outer wheel concretises the results which have been achieved for each of the four principles.



RESPONSIBLE CORPORATE PRACTICE

FAIR CORPORATE BEHAVIOUR RESTS ON POLICIES

The principle of responsible corporate practice means that PFA will implement policies and guidelines which ensure fair corporate behaviour and contribute to avoiding conflicts of interest.

Results and areas of focus for 2012

PFA carries out an especially important task by managing the pension funds of around 700,000 people in Denmark. This requires a great deal in terms of integrity and reliability, which are key to PFA's corporate relationships. Therefore, the poli-

cies and guidelines that form the framework for the employees' actions are based on reliability and responsibility. In 2012, PFA consolidated the integration of Global Compact's 10 principles, including especially disassociation from any form of corruption as well as dishonest and unlawful corporate behaviour. This is achieved through guidelines and rules of conduct both for PFA's employees and its business partners.

Whistle-blower scheme

In 2012, PFA implemented a whistle-blower scheme within the company. The objective is to protect PFA from unethical, unlawful and irresponsible behaviour which is contrary to PFA's policies and values. It sends out a signal, both internally and externally, that PFA will not tolerate criminal or unethical behaviour. The scheme gives employees the opportunity to anonymously report conditions within PFA to PFA's internal auditor, who is responsible



for dealing with this information. The scheme was launched for everyone at the intranet and was discussed at a number of management and employee meetings. No reports were received through the scheme in 2012.

New guidelines for suppliers

PFA has revised its requirements for suppliers and made a new set of guidelines. When suppliers enter into an agreement with PFA, they must sign a Code of Conduct and carry out a self-evaluation of their contribution to corporate responsibility. The objective is to communicate PFA's expectations and have the opportunity to enter into dialogue with suppliers which fail to comply with PFA's supplier requirements and consolidate the integration of UN Global Compact's 10 principles in PFA's value chain. Those companies

which do not comply with PFA's Code of Conduct risk the termination of the collaboration by PFA. In 2013, PFA will continue its implementation of the new Code of Conduct and systematise dialogue and self-evaluation results from the suppliers.

Focus on IT security

An important element in PFA's policy for corporate responsibility and ethics is data security and thus the protection of the customers' personal data. In 2012, PFA completed a new wide-ranging set of IT security regulations which involves all areas and departments in PFA. The regulations support the IT security policy which was adopted by the Supervisory Board in 2011 and will be implemented and published aimed at the individual job functions in 2013.



RESPONSIBLE CORPORATE CULTURE

JOB SATISFACTION PRODUCES RESULTS

The principle of responsible corporate culture covers areas such as management development, courses which boost skills and health measures for employees.

Results and areas of focus for 2012

In 2012, PFA achieved a historically high return of more than DKK 31 billion at the same time as keeping costs low compared with others on the market. PFA's success and strong position are the result of a number of factors such as good collaboration, committed management and a motivated workplace with colleagues who share a high level of job satisfaction. 2012 was a busy year with influx of new customers and providing advice on new legislation in the pension field. PFA therefore took initiatives to support and motivate its employees and create an ongoing high level of job satisfaction.

Job satisfaction management

Job satisfaction supports motivation and commitment, and PFA has therefore helped managers to create greater job satisfaction. High levels of job satisfaction and stress prevention are part of increasing commitment and thereby increasing efficiency and performance for both managers themselves and their employees. In 2012, 50 managers attended courses in job satisfaction management where they were given the knowledge and tools to handle dissatisfaction, prevent stress and create satisfaction for employees in a busy working day. The courses will continue in 2013.

Health measures at PFA

PFA has implemented a range of activities which have contributed to the health of employees and given them access to tools and inspiration for a changed, healthier behaviour. In addition to the opportunity of a health check, PFA brought diet and healthy habits into focus with a 12-week programme for overweight employees. This resulted in each of the 36 participants being given nutritional guidelines, and on average they lost more than 4 kilos.


PFA decided in 2012 to introduce smoke-free working hours from the start of 2013. PFA collaborated with the Danish Cancer Society to inform and offer employees interested in quitting smoking, opportunities to participate in stop smoking meetings, individual consultations and other tools.

More women at management level

PFA's framework for employees and managers provide good opportunities to develop professional and personal skills. These include a high degree of flexibility in the working day which, combined with work from home etc., have contributed to an additional 8 female managers in 2012 compared with 2011. At the end of 2012, there were 51 female managers in PFA. This means that 38 per cent of managers in the PFA Group are women.

Competent and qualified advice

PFA works continuously to improve the customer experience and ensure that all customers receive good, individual and qualified advice. In 2012, PFA therefore put together the advice from the pension consultations into a set of guidelines which provide a clear overview of PFA's recommendations. This provides both the individual customer and the adviser with an overview and confidence during the consultation, and qualifies communication with customers.

A black and white photograph of a park. In the foreground, there is a grassy path. A person is walking away from the camera on the right side of the path. To the left of the person is a bench. In the background, there are several large, leafless trees. The sky is overcast.

In 2012, PFA was the first pension company to take the initiative to certify all its advisers at the Danish Insurance Academy. The objective was to ensure that all advisers have a broad knowledge base and can provide uniform, technically competent advice to customers. The certification of advisers is being implemented through an external system developed in collaboration with the Danish Insurance Academy. All PFA's advisers will receive training where their knowledge is updated before they are examined. Certification of all PFA's advisers will be completed in 2013.

