

CSR REPORT 2014¹

PFA AND CORPORATE RESPONSIBILITY

– initiatives and results



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The images in this report

The images in this report show associations that received support from PFA Brug Livet Fonden in 2014. The images have been shot by photographer Jakob Dall.

Front page: BørneLungeFonden

- Recipient of support from PFA Brug Livet Fonden in 2014

www.lunge.dk/børnelungefonden

INTRODUCTION

OUR CORPORATE RESPONSIBILITY JOURNEY

This is PFA's sixth CSR report on our work with incorporating CSR in our ongoing handling of tasks and development.

A lot has happened since PFA in 2009 decided to observe and propagate UN Global Compact's 10 principles on human rights, labour rights, the environment and anti-corruption. This affects the way we run our business with regard to actively integrating CSR throughout PFA. And it also affects how we systematise our corporate responsibility efforts at an operational level.

In relation to the outside world, we are happy to note that CSR matters are gaining an increasing foothold. The realisation that corporate responsibility is an important part of running a business in the 21st century is gaining ground and there is an increased focus on how PFA as a company, employer and investor contributes to society.

Corporate responsibility is PFA's travelling companion on our journey – both when it comes to developing products and to generating large long-term returns in a responsible manner. Likewise, we are always well-prepared and ready to present PFA's qualified advice when we enter into dialogue with our customers and business partners. We will continue this journey and actively work on complying with and promoting UN Global Compact's principles in the way we do business.

These six years with targeted efforts have been a journey characterized by growing expectations from the outside world of us and of what we can do for our customers. When you work with integrating corporate responsibility into the business development, you set out on a journey without knowing the final destination. Only with this realisation in the backpack, is it possible to create reliable, sustainable and responsible results. To a large extent, the driving force is the decision to still be able to document that also our CSR contribution is making a difference.

Like previously, the 2014 report presents PFA's initiatives and results within corporate responsibility and ethics. The objective is to present a true and fair view of our activities, our challenges and how we have handled them.

We hope that you will enjoy reading our CSR Report.

Jon Johnsen

Group Executive Vice President and Acting CEO

PFA - OVERVIEW AND KEY FIGURES 2014



384,000

Health insurance plans



237,000

Enquiries to the Health Centre
and Claims Centre



25,000

E-mails to the Health Centre
and Claims Centre



1,285

Employees (annual average)

11.8 %

Staff turnover

3.3 %

Sickness absence

77

Employee satisfaction



41 %

Women in management



DKK 519 BN

Assets under management

DKK 25.3 BN

Payments

DKK 22.1 BN

Payouts



114.6 TONS

CO₂ saved at headquarters and on operations



APPROX 1.1 BN

Individual customers



1,218 KG

Reduction in food waste from the canteen



250,000

Calls to the Advisory Services Centre



71,000

E-mails to the Advisory Services Centre



338,000

Visitors at My PFA (mitpfa.dk)
- launched at the end of June 2014



68,000

Pension consultations



ABOUT THIS REPORT

This report describes PFA's work with corporate responsibility and reports on the most important initiatives and results achieved in 2014. The general framework is set by our policy for corporate responsibility and ethics, which applies to the entire PFA Group. The policy describes the objectives and principles that PFA bases its actions on as a company, employer, business partner and investor.

The report applies to the whole of 2014 and covers the PFA Group with the exception of two associated companies. PFA Holding's annual report, this 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.

Focus areas and prioritisation of the contents of the report

During 2014, PFA has entered into dialogue with different stakeholders who have expectations for various areas of PFA's work with corporate responsibility. In addition, PFA has participated in the Danish Council for Corporate Responsibility's meetings and debates throughout the year. Focus has especially been on how PFA manages the customers' money in a responsible way. Therefore, this report focuses especially on the area of responsible investments and on giving a number of examples of how the policies, principles and the dialogue with companies are put into practice.

The CSR Report 2013, "PFA and Corporate Responsibility - Priorities and results", described six focus areas of PFA's work with corporate responsibility in 2014. These focus areas will all be addressed in this report. Below, you find a table that shows on which page each focus area is described.

2014 focus area

Page 8 PFA will review its corporate responsibility and ethics policy, and other policies and guidelines which form the framework for PFA's CSR work.

Page 10 By means of internal communication, PFA will broaden awareness of the PFA whistleblower scheme.

Page 11 PFA will resolve the challenges involved in small suppliers' self-assessment.

Page 13 PFA focuses on health initiatives in daily life and is, among other things, running a three-month trial with an exercise programme using elastic bands to reduce the number of minor problems with back, neck and arms among the employees. These health initiatives are intended to improve job satisfaction and reduce sickness absence.

Page 19 PFA will assess the partnership with Børn, Unge & Sorg (a Danish organisation which helps children and young adults who have lost a parent).

Page 27 PFA will evaluate the success of its five-year climate partnership compared to the goal which was to reduce CO2 emissions by up to 30 % over five years.

Report structure

The report's structure is based on the four basic principles on which our corporate responsibility and ethics policy is built. Each principle comprises several key areas and specific actions. The report mirrors the structure of the policy and the topics described illustrate how PFA's work with CSR has progressed. The four basic principles of the policy make up PFA's corporate responsibility model, which can be found on page 8.

The last part of the report consists of PFA's CSR-related key figures and data. The 2014 figures are compared with figures for the past two years in order to show how the results have developed. The 2014 figures and the figures for the past years will be included wherever relevant throughout the report. To get a complete overview of the figures and data related to the activities described, we refer to the tables at the back of the report. Data is regularly systematised, and PFA will continue to work on improving this area.

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. It is PFA's assessment that the report is at level C according to the GRI G3 assessment scheme.

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.

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CORPORATE RESPONSIBILITY AND ETHICS AT PFA

The objective of PFA's corporate responsibility and ethics policy is that its principles are integrated into PFA's projects and initiatives.

Revision of policy

In 2014, PFA's Supervisory Board revised PFA's policy for corporate responsibility and ethics as well as the policy for responsible investments. These two policies make up the overall framework for PFA's work with corporate responsibility. The policies date back to 2011 and 2010 respectively. The purpose of the revision was twofold: to update the policies in the areas that had developed, including ensuring that the respect of human rights became even more pronounced, and to integrate PFA's environmental policy into both policies.

With the revision, PFA's guidelines for responsible investments in government bonds have become part of the policies and the respect of human rights is now specifically stated under the various relevant areas. In addition, PFA's Code of Conduct has also been included in the policy for corporate responsibility and ethics.

Up until 2013, PFA had a separate environmental and climate change policy which set the framework for implementing environmental considerations throughout the business. Including when making investments, purchasing and running the headquarter office. The content of the policy is now integrated into the policy for corporate responsibility and ethics as well as the policy for responsible investments with the purpose of collecting the overall framework and thus facilitate the knowledge of PFA's framework for corporate responsibility. The contents of the environmental policy have not been changed.

The respect of human rights have become significantly more pronounced in PFA's policy, and the revision plays an important part in ensuring that human rights are integrated in all of PFA's actions, both as

a business partner, employer, pension company and investor.

Embedding the policy for corporate responsibility and ethics

PFA has continued to embed the policy for corporate responsibility and ethics within the four basic principles: responsible corporate practice, responsible corporate culture, responsible value creation, and relationships and dialogue. Overall, PFA has initiated a wide range of activities and projects which are all part of ensuring that PFA lives up to the overall principles and objectives in the policy. The activities are briefly described and illustrated in the responsibility model on page 9.

Focus has been on PFA's obligation to respect human rights and on converting this obligation to fit a Danish company in a Danish context. PFA has thus revised its Code of Conduct, launched a new whistleblowing portal and taken further steps to strengthen the processes of responsible investments.

Responsible corporate practice

During the year, a steering committee with focus on taxes has been established, and a project on preparation of a PFA tax policy has been initiated. The policy is expected to be adopted during 2015.

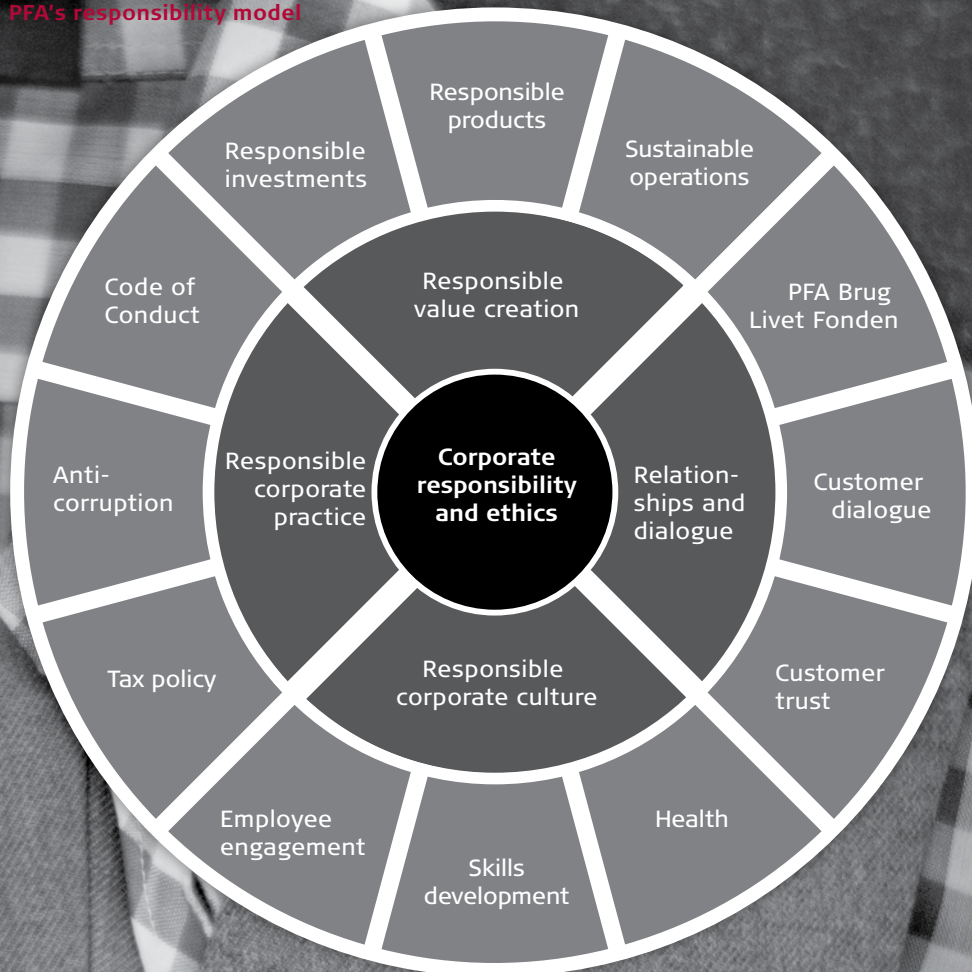
Responsible corporate culture

In three departments, PFA Fit at Work has been completed as a pilot project. Tools that support learning and strength-based management have been developed, and PFA has participated in Landsforeningen Autisme's (the Danish autism association) 'Project Opportunity'.

