

CR Report

# Corporate responsibility in PFA

- activities and results for 2018



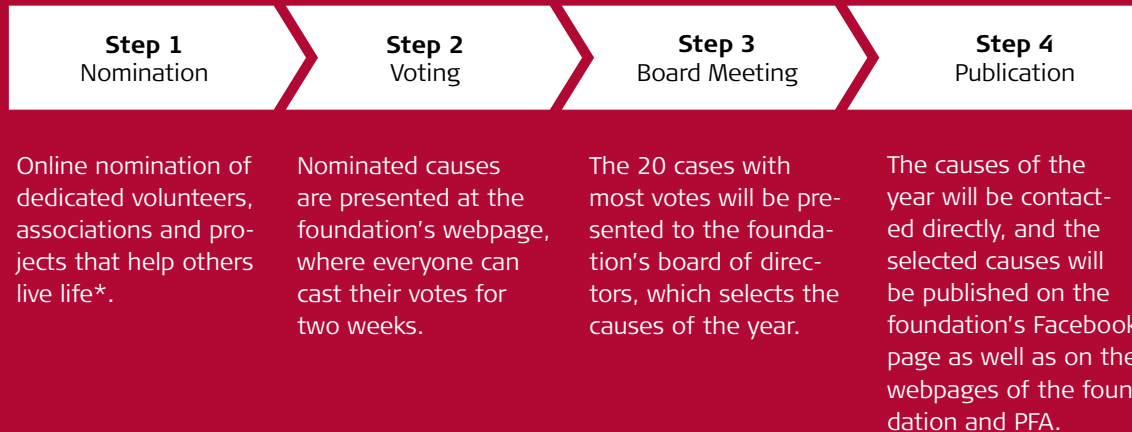


PFA's charitable foundation, PFA Brug Livet Fonden, was founded in 2009 by PFA Pension with a contribution of DKK 3 million.

The foundation helps others live life and supports dedicated volunteers who help others live life. Each year, the foundation selects the causes of the year and, in cooperation with PFA, the foundation raises awareness of the causes and the work they do.

The allocation from the foundation is based on the return in the foundation plus an annual donation from PFA. PFA's annual donation is determined based on fundraising at Folkemødet and the DHL Relay Race etc. In 2018, PFA's donation to the foundation amounted to DKK 183,500.

## How the causes of the year are selected



\*Read more about how to nominate a cause at [pfabruglivetfonden.dk](http://pfabruglivetfonden.dk) (in Danish only)

### PFA Brug Livet Fonden's board of directors

In 2018, the foundation's board consisted of the following members:

- Torben Dalby Larsen, Chairman of PFA's Board of Directors, PFA, (chairman)
- Bjørn Nørgaard, Professor and Sculptor
- Allan Polack, Group CEO, PFA
- Lone Engberg Thomsen, President, The Danish Association of Professional Technicians

# Corporate responsibility in PFA

- activities and results for 2018

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### The photos in this report

The photos in this report show organisations and projects that have been elected as the 2019 causes and have received financial support from PFA Brug Livet Fonden.

Photos by photographer Lars Bech.

Photo on page 66 by photographer Jakob Dall.

**Front page:** Arrangement at the association Klub Venner, which was selected as one of PFA Brug Livet Fonden's causes in 2018.

Please read more about Klub Venner on page 29.

### TRANSLATION:

This is a translation of PFA Holding's Corporate Responsibility report 2018 in Danish. In case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

# What we do today determines the life we live tomorrow

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At PFA, we are aware that we play an important part in Danish society. With approximately 1.3 individual customers, we have a special responsibility, which we fully embrace. That is why we wish to take part in steering society in a more sustainable direction. Our actions affect the everyday life of many people, which is why we make an effort to act responsibly and with respect for our surroundings. In 2018, we strengthened our work with corporate responsibility within a number of areas. We have gathered the efforts in this report, which is a visible proof of our engagement in the development of society.

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Our customers entrust to us the task of helping them with a number of fundamental issues in their lives. We help them with health and insurance cover while they work. And we ensure that they have the maximum possible resources to live on when they are no longer working. This is a responsibility that we take seriously.

Right now, we live in a time where our young people can look forward to living longer than the generations which are currently leaving the labour market, and, at the same time, the technological development is moving fast. Both areas have the effect that new needs arise, but also that it will be possible in future to meet the needs in a smarter and more efficient way than today. We are very aware of this development, and we are committed to seizing the opportunities where it is relevant for PFA and our customers.

During the year, we, among other things, launched the Think Tank – The New 3<sup>rd</sup> Age's 33 recommendations for how the individual can ensure the best possible life as a senior citizen towards 2040. The recommendations formed the basis of a public debate, in which we wanted to contribute with our knowledge and suggestions for the development of new solutions to the societal challenges we foresee in the future with an escalating number of senior citizens with new requirements. Moreover, we entered into more cooperations in the health area in 2018 in order to be able to prevent and handle stress and create healthier digital habits. Initiatives which, unfortunately, are increasingly required in our everyday life.

Our work with corporate responsibility and our initiatives for 2018 all originate from PFA's Corporate Responsibility strategy 'Investing in a sustainable society 2017-2020'. As our customers entrust us with their long-term savings, and we, consequently, are one of Denmark's largest investors,

responsible investments play a pivotal role. Both when it comes to the value we create for our customers and the way we bring the means we administer in play with the purpose of making a positive difference in the world. In 2018, we in particular focused on responsible tax practice, a plan of action for implementation of the UN Guiding Principles for Business and Human Rights and a method for climate screening of our equity portfolio. In addition, we have also worked with the other 15 focus areas in 2018. You can find more information in this report.

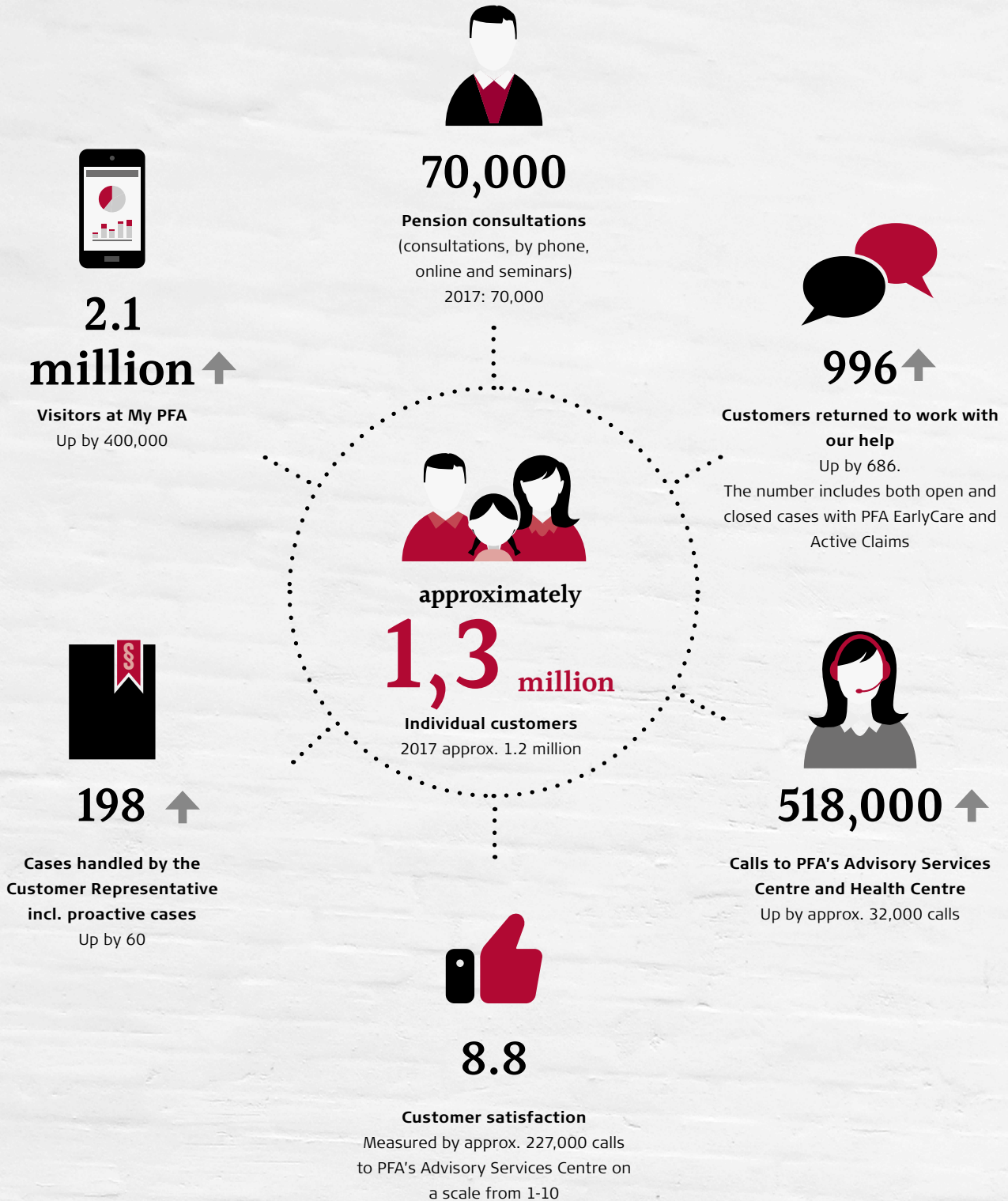
Corporate responsibility in PFA is rooted in the UN Global Compact and other international conventions and principles on which there is global consensus. All of these are embedded in our policies, and we refer to them when we, in our capacity as company, investor and business partner, are to communicate what we stand for and what we expect from our cooperative relations.