Increasing job satisfaction

PFA measures employee satisfaction on an annual basis. Job satisfaction is very high at PFA and increased 5 points from 72 in 2011 to 77 in 2012. This is far above the average on the labour market and also higher than the industry average. The same is true for PFA's figure for employee satisfaction and motivation.

Sickness absence has also fallen at the same time as job satisfaction has increased. PFA's employees have a lower sickness absence for the fifth year in a row. It was 2.9 per cent in 2012. This is the result of, among other things, a high level of well-being and job satisfaction as well as effective performance and the good results PFA achieved in 2012.

RESPONSIBLE VALUE CREATION

RESPONSIBLE PRODUCTS AND SERVICES

The principle of responsible value creation deals with products, advisory services and investment processes which create value for customers and at the same time are handled responsibly and in an ethically correct manner.

Results and areas of focus for 2012

In no other competitive pension company does such a large proportion of the investment return go to the customers as it does in PFA. This is ensured with PFA's unique value creation model. Value is also created on a responsible basis with PFA's corporate responsibility being integrated into the very core of the corporate practice, products and services.

In 2012, based on the attitudes in PFA's policy for corporate responsibility and ethics, PFA continued its

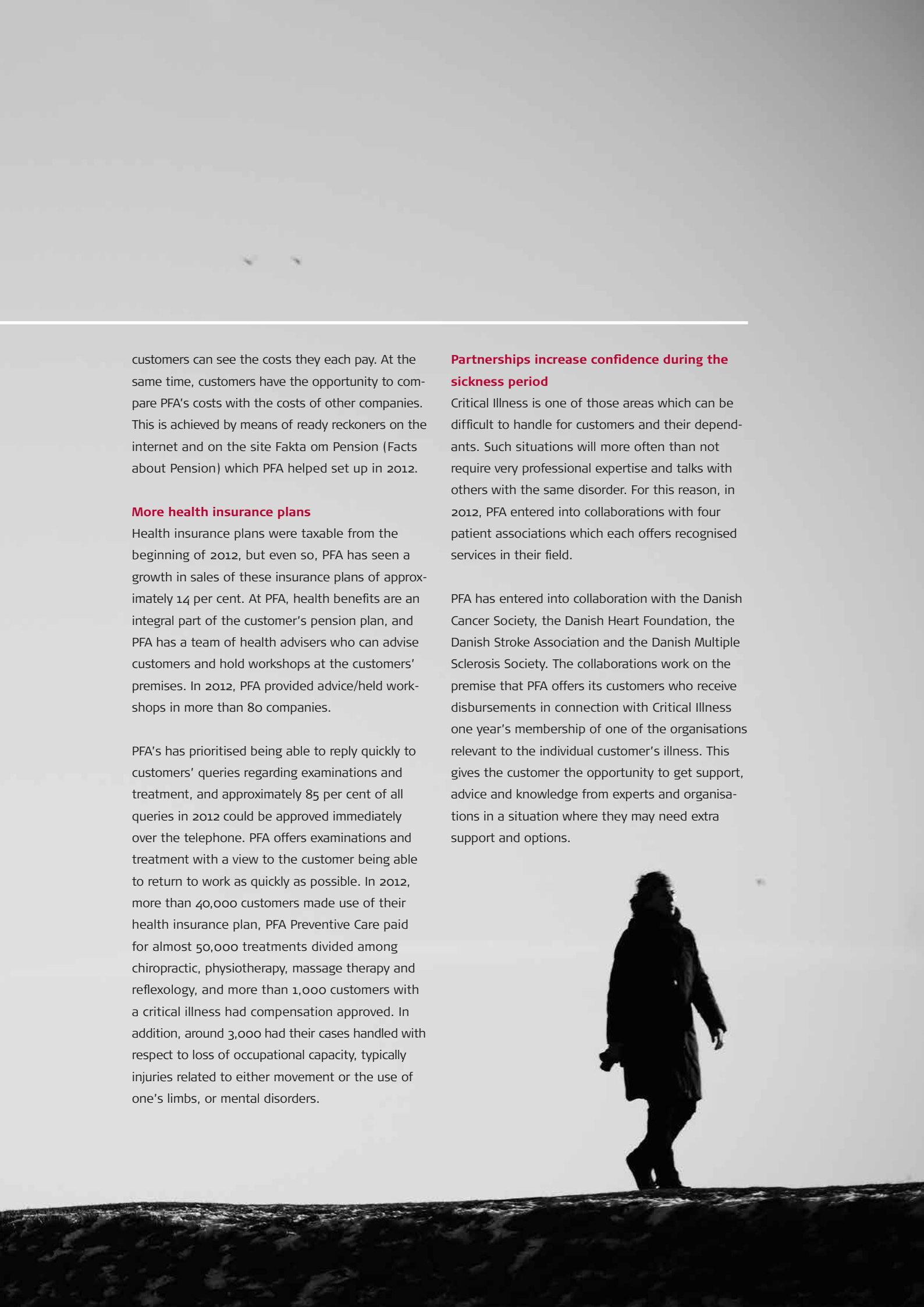
work with increasing value creation for customers and with our responsibility to customers. PFA's customers are increasingly experiencing that they achieve value by being a customer at PFA. PFA has thus strengthened its pension and insurance products, created a higher return with low costs, improved customer advisory services and increased openness and transparency.

Transparency and low costs

At PFA, there is complete openness and transparency for customers regarding costs. PFA has made it possible for customers to see all the direct and indirect costs of pension savings with PFA. The costs are calculated as annual expenses in DKK and per cent and are found together with the customer's pension summary at pfa.dk.