Responsible value creation

PFA's Responsible Investment Board has worked on implementing the policy for responsible investments. A continued focus on sustainable operations and green investments, and PFA has renewed the climate partnership with Dong Energy. In relation to the health area, PFA has initiated new preventive initiatives.

PFA's responsibility model



Relationships and dialogue

PFA Brug Livet Fonden chose that this year's support should go to causes that help children in Denmark who have had a rough start to life. Customer trust and dialogue with critical customers have also been in focus. PFA has been in dialogue with media, ministries, agencies, NGOs, trade organisations etc. regarding issues that relate to pension, savings and health.

PFA's responsibility model

PFA's responsibility model is based on the four basic principles that form the basis of the policy for corporate responsibility and ethics. The basic principles illustrate the focus areas which PFA has chosen to focus on in 2014 in order to embed the policy. The outer circle of the model shows the themes that will be described in detail in this policy. The model can also be used to navigate throughout the entire report.



RESPONSIBLE CORPORATE PRACTICE

The objective of responsible corporate practice is to ensure that PFA maintains policies and guidelines which uphold fair and responsible corporate behaviour and ensure that PFA retains its reputation as a trustworthy company.

Meeting the objective

During 2014, PFA has worked on meeting the objective of responsible corporate practice in various areas, including setting up a steering committee with focus on taxes, preparing a PFA tax policy as well as evaluating and improving two schemes: the whistleblower scheme and the Code of Conduct for PFA's suppliers.

Special tax effort

As a company, employer and investor, PFA is comprised by a number of tax conditions within corporation tax, VAT, payroll tax, wage earner's tax, pension yield tax etc.

The tax area is very complicated and in 2014 PFA established a steering committee with focus on taxes. The steering committee has the complete overview of all tax-related activities and conditions in PFA. Its purpose is to ensure that any tax legislation is timely and effectively implemented.

In May, the Committee on Corporate Governance updated its recommendations. The update included an addition to recommendation 1.1.2. that states that in certain cases it may be relevant for board of directors/supervisory boards to consider adopting a tax policy. Based on these recommendations, PFA has prepared a tax policy which we expect to adopt during 2015. The purpose of the tax policy is to collect PFA's tax principles and practice and to formalise these in a policy.

Guidelines to avoid money laundering

In connection with the formation of PFA Bank in 2014, internal guidelines were drawn up and

adopted in order to prevent the bank from being used for money laundering. This means that all companies in the PFA Group have internal guidelines to prevent that the companies are used for money laundering or terrorist financing.

In each company in the PFA Group, a person at management level has been assigned to ensure that PFA observes the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism. The relevant employees regularly receive training by the Group's compliance function in the rules and the internal controls. PFA is aware of the fact that banking operations entail a greater risk of being used for money laundering than pension savings do. Among other things, this is reflected in the training process.

During 2014, we have not reported any suspicions of money laundering to the Danish authorities.

New whistleblowing portal

One of the 2014 focus areas was to create greater awareness internally of PFA's whistleblower scheme. This was done at the same time as PFA introduced a new whistleblowing portal. The portal makes it easier for the employees to report serious cases and, at the same time, the possibility of remaining anonymous has been a priority. The previous whistleblower scheme from 2012 has also allowed the employees to remain anonymous, but the reporting was done by completing a form by hand.

The purpose of whistleblowing is to provide an additional opportunity to expose illegal or irresponsible conditions which contravene PFA's set of values or rules. For instance, this could be matters which threaten PFA's earnings or image. Furthermore, the employees can report any violations or potential violations of the financial regulations committed by the company.

No reports have been made through the PFA whistleblower scheme in 2014.

Bipartite Code of Conduct

In 2014, we continued to focus on embedding the use of PFA's Code of Conduct and a self-evaluation form when entering into agreements with suppliers. We have had a good and constructive dialogue in order to clarify how the individual suppliers live up to their corporate responsibility. In the vast majority of cases, we have inquired about the supplier's specific activities, depending on the supplier's size, products and supplier chain.

Another focus area in 2014 was to make the process in relation to small PFA suppliers more effective. It has not, in the same way as with larger suppliers, been of relevance to complete a self-evaluation form. During the year, PFA evaluated the self-evaluation form in relation to small suppliers and assessed various solutions. The purpose of a Code of Conduct is to state the expectations PFA has for its suppliers, and, through dialogue with the suppliers, get an overview of which processes they have that ensure that they live up to the expectations. The expectations for respect of human rights and proper conduct are the same regardless of the size of the supplier and the supplier contract. The focus has been on the process for how the suppliers undertake to comply with the principles in PFA's Code of Conduct.

Therefore, PFA has formulated two parts of the Code of Conduct to use when entering into agreements with suppliers. For critical suppliers who supply a key service which PFA depends on in order to service our customers, the existing practice that includes signing the Code of Conduct and completing a self-evaluation form applies. For small suppliers that may not be critical but are important and make up a part of PFA's value chain, the same expectations of proper and responsible conduct apply, and the suppliers undertake to comply with these expectations by signing a declaration of intent.

In this way, PFA expects to make the process in relation to small suppliers more efficient. The new approach with the bipartite Code of Conduct is launched in the beginning of 2015.

Example of supplier dialogue

In connection with contract negotiations with a large IT supplier, PFA, based on PFA's Code of Conduct, initiated a positive and constructive dialogue on how the supplier acts responsibly during the various stages of the order. During the dialogue, PFA was presented the supplier's policy and priorities regarding business ethics and human rights.

RESPONSIBLE CORPORATE CULTURE

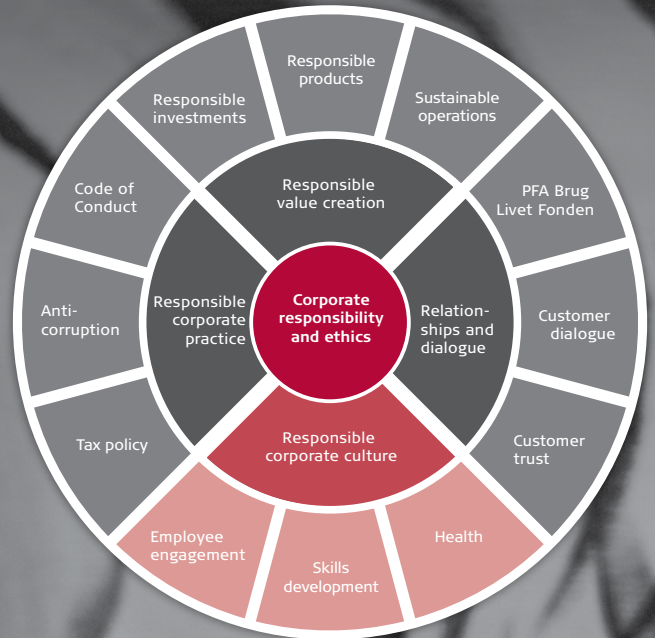
The objective of responsible corporate culture is about creating a framework for employee and leadership development as well as skills development and introducing initiatives to improve the employees' health.

Meeting the objective

In order to meet the objective of responsible corporate culture, PFA has worked on implementing PFA as a performance organisation, target figures and policy for women at management level, evaluating employee engagement measurements, workplace assessments and carrying out the project PFA Fit at Work in PFA.

Qualifications and performance culture

As PFA develops its performance culture, it is important that the employees possess the qualifications and tools necessary to thrive and be successful in such a culture.



In support of the performance culture, PFA has introduced regular performance dialogues. The objective is clear short-term targets for the individual employee, feedback from the manager to the employee with focus on a strength-based approach and feedback from the employee to the manager with a view to ensure the general conditions. The engagement survey 2014 showed that 87 per cent of the employees with PFA regularly have a performance dialogue and 70 per cent say that the performance dialogues add value in the form of better performance, increased engagement and personal skills development. Furthermore, 78 per cent say that they have had the opportunity to acquire new skills and develop within the last year.

In total, PFA has held more than 150 internal seminars to develop the employees' knowledge and qualifications within a number of different areas, including human resource management, the advisory services process and project management. Add to this a number of other minor seminars and training programmes.

PFA and health

One of the focus areas for 2014 was that PFA carried out a six-month trial with an exercise programme based on elastic band exercises to reduce and prevent the employees' minor problems with their back, neck and arms. This was done through the pilot project PFA Fit at Work, which was tested by three departments in PFA. The elastic band exercises help prevent the negative effects of sedentary work. The employees' health was measured before, during and after the project, and the results showed a reduction in minor disorders in shoulders, back and arms as well as a higher level of job satisfaction and energy among the employees. On this basis, it was decided that the elastic band exercises will form part of the new health strategy for PFA in 2015. This means that the elastic band exercises will become part of the work day during 2015.

PFA has continued to cooperate with the Danish Cancer Society on the project "Fra bil til cykel" (From car to bicycle). During the year, PFA has improved the bicycle parking and shower facilities as well as continued to offer free bicycle service at the workplace. In 2013, a survey showed that approximately one in five employees regularly biked to and from work at PFA. The objective for 2014 was to increase the percentage of employees who ride their bike to work on a daily basis from 21.5 per cent to 30 per cent. The percentage reached 26 per cent in 2014. Seen in relation to the objective, this result is unsatisfactory, although, it is still a step in the right direction.

PFA continued to offer consultations to pregnant employees. The consultations include work-related issues as well as personal, physical and mental welfare. The objective is to avoid pregnancy-related physical pains and problems and thus reduce the number of pregnancy-related sick days to a minimum. The number of pregnant employees accepting the offer of consultations has increased, however, the effect on pregnancy-related sickness absence is uncertain. The pregnancy consultations will be evaluated during 2015.

Meeting the objective for the share of women in management

The overall objective is for the share of women in PFA at management level to reach a minimum of 40 per cent. PFA reached this objective in 2014 with the total share of women in managerial positions reaching 41 per cent. The two previous years, the share of women in management totalled 39 per cent. This indicates that the share of women in management is more or less constant. Throughout the year, PFA has also focused on initiatives that help ensure that the recruitment process is gender-neutral, that management has flexible working hours with regard to being available at specific hours, etc. Furthermore, the equal pay statistics

were discussed by PFA's Samarbejdsudvalg (works committee), and it was concluded in 2014 that the figures are satisfactory and no further initiatives are needed.

In 2014, the gender distribution at the three management levels at PFA was as follows: 49 per cent female team leaders, 38 per cent women senior managers, 14 per cent women directors. At year-end, there were no women group executive vice presidents and just 10 % female board members elected at the annual general meeting of PFA Holding and PFA Pension. Therefore, focus will continue to be on increasing the share of women in top management. However, it is important to keep in mind that the figures are easily influenced by just one new appointment or resignation.