In this report, you can also learn more about the initiatives we have chosen to give priority to in 2019. We are looking into a new and exciting year, in which we will invite our customers, employees and other stakeholders to join a dialogue on subjects such as responsible investments, climate, health and the good life as a senior citizen. We do so to ensure that we assume co-responsibility for playing a role in the development of a more sustainable society. Because, what we do today determines the life we live tomorrow.

I hope you will enjoy reading and get inspired.

**Allan Polack**  
Group CEO

# PFA – 2018 figures and overview







5.9 ↓

**Employee satisfaction**  
Down by 0.1 on a scale from 1-7



223 tons ↓

**Total waste**  
Down by 9 tons



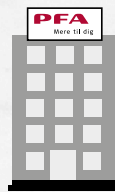
39 per cent ↑

**Women in management**  
Up by 3 per cent



DKK 6.7 billion ↓

**Total taxes paid by PFA**  
2017: DKK 9.4 billion



1,337

**Employees**  
(average number of full-time employees)  
Up by 41



DKK 37.4 billion ↑

**Total payments**  
2017: DKK 34.0 billion



DKK 2.9 billion ↑

**Insurance payouts**  
2017: DKK 2.7 billion



DKK 19.8 billion

**Pension payouts**  
2017: DKK 19.8 billion

# Policy, goals and efforts in the work with corporate responsibility in 2018

In 2018, PFA has been working with the Corporate Responsibility (CR) efforts and goals that were defined in 2017 and accordingly described in the 2017 CR report. The activities linked to the strategy are divided among the four main areas that form the basis of PFA's corporate responsibility policy. This way, the CR strategy, PFA's policy for corporate responsibility and the policy for responsible investments are linked to specific and measurable efforts. During the year, we have also been working to further develop PFA's priorities and approaches to selected topics within the corporate responsibility area. This report describes the work with the activities and sets new goals for 2019.

PFA acknowledges that our actions today – both as an investor and a company – will affect the life we and our customers live tomorrow. This is the reason why we seek to contribute proactively to creating a sustainable society. In particular, we contribute through responsible investments and our wish to support the individual in creating a healthy working life. Our wish to contribute positively to the development of society is manifested in our policy for corporate responsibility and the CR strategy 'Investing in a sustainable society 2017-2020'. In continuation thereof, we wish to contribute to the realisation of selected UN Global Goals for sustainable development. The specific goals and efforts are always defined and evaluated as we enter a new year.

## Roles and responsibility in society

PFA's corporate responsibility policy creates the framework for how we at PFA, in our capacity as company, investor and employer, make considerable efforts to create a positive impact on society, just like we are aware of limiting our negative impact. As an investor, we strive to invest responsibly in companies with sustainable business models and, if necessary, influence the companies we are investing in to pursue a more sustainable conduct for the benefit of society, human beings and the environment. Being a supplier of health insurance, we are working for a healthier and safer basis of life for our customers throughout all phases of life. Finally, as a company, we endeavour to ensure that our employees are committed, use resources optimally and

## PFA bases corporate responsibility on international conventions and guidelines

PFA's corporate responsibility policy is built on international principles and conventions. The work is based on the desire for compliance with:

- The UN Global Compact's ten principles for responsible corporate behaviour focusing on human rights, labour rights, the environment and anti-corruption. PFA joined the principles in 2009.
- The UN Guiding Principles on Business and Human Rights, which were integrated in PFA's corporate responsibility policy in 2016.
- The Paris Agreement on global reduction of greenhouse gases. A wish to contribute to the realisation of the agreement was entered into PFA's corporate responsibility policy in 2016.
- The six UN-based principles for responsible investments which have formed part of PFA's practice since 2009, also from 2013-2016, during which period PFA was not a member of the organisation Principles for Responsible Investment (PRI). PFA re-entered in 2016.
- The OECD Base Erosion and Profit Shifting (BEPS) action plan, which aims at closing tax loopholes and preventing double taxation and double non-taxation. This was incorporated into PFA's corporate responsibility policy in 2018.



stay healthy and thrive at the workplace. Our surrounding society is constantly developing towards becoming more sustainable. It is this sustainable development that PFA wants to support and help create.

a special contribution as they fit naturally into our business operations. In 2020, we will prepare an overall status of PFA's contribution to goals 3, 7, 12, 13 and 17.

PFA has given priority to five of the UN's 17 Global Goals for sustainable development to which we want to make

The table here on this page shows the five global goals that PFA has given priority, and you can see how we link them to our business.



**Good health and well-being**  
(UN Global Goal 3)

1. PFA has engaged in new initiatives for promoting good health and well-being in Denmark. This includes strategic health and PFA EarlyCare. We entered into a partnership, which is meant to help create healthier digital habits – both in the private sphere and at the workplace.
2. We cooperate with SUND Hub at the University of Copenhagen, where PFA is contributing to the development of new digital health solutions. Read more on page 31.



**Affordable and clean energy and Climate action**

(UN Global Goals 7 & 13)

1. PFA has invested in renewable energy sources such as the world's biggest offshore wind farm and is in this way contributing to the green transition.
2. Climate screening of equity portfolio in order to underpin the targets of the Paris Agreement.
3. Development of a method for implementing the targets of the Paris Agreement into our Danish property portfolio. Read more on page 21.



**Responsible consumption and production**

(UN Global Goal 12)

1. When PFA invests, we focus on responsible consumption and production as well as on sustainability when we plan new property investments or major renovations of existing properties.
2. We also keep in focus that the companies which PFA invest in are based on long-term sustainable business models which consider both human rights, climate, environment and corporate governance. Read more on pages 14-16.



**Partnerships for the goals**

(UN Global Goal 17)

1. PFA has invested in the Investment Fund for Developing Countries' new fund, Danish SDG Investment Fund. The fund is a public private cooperation with the purpose of investing in companies and projects which are to deal with the societal challenges that stand out in the 17 Global Goals.
2. We are a part of Nordic Engagement Cooperation (NEC), which is a cooperation engaged in dialogue with companies in the investment area. Our partnerships in the health area are described below.

# Status of the work with CR activities and targets in 2018

Our corporate responsibility policy is divided into four central themes: Responsible value creation, Customers, Society and Employees. The themes link policy,

strategy and the business operations together and set the framework for the CR efforts and the annual report on PFA's corporate responsibility.

● Activity completed      ● Activity continues

## CR activities broken down by area

## Status at end-2018



### Responsible value creation

1.	Revised tax policy for the PFA Group.	PFA's tax policy has been updated, and a section concerning responsible tax practice has been included in policy for responsible investments. Read more on pages 15 and 54.
2.	Review the work on voting at listed companies' general meetings.	PFA has reviewed its approach to voting and has decided to prepare guidelines in 2019. Votings of the year are described on pages 16 and 51.
3.	Preparation of a method for implementation of the Paris Agreement in PFA's property portfolio. Continued focus on climate and employee satisfaction during the renovation of PFA's owner-occupied headquarters.	PFA has prepared a method and an objective for the climate action in the Danish property portfolio. This is described on page 21. The renovation of PFA's headquarters is made according to a certification in order to ensure focus on environment, indoor climate and recycling of resources. Read more about the renovation on page 36.
4.	Implementation of PFA's climate screening model for listed companies and efforts in PFA's action plan for incorporating the UN Guiding Principles on Business and Human Rights in the investment process.	PFA reports its climate screening of the listed companies on page 17. On page 19, we describe our work with implementing the UN Guiding Principles on Business and Human Rights in the investment process.



### Society

5.	A pilot project with focus on a more resource-efficient use of properties.	PFA has entered into cooperation with the City of Copenhagen about a strategic capitalisation of a property unit which is not to be used by PFA until later. Currently, the property has various small leases where the leaseholders have the possibility of testing their customer base in the neighbourhood.
6.	Strategic partnerships with the purpose of bringing PFA's data and experience within the health area into play.	PFA entered into a partnership with a researcher about creating healthier digital habits – both in the private sphere and at the workplace. PFA cooperates with SUND Hub at the University of Copenhagen, where we contribute to the development of new digital health solutions. Read more on page 31.

- |    |  |  |
|----|--|--|
| 7. | Launching and implementing the recommendations for the good life in the third age from the Think Tank – The New 3rd Age. | The launch of the think tank's recommendations and the subsequent initiatives aimed at senior citizens are described on pages 26-27. |
|----|--|--|



## Customers

- |    |  |   |
|----|--|---|
| 8. | Helping companies and their seniors secure a better transition from working life to retirement.  | PFA's work with Studie60+, which comprises two networks that put their effort into creating better conditions for the transition from working life to retirement. Read more on page 32.   |
| 9. | Establishment of a private customer panel to help create a better customer experience, digital solutions and a revitalisation of PFA Health Forum. | PFA Health Forum was revitalised focusing on the causes of stress and job dissatisfaction for the individual employee. The first focus area was digital workplace habits. The establishment of and experience with PFA Customer Panel are described on page 31. |



## Employees

- |     |  |   |
|-----|--|---|
| 10. | Evaluation of internal guidelines to ensure that we comply with the standards of preventing and protecting employees against corruption and bribery and establishment of a diversity policy. | PFA has initiated an internal mapping of how to incorporate the anti-corruption work in various areas. The work will be continued in 2019. PFA has a diversity policy which applies to the Board of Directors of PFA. However, PFA has yet to implement a diversity policy for the employees. |
| 11. | Strategic partnerships with organisations that help groups of people where particular employee competences are called on.  | PFA continued its mentorship programme with Velkommen Hjem as described on page 55.   |



## Continuation of existing initiatives

- |     |   |   |
|-----|---|---|
| 12. | Responsible investments: holding a minimum of 10 RI Board meetings.   | PFA's RI Board held 11 meetings. The activities are described on page 14.   |
| 13. | Working with PFA's Code of Conduct in the process of concluding contracts.  | PFA has a Code of Conduct for its suppliers. The work with the Code of Conduct forms part of the conclusion of a contract described on page 21. PFA has a Code of Conduct for business partners and counterparts in the investment area. The application of the Code of Conduct forms part of the investment process and is described on page 16. |
| 14. | Selection of the PFA Brug Livet Fonden's causes of the year, cooperation with the causes and coordination of the foundation's activities at Folkemødet. | PFA Brug Livet Fonden's activities are described on pages 28-29.  |
| 15. | Organised NGO and customer dialogue about prioritised corporate responsibility efforts.   | Dialogue and cooperation with NGOs and customers are important contributions to creating partnerships for the goals. A list of dialogue meetings is available on page 52.   |

# PFA's CR activities for 2019

Besides implementing the efforts listed in the CR strategy, we have, in 2018, also mapped out the special themes that we would like to give priority to in our future CR activities. The specific activities and efforts will be finally defined in 2019. Our work resulted in a new CR position: We care for the future. Under this headline, we will give priority to the three initiatives: increased focus on active ownership and investments in companies with sustainable business models, a healthier and better working life and, finally, the good transition to the life in the third age. The

work with these three areas is reflected in the overview of the 2019 activities below.