PFA provides information about both the annual expenses at PFA in DKK and per cent, which takes into account that approximately 75 per cent of the annual operational risk charge etc. is returned to the customers through CustomerCapital, and the standard annual expenses in DKK and per cent. This creates openness in the business operations, and the





customers can see the costs they each pay. At the same time, customers have the opportunity to compare PFA's costs with the costs of other companies. This is achieved by means of ready reckoners on the internet and on the site Fakta om Pension (Facts about Pension) which PFA helped set up in 2012.

More health insurance plans

Health insurance plans were taxable from the beginning of 2012, but even so, PFA has seen a growth in sales of these insurance plans of approximately 14 per cent. At PFA, health benefits are an integral part of the customer's pension plan, and PFA has a team of health advisers who can advise customers and hold workshops at the customers' premises. In 2012, PFA provided advice/held workshops in more than 80 companies.

PFA's has prioritised being able to reply quickly to customers' queries regarding examinations and treatment, and approximately 85 per cent of all queries in 2012 could be approved immediately over the telephone. PFA offers examinations and treatment with a view to the customer being able to return to work as quickly as possible. In 2012, more than 40,000 customers made use of their health insurance plan, PFA Preventive Care paid for almost 50,000 treatments divided among chiropractic, physiotherapy, massage therapy and reflexology, and more than 1,000 customers with a critical illness had compensation approved. In addition, around 3,000 had their cases handled with respect to loss of occupational capacity, typically injuries related to either movement or the use of one's limbs, or mental disorders.

Partnerships increase confidence during the sickness period

Critical Illness is one of those areas which can be difficult to handle for customers and their dependants. Such situations will more often than not require very professional expertise and talks with others with the same disorder. For this reason, in 2012, PFA entered into collaborations with four patient associations which each offers recognised services in their field.

PFA has entered into collaboration with the Danish Cancer Society, the Danish Heart Foundation, the Danish Stroke Association and the Danish Multiple Sclerosis Society. The collaborations work on the premise that PFA offers its customers who receive disbursements in connection with Critical Illness one year's membership of one of the organisations relevant to the individual customer's illness. This gives the customer the opportunity to get support, advice and knowledge from experts and organisations in a situation where they may need extra support and options.

RESPONSIBLE VALUE CREATION

RESPONSIBLE INVESTMENTS

PFA generated a return on investments of more than DKK 31 billion in 2012.

The investments are undertaken with respect for human rights, the environment and internationally recognised standards.

Areas of focus and results for 2012

With PFA's management of DKK 370 billion, investment activity is one of the areas where PFA has the greatest direct impact on society. PFA therefore has policies, guidelines and processes for ensuring ethical and social responsibility in investments.

PFA's policy for responsible investments is based on the UN-backed principles for responsible investments, PRI, and is implemented by PFA's Responsible Investment Board. In 2012, PFA has implemented a wide range of activities to ensure that the UN principles are implemented in practice. As a joint signatory of PRI, PFA also chose to participate in and contribute knowledge and experience to PRI's pilot project to develop new reporting guidelines valid for 2013.

Responsible investments are not just about what not to invest in, but also about making active additional choices where the investment has positive societal significance. PFA also implemented new initiatives in this field in 2012.

Responsible Investment Board

PFA's RI Board has responsibility for the continued development and implementation of PFA's policy and guidelines for responsible investments. In addition to active ownership, in 2012, the RI Board has dealt with the developments in Burma-Myanmar after the international trade restrictions were temporarily loosened. These developments have still not given cause for PFA to loosen its exclusion of companies which have activities in the country. But PFA is following the positive developments closely.

Responsible investments in government bonds

In 2012, PFA formalised the internal processes and criteria for ethical responsibility when investing in government bonds. PFA has set up half-yearly screenings and the basis of the assessment is the approach of Denmark's foreign policy to the country in question, as well as the knowledge available regarding the status of human rights and the degree of democracy and corruption in the countries. Based on the assessments, two countries were excluded from PFA's investment portfolio in 2012, and the government bonds were sold off. PFA was one of the only Danish investors to decide to stipulate guidelines for responsible investments in government bonds, a description of the process and a list of the countries in which PFA invests, and to make them openly accessible to the public. This information can be found at pfa.dk.

PFA's screening process for responsible investments in government bonds will be further consolidated in 2013.

Active ownership

The collaboration with the screening bureau GES continued in 2012. Every six months, GES screens and evaluates PFA's investments in shares and corporate bonds. It is PFA's aim to be an active owner. This means that PFA initially elects to enter into an engagement dialogue with those companies which contravene international norms and standards.

Through GES, PFA has been in dialogue with 48 companies in 2012, of which three cases have been closed as the companies fulfilled all the audit criteria. GES has also started the evaluation of 92 companies in PFA's portfolios to investigate whether a potential infringement of standards can be confirmed or not.

Voting at companies' annual general meetings is one of the methods which can be used to put pressure on a company. In 2012, PFA updated the guidelines for voting at companies' annual general

meetings so that they apply to voting at the annual general meetings of both Danish and foreign companies. In the latter case, PFA works together with the proxy voting agent Manifest, who carries out the preliminary research. It is PFA's Responsible Investment Board that makes the decisions. In 2012, PFA voted through Manifest at one single foreign annual general meeting.

PFA updated its exclusion list in 2012 with the exclusion of Wal-Mart which, despite engagement dialogue, continues to contravene fundamental labour rights.

Externally managed funds

PFA is always in contact with externally managed funds. There have been periodic checks regarding to what extent the holdings in share and bond portfolios include companies on PFA's exclusion list. PFA has in several cases entered into dialogue with managed funds regarding companies which are on PFA's focus list. This has resulted in one manager

having chosen to sell off several companies with which PFA has had an engagement dialogue over a long period of time.