PFA's policy and target figures for gender distribution on the Supervisory Board are from 2013. Here, the target figures are stated for the share of women on the supervisory boards of PFA's companies in 2016 and 2017. For supervisory boards with three members, the 2016 objective is that at least a third of the members should be women. This objective was met at the end of 2014. For the Supervisory Board of PFA Holding, the objective is at least 30

The pilot project "PFA Fit at Work in PFA"

The project lasted from January and until June and comprised three departments in PFA with a total of 189 employees at the beginning of the project. The project consisted in doing elastic band exercises for ten minutes three times a week. In order to measure the effect, measurements were carried out before, during and after the project period. 82 per cent of the respondents did the elastic band exercises regularly, and approximately 4 per cent did not participate.

The figures are based on the participants' own assessments and, among other things, showed:

- An increase in the self-assessed working capacity: from 60 per cent to 75 per cent.
- An increase in the self-assessed level of productivity: from 39 per cent to 53 per cent.
- Heightened job satisfaction: from 49 per cent to 58 per cent.
- Heightened self-assessed energy level: from 33 per cent to 41 per cent.
- Heightened self-assessed physical health: from 33 per cent to 48 per cent.

per cent women in 2017, and, for the Supervisory Board of PFA Pension, the objective is that a third of the members should be women in 2016. PFA will regularly report on whether the target figures are being met.

Workplace assessment 2014

Every third year, PFA completes the statutory workplace assessment (APV). In 2014, the assessment was made during summer, by means of a questionnaire. 82 per cent of the employees responded to the questionnaire. Overall, the APV paints the same picture as the latest assessment in 2011. During the period, focus has been on temperature, air and light control, however, the employees' assessment shows that this area still holds challenges and that the current conditions may have a negative influence on the sickness absence. The assessment does not paint a clear picture as there are significant differences in the assessments from department to department. However, it is clear that PFA's current location (Marina Park), which was built in the early 1980s, no longer lives up to the requirements for indoor climate that an office building should in 2014.

On the positive side, the employees assess the physical workload to be moderate, their possibility of influencing the planning of their work as good and their engagement as high.

In 2014, the health and safety representatives' job was to assist the managers with preparing ac-

tion plans for each department in PFA – a job that was previously rooted in the HR department. The health and safety representatives are closer to local problems and may therefore be able to generate new ideas concerning how to improve the working environment.

Improved employee satisfaction

This year, PFA again saw an improvement in the employee satisfaction. In 2014, PFA used the new method for calculation of employee satisfaction that was developed in 2013. It is a more simple survey which especially focuses on PFA as a performance organisation. In 2014, the response rate was 87. The results show that employee satisfaction has increased from 74 to 77 (out of 100). At the same time, the share of employees who would recommend others to apply for a job at PFA has gone up from 75 to 77.

PFA has many different activities for the employees. Including initiatives with the purpose of involving the employees in charity races, reduction of food waste etc. In addition, PFA has in 2014 worked with Landsforeningen Autisme (the Danish autism association) to make short information videos in order to bring attention to what it is like to live with autism. Through Project Opportunity, PFA has hired an employee with autism, who has carried out a number of tasks and been an integrated part of his team in PFA. The different initiatives where PFA supports various challenges faced by society also contributed to employee satisfaction.

RESPONSIBLE VALUE CREATION

RESPONSIBLE PRODUCTS AND SERVICES

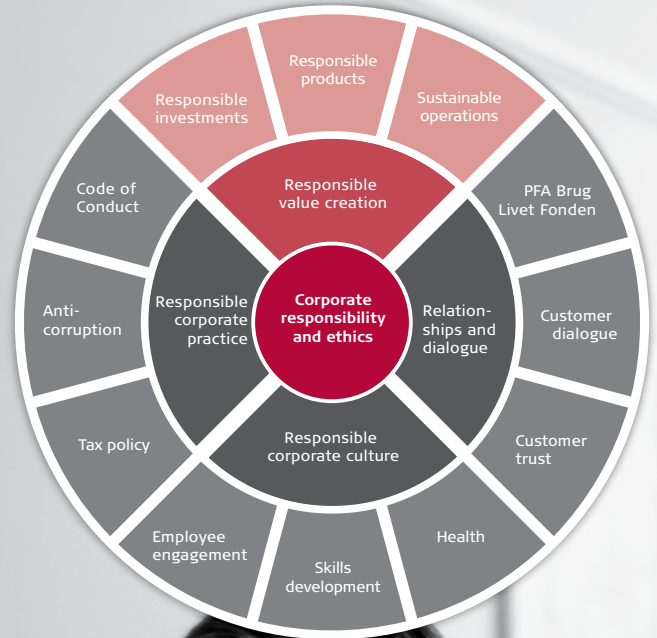
The goal for responsible value creation entails that our products, advisory services and investment processes create value for our customers in a responsible way.

Meeting the objective

With regards to creating responsible products and services, PFA has continued to work with simplifying our communication about pension and launched a new digital platform. Value for the customers is also created through PFA's efforts to prevent minor disorders and work-related injuries and help employees who are absent due to an illness return to their work.

My PFA – the customers' new overview

PFA gives priority to providing the customers with an easy and simple overview of their pension plan figures. At the same time, PFA strives to give an exact indication of what the individual employee may expect when he or she retires. PFA believes that this creates value for the individual customer. In 2014, PFA launched My PFA - a portal that collects individual figures, personal information and recommendations that are relevant to the individual customer. My PFA features a number of inspiring self-service tools and guides. In order to derive



maximum advantage from the portal, the customer must enter those figures which PFA does not have access to. My PFA also comes as an app and is easily accessible. The purpose is to give the customers a platform where they can collect all of their information, quickly and easily access the information and thus stay updated on how their savings and return develop. This help make pension-related topics an integrated part of the customers' everyday life. My PFA was launched at the end of June 2014 and has during the first six months had 337,551 visitors. This figure is significantly higher than the number of visitors at the previous customer portal, My Pension, which totalled 259,249 visitors during the first six months of the year.

Highly effective preventive measures

At the end of 2013, PFA introduced health screenings for companies with a PFA pension plan. The health screening provides a snapshot of the employees' state of health. The screening is a tool for the employees and companies to help prioritise health efforts and to derive maximum advantage from their preventive health measures. During 2014, PFA carried out a significant amount of health screenings and have, on this basis, obtained valid data that allows PFA to identify overall trends and challenges. The purpose was partly to see whether previous

research results could be verified, partly to collect knowledge and data in order to better be able to develop initiatives that match the customers' needs. The study verified the research results and, among other things, showed that the healthier the employees are, the higher they score their own productivity level and their ability to carry out their job.

Based on the results from the health screening, PFA develops solutions for the customers involving advice, analyses and a health strategy within the areas: physical and mental health as well as diet and lifestyle. The goal here is to create lasting changes and positive effects for the customer – to the benefit of both the individual employee and the company. The effect of the efforts carried out during 2014 in cooperation with the customers has been measured. The results show an average improvement of the employees' energy levels of 22 per cent. At the same time, productivity levels have gone up by 17 per cent and job satisfaction has increased by 26 per cent. The gathered data and experience from the area form part of the cooperation PFA has initiated with the large customers who want to prepare an overall health strategy that focuses on the individual's health behavior. During 2015, PFA will continue to focus on the cooperation on health strategies with the customers.

PFA's health screening

The health screening is based on comprehensive online questionnaires that include questions related to diet, exercise, smoking, alcohol, sleep and the employee's physical and mental well-being. Based on the scientifically founded questions, each employee receives a Health estimate from 1-100. The Health estimate is divided into the categories "healthy", "less healthy" or "unhealthy".

The average Health estimate is 75 and PFA recommends a Health estimate of 70 or above. A total of 97 per cent of the employees who are evaluated to be "healthy" or "very healthy" assess their level of productivity to be "high" or "very high". Among the respondents who live unhealthily, 17 per cent assess their level of productivity to be low or moderate. 72 per cent of the employees who are assessed to be "healthy" state that their working capacity is "very high", while only 45 per cent of the unhealthy employees estimate their working capacity to be "very high". The working capacity is fundamental to the level of productivity.

Overall, the employees that participated in the screening are relatively healthy, however, there is still a lot of room for improvement. The study shows that 59 per cent of the respondents do not live up to the recommendations regarding daily physical activity, 30 per cent state that they suffer from sleep difficulties and 35 per cent are overweight.

Successful active claims handling

In 2014, PFA continued to focus on helping sick customers return to the job market through Active Claims Handling. The objective is to intervene effectively at an early stage in order to avoid long-term periods of sickness, which involves a greater risk of the customer never returning to employment. This creates value for the individual customer, for the company and for society. Active Claims Handling does not include any stand-

ard solutions as all courses of illness are unique. Therefore, individual help and a process that can be adjusted to match the customer's current needs are key. Active Claims Handling covers reactivation, preventive cases, grants and treatments. During 2014, PFA Active Claims Handling assessed 1,726 cases and engaged in dialogue with 410 customers who received advice and guidance. The number of reactivations and preventive cases increased significantly.

Extract from an Active Claims Handling process

In May 2013, a customer reported absent from work due to a blood clot in the brain. Through the Health Insurance, the customer was examined at Mølholm Private Hospital and also received psychological therapy granted by the Health Insurance.

From October 2013, the customer made an agreement with his employer on returning to work a few hours per week simultaneously with the customer attending a rehabilitation programme provided by the local authority. The after-effects of the blood clot were not severe and the prognosis was therefore considered positive. Through Active Claims Handling, PFA therefore chose to grant payment of a neuropsychological examination and a subsequent check-up at Mølholm. Later, the customer was granted additional psychological therapy. PFA also granted payout of Loss of Occupational Capacity to the employer in order to help retain the customer at the workplace.

The customer slowly increased the number of working hours, and, from the beginning of September 2014, he was able to work more than part time. Throughout the process, the customer has regained more than half of his occupational capacity, and the payouts of Loss of Occupational Capacity have therefore ceased.