We have also evaluated the CR activities of the year and identified new targets and activities for 2019. The new activities are defined based on an evaluation of how PFA is able to contribute in the best possible way to the development of society. At the same time, we have assessed the areas in which PFA may negatively affect the environment, human rights and society.

## CR strategy – Investing in a sustainable society 2017-2020

### 14 specific focus areas for 2019



#### Responsible value creation

1. Further development of the approach to voting at listed companies' general meetings.
2. Implementation of the climate strategy for PFA's Danish property portfolio and securing that PFA's carbon footprint from the equity portfolio will remain smaller than the world index footprint.
3. Development of a more user-friendly log of PFA's active ownership dialogue with companies.
4. PFA has a Code of Conduct for the cooperation with suppliers, and we have formulated a Code of Conduct in relation to investment partners. The purpose is to ensure that PFA's desired responsible conduct in connection with our investments and cooperations will not be violated by the business partners that PFA has selected. PFA will incorporate the work with the Code of Conduct as a central element when entering into cooperation with suppliers and investment partners.



#### Society

5. Integration of the UN Global Goals into the investment activities.
6. Cooperation with PFA Brug Livet Fonden's causes, which focuses on children's and young adults' well-being.

7. Revitalisation of PFA Brug Livet Fonden's selection of causes of the year.
8. Particular effort to create long-term solutions for the good transition to life in the third age.



#### Customers

9. Development and implementation of an initiative in the work with responsible algorithms.
10. Strategic partnerships with focus on solutions for a healthier and better working life.
11. Transparency regarding PFA's investments and their positive impact on society.
12. Initiation of a pilot scheme originating in Studie60+ for companies wanting to take part in testing solutions in practice.



#### Employees

13. Incorporation of the work with the UN Global Goals within PFA.
14. Strategic empowerment of employees to become better equipped for a balanced life in a digital world.



**Børns Vilkår - BørneTelefonen**  
Selected as one of PFA Brug Livet Fonden's causes in 2018.  
Please read more about Børns Vilkår - BørneTelefonen on page 29

# Responsible value creation

Investment funds	DKK 574 billion
Return on investments	DKK -5.3 billion
Excluded countries/excluded companies	3/36

Responsibility is one of PFA's values. Creating value for our customers and society in a responsible manner is therefore a key focus. PFA thus also wants to be responsible as an investor when we manage the funds our customers entrust to us. Responsibility is a natural starting point for our investment processes.

As an investor, PFA has the goal of earning the highest possible return through active investment in companies with sustainable business models. We therefore carry out a number of due diligence processes to ensure that the companies we invest in – in addition to having a good return potential – also act in a way that is in line with PFA's policies, principles and guidelines.

The desire to create value in a responsible manner is also an element of our dialogue with suppliers when we enter into various co-operation agreements. This dialogue with business partners is based on a Code of Conduct, which is integrated in the contracting process, and which we want our suppliers to observe.

## Policy for responsible investments

PFA's policy for responsible investments has been formulated based on a desire to comply with international UN conventions and principles. The policy provides a framework for ensuring that the consideration of human rights, labour rights, management-related matters, environment, climate and responsible tax practices are integrated in PFA's investment processes, across asset classes and types of investment.

In 2018, it was underscored in the policy for responsible investments that PFA wants to contribute to the realisation of the UN Sustainable Development Goals. The section on responsible tax practices in connection with our investments was also added.

## Responsible Investment Board

PFA's Responsible Investment Board (RI Board) sets goals for and prioritises PFA's activities as a responsible investor. The RI Board monitors that PFA is acting in line with the stated policies, principles and guidelines. We want to be active owners. The RI Board therefore regularly evaluates progress in cases where PFA is engaging in critical

dialogue with companies regarding possible or confirmed breaches of PFA's policies, principles and guidelines.

In 2018, the RI Board defined guidelines for PFA's implementation of responsible tax practices in the investment process, performed the first climate screening of PFA's investment portfolio based on our own model, and followed up on an action plan aimed at ensuring the integration of the UN's Guiding Principles on Business and Human Rights when we invest. This is further described on page 19.

The RI Board also held meetings during the year with a number of organisations to discuss particular topics and ensure ongoing progress in the work with responsible investments. There has been dialogue on issues such as climate and reporting, transparency, human rights and responsible tax practices.

The RI Board held 11 meetings in 2018.

## Active ownership in 2018

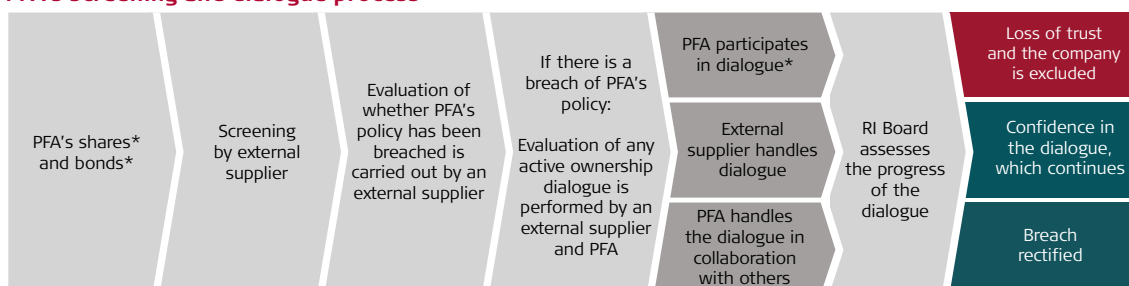
PFA intends to be an active owner of the companies we invest in. Our work as an active owner is prioritised based on the risk of breaches of PFA's policy for responsible investments, the size of the investment and the asset class. Active ownership encompasses a number of activities such as screening investments, dialogue with companies, voting at general meetings, and the possible divestment and exclusion of certain companies. A number of the activities in 2018 are described below, and specific data can be found in the data section of the report on page 50.

## Screening and dialogue

PFA regularly screens the investment portfolio and engages in dialogue with companies regarding compliance with the international conventions on which PFA's policy for



## PFA's screening and dialogue process



\*PFA publishes a list of companies at pfa.dk

responsible investments is based. This includes whether the companies comply with the OECD's action plan for responsible tax practices. Corporate shares and bonds are screened in collaboration with our consultant, Global Engagement Services (GES). In 2018, GES evaluated 98 cases with indications of breaches of PFA's policy among companies in PFA's investment portfolio.

In 2018, GES engaged in dialogue with 51 companies from PFA's portfolio. Of these companies, it was confirmed that 19 had breached PFA's policy for responsible investments. During the year, 16 cases involving a confirmed or possible breach of the policy were resolved by the companies changing their behaviour.

PFA has been in direct dialogue with 13 companies in 2018. The dialogue with two companies has ended, following confirmation that the breach of our policy has been rectified. Through our membership of the Nordic Engagement Cooperation (NEC), we have engaged in dialogue with eight companies to investigate possible breaches of our policy. Through NEC, we also engaged in proactive dialogue with four companies in the textiles sector, where no breach of PFA's policy had been observed, but with a focus on the importance of transparency in relation to the supply chain in the sector. In total, PFA

engaged in critical dialogue with 56 companies in 2018. PFA will publish a detailed description of the cases and their relationship to the sustainable development goals in spring 2019 in NEC's annual report for 2018.

PFA performs tax screening for unlisted and property investments. This is based on the policy for responsible investments, which PFA's Board decided to update to include a section on responsible tax practices. In order to embed the policy, the RI Board has formulated guidelines for the implementation of responsible tax practices. The tax screening includes an assessment of whether tax due diligence has been carried out and BEPS and General Anti-Tax-Avoidance Rules have been drawn on, and whether the structure is deemed to be responsible in relation to the law and tax practices. During the screening in 2018, PFA determined that all PFA's investments in 2018 complied with the guidelines.

PFA screens and analyses government bonds in accordance with PFA's policy and guidelines for responsible investments in government bonds. During the year, we have focused on the situations in Venezuela and Saudi Arabia, and the RI Board has decided to put Saudi Arabia on PFA's observation list. We do not engage in dialogue with countries, as this is deemed to be a foreign policy matter. At the end of 2019,

### Active ownership dialogue with Danske Bank

As investor in Danske Bank, PFA has closely monitored the case on money laundering in Danske Bank's Estonian branch, and, since March 2017, we have actively led a critical dialogue with Danske Bank. From the beginning of this dialogue, we have made it clear that we wish for the bank to be transparent about its investigations and the results hereof. Furthermore, we have regularly inquired into the bank's reviews of previous risky transactions as well as the specific allocation of resources to the bank's anti-money laundering processes. The results of the bank's internal report, which was published on 19 September 2018, established that the extent of the money laundering transactions was much greater and ran deeper than expected, which is something PFA has publicly criticised.