Pension capital must work for Danish export

PFA and EKF, Denmark's export credit agency, have entered into an agreement to consolidate growth and create jobs in Danish export businesses and their sub-suppliers. In total, PFA is making DKK 10 billion available for this new social collaboration.

The collaboration means that foreign companies can in future borrow money from PFA to purchase goods from Danish companies. The loans will be arranged by EKF, which provides PFA with a guarantee that the money will be repaid. The cost of EKF's guarantees is fixed on market conditions. PFA is continually presented with investments, and, as a starting point, the parties expect the loans to be at least DKK 250 million with long maturities. For example, to major projects involving wind turbine farms, activities in the oil and gas industry and similar.

Signatory of:



RESPONSIBLE VALUE CREATION

GREEN OPERATIONS AND GREEN INVESTMENTS

Responsible value creation is also environmentally sustainable value creation. PFA strengthens its environmental responsibility with focus on its operations and investments.

Areas of focus and results for 2012

For PFA, the climate effort is also an integral part of the overall value creation. The numerous energy efficiency measures and climate activities which PFA has prioritised are good for both the environment and PFA's operating economy. In the same way, PFA's involvement in green investments is an advantage to both the environment and to the return on investments. Awareness of and responsibility for climate change thus represents both responsibility and strong financial resources. In this way, responsibility becomes an integral part of the way PFA operates its business.

Green operation of office premises pays off

In 2012, PFA implemented a range of energy efficiency measures in the headquarter offices in Copenhagen. It is the third year of PFA's 5-year climate partnership with DONG Energy. PFA has prioritised and systematised those options which remain after two years with the realisation of major CO₂ reductions. 2012 saw a reduction in CO₂ of approximately 2 per cent, so the total reduction for the 3 years in the climate partnership is approximately 23 per cent of CO₂. PFA is thus well on track to achieve its target of a reduction of up to 30 per cent within 5 years.

PFA has also introduced a new system for handling waste produced at its head office. The aim of the system is to reduce the consumption of paper, change the behaviour of employees and increase the proportion of paper which PFA sends for recycling.

MEASURES 2010 -2012	Saving in kWh		Saving	
	Electricity	Heating	T CO ₂	Per cent
Switched ceiling lights to 'intelligent' programmable fittings	249,335		133	6.6
Walkways. Switching off electrical heat	88,835		47	2.4
Dimming of approximately 2,000 fittings	49,204		22.2	1.1
Installed 1,300 energy-saving power strips	41,808		22	1.1
Switch to the most energy-efficient printers	37,406		20	1.0
Installed PIR sensors in record office	34,227		15.2	0.8
Switch from halogen to LED bulbs	29,139		15	0.8
Switch to the most energy-efficient coffee machines	15,075		8	0.4
Replaced lighting in the sports hall	3,060		1.6	0.1
Fitting of on/off clocks on coffee machines	2,978		1.6	0.1
Control using CO ₂ transmitters	88,462	286,950	87	4.3
Heating using recirculation of air	22,168	86,429	23	1.2
Turning off toilet extraction at night	12,420	21,033	9	0.5
Trimming of operating times and needs management for ventilation system	34,238	152,708	39	2.0
Prognosis control of the heating system		107,000	14	0.7
Total	708,355	654,120	457.6	23.1

The impact of some of the CO₂-reducing activities which were implemented at the end of 2012 will not be felt until 2013.



PFA's climate guide for inspiration

PFA's knowledge of and experiences with energy efficiency were described in a guide in 2012 with concrete examples to provide inspiration for other owners and tenants in office properties. PFA is now halfway through its climate partnership and has achieved substantial savings even though office buildings do not traditionally have high energy consumption. PFA's knowledge and experiences can inspire others, and in this way PFA can contribute to strengthening the climate work of others. The guide can be downloaded from pfa.dk. Please note that the guide is only available in Danish.

New private equity fund with green growth opportunities

Denmark's third-largest energy company Sydeenergi (SE) and PFA Pension have set up a private equity fund which will invest in companies within the field of cleantech focusing on renewable energy and energy efficiency. The fund is called SE Blue Equity and will invest in subsuppliers to the wind turbine industry, companies who focus on energy optimisation and IT companies.

RELATIONSHIPS AND DIALOGUE

DIALOGUE CREATES UNDERSTANDING

The principle of relationships and dialogue means that PFA prioritises open dialogue with customers, trade organisations, NGOs, authorities, the media and other stakeholders of PFA and the pension industry.

Results and areas of focus for 2012

Pension savings are very important for the people in Denmark and for Danish society. It is therefore important that customers have adequate knowledge of their pension savings and the applicable conditions. In the same way, it is important that other stakeholders in the pension industry, including the media and political decision-makers, understand and have insight into PFA's work and recognise the significance of good framework conditions for pension savings in Denmark.

PFA therefore attaches importance to dialogue with all stakeholders regarding the company's activities and has taken a number of initiatives to strengthen dialogue and understanding.

Open communication about corporate responsibility

PFA has engaged in dialogue with customers, business partners, politicians and the press regarding various highly topical issues, including the tax reform, CustomerCapital and ethics in the investment process. For PFA, it is an integral part of its work with corporate responsibility to be open about its activities and results, including our investments, returns and associated ethical conditions. PFA is also participating in the public debate regarding corporate responsibility.