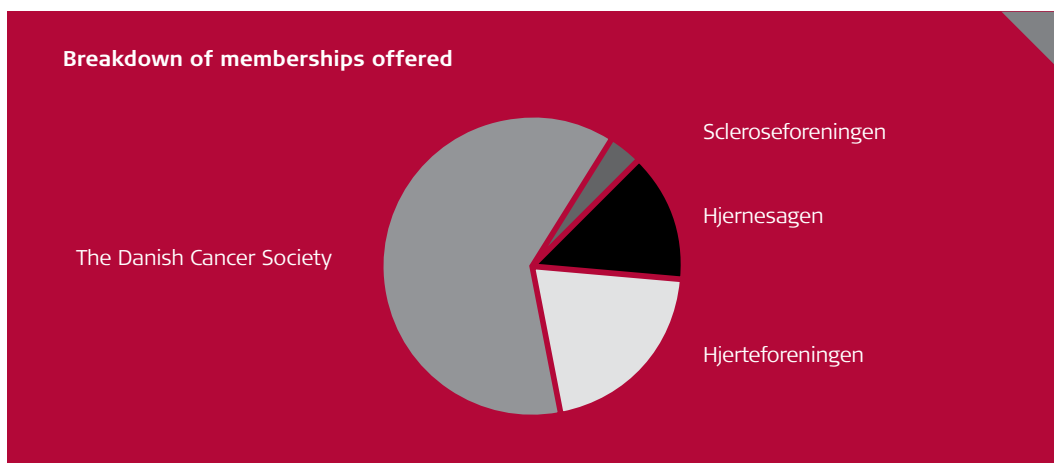
Advisory partnership in the event of critical illness and death

Every year many families have to deal with illness and death. PFA is in contact with many of these families as they either need payouts from a life insurance or need to use their insurance against Critical Illness or Loss of Occupational Capacity. One of the focus areas for 2014 was to evaluate the partnership with Børn, Unge & Sorg (Danish organisation which helps children and young adults who have lost a parent) and to strengthen the partnership with the Danish Cancer Society, Hjerteforeningen (Danish heart association), Hjernesagen (Danish brain association) and Scleroseforeningen (Danish sclerosis association).

The purpose of PFA's partnership with the Danish organisation Børn, Unge & Sorg is to make PFA's customers aware of the possibility of getting help for children and young adults who face a serious illness or death in their family. In these situations, the children's needs are often overlooked. The partnership with Børn, Unge & Sorg began at the end

of 2013. PFA has informed of the possibilities of advice and guidance for children and young adults. However, it has been difficult to measure the exact effect. Therefore, PFA has decided to continue with the project for another year in order to gain more experience before making an overall evaluation.

PFA has two years of experience from the partnerships with the Danish Cancer Society, Hjerteforeningen, Hjernesagen and Scleroseforeningen. The partnerships consist in PFA offering a one-year membership with one of the four organisations to customers who receive payouts from their critical illness insurance within one of the areas covered by the organisations. The purpose of the partnership is to ensure that the customers are offered support and guidance from experts and patients' associations. In 2014, 1269 customers were offered a membership with one of the four organisations. 38 per cent chose to accept the offer of a membership. The figure has increased compared to last year when 34 per cent out of 834 customers accepted the offer.



RESPONSIBLE VALUE CREATION

RESPONSIBLE INVESTMENTS

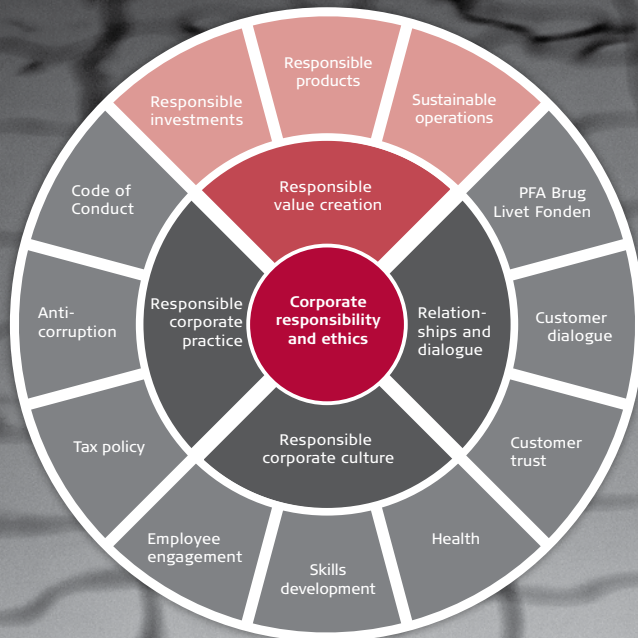
The objective is to ensure that PFA's investment return is achieved with respect for human rights, the environment and internationally recognised standards.

Meeting the objective

PFA's policy and guidelines for responsible investments set the framework for the work with responsible investments. It is an ongoing process where decisions are made concerning the areas of contact that PFA is able and willing to be associated with when we make investments. In 2014, PFA's Responsible Investment Board made a number of specific decisions that affect the development of responsible investments in PFA.

The policy is based on international principles

The UN principles and other international standards and conventions form the basis of PFA's policy and guidelines for responsible investments. This means that PFA expects the countries and companies we invest in to comply with the widely recognised international conventions and norms. PFA is a signatory of the UN Global Compact and, through the work with responsible investments etc., PFA focuses on human rights, labour rights, the environment and anti-corruption in the screening process. PFA supports the six UN-backed principles for responsible investment, and the principles are an integrated part of PFA's work with responsible investments. PFA withdrew from the organisation PRI last year following a long dialogue concerning management-related matters in PRI. The objective of the organisation PRI is to promote the UN-backed principles for responsible investment. As a responsible investor, PFA continues to work with translating the principles into everyday actions, just like PFA reports on challenges, progress and results of screenings and active ownership throughout this report and at pfa.dk.



Behind the principles and processes

In 2014, PFA saw an increased interest in how the principles and companies' corporate responsibility are integrated into the investment and screening processes. When we assess a company, a number of different elements are included in the overall investment analysis, including valuation of the company, the industry and the countries in which the company operates. The analysis also includes an assessment of the challenges faced by the industry, specific ethical dilemmas within an area and how the company responds to these. This helps indicate whether it is a sensible, long-term, responsible investment that generates maximum return for PFA's customers.

All companies in PFA's portfolio are part of the screening process PFA has set up in cooperation

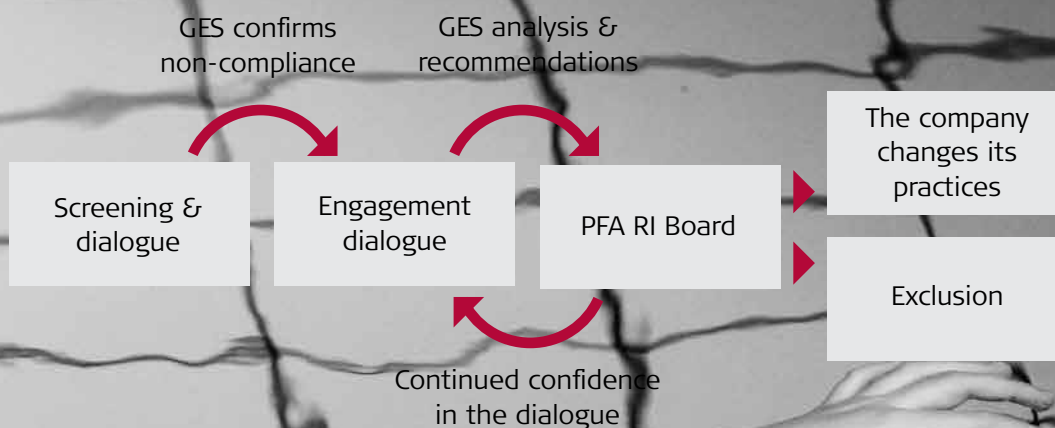
with the screening and engagement company, GES. Among other things, PFA's share portfolio is screened for compliance with international conventions that are covered by the UN Global Compact's 10 principles on respect for human rights, labour rights, the environment and anti-corruption. An important element in the screening is the dialogue with the company to establish whether the company has violated international standards or not. This process also involves other stakeholders than the company in question and may therefore take time to determine. If non-compliance is confirmed, a so-called engagement dialogue commences during which specific targets are laid down with regards to which changes the company should make in order to change its practices. The engagement dialogue is based on four criteria which, among other things, focus on how the company can change

The 6 UN-backed principles for responsible investment (PRI)

The principles cover how investors should work on incorporating environmental, social, and corporate governance (ESG) issues. The principles state that responsible investors should:

1. Incorporate ESG issues into investment analyses and decision-making processes.
2. Be active owners and incorporate ESG issues into the ownership policies and practices.
3. Seek appropriate disclosure on ESG issues by the entities in which the investor invests.
4. Promote acceptance and implementation of the principles within the investment industry.
5. Work together to enhance the effectiveness in implementing the principles.
6. Report on activities and progress towards implementing the principles.

PFA's screening model



its systems and behaviour in order to reduce the probability of non-compliance in future. Therefore, the engagement dialogue is a long process. The process with a company cannot be completed until it has been established that practice has been changed and this has been verified by a third party. PFA regularly receives screening results in the form of a focus list and an evaluation list. PFA assesses the progress in each case and also engages in dialogue with a number of the companies. It is PFA's Responsible Investment Board that decides whether PFA continues to trust that a company on the focus list is developing positively or whether PFA wants to divest the company

Responsible Investment Board

PFA's Responsible Investment (RI) Board is responsible for the continued development and implementation of PFA's policy and guidelines for responsible investments.

During 2014, the RI Board held four meetings. Among other things, the Board has focused on

active ownership, dialogue with Danish listed companies, taxes as an element in the investment process, and investments in the energy sector and companies with activities around occupied territories such as Western Sahara and the West Bank.

When the RI Board decides to exclude a company or a country, PFA's exclusion list at pfa.dk is updated. Other elements than strictly ethical considerations may mean that a company or country is divested. In such cases, it is not a matter of exclusion and the divestment will therefore not appear from the exclusion list.

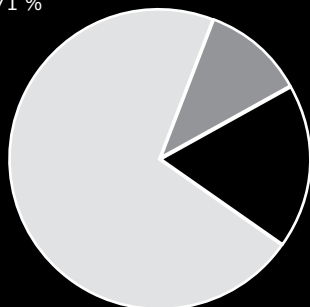
In 2014, the RI Board decided to formalise the decision not to invest in energy companies that primarily extract oil from tar sand. Therefore, PFA excludes companies that are analysed and assessed to generate their main turnover from activities connected to tar sand. The reason for excluding the companies is that the method of extraction is assessed to be damaging to the environment and the nature in the areas where it is used. It

Investments in the energy sector

The RI Board has focused on investments in the energy sector. PFA analysed its share portfolio for 2010 and 2013 respectively in order to see the development in energy investments. The investments were calculated based on the following method: fossil fuel (companies whose primary activities comprise extraction of coal, oil and gas), renewable energy (companies whose primary activities comprise green energy) and other energy types (energy companies whose primary activities do not comprise extraction but are placed elsewhere in the value chain, for instance oil service companies or utility companies). The figures showed that the proportion of investments in fossil fuel were decreasing, while the other two categories were growing. This development is substantiated by the analysis of the list of shares at the end of 2014.