PFA recognises that Danske Bank is going through a transformation, and we will continue to take part in developing Danske Bank in a more sustainable direction. Therefore, PFA has supported the adjustments made to the Board of Directors in Danske Bank in order to establish a new management team that can bring focus to the core business and the important relations with investors, customers and society. In that connection, PFA supported the bank's largest shareholder, A.P. Møller Holding, in its efforts to elect a new chairmanship for the Board of Directors at the extraordinary general meeting which was held at the beginning of December 2018.

### Extract of PFA's guidelines for responsible tax practices

In the area of unlisted investments, it is important to seek as much insight as possible into the tax structure behind the investment entity being invested in. In cases where PFA holds a major share of the investment, it is often possible to influence the tax structure that is established, and we actively seek to do so.

In connection with unlisted investments, PFA has the following processes:

- Carry out tax due diligence prior to entering into the investment.  
Draw on BEPS and Anti-Tax-Avoidance Rules.
- Assess the structure's legal and tax responsibility.
- Assess the need for legal entities in the structure.
- Exercise caution when using tax exemption agreements.
- Exercise caution when using shareholder loans in countries with immature tax systems.
- Exercise caution when selecting business partners and employ the necessary measures towards business partners.

Read the guidelines in full at [pfa.dk](http://pfa.dk)

### Active ownership dialogue with partner Macquarie

PFA is also engaging in critical dialogue with the Australian investment bank, Macquarie, which PFA co-owns TDC with. This was initiated after it came to light in October and November 2018 that Macquarie had apparently been involved in collecting dividend tax refunds it was not entitled to. This is of course completely unacceptable, and something we deplore at PFA.

Since becoming aware of the circumstances, we have engaged in critical dialogue with the management of Macquarie and demanded an account of their involvement as well as a clarification of the structural, procedural, cultural and management changes they have made to ensure that such behaviour cannot be repeated.

Regarding our investment in TDC – as owners, we have an obligation to all our customers in PFA, employees at TDC and Danish society in general to protect this investment. At the time the purchase agreement was concluded, we entered into a binding agreement in the consortium behind the acquisition of TDC stipulating that all tax payments will be made in line with Danish tax rules. It has been vitally important to PFA from the outset to ensure that none of the investors in TDC are able to withdraw tax-exempt dividends without the approval of the Danish authorities.

PFA will carry on its critical dialogue with Macquarie regarding the dividend tax case, and has decided not to collaborate with Macquarie in any new ventures before we have fully explored the exact facts of the case – and the outcome of this will determine whether we end up conducting new business with them in the future.

PFA invested in government bonds in 85 countries. The list of countries in which PFA has invested and a list of excluded countries are available at [pfa.dk](http://pfa.dk).

During 2018, we formalised our dialogue on responsibility with our investment partners, counterparties and external managers. The dialogue is based on a Code of Conduct we formulated in 2018 in order to put specific focus on the behaviour we expect from our partners in the investment area. The aim is to ensure that PFA's desire for responsible practices when we invest is not violated through the

business partners we have chosen. Dialogue with priority investment partners was initiated in 2018, and will be gradually expanded to include new managers and investment partners in 2019.

### Voting

PFA exercised its voting rights at the general meetings of 21 Danish companies in 2018. The general meetings of foreign companies are analysed based on a priority list of companies that have special ESG (Environment, Social and Governance) issues and which PFA is already monitoring.

PFA voted at the general meetings of 49 foreign companies in 2018. These votes were related to governance, human rights, labour rights and the environment and climate.

### Exclusion

PFA excludes companies, countries and possibly partners, if deemed that they are breaching PFA's policy for responsible investments and it is not possible to influence their behaviour through dialogue.

In 2018, PFA excluded Larsen & Toubro, Bharat Electronics and United Technologies, because PFA was able to verify that they are involved in the production of nuclear weapons. PFA has also decided not to enter into any new partnerships with Macquarie, as long as we are engaged in critical dialogue with the banking group regarding its handling of and involvement in the dividend tax case.

### Due diligence and climate considerations in the investment process

One of the goals for 2018 was to anchor PFA's climate screening model from 2017 in the equity portfolio and thereby obtain CO<sub>2</sub> data as an integral part of the evaluation in the investment process. Based on this, we can measure and compare the CO<sub>2</sub> emissions of companies and industries. The climate screening aims to ensure a systematic approach to the handling of climate risks in the investment process and insight into the CO<sub>2</sub> emissions we have exposure to via our investments. The experience gained from our work with the equity portfolio has also helped us to develop an approach to embedding the Paris Agreement in PFA's property portfolio. This is further described on page 21.

### Reporting in line with the international climate recommendations

In 2018, PFA worked with the recommendations from the Task Force on Climate-related Financial Disclosure (TCFD). We participated in the Global Climate Index 2018/Pension Funds analysis, prepared by the Asset Owner Disclosure Project (AODP). As part of this, we described our climate efforts within TCFD's four main areas. Based on this experience, we also created a gap analysis to identify possible gaps in our climate reporting.

We use the TCFD recommendations as a framework for reporting and for our efforts to handle climate risk. We expect that our reporting for 2019 will follow the TCFD recommendations.

#### Facts about TCFD

TCFD prepares voluntary guidelines for companies and investors that want to work systematically with climate-related risks.

For investors, this entails a requirement to report on the identification, assessment and handling of climate-related risks. The report must also contain the strategy for identifying risks, the management of risks and a description of targets and measuring points.

### How PFA climate screens its equity portfolio

In 2018, PFA carried out an analysis of the CO<sub>2</sub> emissions for its equity portfolio. For the first time, it has been possible to make our own 2-degree analysis. We have therefore been able to assess the consistency between the equity investments and a 2-degree scenario. Our analysis also provides insight into data on equity investments and the expected energy mix if temperature increases are to be limited to 2 degrees. In this way, we can take into account opportunities and risks linked to CO<sub>2</sub> emissions and estimates for the use of future energy sources.

### Equity portfolio CO<sub>2</sub> emissions compared to the global index

In 2018, the companies in PFA's equity portfolio had 21 tons less CO<sub>2</sub> emissions per USD million invested than the world index, which is the reference index. As in 2017, the four sectors that primarily contribute to the portfolio's emissions are utilities, materials, energy and industry. Data at company level shows that some investments in the utilities and materials sectors had a large climate impact. We have therefore focused on dialogue with two external managers. This is described in the text box.

	Carbon emissions	Total CO <sub>2</sub>	CO <sub>2</sub> intensity
PFA's shares	124 tons CO <sub>2</sub> /USD million	1,989,000 tCO <sub>2</sub>	198 tCO <sub>2</sub> /USD million in revenue
World index	145 tons CO <sub>2</sub> /USD million	2,323,000 tCO <sub>2</sub>	218 tCO <sub>2</sub> /USD million in revenue

Source: PFA uses data at company level to estimate the derived CO<sub>2</sub> emissions from the equity portfolio. The data has been rounded to the nearest thousand for 'Total CO<sub>2</sub>'.

We will continue the analysis work in 2019, and expect emissions per USD invested to be lower in 2019 than in 2018.

### Special focus on CO<sub>2</sub> emissions from oil and utility companies

Among the four sectors (utilities, materials, energy and industry), utilities is the sector in which PFA has its greatest direct impact on the climate. We therefore have a special focus on this sector. We evaluate the companies' current situation and their future opportunities for and desire to participate in the green transition. In relation to the world index, which is the reference index, our CO<sub>2</sub> analysis shows that PFA has chosen companies with a lower climate impact than their competitors. This can be seen by calculating the volume of CO<sub>2</sub> emissions for the sector relative to the index. It shows that emissions in PFA's portfolio are 916 tons per USD million, compared to 1,690 tons per USD million. This is a saving of nearly 46 per cent relative to the reference index.

### 2-degree scenario analysis

The special focus on the utilities sector has also applied to the 2-degree scenario analysis which 2Degrees-Investing has carried out for our portfolio. It is based on the International Energy Agency's (IEA) transition scenario, and aims to assess whether our equity investments meet our objective of supporting the realisation of the Paris Agreement.

Based on our investments and available data, we focused primarily on our equity investments in the utilities sector and the extraction of fossil fuels in energy companies, within a five-year perspective. By focusing on electricity production in our equity portfolio, we can evaluate whether there is consistency with a 2-degree scenario.

Data from 2Degrees-Investing's analysis shows that PFA's equity investments over the next five years are consistent with a 2-degree scenario for natural gas, renewable energy and coal. By analysing the extraction of fossil fuels, PFA can assess whether there is consistency between the energy extracted and the expected demand in a 2-degree world.



### Active ownership dialogue on CO<sub>2</sub> emissions

Based on the CO<sub>2</sub> analysis, using our own model, PFA decided to initiate dialogue with two external managers who invest in Tata Power, Anhui Conch Cement and Grasim Industries on behalf of PFA. These companies have high emissions – both in absolute terms and relative to their respective industries. Both managers offered further information about the companies' climate considerations that we were not aware of. Based on this, it was deemed that there was no need for divestment, but that PFA will continue to monitor developments in the companies.

PFA participates in Climate Action 100+, which is an international association of investors that engages in dialogue with the 100 companies in the world that have the largest greenhouse gas emissions.