In 2012, PFA's Group CEO and President Henrik Heideby was appointed as a member of the Danish Council on CSR.

In 2012, PFA strengthened communication about the company's CSR effort at pfa.dk. The CSR pages contain in-depth information regarding PFA's dialogue with stakeholders, the corporate practice and the results of the climate efforts and much more. You can also read PFA's policies and guidelines for responsible investments as well as PFA's investment list and exclusion list.

Strengthened reputation and dialogue with customers

PFA's significance for the pension savings of people in Denmark and for Danish society is reflected in



PFA's visibility in public and in PFA's reputation. In 2012, PFA was mentioned in the press on 2,713 occasions, which represents an increase of 16 per cent compared to 2011.

PFA also enjoys one of the best reputations in the financial sector. Analyses from Infomedia/You Gov show that PFA's reputation improved in the course of 2012. Among decision-makers, PFA's reputation was assessed as the third best in the entire financial sector. Consumers in general assess PFA as having the fifth best reputation in the financial sector. Measured among commercial pension companies alone, PFA is assessed in both analyses as having clearly the best reputation.

In 2012, PFA introduced a range of initiatives with the aim of strengthening the understanding of pensions and strengthening its dialogue with the individual customers:

- PFA was one of the first in the industry to provide transparency for the return at market rate. PFA developed and presented an overall figure for key figures for return at market rate. The key figure N1M can be used by anyone; it is based on official figures and creates a basis for comparing the return at market rate among pension companies.
- PFA introduced the "Pension Estimator" (Pensions-tallet), which shows the strength of the individual

Dane's pension savings. In this way, it is only necessary in the future to refer to a single figure which clearly shows the effect of additional savings and provides a picture of the individual customer's income as a retiree. With the introduction of the Pension Estimator, PFA is hoping to set new standards for advisory services and to make it easier for customers to relate to pension, and thus ensure that customers receive the best possible advice.

- PFA developed an early retirement benefit calculator which provided an overview of how much you could receive in early retirement benefits and the size of the tax-free premium. In this way, PFA contributes to the consumer being able to make a qualified choice in the light of the new regulations, rates and off-setting of pension savings.
- PFA's Customer Board held meetings focusing on the pension debate in companies, customer satisfaction and the customer experience.
- PFA participated in and supported the establishment of Fakta om Pension (Facts about Pension). This is an internet-based tool for pension savers, which can compare pension plans established through an employer across pension companies. The tool is part of the industry's initiatives regarding openness and transparency.



RELATIONSHIPS AND DIALOGUE

SIGNIFICANT INCREASE IN CUSTOMER DIALOGUE

PFA is experiencing a marked increase in the number of customer queries and is also endeavouring to create greater dialogue with customers. Customer reactions are to be used as a learning tool.

Areas of focus and results for 2012

PFA acquired many new customers in 2012 and has also experienced a marked increase in the number of queries to PFA. PFA received more than half a million queries from customers in 2012.

It is unavoidable that the numerous customer queries and the extensive dialogue which PFA has with customers will result, to a certain extent, in dissatisfaction and actual complaints. For PFA's customers, it is an easy and simple matter to make a complaint or to express their dissatisfaction in another way. This is very easily done at pfa.dk.

Customer queries and, not least, complaints, must be actively used for learning and for development so that customer service and dialogue can become even better in the future.

Significant increase in direct customer contact

PFA continued in 2012 to develop online tools and apps to make it easier for customers to get an overview of their pension and insurance plans. Also, 2012 has seen changes in the law in the form of a tax reform and the option to have your early retirement savings paid out. Seen in association with PFA's other customer-related activities and the increased mention in the media, this has created increased interest from customers in pensions. This can be seen in the number of customer queries which increased markedly by more than 85,000 queries from 430,000 customers in 2011 to more than 500,000 in 2012. There has been an increase in both telephone and e-mail queries to PFA's Advisory Services Centre and the Claims Centre as well as in the number of individual pension consultations.

Despite the increasing number of queries there is still considerable customer satisfaction. In 2012, the Claims Centre received 180,000 calls, and accessibility on the telephones was 98 per cent, the average waiting time for calls answered was 28 seconds and customer satisfaction was 8.9 on a scale of 1 to 10. The same applied to PFA's Advisory Services Centre which received 228,000 calls with an accessibility rate of 92 per cent, an average waiting time of 1 minute 38 seconds, and customer satisfaction was 8.7.

Complaints and criticism

The more than 500,000 customer queries have also impacted the number of complaints to the Complaints Department which increased by 138 complaints. By far, the majority of the complaints can be divided into two different categories: communication and advisory services, and delivery and registration. The number of customers who had their complaints fully or partially granted in their favour has remained stable, 26 per cent and 25 percent in 2011 and 2012, respectively.

PFA received 353 complaints in 2012. In total, 50 per cent of the complaints were settled with supplementary information and advice. Two of the complaints handled by the Complaints Department were settled by the Insurance Complaints Board; its decision went in PFA's favour on one occasion while the other is still pending.

The Complaints Department is supplemented by PFA's Customer Representative who receives and listens to any dissatisfaction from customers. In 2012, the Customer Representative received 66 queries of which 59 were complaints. This was 7 fewer than the year before. Of the 59 complaints, 25 related to the handling by the Complaints Department. Of the remaining 34 complaints, 29 per cent were settled with supplementary advice or the sending of further materials, 24 per cent were not accepted and 36 per cent were fully or partially accepted. Many of the queries in 2012 were related to communication and dissemination of information and have resulted in measures which have improved communication of information both in letters to the individual customers and at pfa.dk.