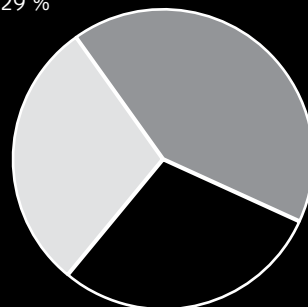
Breakdown of energy investments in 2010

Other energy types 18 %
Renewable energy 11 %
Fossil fuel 71 %



Breakdown of energy investments in 2014

Other energy types 29 %
Renewable energy 41 %
Fossil fuel 29 %

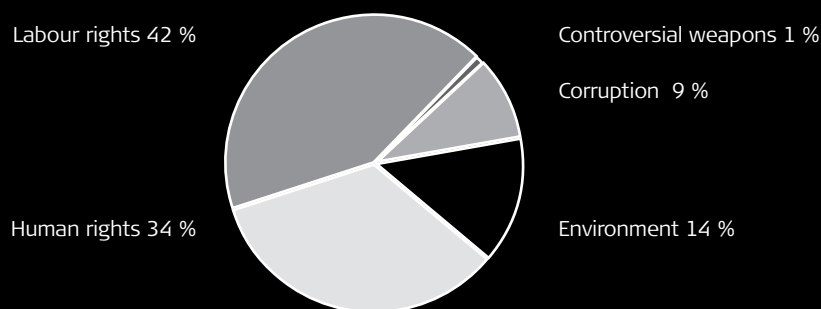


Example of screening and dialogue with companies

In relation to active ownership, there has in 2014 been a strong focus on investments in companies that have activities in Israel and the occupied West Bank. The occupation of the West Bank violates international conventions, and PFA does not want to invest in companies that contribute to the illegal occupation or unlawful activities. Therefore, PFA's regular screening includes an assessment of companies' involvement at the occupied West Bank.

It can be difficult to assess whether activities contribute to upholding the occupied area or to limiting people's freedom of movement at the West Bank as well as to which extent the companies can control for which purposes their products are used. Therefore, PFA has specific criteria for assessing the companies' activities at the West Bank. PFA has entered into dialogue with three companies in which PFA has invested to enquire about their activities in the area. Based on the information supplied by the companies and GES' analyses, PFA has concluded that the companies have not violated the international conventions or are in the process of changing their practices. This is an important matter to PFA, and PFA will therefore continue the close dialogue with the companies. This is a matter that PFA will focus especially on in 2015.

Total specification of the topics discussed with the companies in PFA's portfolio in 2014.



concerns the following companies: Canadian Natural Resources Ltd., Suncor Energy Inc., Imperial Oil Ltd., Canadian Oil Sands Ltd., Cenovus Energy Inc., Husky Energy Inc. and MEG Energy Corp. For the time being, these companies have been added to PFA's exclusion list.

Active ownership

The active ownership principle is the cornerstone of PFA's work with responsible investments. PFA makes dialogue with companies a high priority, the aim being to encourage responsible value generation on their part and thus secure the highest maximum long-term investment return. PFA has entered into dialogue with the Danish listed companies and a number of foreign companies in which PFA invests.

The dialogue with the companies is based on the screening results, which the RI Board has addressed during every meeting. The RI Board has monitored

the cases closely and has thus been able to assess exactly where the boundaries are in relation to whether the dialogue with the company results in any changes.

During 2014, GES entered into engagement dialogue with 46 companies in PFA's portfolio. In addition, 128 cases with indications of violation of international standards and conventions have been evaluated. During the year, two cases on confirmed non-compliance have been solved by the companies changing their practice in order to comply with the international conventions. At the end of 2014, 33 companies were on PFA's focus list.

Dialogue with externally managed funds

In 2014, PFA continued its ongoing dialogue with externally managed funds concerning PFA's policy and guidelines for responsible investments. Special attention was paid to how the funds exclude com-

Recognition for establishing and managing own index-linked funds

The Dutch peace organisation, PAX, recognised PFA's initiative to ensure that the customers cannot invest in unconventional cluster munitions. PAX makes an annual status of how the UN convention on cluster munitions is observed. In 2014, PFA made it into PAX's Hall of Fame. A total of 36 international investors were selected. They have all ensured that neither the company nor its customers invest in companies that manufacture cluster munitions.

panies which manufacture unconventional weapons – companies that PFA also systematically excludes. Unconventional weapons cover cluster munitions and anti-personnel landmines, and they are prohibited by the Ottawa and Oslo conventions.

PFA has also entered into dialogue with an external manager that provides index-linked funds to PFA. Following the dialogue, PFA chose to end the partnership and set up four index-linked funds itself. This decision was made to ensure that the customers who select index-linked funds through You Invest do not invest in companies that manufacture unconventional weapons such as cluster munitions and anti-personnel landmines. It was important to PFA to eliminate the small possibility of this happening and, at the same time, send a clear signal that PFA does not want our customers to accidentally invest in such activities. This also means that externally managed funds available through You Invest are now screened with regards to unconventional weapons.

We do not enter into engagement dialogues with countries as this is considered to be a foreign policy issue. In 2014, focus has been on the situation in Ukraine and Russia, and PFA has implemented all of the official EU sanctions. We have found no basis for excluding investments in addition to the extensive EU sanctions.

In connection with the country screening and analysis assessment of the Ivory Coast, PFA's RI Board has, at the end of 2014, concluded that the country is suitable for investment. The reason for listing the country as suitable for investment is the positive development within governance and human rights. However, the Ivory Coast is still a developing country and, therefore, the country's future development is under observation. At the end of 2014, PFA invested in government bonds in 68 countries. The list of countries in which PFA has invested as well as a list of excluded countries are available at pfa.dk.

Responsible investments in government bonds

PFA screens and analyses countries according to PFA's guidelines and model for country screenings.

Extract from conclusion on the Ivory Coast assessment

In 2010, the Ivory Coast held its first free presidential election followed by a crisis that lasted several months. After the inauguration of the elected president, the development began heading in the right direction. The holding of free elections has made it possible to receive help from international partners, such as the EU and the World Bank, as well as to get remission of the country's debt. Afterwards, National Assembly elections and local elections have been conducted under orderly conditions. The result is that overall the country is moving in a positive direction with regards to political participation and rights. Furthermore, the country has seen an improvement in its capacity to manage the economy and has set up a national development plan that is supported by the international partners. Based on the Mo Ibrahim Index of African Governance, the Ivory Coast has improved significantly since its return to democracy in 2010, and the country is getting closer to the African average.

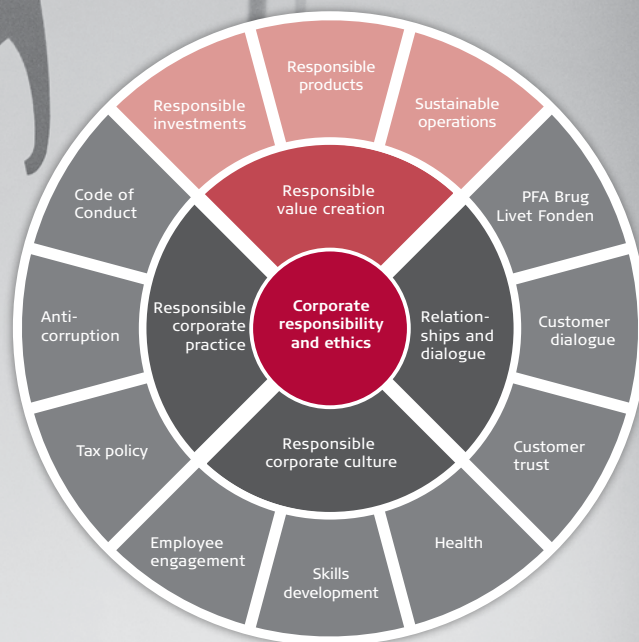
RESPONSIBLE VALUE CREATION

GREEN OPERATIONS AND GREEN INVESTMENTS

The objective of responsible value creation also means that PFA strives to integrate its green efforts throughout the business.

Meeting the objective

In order to meet the objective of responsible value creation, PFA has firstly integrated the principles for environmental efforts into the policy for corporate responsibility and ethics and secondly reviewed five years with climate initiatives, including the climate partnership with Dong Energy, which has been renewed.



Review of five years with climate initiatives

At the end of 2009, when PFA entered into a five-year climate partnership with Dong Energy, focus was on energy optimisation at PFA's headquarters. The employees became involved, which resulted in a number of good suggestions for how PFA could carry out energy savings. PFA has regularly reported on its focus areas and results. PFA's experiences and good advice from the partnership are described in the guide "Godt på vej – Klimaresultater i PFA". Please note that the guide is only available in Danish.

The objective of the climate partnership was to reduce PFA's CO₂ consumption by up to 30 per cent from 2010-2014. Seen in isolation, the reductions achieved through the climate partnership means that PFA has reduced its CO₂ consumption by 25.6 per cent. Of this, the main part of the reduction was achieved during the first three years through focus on optimising and trimming a number of electricity, lighting, heating and ventilation functions. As a new climate partnership initiative, Green Mobility last year calculated PFA's CO₂ reductions as a result of the preference of online pension consultations to face-to-face consultations. In 2014, the number of online consultations increased to 4,696, compared to 3,900 the year before. This equals an actual reduction in CO₂ emissions of minimum 13 tons.

Concurrently with the climate partnership, PFA also initiated a number of efforts at its headquarters which has reduced CO₂ emissions. These initiatives also played an important part in PFA's overall climate efforts, but they are not part of the climate partnership. The initiatives include introduction of a new waste management system that ensures that paper and cardboard are recycled instead of incinerated, regular maintenance of IT equipment, which ensures more energy-efficient solutions, and reduction in the number of letters sent to the customers, who instead receive mail from PFA through e-Boks. Most recently, PFA has focused on reducing food waste from the buffet in the can-

teen. In 2014, PFA launched an internal information campaign with focus on food waste reduction, and the plates in the canteen were replaced by smaller-sized plates. The goal was to reduce the food waste by 1 ton in a year. This goal was met already after the first six months with a reduction in food waste from the canteen of 1,218 kg.

A part of the overall status can be illustrated by figures, however, a very important element in our climate efforts is employee participation and engagement in order for PFA to succeed with the various initiatives. Most PFA employees are reminded of the effect of the energy savings during the winter months when they cross any of the three footbridges at headquarters. Here, the electric panels have been switched off since 2010. This has resulted in an annual CO₂ reduction of 2.4 per cent.

Overall, PFA is satisfied with its initiatives during the last five years. Even though the climate partnership resulted in a 25.6 per cent reduction, PFA has also, as shown in the overview on page 28, carried out a number of other CO₂ reductions.

Renewed climate partnership

PFA and Dong Energy have decided to renew the climate partnership for three years and, at the same time, include PFA's portfolio of investment properties under the climate partnership. During the first five years, the climate partnership has solely focused on PFA's headquarters (Marina Park). Now, the intention is to utilise the experience gained from the energy optimisation of Marina Park and use this experience to upgrade PFA's other properties. This means that the energy optimisation potential of PFA's properties will be mapped out. PFA will look into the possibility of improving the energy label of properties currently labelled D or E. At the same time, PFA can work together with tenants in some of the properties on specific energy saving projects, which may potentially go beyond the common areas of the property.

Long-term investments in renewable energy

PFA continually strives to review the opportunities to invest in renewable energy or in companies which contribute to green development.

Among other initiatives, PFA has in 2014 committed to investing up to DKK 500 million in the new Danish infrastructure fund Copenhagen Infrastructure Partners II. In addition, PFA continued its

cooperation with the energy company Sydenergi (SE) and invested further DKK 105 million in SE Blue Renewables.