CO <sub>2</sub> emissions per sector	PFA November 2018	World index November 2018
tCO <sub>2</sub> /USD million invested		
Utilities	916.1	1,690.4
Materials	785.0	851.8
Energy	332.0	398.5
Industry	198.2	104.9
Consumer goods	50.5	35.8
Consumables	46.0	47.2
Property	17.4	21.0
Information technology	10.7	13.1
Health care	7.3	8.3
Finance	4.2	9.8
Telecommunications services	N/A	N/A

The energy distribution in PFA's investments in oil and gas is consistent with a 2-to-4-degree scenario and a less-than-2-degree scenario, respectively. This is mainly because the same companies extract both oil and gas. To monitor this risk, PFA will review the individual oil and gas companies' own 2-degree analyses in future.

PFA's 2-degree analysis, made using 2Degree-Investing's tool, did not give rise to a change in the portfolio mix in 2018. However, PFA has discussed the scenario analyses with several companies and will continue to do so in 2019.

### **Due diligence and respect for human rights**

PFA focused in 2018 on developing and formalising our due diligence in the investment process. This work has been done in line with the Danish Government's latest guidelines for responsible investments, which focus on systematising and prioritising initiatives and reporting on progress. Our three-year action plan for implementation of the UN Guiding Principles on Business and Human Rights (UNGPs) in the investment process gave priority to a number of initiatives in 2018.

One of these was to develop a heat map – intended to provide a simple overview of the companies and industries for which there is a particular risk that we could violate our policy for responsible investments through our

investments in them. The purpose of the heat map is to have a system where we continually compile relevant company data in order to highlight the need for further due diligence and risk assessment.

Our heat map is based on data from three different sources: MSCI ESG, GES and Bloomberg. We have prioritised measuring points that indicate whether the company is breaching our policy, the company's overall ESG score and score trend, the number of controversial events the company has been involved in, and whether the company has a human rights policy. Data is available at company level and aggregated at sector level. By evaluating the sectors with the most confirmed and potential breaches of our policy, we become aware of the need to carry out extra due diligence when considering new investments in sectors in which companies often have potential and actual human rights violations. The data collected from 2018 indicates a need for special due diligence in the oil, gas and mining sectors.

We have already started on some of the initiatives set for 2019 in our action plan in some areas. This is the case for unlisted investments, where we have reviewed the internal investment processes in this area. We have developed a new approach to due diligence in unlisted investments in order to give more consideration to ESG factors when evaluating new investment opportunities.

### **Extract of PFA's action plan for implementation of the UN Guiding Principles on Business and Human Rights**

PFA's implementation of the UN guiding principles is divided into:

#### **Initiatives in 2018**

- Climate screening for corporate shares and bonds, dialogue through Climate Action 100+ and compliance with the Paris Agreement in relation to the due diligence process described in PFA's guidelines for supporting the realisation of the Paris Agreement.
- Analysis of industries and areas carrying the greatest risks that PFA could be linked to negative impacts on society. This analysis will be done annually and discussed by PFA's RI Board.
- Follow-up on the analysis of investments with confirmed breaches of PFA's policy for responsible investments and initiation of dialogue.
- Internal guidelines for the integration of due diligence and Environment, Social and Governance (ESG) data in the investment analysis for equities and bonds.

#### **Initiatives in 2019-2020**

- Evaluate initiatives in 2018 and adjust where necessary.
- Carry out due diligence for alternative and property investments and develop a process for the ongoing evaluation.

Read the entire action plan at [pfa.dk](http://pfa.dk).

## Examples of investments that create green energy and employ sustainable solutions

### DK: Scandlines

PFA decided to co-finance Scandlines in 2018, which has a clear goal of making its ferry operations green – and this will be possible in a few years. This is to be achieved using battery-powered ferries. The ferries on the Elsinore-Helsingborg route are already battery-powered. PFA has invested DKK 745 million in Scandlines in the form of a loan.

### DK: Student housing

PFA began the construction of housing for 300 students in Odense in 2018. This is one of four PFA student housing projects we took the initiative to undertake to mark our 100-year anniversary in 2017. The student housing facility is being constructed using sustainable materials, and will be shaped like a square figure 8. The heart of the building will be set up to promote learning and will serve as a social gathering point. PFA is investing over DKK 300 million in the student housing project in Odense.

### UK: Hornsea 1

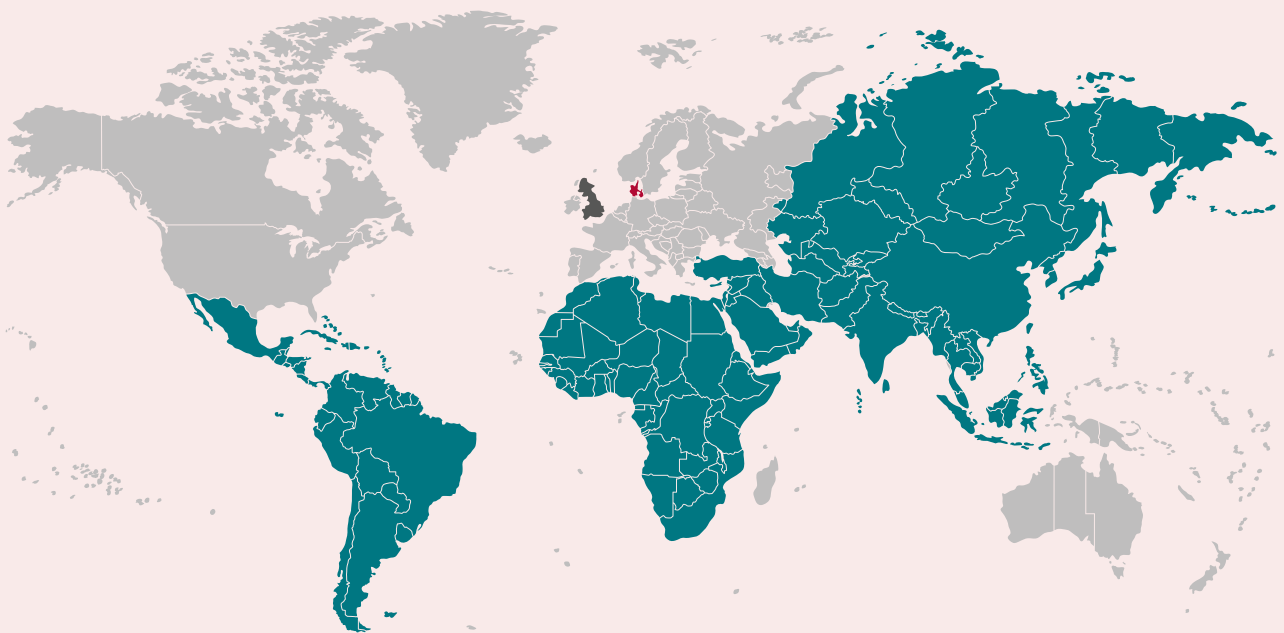
PFA decided to co-finance Hornsea 1 in 2018. The offshore wind farm consists of 174 giant turbines, and will be the largest in the world when it is completed. Hornsea 1 is expected to be finished in 2020, and will be capable of producing enough green electricity to supply one million households when operational. PFA has provided a loan of around DKK 2 billion.

### UK: Walney Extension

PFA owns 25 per cent of Walney Extension, which opened in 2018. Since it opened, the wind turbines have produced green energy corresponding to the annual energy consumption of 600,000 households. During the construction phase, the project used the services of more than 50 local suppliers. A foundation was also established to promote interest in science and the establishment of apprenticeships, to ensure future candidates will be available for similar projects in the local area.

### Asia, Africa, Latin America: Danish SDG Investment Fund

PFA decided to invest in the new 'Danish SDG Investment Fund' (SDG Fund) for developing countries in 2018. This is a public-private partnership through which the Danish Government and pension companies have joined forces to address a major challenge for society. The SDG Fund will invest share capital in companies in Africa, Asia, Latin America and parts of Europe. This will take place in collaboration with Danish businesses with strong competences, knowledge and technologies in a number of strategic sectors that support the realisation of the sustainable development goals. PFA is investing DKK 400 million in the fund.







### Example of using the heat map

While considering a possible investment in a mining company, a search on the sector in our heat map showed that we needed to take a closer look at the sector. The mining sector is characterised by a particularly high risk of breaches of human rights and environmental standards. A review of sector-specific ESG characteristics for all relevant mining companies was therefore conducted. We then carried out more extensive due diligence for the ESG area, based on this review, before making an investment. The analysis also showed a positive correlation between ESG quality and growth in the share price over the past 10 years.

### Transparency and reporting

PFA has continued to work with transparency in relation to our active ownership. PFA gives priority to openness, as far as possible. In 2018, we published the list of our bond investments, and an overview of the companies which GES believes are breaching our policy. The overview also reports on the status of the dialogue with each company, and who is coordinating this. The overview is a supplement to the log of companies we are engaged in dialogue with. We will work on developing our log in 2019 to make it easier to follow the dialogue we are pursuing with selected companies.

### Responsible supplier management

PFA implemented a new Contract Management system in 2018. As part of this initiative, each executive management area has designated contract managers, contract owners, procedure coordinators and controllers. Each executive management area now has an up-to-date contract overview, and can monitor how procedures for concluding contracts are being observed and ensure that relevant follow-up is being done with their respective suppliers. The new system also supports risk assessment in relation to each contract being concluded, where social responsibility and the work with the Ten Principles of the UN Global Compact are important elements.

The new system helps ensure that contract managers take ownership of the contractual obligations, including follow-up on data processor agreements, establishing contract annual cycles, and dialogue on PFA's Code of Conduct and the associated self-evaluation form for suppliers. We conducted random checks for eight selected suppliers in 2018. These checks have given us insight into how the self-evaluation form that suppliers fill in

when concluding a contract works in practice. The random checks showed that some suppliers have continued their focus on integrating social responsibility and creating sustainable solutions. In connection with PFA's internal analysis of efforts to combat corruption, which is part of the UN Global Compact's ten principles, there has also been focus on the contracting process.