RELATIONSHIPS AND DIALOGUE

PFA LIVE LIFE FOUNDATION

The PFA Live Life Foundation supports dedicated individuals who help others live life.

The PFA Live Life Foundation supports one or more issues which help others live life. These can be activities which make the lives of others easier, safer or better. In 2012, the year's good causes from the PFA Live Life Foundation were divided into three projects:

- Landsforeningen Autisme's project Madglad
- TUBA – nobody should grow up with alcoholic parents
- Angstpilot.dk – an application which gives people help in dealing with anxiety in everyday life.

All three causes received DKK 50,000 and a "good cause booster" – a contribution from PFA and its partners to raise awareness of the cause up to a value of DKK 200,000.

This was the third time the PFA Live Life Foundation selected good causes after the dedicated individuals themselves put their causes on facebook. At least 100 causes were nominated and the foundation's facebook page now has 40,000 fans.

Facts about the PFA Live Life Foundation

The PFA Live Life Foundation was set up by PFA Pension with the aim of supporting dedicated individuals who help others live life. The foundation was set up in 2009 with initial capital of DKK 3 million.

This year, the foundation distributes DKK 150,000. In addition, there is support from PFA Pension to raise awareness of the good causes.

The good causes are nominated on facebook where voting also takes place regarding which good causes should be supported. The causes with the most support are presented to the Supervisory Board which distributes the grants 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 Pension Henrik Heideby.

Read more about the PFA Live Life Foundation at www.facebook.com/pfabruglivetfonden. Please note that the facebook page is only available in Danish.

RELATIONSHIPS AND DIALOGUE

SUPPORT FOR ASSOCIATIONS AND VOLUNTARY WORK

PFA actively contributes through partnerships and support activities to the society of which PFA is part.

Areas of focus and results for 2012

PFA supports a range of organisations and charitable purposes. The support is primarily given to organi-

sations or partners who focus on an individual issue. PFA receives many queries in the course of the year regarding support, and PFA gives priority to supporting those activities which are connected with PFA's core business. PFA also supports internal projects through PFA's employee fund which distributes the grants to voluntary work in which employees are involved.

Support in 2012

In 2012, PFA supported a range of different organisations and activities:

Business partnerships

- Red Cross in Denmark
- Engineers Without Borders Denmark
- WWF
- DR Koncerthuset

Individual support activities

- Danmarksindsamlingen
- Salvation Army in Denmark's Christmas help
- Red Cross clothes collection
- Proof of life løb
- Movember campaign supported by employees and PFA
- Foreningen hovedstadens forskønnelse
- Politiets Blå Baretter
- Landsforeningen for Polio-, Trafik og Ulykkesskadede (PTU)
- Søren Kierkegaard's 200 year anniversary

PFA supported the following associations through adverts in the members' magazines:

- Blindesagen
- DHIF
- Døvebladet
- HBUD
- The Danish Brain Injury Association
- Kbu Kalender
- Lavia
- LEV
- LFA
- LUMA
- Luges jul
- Muskel
- Rygforeningen
- SBU
- Scleroseforeningen
- Servicehunden
- SIM
- Spastikeren
- DHIF - Paralympic Games

PFA employee fund

PFA's employee fund is for dedicated individuals at PFA who are enthusiastic about making a difference in society in their spare time. The fund is recognition of the many employees who spend time outside of PFA on different activities which, among other things, benefit children, young people and cultural life.

At PFA, we are happy to support employees who are dedicated to making a difference to others. The support can be in the form of either money or being paid for a couple of days off to get involved in voluntary work.

The employee fund supported 3 projects in 2012:

- First-aiders with the Red Cross Solrød/Greve section.
- A concrete project for the scouts in the Mjølner Group in Værløse.
- A concrete school's project in Nepal with the association Nepals Børn.

ABOUT THIS REPORT

This report describes PFA's progress and results in terms of corporate responsibility in 2012. The basis is PFA's policy for corporate responsibility and ethics which gathers together the Group's objectives and visions for its work with responsibility as a business, investor and manager of pension funds.

The structure of the report is based on four main sections which relate to the policy's four main principles:

- Responsible corporate practice
- Responsible corporate culture
- Responsible value creation
- Relationships and dialogue.

PFA's CSR data and key figures are included in this report where relevant, and are otherwise gathered together at the back of the report.

The report applies for the whole of 2012 and covers the PFA Group with the exception of two associates. PFA Holding's annual report, the CSR report with appendices and the CSR pages at pfa.dk all comply with the Danish Financial Statements Act regarding the reporting of the company's corporate responsibility. These also represent PFA's

Communication on Progress report (COP) to the UN regarding PFA's implementation of UN Global Compact's 10 principles.

PFA has participated in a pilot project regarding peer review of the CSR report within the Global Compact Nordic Network and has taken into consideration the comments and reflections in this report. The basis of the data has been systematized and strengthened in some areas. PFA will continue to work to improve this.

PFA continues to base its reporting on 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, it is PFA's assessment that the report is at level C according to GRI G3's assessment scheme.

Contact for the CSR report and PFA's work with corporate responsibility is:

CSR Manager Mette Vadstrup, mev@pfa.dk
Corporate Communications & People Management



CSR KEY FACTS AND FIGURES 2012

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 was adopted by PFA's Supervisory Board in 2011.

The overall responsibility for CSR at PFA lies with the Group CEO and President. 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. Responsibility for enforcement of the policy for responsible investments and the work with active ownership lies with PFA's Board for Responsible Investments. The RI Board meets 6 times a year. PFA's CFO is the Chairman of the RI Board which also comprises executive employees from PFA Kapitalforvaltning [PFA Asset Management], the Director of Corporate Communications and People Management, the Director of Public Affairs, and the CSR Manager.