The analysis of the energy investments mentioned on page 22 shows a strong tendency towards increasing investments in renewable energy. PFA expects this tendency to continue.

Overview of PFA's total climate initiatives from 2010 - 2014 (ton CO₂)

Activity/year	2010	2011	2012	2013	2014
The climate partnership totalled 506 ton CO ₂ 25.6 % compared to 2009	222.5	201.5	39	43	-
Replacement of IT equipment	-	-	-	18.6	-
Waste management (recycling of paper and cardboard)	-	-	-	72.9	86.1
Reduction in paper/letters as more mail is sent through e-Boks*	-	-	-	-	15.5
Reduction in transportation to meet with customers (online consultations)	-	-	-	10	13
Total savings	222.5	201.5	39	144.5	114.6

*Specific calculations of the reduction in paper use due to e-Boks were first possible as from 2013. Even though the customers have received mail through e-Boks before this time.



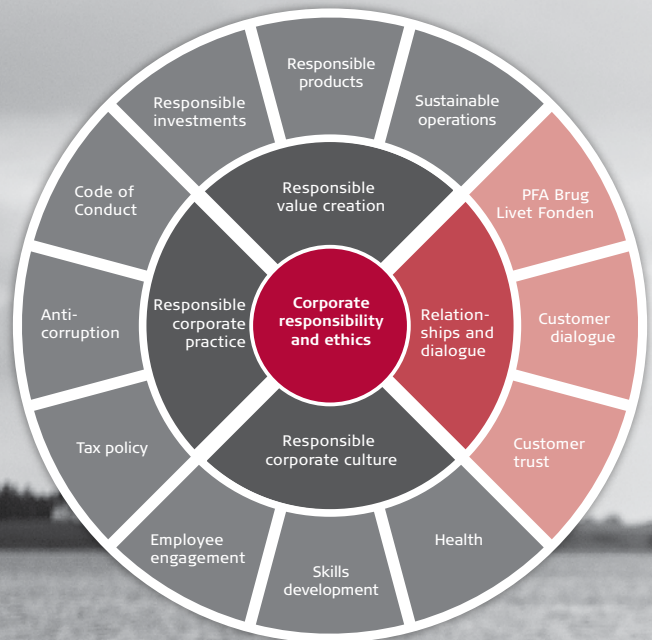
RELATIONSHIPS AND DIALOGUE

AN OPEN DIALOGUE IS THE FOUNDATION FOR INSIGHT

The objective of PFA's dialogue with stakeholders is to create long-term and mutually beneficial partnerships which are built on trust and openness.

Meeting the objective

In order to meet this objective, PFA has during the year entered into dialogue with various stakeholders, who have contributed with input on how to strengthen and develop PFA's products and reputation as well as how to bring more attention to pension and saving matters.



Strong focus on pension matters

During 2014, PFA has seen an increasing interest in pension matters. One of the topics that put pension in the spotlight in 2014 was the possibility of converting endowment pensions to old age savings plans. During two periods in 2014, PFA opened up for the customers to convert and advance the tax payment on their endowment pensions. In addition, PFA has by virtue of its knowledge of pension, savings, investments, health insurance plans, etc. contributed with knowledge and comments to customers, media and others when requested.

The online tools PFA Optimator and the Pension Estimator are both still publicly available for everyone to use. In addition, the portal My PFA has ensured that customers, when logged in, can see their Pension estimate calculated on the basis of the information PFA already has about the customer in question.

Dialogue concerning various dilemmas

Part of PFA's corporate responsibility is to shed light on how PFA addresses and solves a number of challenges related to pension and investments. Throughout 2014, PFA has been in dialogue with various stakeholders – including the press and customers – about topics that were of importance to them. For example, PFA has responded to customer enquiries about some of PFA's investments and enquiries from the press and NGOs concerning specific investments and PFA's work with screening the investments. PFA has also taken part in dialogues within the industry on various matters revolving around responsible investments. Among other things, 2014 has seen a strong focus on investments in companies that produce coal, oil and gas as well as on how investors integrate tax matters into the investment process.

Example of dialogue concerning a specific investment

In December, PFA was presented with a report and a video showing highly criticisable conditions in the supplier chain of an international company in which PFA has invested. PFA entered into dialogue with the NGO behind the report and also contacted the company that was the object of the report. Furthermore, PFA explained to the press how PFA, as a result of the report, had asked the screening and engagement company GES to look into and analyse the conclusions drawn in the report. PFA will then assess whether it is possible to continue the dialogue and thus the investment in the company, or whether the conditions imply that the investment must be sold off. PFA's Responsible Investment Board will decide on the matter in 2015.

Stronger reputation and visibility

During 2014, PFA has both strengthened its reputation and its public visibility. This was achieved through more openness and dialogue with customers, the press and other players. The objective is to ensure a higher level of familiarity with PFA as a business and to create an understanding of pension as a vital part of our society's economic foundation. This has resulted in a significant increase in the number of mentions of PFA in the press. In 2014, PFA was mentioned in the press on 6,166 occasions, which represents an increase of just under 70 per cent compared to 2013. However, PFA experienced a number of critical articles in the press following the announcement by Henrik Heideby, PFA's Group CEO and President through many years, that he wished to step down at year-end.

In spite of this, PFA achieved satisfactory placings in various image surveys. PFA kept its position as number 26 in the image survey in Berlingske Business' Gold issue, which included 140 companies. This equals the third best image among financial companies and the best image in the commercial pension sector. On Berlingske Business' 2014 PR barometer, PFA advanced 20 places to an eleventh place out of 54 companies.

Throughout 2014, PFA continued to host PFA MorgenBrief, which is a forum for the Danish business community where PFA encourages debate with a range of ministers and top executives. During 2014, MorgenBrief was held 10 times in Copenhagen. On average, each meeting had 200 participants.

RELATIONSHIPS AND DIALOGUE

CUSTOMER DIALOGUE FOCUSED ON SIMPLICITY AND TRUST

The objective of PFA's dialogue with customers is to learn more about them, and to simplify and improve our dialogue.

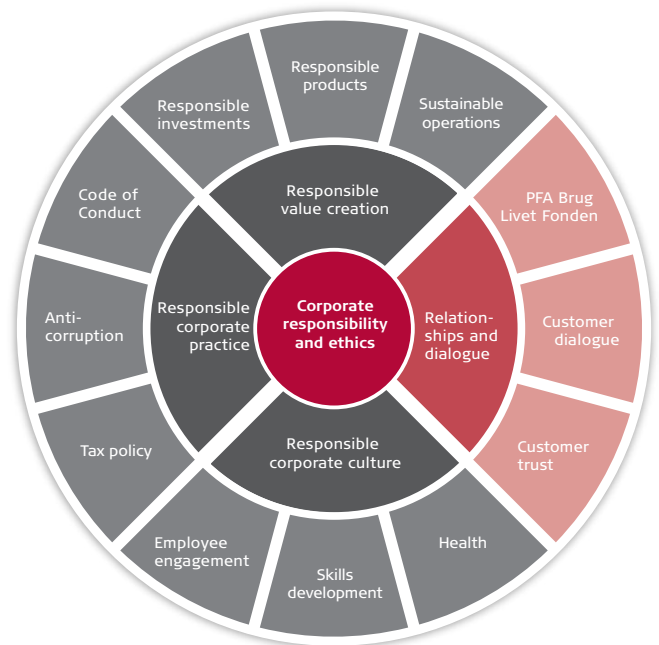
Meeting the objective

In order to meet the objective of the dialogue with customers, PFA has focused on simplifying its communication in letters, on digital platforms and in the advisory services provided to customers. Also, PFA has set up a customer trust unit.

Significant increase in dialogue with customers

During the first six months, the new digital customer portal My PFA had more than 330,000 visitors. The portal is an important part of PFA's digitalisation strategy, whose objective is to make it easier for customers to get an overview of and an insight into their policies and return. At the same time, PFA has been more visible in the media. Both with regard to the various products offered by PFA and with regard to pension-related topics. Among other things, PFA has during 2014 increased its dialogue with customers concerning the possibility of advancing the tax payment on endowment pensions and converting them into old age savings plans, and also concerning the possibility of converting average interest rate plans into market rate in exchange for a transfer allowance.

Overall, the above has resulted in a significant increase in customer contact to a total of more than 100,000 in 2014. This covers both the number of enquiries to PFA's Advisory Services Centre, which has received approximately 35,000 more calls and e-mails than the year before, and enquiries to PFA's Health and Claims Centre, which received 37,000 more calls in 2014 than in 2013. The rise in enquiries to the Advisory Services Centre meant that the average response time went up by 30 seconds to 2 minutes and 5 seconds, and that the annual response rate dropped by 0.8. On the other



hand, customer satisfaction went up by 0.1 to 8.8 on a scale from 1-10. The response rate for the Health and Claims Centre totalled 98, the average response time went down from 50 to 39 seconds and satisfaction came in at 9 on a scale from 1-10.

Complaints handling

PFA's complaints department saw a small decline in the number of complaints during 2014. The number went down from 463 complaints in 2013 to 453 in 2014. The decrease should be seen in the light that PFA saw a significant increase in contact with and advisory services to customers throughout the year, and therefore the small decrease is a quite positive result. The basis for the decrease in complaints is that the Complaints Department's main mission is to heighten customer satisfaction in PFA. Despite the overall drop in the number of complaints, complaints concerning PFA's communication and advisory services have gone up by 91 complaints. This number must be seen in the light that PFA in 2014 held approximately 50,000 more consultations than the previous year. Seen in this context, a moderate increase in the number of complaints in this area is to be expected.

The complaints are being reviewed to uncover possible future initiatives. The focus on complaints handling does not only entail that each customer enquiry must be handled and the customer provided with a comprehensible answer, but it also entails that the reason behind the complaint is clarified and it is assessed whether the complaint gives rise to changes in the business processes or systems. The Complaints Department gives advice, input and specific solutions on an ongoing basis to the Customer Trust Unit to help avoid that the enquiries to the Customer Trust Unit develop into complaints.

With the majority of the complaints, the Complaints Department succeeded in getting the customers to understand and accept PFA's decisions and answers – also in cases decided against the customer in question. Out of a total of 453 complaints, only 8 customers took the matter further to the Danish Insurance Complaints Board, and none of the cases turned into lawsuits.

In 2014, 60 cases brought before the Danish Insurance Complaints Board were closed, of which six were related to FunktionærPension before the transfer to PFA. The number of complaints are at approximately the same level as in 2013 where 52 cases were closed. Out of the 60 complaints, PFA fully or partially won 44.