Based on last year's experience with formulating our Code of Conduct for business partners in the investment process, we will update our Code of Conduct for suppliers in 2019. We will also continue our work with responsibility and suppliers.

### Due diligence and climate action in the property portfolio

Properties account for 30 per cent of total CO<sub>2</sub> emissions in Denmark. There are CO<sub>2</sub> emissions when building materials are produced, when buildings are constructed and when buildings are in operation. There are various methods for calculating a property's CO<sub>2</sub> emissions. There are also various methods for calculating a building owner's share of a building's consumption when it is leased to several tenants including a common area. PFA therefore held three workshops in 2018 to develop a plan for integrating climate and sustainability factors more systematically in the property portfolio. PFA initially decided to focus on the Danish property portfolio, and wants to initially map CO<sub>2</sub> emissions here in order to create an overview and measure the portfolio in relation to a defined benchmark. Measured over the life cycle of a property, the majority of CO<sub>2</sub> emissions occur during construction. As a developer who builds properties in Denmark, PFA will therefore focus on sustainable materials and design in future when planning and constructing buildings. For properties in operation, our focus will be on optimising property operation in an energy-efficient manner. Experience will be evaluated at the end of 2019 and provide the basis for specific targets. The guidelines, and our approach to working with the Danish property portfolio, are available at [pfa.dk](http://pfa.dk)

**Børns Vilkår - BørneTelefonen**

Selected as one of PFA Brug Livet Fonden's causes in 2018.  
Please read more about Børns Vilkår - BørneTelefonen on page 29





# Society

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Throughout the more than 100 years of PFA's existence as a company, investor and pension supplier, we have been aspiring to play an active part in the developments in society. It is our opinion that when society develops we must keep up and actively seek to contribute to the development. We do so because we are aware that the actions of today will affect the life we live tomorrow.

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\* **PFA wishes to take part in steering society in a more sustainable direction. This is the reason why we work proactively with contributing to the realisation of selected global goals for sustainable development, offering our competences and experience and finally by participating in the public debate. We strive to act openly, honestly and responsibly with the purpose of ensuring that our customers will be able to live their life – all their life.**

## **Pension reform with focus on the interplay issues**

In 2018, new regulations for the pension area were agreed. The new rules mean that it has become more attractive to save up for retirement, and that the so-called interplay issues have been addressed for the majority of people in Denmark. This includes both present retirees and the savings accumulated for future retirees. PFA contributed to the legislative work offering our opinion and the message that the interplay issues ought to be addressed so that it will always be worthwhile to save up for one's own retirement. Furthermore, PFA advocates for making the pension system more transparent and easy-to-understand, so that customers can make an informed choice for their pension.

## **33 recommendations for a better life as a senior citizen**

In 2018, the Think Tank – The New 3rd Age, which PFA is behind, released 33 recommendations for how the society and the individual can ensure the good senior life towards 2040. The Think Tank's work turned out to be one of the most extensive mappings of the framework for senior life in Denmark. At the same time, the Think Tank presented its recommendations for which future measures to take in order to counter the development. In the recommendations, it is stressed that the development requires re-thinking of the societal structures that concern working life, health and housing situation. You can learn more about the recommendations and the Think Tank's work on page 27.

## **Debate on and knowledge sharing about active ownership**

PFA wants to be an active owner of the companies in which we are investing. At PFA, active ownership covers a number of different activities. As co-investor in, among others, Nykredit and the consortium behind the purchase of TDC, we have in 2018 been engaging in ownership of companies that play an important role in Danish society. At the same time, we have sought to be transparent in the ownership dialogue we have had with, among others, Danske

Bank on their management of the money laundering case in the bank's Estonian branch and with regard to the expectations we have had of the bank in our capacity as investor.

During the year, we have also helped identify the dilemmas that exist, among others, in the work with ensuring a responsible tax practice in the investment process. We did so by summarising and publishing our guidelines in this area and by participating in two relevant debates at Folkemødet.

## **PFA's contribution to the historic political research**

In 2018, PFA was behind the publishing of the book Poul Schlüters tid 1982-1993, which is a political history book describing the governance period of the Danish former Prime Minister, Poul Schlüter, the political climate during the period 1983-1993 and the societal challenges of that time. The book forms part of the series De danske ministerier – a series of books about the Danish ministries – which PFA has financed in celebration of each 25<sup>th</sup> anniversary year. The book is part of the 5<sup>th</sup> volume in the series and it was published in connection with PFA's 100<sup>th</sup> anniversary. The 5<sup>th</sup> volume consists of two books: Anker Jørgensens tid 1972-1982, describing the governance period of the Danish former Prime Minister, Anker Jørgensen, which was published in the autumn 2017, and then the latest book Poul Schlüters tid 1982-1993. The authors behind the 5<sup>th</sup> volume are Associate Professor Niels Wium Olesen and Professor Thorsten Borring Olesen from the University of Aarhus.

## **PFA student housing under construction**

In 2018, PFA cut the first turf for the construction of 300 student housing units in Odense. The construction is one of four PFA student housing facilities, which we took steps to build in celebration of our 100<sup>th</sup> anniversary in 2017. The student housing facility will be constructed using sustainable materials and be shaped as a quadratic figure eight, where the centre of the building will be designed to promote an inspiring study environment and is meant to be a social meeting place. PFA's investment in the student housing facility in Odense exceeds DKK 300 million.

**For Lige Vilkår**

Selected as one of PFA Brug Livet Fonden's causes in 2018.  
Please read more about For Lige Vilkår on page 29





# The Think Tank – The New 3<sup>rd</sup> Age released its 33 recommendations for the good senior life

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After one year's work, the Think Tank – The New 3<sup>rd</sup> Age, released, in 2018, its overall recommendations for how society and the individual can ensure the good senior life towards 2040. In 2040, there will be significantly more elderly people in Denmark than is the case today. PFA was behind the Think Tank, which was established in connection with PFA's 100<sup>th</sup> anniversary. The purpose of the Think Tank was to analyse, discuss and provide recommendations for how, in the future, the individual citizens in Denmark would make the most of their life in the third age. Both when it comes to housing, health and the transition from one type of working life to another or to the life as a retiree.

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The work with developing the recommendations was based on the megatrends and scenarios for the future that are going to form the basis of the life of the people in Denmark as longevity increases. The work is meant to give inspiration for how the individual, the institutions in the Danish society as well as companies can follow the development and, at the same time, provide an insight into how the technological development creates new possibilities. Assisted by the Copenhagen Institute for Futures Studies, the Think Tank mapped seven key challenges which Denmark must meet and resolve in order to be able to ensure the good senior life towards 2040. The Think Tank has developed four scenarios for how Denmark may develop and, based on these, it has prepared 33 specific recommendations.

Following the launch of the Think Tank's recommendations, we decided to give priority to a number of the recommendations in our work. Based on PFA Seniorboligstandard™ (PFA's concept of 46 specific demands for senior-friendly housing), we initiated, in 2018, the construction of several types of senior housing facilities in which we include various elements required by the future senior citizens. The future labour market is another area of our priority, where the emerging need for partial retirement is calling for new flexible solutions for the individual to be able to stay at work and, at the same time, retire on partial pension. This led to the project Studie60+, which we launched in dialogue with PFA's Customer Board. The project is meant to help create a smooth transition from working life to life in retirement. Studie60+ is described on page 31. Moreover, the experience we gained from the Think Tank – The New 3<sup>rd</sup> Age was brought into the Danish Government's think tank for good senior working life, in which PFA has a representative, and we have held a number of meetings with politicians and organisations in order to put the recommendations into focus.

In 2019, we will continue our efforts and work towards anchoring a number of the 33 recommendations in society and in the development of society.

## Members of the Think Tank – The New 3<sup>rd</sup> Age

- Claus Kjeldsen, CEO of Copenhagen Institute for Futures Studies (Chairman)
- Allan Polack, Group CEO, PFA (Vice-Chairman)
- Anne Skovbro, Director of Philanthropy CPO, Realdania (formerly)
- Aske Juul Lassen, PhD, Postdoc, Center for Healthy Aging, University of Copenhagen
- Bente Sorgenfrey, Chairman, FTF – Confederation of Professionals in Denmark
- Bjarne Hastrup, CEO, Ældre Sagen (DaneAge Association)
- Ib Enevoldsen, Managing Director, Rambøll
- Inger-Lise Katballe, former health director, Municipality of Ikast-Brande
- Jacob Holbraad, CEO, Confederation of Danish Employers (DA)
- Jesper Buch, entrepreneur and founder of Just-Eat, Miinto and Gomentor
- Jørgen Løkkegaard, Director, Health and Human Interaction Technologies, the Danish Technological Institute.
- Knud Romer Jørgensen, author, debater, radio presenter.



### Brief summary of the activities of the Think Tank – The New 3<sup>rd</sup> Age:

- 5 day-long workshops
- The Think Tank – The New 3<sup>rd</sup> Age formed the basis of PFA's programme and debates at Folkemødet in Bornholm, both in 2017 and 2018
- The preliminary recommendations were presented, challenged and qualified by researchers and politicians at the conference 'Denmark towards 2040' on 9 October 2017 at Dokk1 in Aarhus
- A report with 33 specific recommendations for a good life in the third age towards 2040 was prepared
- The recommendations were presented at Christiansborg on 2 February 2018 with the participation of relevant politicians, ministers and stakeholders in this field. The report is meant as a catalogue of inspiration to politicians, PFA and other stakeholders so that the recommendations can serve as a starting point of the continued development of the senior life basis in Denmark.