More information regarding PFA's RI Board is available at pfa.dk.

EMPLOYEES AND WORKING CONDITIONS

Number of employees	2012	2011	2010
Number of employees (as at 31 December)	1,247	1,202	1,189
Number recruited during the year	156	124	129
Number of employees who resigned	120	147	99

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

Employees employed in a flex job	2012	2011	2010
Number employed in a flex job	10	10	10

Employees employed in a flex job are assessed as suitable for a flex job in accordance with the criteria set forth by the local authority in question.

DMI measurement of employee job satisfaction and well-being	2012	2011	2010
Job satisfaction	77	72	73
Well-being	76	71	72
Motivation	78	74	74
Loyalty	83	80	80
Faithfulness	83	79	79
Commitment	83	81	80

Job satisfaction at PFA increased to 77 from 72 in 2012, and loyalty increased by 3 points to 83. PFA is therefore well above the average on the labour market and for many criteria among the three best companies in the financial sector.

Sickness absence	2012	2011	2010
Sickness absence in per cent	2.9	3.3	3.5

This is the fifth year in a row that sickness absence at PFA has decreased. The target for 2012 was 3.1 per cent. Sickness absence is calculated as the number of working days per year less 30 days holiday/public holidays multiplied by the absence percentage.

Accidents at work	2012	2011	2010
Number of accidents at work	2	7	3

PFA has a working environment organisation whose aim is to work to create a safe and healthy working environment at PFA. The figures are based on the reports which PFA has submitted to the Danish Working Environment Authority.

Women at management level, on the Supervisory Board and PFA's Customer Board

	Men	Women	Percentage of women	Men	Women	Percentage of women	Men	Women	Percentage of women
	31 December 2012			31 December 2011			31 December 2010		
Level 1 Directors	12	2	14	11	3	21	11	3	21
Level 2 Managers	26	17	40	27	15	36	30	13	33
Level 3 Team leaders	45	32	42	49	25	34	44	27	37
Total	83	51	38	87	43	33	82	43	34

Level 1 is the group of directors, level 2 comprises the manager group, and level 3 are team leaders in PFA.

- PFA's Executive Board comprises 4 members of which one is a woman, which equals 25 per cent.
- PFA's Supervisory Board comprises 14 members of which three are women, which equals 21 per cent.
- PFA's Customer Board comprises 65 members of which 13 are women, which equals 20 per cent.

Pregnancy coach project for pregnant employees

PFA offered pregnant employees a pregnancy coach to help them so that they would have fewer pregnancy problems and less sickness before the birth. Of 23 pregnant employees 15 chose to participate.

Health project

36 employees accepted an offer to take part in a health project focusing on healthy nutrition and healthy habits. Participation required co-payment by users. After 12 weeks, the employees had lost an average of 4 kilos.

CSR KEY FACTS AND FIGURES 2012

INVESTMENTS AND ACTIVE OWNERSHIP

Company screenings

The screening of investments is undertaken on behalf of PFA by GES, which has screened and evaluated PFA's 2,444 investments in equities and corporate bonds. PFA itself undertakes engagement dialogue with a number of companies and is involved in ongoing dialogue with external managers regarding CSR-related issues.

PFA has been in dialogue with 48 companies through GES in 2012. GES has also commenced the evaluation of 92 companies in PFA's portfolios to investigate whether a potential infringement of standards can be confirmed or not.

In 2012, PFA's RI Board excluded 1 company.

Engagement dialogue with companies where the infringement of PFA's RI policy has been confirmed	24
Engagement dialogue with companies where there are indications of an infringement of PFA's RI policy	21
Issues concluded	3
Engagement dialogue total	48

Three issues were concluded where the companies fulfilled all audit criteria and the cases were therefore resolved.

Country screenings

PFA has screened a number of countries in connection with investments in government bonds. At the end of 2012, PFA had investments in 51 countries and had chosen to sell off the holding in two countries.

PFA's exclusion list with companies and investment list with countries are published at pfa.dk.

CSR KEY FACTS AND FIGURES 2012

STAKEHOLDERS AND SOCIETY

Customer queries and customer contact

	Personal pension consultations	Advisory Service Centre Telephone calls	Advisory Service Centre E-mail queries	Claims Centre	Total
2012	58,333	227,965	49,823	180,000	516,121
2011	47,187	199,557	42,500	140,000	429,244

Complaints Department and Customer Representative

In 2010, PFA set up a central Complaints Department and appointed a Customer Representative. The aim was to ensure high quality and that all complaints were handled in the same way.

Number of complaints to the Complaints Department broken down by business areas

	Communication & advisory services	Products & solutions	Technology & IT architecture	Disbursements and decisions	Delivery & registration	Total
2012	129	27	19	68	110	353
2011	93	6	14	74	28	215

Number of complaints to the Customer Representative

	Total	Met	Upheld	Partially upheld	Not upheld	Pending	Referred to Complaints Dept
2012	59	10	7	5	8	4	25
2011	67	N/A	29	9	9	5	15

The method of recording complaints was changed in 2012, which prevents immediate comparison with the previous year. The section "met" is a new category and is used when the complaint can be clarified with supplementary advice or the sending of further information.