Renewed focus on customer trust

In 2014, PFA set up the Customer Trust Unit, which supports PFA's Customer Representative. During 2014, the Customer Representative received 62 complaints, which is 5 complaints more compared to the year before. More than half of the complaints were accommodated. This is a significant increase compared to the year before. The Customer Trust Unit gives priority to contacting the customer quickly after we receive the enquiry and to listening and explaining the decision to the customer. This prioritisation contributes to more and more enquiries being accommodated before they turn into actual complaints. This effort in relation to the customers has resulted in a significant reduction in the number of cases that the Customer Representative refers to the Complaints Department. The Customer Trust Unit and the Complaints Department are two separate functions, but they do have certain interfaces. A customer may contact the Customer Trust Unit when the Complaints Department has settled the customer's complaint if he or she wants to discuss the Complaints Department's decision or give feedback on his or her experience with PFA.

RELATIONSHIPS AND DIALOGUE

PFA BRUG LIVET FONDEN

The objective of PFA Brug Livet Fonden is to draw attention to and support passionate individuals or organisations that help others live life to the full.

For the past five years, PFA Live Life Foundation has provided support and information campaigns to passionate individuals who can apply for aid to fund good causes and to create awareness of them. The foundation's supervisory board selects the causes of the year and grants financial aid to the most popular causes. In 2014, 77 causes were nominated to receive a donation. The foundation's website was used for presenting and voting for the causes while the campaign and communication with the dedicated individuals and their network took place through Facebook. Please note that both the website and the Facebook page are only available in Danish. The Facebook page has approximately 38,000 followers, and throughout the entire campaign there was a lot of activity on the page.



Facts about PFA Brug Livet Fonden

- The foundation was set up in 2009 with initial capital of DKK 3 million.
- In 2014, the foundation donated DKK 300,000.
- The images in this report show the causes that received support from PFA Brug Livet Fonden in 2014.
- The foundation's supervisory board comprises Svend Askær, chairman of the Danish Association of Managers and Executives (Chairman), Henrik Heideby, former group CEO and president of PFA Pension (withdrew from the board as at 22 December 2014), Børn Nørgaard, professor and visual artist, and Gita Grüning, former chairman of Teknisk Landsforbund.
- For more information, please visit: www.facebook.com/pfabruglivetfonden and www.bruglivetfonden.dk. Please note that the webpages are in Danish only.

In 2014, the foundation received a donation of DKK 160,000 from PFA Pension. The donation is the result of a campaign PFA launched in the autumn in order to get the individual pension customers to replace physical letters with e-Boks. For each customer who accepted the offer, PFA donated DKK 1 to the foundation.

The 2014 causes

In 2014, the foundation granted support to five causes that focus on helping children who have had a difficult start to life. The five causes are: BørneLungeFonden, Gigtramte Børns Forældreforening, Hjernebarnet, Neonatalstrik and Hjerneskadeforeningen.

BørneLungeFonden

BørneLungeFonden received DKK 100,000. The foundation works towards easing everyday life for children suffering from a lung disease and their families through research, information, activities and experiences for the children. Among other things, the money from the foundation will be used for arranging weekend camps for children suffering from a lung disease and their families where they can exchange experiences, have a good time and make like-minded new friends.

Gigtramte Børns Forældreforening

Gigtramte Børns Forældreforening (GBF) received DKK 50,000. GBF is an independent association that consist of parents of children suffering from arthritis. GBF aims to ensure the best conditions for children suffering from arthritis by working for better treatment and aid options, as well as providing information about juvenile arthritis and drawing attention to the illness.

Hjernebarnet

Hjernebarnet received DKK 50,000. Hjernebarnet is a small association that consists of family members of children with congenital or non-congenital brain damage. All members do voluntary work with collecting, sharing and communicating information about the various training methods that exist to help children suffering from brain damage develop. Through targeted exercises, stimulation and play in secure surroundings, the children get the opportunity to develop socially and cognitively and enhance their motor skills.

Neonatalstrik

Neonatalstrik received DKK 25,000. Neonatalstrik is a group of 2500 members who knit and crochet clothing for premature babies at Danish hospitals. The clothes are donated to the hospitals without charge and the members of the group pay for yarn out of their own pockets. The aim of the group is to be able to offer hand-knitted clothes to all departments of neonatology across Denmark.

Hjerneskadeforeningen

Hjerneskadeforeningen received DKK 25,000. The nationwide association collects and communicates information about life with a brain injury and offers advice, events and network with people in a similar situation. The money from the foundation will be used for the association's continued advice, support and network for the approximately 120,000 families dealing with a brain injury.

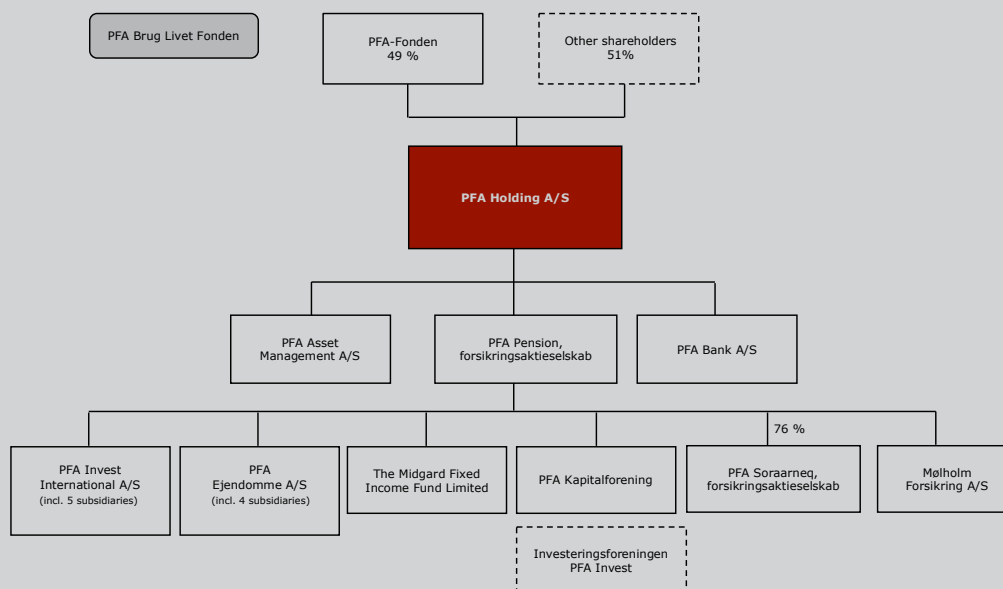
The foundation also decided to bring attention to six of the nominated causes, which were offered to have an information video produced in order to promote their causes. The six causes are:

- Søskendekram
- Neonatalstrik
- Hjernebarnet
- Happy Dogs
- BørneLungeFonden
- Gigtramte Børns Forældreforening

In addition, the foundation's supervisory board decided to donate DKK 50,000 to Danske Hospitalskløvne. Together with the donation, the foundation also offered to produce an information video.

CSR KEY FACTS AND FIGURES 2014

Group structure



The PFA Group

In 2014, the PFA Group was adjusted as follows: PFA Kapitalforvaltning, fondsmæglerselskab A/S and PFA Portefølje Administration A/S merged into PFA Asset Management A/S, which was granted a licence to manage alternative investment funds (under the AIFM Act), subject to supervision by the regulator, the Danish Financial Supervisory Authority. PFA Udbetalingsbank A/S changed its name to PFA Bank A/S. The Midgard Fixed Income Fund Limited forms part of the PFA Group. PFA Professionel Forening changed its status to a capital association and its name to PFA Kapitalforening in connection with the entry into force of the Danish Act on Alternative Investment Funds Managers, etc. (the AIFM Act). Mølholm Holding A/S merged with Mølholm Forsikring A/S.

The shareholders of PFA Holding are PFA Fonden and other shareholders, who primarily comprise the founding organisations from 1917, whose members and employees are mainly PFA customers.

The CSR Report concerns the PFA Group and comprises the following companies:

- PFA Holding A/S (parent company)
- PFA Pension, forsikringsaktieselskab
- PFA Asset Management A/S
- PFA Bank A/S
- PFA Invest International A/S with subsidiaries
- PFA Ejendomme A/S with subsidiaries
- The Midgard Fixed Income Fund Ltd
- PFA Kapitalforening
- PFA Soraarnej, forsikringsaktieselskab
- Mølholm Forsikring A/S

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 corporate responsibility and ethics policy for the PFA Group, PFA's responsible investment policy and associated guidelines are available at pfa.dk.

The overall responsibility for CSR at PFA lies with the Group CEO and President. The daily work with CSR and coordination of activities, focus areas and implementation of the policy is carried out by the CSR department, which is a part of Corporate Communications & Public Affairs. Responsibility for enforcement of the policy for responsible investments and the work with active ownership lies with PFA's Responsible Investment Board (RI Board). The RI Board meets four times a year and its members are leading employees from PFA Asset Management, the director of the Corporate Communications & Public Affairs department, and the CSR manager. The Director of Corporate Communications & Public Affairs chairs the RI Board, which reports to Group management.

INTEGRATING THE UN GLOBAL COMPACT'S 10 PRINCIPLES — AN OVERVIEW

UN Global Compact principle	PFA activity	Page in CSR report
1-10	Embedding the policy for corporate responsibility and ethics	8-9
	Screening of PFA's portfolio	21-22
	Engagement dialogue with companies that violate PFA's standards	23-24
	RI Board meetings, assessments and decisions	23
	Code of Conduct	11
	Dialogue with customers, the media and other stakeholders	30-33
1-6 & 10	Whistleblower scheme	10
1 & 6	Employee satisfaction, health initiatives and skills development	12-14
7,8 & 9	Embedding the environmental and climate policy	8-9
8	Energy efficiency initiatives and resource optimisation at headquarters	26-27
1	Customer dialogue, customer satisfaction and online tools	32-33

EMPLOYEES AND WORKPLACE CONDITIONS

Number of employees

	2014	2013	2012
Number of employees (annual average)	1,285	1,299	1,247
Staff turnover (%)	11.8	7.7	11.6

Employees in flex jobs

	2014	2013	2012
Employees in flex jobs	10	10	10

PFA engagement survey

	PFA engagement survey 2014	PFA engagement survey 2013
Satisfaction	77	74
Image	83	83
Would recommend others to apply for work at PFA	77	75

In 2013, PFA set up its own engagement survey in order to assess PFA's strategic goal to become a performance organisation.

Sickness absence

	2014	2013	2012
Sickness absence (%)	3.3	3.1	2.9

The short-term sickness absence dropped during 2014. The increase seen in 2014 is caused by a number of employees that are long-term absent due to an illness.

Occupational injuries

	2014	2013	2012
Number of occupational injuries	1	3	2

PFA has an OSH organisation, the purpose of which is to create a safe and healthy work environment at PFA. The figures are based on PFA's reports to the Danish Working Environment Authority.