### 33 recommendations for a good senior life towards 2040

The transition from work to retirement	Housing and social relations	Health and quality of life
<p><b>A good working life in the third age and flexible retirement</b></p> <ul style="list-style-type: none"> <li>• Flexible retirement framework</li> <li>• Flexible part-time retirement models</li> </ul> <p><b>Labour market and working life</b></p> <ul style="list-style-type: none"> <li>• Prevention of mental illness</li> <li>• Partnerships for better well-being</li> </ul> <p><b>Entrepreneurship and savings</b></p> <ul style="list-style-type: none"> <li>• Investment in entrepreneurship</li> <li>• Attractive pension plans for self-employed persons</li> </ul> <p><b>Education and skills</b></p> <ul style="list-style-type: none"> <li>• Rethinking the educational system</li> <li>• Personal commitment to lifelong learning</li> <li>• Educational savings for a change of career</li> <li>• International knowledge-sharing networks</li> </ul>	<p><b>Attractive new housing models which match people's needs in different phases of their lives</b></p> <ul style="list-style-type: none"> <li>• More senior cohousing communities</li> <li>• New housing models for senior citizens</li> <li>• More inexpensive rental housing for senior citizens</li> <li>• Housing advice</li> </ul> <p><b>Urban development and frameworks for communities</b></p> <ul style="list-style-type: none"> <li>• Senior citizens must be an element in urban planning</li> <li>• Cohousing and interest-based communities must be strengthened</li> <li>• Investigation of taxation challenges for the sharing economy</li> </ul> <p><b>Increased mobility to reduce loneliness and strengthen the economic basis</b></p> <ul style="list-style-type: none"> <li>• Mobility pool for senior citizens</li> <li>• Denmark must take the lead in the introduction of self-driving cars</li> <li>• More investments in the infrastructure of the future</li> <li>• Partnerships to develop innovative platform-economic models</li> </ul>	<p><b>Prevention and better coordinated healthcare initiatives</b></p> <ul style="list-style-type: none"> <li>• More municipal health centres</li> <li>• Technology to support health in one's own home</li> <li>• Better diagnosing and coordination across illnesses</li> <li>• Expansion of prioritisation boards</li> <li>• Targets for prevention of lifestyle diseases must be expanded</li> <li>• Control paradigm must have greater focus on outcome</li> </ul> <p><b>Volunteering, relations and quality of life</b></p> <ul style="list-style-type: none"> <li>• Better opportunities to engage in voluntary work</li> <li>• Healthcare professionals contributing to reducing loneliness</li> </ul> <p><b>Welfare technology and telemedicine</b></p> <ul style="list-style-type: none"> <li>• Better and faster dissemination of welfare technology</li> <li>• Supplementary technological training of healthcare professionals</li> <li>• Fast-track unit for deployment of new technology</li> </ul> <p><b>Rising healthcare costs</b></p> <ul style="list-style-type: none"> <li>• Greater transparency in healthcare expenditure</li> </ul>

Causes of the year	5
Information videos	3
Causes present at Folkemødet	12
Number of votes cast for the causes of the year	35,852
Followers on the foundation's Facebook page	32,000+

PFA's charitable foundation - PFA Brug Livet Fonden – turns the spotlight on the many dedicated volunteers who make a great effort to help vulnerable or marginalised groups live life. Each year, the foundation selects some causes which the foundation, in cooperation with PFA, creates extra attention to during the year.

#### **The selection of the causes of the year focuses on children and young adults**

At the end of 2018, the foundation selected five new causes, which received support. A total number of 72 causes were nominated as causes of the year. Among the causes were both local and national projects and associations which involve many dedicated volunteers. The foundation's board selected the causes of the year among 20 causes which proceeded to the final as a result of the voting at the foundation's website that attracted more than 40,000 visitors during the two voting weeks.

The chief purpose of many of the causes that proceeded to the final were to help children and young adults, which is why the board chose to concentrate its support within this target group. In 2018, For Lige Vilkår, Klub Venner and SMILcamps were chosen as the causes of the year. All three causes feature new and small-scale initiatives, which will each receive various assistance in order to become more firmly rooted and reach its respective target group even better. Selected as causes of the year were also the two long-standing organisations Børn, Unge & Sorg and BørneTelefonen, which will receive support in order to help the organisations to be able to help children and young adults when they are facing hardships.

#### **The causes brought up very important subjects for discussion**

The foundation also participated at Folkemødet 2018 in Bornholm and hosted six debates in PFA's tent. The matters of debate were defined at a PFA workshop, where representatives from 12 causes participated and worked together to prepare the debates. The debates were about young adults' behaviour on social media, investments in social efforts, the effect of the Danish gang packages on the homeless and socially vulnerable, etc. The panel participants were representatives from the causes, politicians, civil servants and experts.

#### **Inspiration for senior citizens**

When retirement is approaching and working hours are gradually reduced, many people find room for voluntary work. For this reason, the foundation had a booth at the PFA Senior Day, which was held both in Jutland and in Zealand for PFA's senior customers and their partners. At the events, the foundation focused – together with the causes Børnelungefonden, Børns Voksenvenner and Morgencafé for Hjemløse - on voluntary work, and offered inspiration for the good life as a senior citizen. The two events attracted 700 and 900 participants, respectively. The foundation's booth was well-attended, and the dialogues during the events were very constructive both when it came to the foundation's work and the activities of the two causes.



# The 2019 causes

**For Lige Vilkår received DKK 25,000:** For Lige Vilkår is a newly established association for parents and other relatives of children who have special needs due to a handicap or chronic illness.

**Klub Venner received DKK 25,000 for adventures:** Klub Venner is a small association with the purpose of creating adventures and a sense of community for young adults with severe physical and mental handicaps.

**SMILcamps under SMILfonden received DKK 25,000:** SMILcamps is a new initiative under SMILfonden, which invites seriously and chronically ill children and their families to summer camps.

**Børn, Unge & Sorg received DKK 50,000 for advice and guidance for children and young adults:** Børn, Unge & Sorg helps children and young adults to move on in the event that a parent or sibling falls seriously ill or passes away.

**BørneTelefonen under Børns Vilkår received DKK 50,000:** BørneTelefonen under Børns Vilkår is a children's hotline with the purpose of offering advice, comfort or just a kind adult who has the time to listen and provide moral support.

## Close cooperation on video projects

In 2018, the foundation and PFA joined forces in a cooperation on four cases which were voted causes of the year in 2017. We have produced videos about three of the causes: WutomiAgri, Gigtramte Børns Forældreforening and MusikBeRiget. The video projects were completed in close cooperation with the causes. The videos were shown at the causes' own platforms, at the foundation's website and its Facebook page. The videos reached more than 85,000 viewers on the foundation's Facebook page, and got many shares, comments and likes. In addition, we collaborated with the cause Ordskælv on a new digital platform.

### View the videos featuring the causes of the year 2018

The videos about the 2018 causes can be viewed at the foundation's website and at the websites of each of the respective causes:



MusikBeRiget



Gigtramte Børns Forældreforening



WutomiAgri

**Børn, Unge & Sorg**

Selected as one of PFA Brug Livet Fonden's causes in 2018.

Please read more about Børn, Unge & Sorg on page 29



# Customers

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As a customer-owned company, it is important to PFA that our customers experience that we are able to provide noticeable value for them. It is our objective to continuously meet the customers' needs, and we strive to develop our products and services concurrently with the progress in society and the technological advances. In order to ensure that we know our customers' specific needs, we hear our customers and receive feedback on our advisory services and the development of health products, initiatives and digital solutions.

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\* At PFA, we want to create more value for our customers. As a consequence of this, we pass on the majority of the money we earn to our customers. We make an effort to provide advisory services based on the individual customer's life situation, age and needs, and we make sure to intervene at an early stage when our customers fall ill. We seek to be in pole position when it comes to the development of new digital solutions, and we pick up on critical enquiries and complaints in a structured way in order to minimise unfortunate experiences in the future.

## **Closer to the customer's individual wishes through PFA Customer Panel**

In order to ensure that PFA develops relevant products and services which make a difference in the customers' everyday life, we established PFA Customer Panel in 2018. The customer panel is PFA's direct line to the private customers, and, at the end of 2018, 250 customers had signed up for the panel. The customer panel allows PFA to quickly interview relevant customer profiles on a given service or product we are developing.

This way, we gain better insight into the customers' wishes and needs. During the year, the involvement of the customer panel has led to more than 100 in-depth interviews with customers, beta trials of new digital tools as well as preparation of major anthropological field studies which we plan to carry out in 2019. The themes which we considered in cooperation with the customer panel were, for example, qualification of PFA's investment and insurance guides, better and more reliable self-service solutions, such as digital transfer of pension deposits, and the way in which we can offer customers approaching retirement even better advice about dissaving.

In 2019, we will continue our focus on evaluation of the products and services we develop in cooperation with the customers.

## **New cooperation on development of health solutions**

In 2018, PFA established a partnership with SUND Hub, which is an innovative entrepreneurial environment under the Faculty of Health and Medical Sciences at the University of Copenhagen. The purpose of the partnership is to contribute towards development and testing of health solutions. PFA is making advice and guidance available to the SUND Hub teams that wish to receive

input on their solutions. Our advice and guidance include mentoring about the market, information about health-related challenges and PFA's insight fuelled by our data and experience, and much more. Furthermore, the partnership implies that PFA will introduce the SUND Hub teams to challenges we are facing and seeking to resolve ourselves.

## **Companies and managers receive assistance to deal with stress management**

In close cooperation with our corporate and organisational customers, PFA has developed new health solutions, which can help prevent, shorten and reduce long-term sickness absence.

In 2018, we focused determinedly on the underlying causes of job dissatisfaction and stress. We did so, among other things, through cooperation with a doctor and author about healthy digital habits and recovery as well as through open management courses on stress prevention and management headed by a business psychologist.