Voluntary industry investigations

- Eurosif investigation of Danish investors' work with responsible investments
- Dansif annual investigation of member's work with responsible investments
- PRI reporting of pilot project, which contributes to the development of new reporting frameworks

Council and network to promote corporate responsibility

- Member of the Danish Council on CSR, which advises the government regarding CSR issues

- Member of Dansif's working group for events
- Participated in pilot project during Global Compact Nordic Network peer review with a view to being inspired and improving future CSR reports

Reputation

PFA's reputation is affected by a number of factors such as reliability, significance and visibility and PFA's mentions in the press have made a positive contribution to the development of PFA's reputation.

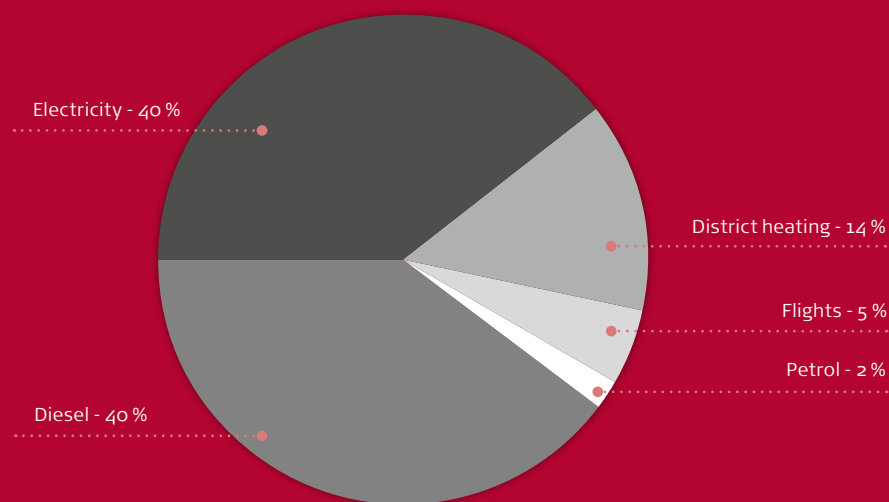
	2012	2011	2010
Number of press mentions	2,713	2,335	2,473

CSR KEY FACTS AND FIGURES 2012

ENVIRONMENT AND CO₂ CONSUMPTION

CO ₂ emissions at PFA	2012	2011	2010
CO ₂ emissions in total (tonnes)	2,081	2,097	2,095
CO ₂ emissions per employee (tonnes)	1.67	1.74	1.76

Percentage distribution of CO₂ emissions in 2012



CO ₂ emissions from use of electricity	kWh	g CO ₂ /kWh*	CO ₂ (tonnes)	CO ₂ emissions per employee
2012	1,860,663	448	834	0.67
2011	1,984,876	448	889	0.74
2010	2,008,168	448	900	0.76

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

CO ₂ emissions from use of district heating	kWh	g CO ₂ /kWh*	CO ₂ (tonnes)	CO ₂ emissions per m ²
2012	2,136,315	132	282	12,197
2011	1,976,711	132	261	11,286
2010	1,941,604	132	256	11,086

*The figure "g CO₂/kWh" is supplied by Københavns Energi A/S (KWh is adjusted by degree cf. DMI)

CO ₂ emissions from flights	Number of trips	Km travelled	CO ₂ (tonnes)	CO ₂ per trip (tonnes)
2012	573	748,670	97	0.17
2011	676	603,891	78	0.12
2010	436	570,769	73	0.17

CO ₂ emissions from cars	Number of cars	Litres used	g CO ₂ /l	CO ₂ (tonnes)
Petrol cars				
2012	10	20,222	2,272	46
2011	14	65,800	2,272	149
2010	45	139,115	2,272	316
Diesel cars				
2012	154	307,236	2,676	822
2011	141	268,823	2,676	719
2010	108	205,614	2,676	550

Cars total	Number of cars	CO ₂ tonnes per car	CO ₂ tonnes
2012	164	5.30	868
2011	175	4.97	869
2010	172	5.05	866

CO ₂ -neutralised taxi driving	Consumption of CO ₂ which is neutralised by taxi companies	Share neutralised in relation to driving with other companies
2012	1,247 Kg	60.7 %
2011	1,035 Kg	61.8 %

CO ₂ emissions from use of paper	Paper (tonnes)	t CO ₂ /t paper	CO ₂ (tonnes)
2012	1,253	0.78	978
2011	970	0.78	756

The increase in use is due to a change in supplier on 1 July 2011 when PFA discarded a large quantity of paper from previous suppliers

CO ₂ reduction (tonnes)	2012	2011	2010	CO ₂ reduction
Electricity	834	889	900	56
District heating	282	261	256	(21)
Flights	97	78	73	(19)
Petrol cars	46	149	316	104
Diesel cars	822	719	550	(103)

Scope summary of CO ₂ reduction (tonnes)	2012	CO ₂ reduction
Scope 1	868	1
Scope 2	1,116	35
Scope 3	97	(19)
Total	2,081	17

Scope 1 = petrol & diesel use, scope 2 = electricity & district heating, scope 3 = flights

PFA uses the Greenhouse Gas Protocol's method to calculate CO₂ reductions in scopes

The impact of some of the CO₂-reducing activities, which were implemented at the end of 2012, will not be felt until 2013

Use of waste (tonnes)	2012	2011	2010
Total amount of waste	239	260	229

PFA Holding A/S
Sundkrogsgade 4
DK-2100 Copenhagen
Tel. (+45) 39 17 50 00
Fax (+45) 39 17 59 50
www.pfa.dk
pension@pfa.dk
CVR No. 2 24 38 018
Design and production:
Umwelt A/S
Photos: Jakob Dall