Number of women in managerial positions, on boards and on PFA's Customer Board

	31 Dec 2014			31 Dec 2013			31 Dec 2012		
	Men	Women	Share of women (%)	Men	Women	Share of women (%)	Men	Women	Share of women (%)
Level 1 Director	12	2	14	14	2	12	11	4	26
Level 2 Senior manager	26	16	38	26	14	35	26	16	38
Level 3 Manager	35	33	49	40	36	47	45	32	42
Total	73	51	41	80	52	39	82	52	39

Level 1 consists of the directors, level 2 comprises the senior managers and level 3 covers the managers at PFA.

- At end-2014, PFA's Executive Board comprises three men.
- PFA's Executive Board consists of 10 members elected at the annual general meeting, of which one is a woman, corresponding to 10 %.
- PFA's Customer Board comprises 70 members, of which 5 seats were vacant at the end of 2014 and 14 were occupied by women, corresponding to 20 %.

Learn more about PFA's key figures and initiatives to increase the proportion of the under-represented gender on boards and in managerial positions in PFA at pfa.dk.

Advisory programme for pregnant employees

Since spring 2012, PFA has offered pregnant employees and their immediate managers guidance from a pregnancy coach in order to plan the work in the best possible way during the pregnancy.

	2014	2013	2012
Participants in advisory programme	22	13	15
Number of pregnant women	30	28	36*
Share of pregnant women with sickness absence (%)	47	36	58
Share of pregnant women with no sickness absence (%)	53	64	42
Number of pregnancy-related sick days	612**	272	593

* The offer of advice started in April 2012, so the actual number of participants was 15 out of a possible 23 in 2012.

** The increase is caused by a few pregnant employees with long-term sickness absence.

INVESTMENTS AND ACTIVE OWNERSHIP

Company screenings

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

In 2014, PFA's RI Board excluded companies that PFA has analysed and assessed to be generating their main turnover from activities connected to tar sand. The reason for excluding the companies is that the method of extraction is assessed to be damaging to the environment and the nature in the areas where it is used. It concerns the following companies: Canadian Natural Resources Ltd., Suncor Energy Inc., Imperial Oil Ltd., Canadian Oil Sands Ltd., Cenovus Energy Inc., Husky Energy Inc. and MEG Energy Corp. These companies have been added to PFA's exclusion list. In addition, the exclusion of the mining company Goldcorp has been lifted.

Through GES, PFA was in engagement dialogue with 46 companies in 2014. GES has also started to evaluate 128 companies in PFA's portfolios to investigate whether a potential infringement of standards can be confirmed or not.

Engagement dialogue with companies in which non-compliance with PFA's RI policy has been established	19
Engagement dialogue with companies in which there has been signs of non-compliance with PFA's RI policy	27
Total number of GES engagement dialogues with companies	46

Two engagement cases have been closed involving Toyota and Deutsche Post, which have both met the criteria.

At the end of 2014, there were 13 companies on PFA's focus list. Non-compliance with PFA's standards has been observed at each of these companies and goals for the engagement dialogue with these companies have been set. There were a further 20 cases pending where it is not yet established whether non-compliance has taken place or not.

Country screenings

During 2014, the PFA RI Board decided to reinstate the Ivory Coast in the investment portfolio based on the country screening. At the end of 2014, PFA invested in government bonds in 68 countries.

At pfa.dk, PFA publishes investment lists of the companies and countries in which it invests and an exclusion list.

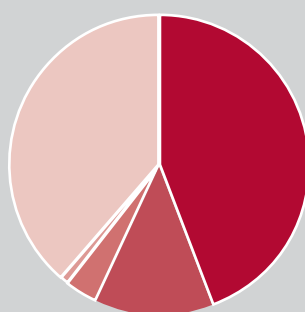
ENVIRONMENT AND CO₂ CONSUMPTION

CO₂ emissions at PFA

	2014	2013	2012
Total CO ₂ emissions (t)	1,928	2,081	1,950
CO ₂ emissions (t) per employee	1.56	1.68	1.64

CO₂ emissions

- Electricity
- District heating
- Air travel
- Petrol-driven cars
- Diesel-driven cars



CO₂ emissions from electricity consumption

	kWh	g CO ₂ /kWh*	CO ₂ (t)	CO ₂ emission/employee
2014	1,879,984	453	852	0.70
2013	1,887,854	482	910	0.74
2012	1,860,663	410	763	0.64

** The figure "g CO₂/kWh" is calculated by DONG Energy. The 2014 figure will not be available until May 2015. The figure 453 is based on the 2010-2013 average.

CO₂ emissions from district heating

	kWh	g CO ₂ /kWh*	CO ₂ (t)	CO ₂ emission/employee
2014	2,193,130	100	249	0.20
2013	2,254,570	103	225	0.18
2012	2,104,680	110	221	0.19

*The figure "g CO₂/kWh" is calculated by DONG Energy (kWh is degree-day corrected cf. the Danish Meteorological Institute). The 2014 figure will not be available until April 2015. The figure 100 is based on the development during the latest 4 years.

CO₂ emissions from air travel

	Number of flights	Kilometres flown	CO ₂ (t)	CO ₂ emissions (t) per trip
2014	501	545,043	70.3	0.14
2013	789	744,629	96	0.12
2012	573	748,670	97	0.17

CO₂ emissions from cars

	Number of cars	Consumption in litres	g CO ₂ /l	CO ₂ (t)
Petrol-driven cars				
2014	4	7,590	2,272	17
2013	4	7,802	2,272	18
2012	10	20,222	2,272	46
Diesel-driven cars				
2014	143	276,229	2,676	739
2013	163	310,918	2,676	832
2012	154	307,236	2,676	822

Cars in total	Number of cars	CO ₂ t per car	CO ₂ (t)	CO ₂ reduction
2014*	147	5.15	756	(93)
2013	167	5.09	850	(18)
2012	164	5.30	868	(1)

* The 147 cars apply at the end of 2014, compared to 167 at the end of 2013.

CO₂ emissions from paper consumption

	Papir (t)	t CO ₂ /t paper	CO ₂ (t)
2014	80	0.78	62
2013*	92	0.78	72
2012	74	0.78	58

*The figures for 2013 include 10.4 t discarding of old envelopes/paper.

CO₂ reduction (t)

	2014	2013	2012	CO ₂ reduction
Electricity	852	910	763	(58.3)
District heating	249	225	221	24.1
Air travel	70	96	97	(25.9)
Petrol-driven cars	17	18	46	(0.5)
Diesel-driven cars	739	832	822	(92.8)
Total	1,928	2,081	1,950	(153.4)

CO₂ reduction overview (t)

	2014	CO ₂ reduction
Petrol and diesel*	756	(93.3)
Electricity and district heating	1,101	(34.2)
Air travel	70	(25.9)
Total	1,928	(153.4)

PFA uses the Greenhouse Gas Protocol method to calculate CO₂ reductions.

*Does not include taxi rides. PFA uses a company which neutralises the taxi rides in term of CO₂.

Waste (t)

	2014	2013	2012
Total waste	164	194	239

STAKEHOLDERS AND SOCIETY

Customer enquiries and contact

	Consultations	Advisory Services Centre Calls	Advisory Services Centre E-mails	Health and Claims Centre Calls	Health and Claims Centre E-mails	Total
2014	68,600*	249,731	71,074	237,380**	25,000***	651,785
2013	53,642	224,271	61,508	200,000	N/A	539,421
2012	58,333	227,965	49,823	180,000	N/A	516,121

* The figures include customers who have received advisory services by attending a course and at pension consultations.

** The figures have been calculated in a new manner and include calls to PFA's Health Centre and Claims Centre, through PFA Preventive Care, enquiries through Falck HealthCare and the Healthcare Hotline.

*** Now the number of e-mails are also being calculated.

Complaints Department and Customer Representative

In 2010, PFA set up a central complaints department and appointed a customer representative. The aim was to ensure that all complaints were handled in the same way.

Number of complaints to the Complaints Department broken down by topics

Number of complaints	Communication and advisory services	Products and solutions	Technology and IT architecture	Payouts and decisions	Deliveries and registrations	Total
2014	259	5	5	86	98	453
2013	168	31	28	81	155	463
2012	129	27	19	68	110	353

Number of complaints to the Customer Representative

	Total	Accommodated	Found in favour	Partially in favour	Rejected	Pending	Referred to Complaints Dept.
2014	62	34	3	5	12	4	4
2013	57	4	6	5	3	8	31
2012	59	10	7	5	8	4	25

Council and network to promote corporate responsibility

- Member of UN Global Compact and Global Compact Nordic Network
- Member of the Danish Council for Corporate Responsibility, which advises the Danish government on CSR. PFA is also a member of a working group which is mapping investments in the manufacture of weapons which contravene international law (cluster weapons and anti-personnel landmines)
- Member of the Advisory Board in Big Future 2025, which is about developing realistic and sustainable business scenarios for the Danish corporate sector
- Member of Dansif's working group for events
- Participated in a pilot project during Global Compact Nordic Network peer review for the purpose of gaining inspiration and improving future CSR reports.

Support for associations and voluntary activities

PFA has supported various initiatives with financial contributions, advertisements in members' magazines, cooperation on specific projects, etc.

Financial support

- TUBA
- Børn, Unge & Sorg
- Behandlingscenter Tjele
- Transparency International – Danmark
- Copenhagen Green

Business partnerships

- Red Cross Denmark
- Ingeniører Uden Grænser
- Foreningen til Hovedstadens Forskønnelse
- CSR Forum

Samarbejde eller anden form for støtte

- Landsforeningen Spor
- Landsforeningen autisme
- Walking Future charity race
- Gadens Børn
- Proof of Life charity race
- The Danish Cancer Society
- Hjerteforeningen
- Hjernesagen
- The Danish Multiple Sclerosis Society
- The Danish Stop Wasting Food Movement

Support through advertisements in members' magazines

- Gigtforeningen
- Spastikerforeningen
- Dansk Handicap Idræt
- LFA – Landsforeningen For Arbejdsskade
- Lev – Udvikling for Udviklingshæmmede
- The Danish Multiple Sclerosis Society
- Førtidspensionisten
- The Danish Deaf Sports Association
- Ryg foreningen
- Muskelkraft
- Servicehunde til Handicappede

Reputation

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

	2014	2013	2012
Number of mentions in the press	6,166	3,635	2,713

Awards

Together with its business partners, PFA won the following awards:

- The Direct Marketing Award in the category Business to Customer for the Pension Estimator campaign
- Echo Awards, third place for the Pension Estimator campaign
- Advertising Effectiveness Award, for 'PFA Optimator'



FOCUS AREAS FOR CORPORATE RESPONSIBILITY IN 2015

PFA will prepare a health strategy for PFA's employees.

PFA will map and revise internal guidelines, and advance the employees' knowledge of the guidelines through internal communication.

PFA will develop a complete CSR strategy.

PFA will make an effort to communicate a number of the elements involved in the work with active ownership without compromising the confidentiality needed in the dialogue with the companies in which PFA invests.

PFA will revitalise the Customer Board and involve the members to an even higher degree than previously.

As a CDP Investor member, PFA will work more systematically with the data that the companies report to the CDP.

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