During the year, more than 200 companies have participated in open courses on stress prevention and management. The course evaluation shows that 89 per cent of the participants assess that, after having completed the course, they have become highly capable of spotting symptoms of stress among the employees, and that they know how to handle the situation.

## **Networks provide a better framework for the transition from working life to retirement**

These years, the labour market is changing rapidly and people retire later than they used to concurrently with increased life expectancy. This results in a number of

challenges to both companies and employees in connection with the planning of the individual employee's late career.

PFA established Studie60+ in 2018 consisting of two networks originating from PFA's Customer Board. The target groups of the two networks are split between corporate customers, represented by HR managers, and organisational customers, represented by chairpersons from organisations.

The networks under Studie60+ have analysed, discussed and evaluated how we can create new and better conditions for "third age" employees and for the transition from working life to a life in retirement.

### **PFA helps optimising pension**

During 2018, PFA developed a range of offers for seniors, who continue to become an increasingly large and important group of customers. For example, PFA upgraded the advisers' dissaving tool so that it can also include a spouse or cohabiting partner's data through PensionsInfo. This facilitates holistic advice to a greater extent, which focuses on optimising the household's entire financial situation, including taxes, pension savings, available capital, public benefits etc.

### **Dealing with customer complaints**

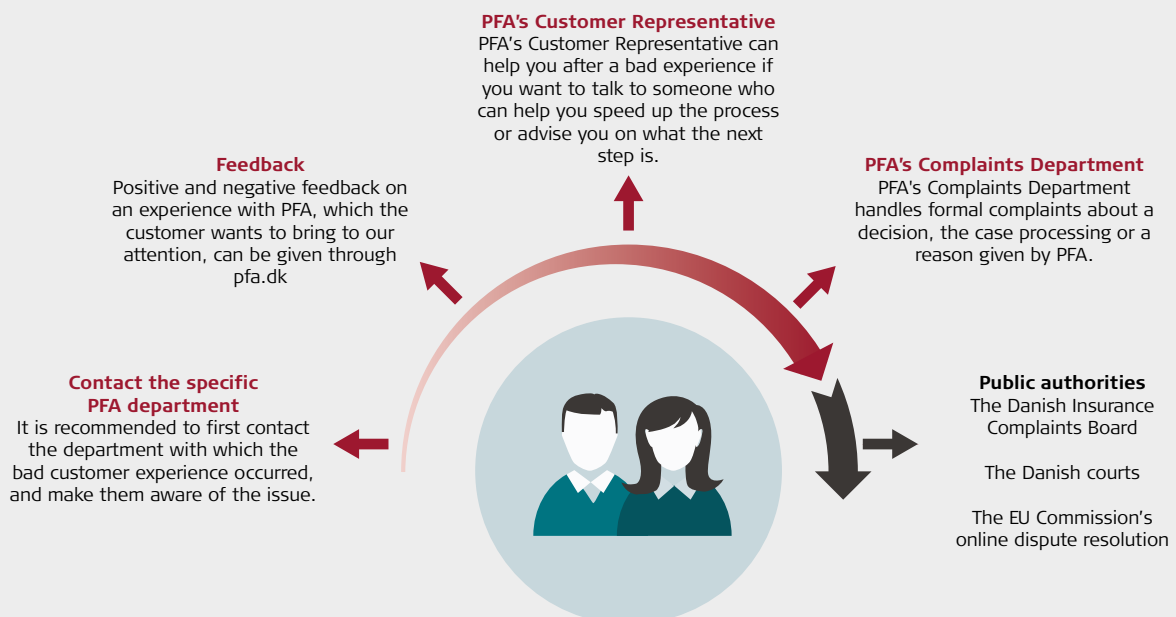
PFA handles the complaints we receive in the department for Complaints & Customer Satisfaction, which is part of our corporate legal unit. The department deals with the specific complaints and focuses on increasing the overall customer satisfaction. The objective is to localise and proactively eliminate the factors that give occasion for dissatisfaction and which, eventually, make the customers complain.

PFA received 417 complaints in 2018, which is an increase of 22 per cent compared to 2017 when PFA received 343 complaints. The activity in customer enquiries generally increased in 2018, and so did the number of legislative initiatives which implied an intensified focus from our customers. This includes prevention of money laundering and terrorist financing as well as the new General Data Protection Regulation (GDPR). The number of customers who were accommodated in their complaint increased from 14 per cent in 2017 to 17 per cent in 2018.

Insurance and pension products can be quite complex. It applies to some customer enquiries that a detailed explanation of a product or problem can result in the customer withdrawing the complaint. In the situations where a case can be dealt with through dialogue, we close the complaint as 'accommodated'.

## **PFA's processing of praise and complaints**

If the customer has a bad customer experience or is dissatisfied with PFA's case processing or decision, the customer has a number of contact points for feedback and complaints.







Corporate and organisational customers:	approx. 5,860
Customers:	approx. 1.3 million
Pension consultations:	69,642
Phone calls to PFA's Advisory Services Centre:	226,973
Phone calls to PFA's Health Centre:	291,112
Customers who were helped back to work (PFA EarlyCare and Active Claims):	996
Customer satisfaction (calls to PFA's Advisory Services Centre):	8.8
Number of complaints:	417
Number of Customer Representative cases:	198

In 2018, we accommodated the customers in 160 of the 417 complaints. This is positive to both PFA and the customers, and it gives us an opportunity to make out the customers' focus and identify any issues of improvement in relation to our services, customer dialogue and products.

### The Customer Representative sees case administration through the eyes of the customers

PFA's Customer Representative is the customers' representative in PFA. The customers' trust is essential to us, and, therefore, we need a person who the customers can turn to when they have questions. The Customer Representative cannot reverse decisions made in cases of complaints, but will listen to the individual customer's experience, help navigate through the pension environment in general and bring forward the customers' experience throughout PFA. In this way, processes and products can continuously become more customer-oriented.

In 2018, the Customer Representative reviewed 198 cases. This is 60 cases more than in 2017 – an increase of 44 per cent. The increase should be seen in the light of PFA having welcomed more than 50,000 new private customers in 2018 and having had a general high level of activity involving several large-scale issuing of letters to the customers dealing with changed assumptions of CustomerCapital and new forecast rates to take effect from

2019. In a few cases, the letters resulted in questions from the customers, but some customers also wanted to share a regretful experience with PFA so that PFA can learn from our mistakes. We make an effort to listen and understand the customer's problem and to try to accommodate the customer by offering advice and guidance. By explaining the various facts and possibilities – and not least by acknowledging irregularities – we solve the customers' problems in the vast majority of cases. In 2018, the Customer Representative accommodated the customers in 142 out of the total of 198 enquiries.

### Cases presented to the Danish Insurance Complaints Board

In 2018, PFA handled 71 new cases from the Danish Insurance Complaints' Board. This is a decline of 23 per cent compared to 2017. During the year, the Danish Insurance Complaints Board processed and finalised 90 complaints about PFA, whereas, in 2017, 58 complaints were finalised. The number of cases that reaches the Danish Insurance Complaints Board is still low seen in relation to PFA's 1.3 million customers at the end of 2018. At the same time, PFA was found in favour in 76 per cent of the cases and partly in favour in 4 per cent of the 90 finalised cases of complaint. The high percentage of cases in which PFA was found in favour is consistent with PFA at any time endeavouring to be fair when making decisions that affect our customers.

**For Lige Vilkår**

Arrangement at the association For Lige Vilkår, which was selected as one of PFA Brug Livet Fonden's causes in 2018. Please read more about For Lige Vilkår on page 29



## Overview of the subjects of Customer Representative cases in 2018

Subject of the customer's enquiry	PFA's challenge	PFA's improvement measures in 2018
<b>Processing time</b>	An increased level of activity has resulted in increased processing time for some customers.	PFA has introduced processes to make simple case handling automatic in order to make resources available for more complex cases.
<b>Meeting deadlines and feedback</b>	The customers must experience that we live up to the agreements we make. This is why deadlines must be aligned with the individual customer, and it is important that the customer is referred to the correct department and employee.	PFA has implemented several self-service options which help give the customer a better overview and a better customer experience.
<b>Average interest rate with guaranteed benefits</b>	Average interest rate plans with guaranteed benefits are complex. Many customers mistakenly believe that they are covered by an interest rate guarantee.	PFA has begun the integration of the average interest rate policies into My PFA. This will let the customers gain complete insight into their plan – and boost the customer experience.
<b>PFA Rental Housing</b>	The offer to PFA's customers of signing up on an interest list and get preference to tenancies in PFA's rental properties is a success. However, it is not possible to be informed about status and position on the interest list as lists of the interested customers are not extracted until a tenancy is available.	PFA is aware that the current renting rules may pose a challenge in certain situations. We have therefore initiated a review of the rules and are working towards launching our housing offers in a new and simpler manner.

# Employees

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When we invest in our employees and the conditions that we offer, we are creating a basis for job satisfaction and high performance. This allows us to increase our contribution to our customers and the society that we are part of.

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- \* **PFA wants to offer a workplace which gives priority to the employees' engagement and health. This is the reason why we involve our employees in the development of PFA's new domicile, prioritise agile working and seek to inspire and offer good conditions and specific advice when it comes to healthy habits.**

## **Regular skills upgrade to create more value**

In 2018, PFA has been working determinedly with the development of an environment which makes it easier and quicker for employees to put their own and others' competences in play in an agile structure. During a period of 18 months, 25 per cent of PFA's employees have adopted the agile way of working. This new working structure prompts a simple and uncomplicated cooperation across PFA in order to make the best solutions for our customers. In addition, the cross-professional agile team setup also encourages acquiring new skills during the workday.

During 2018, we have also been working with change management. First round included 18 managers across PFA. The programme is based on psychology, neurology and biology in order to make room for development, changes and results. The purpose was to boost the change management competences throughout PFA, ensure a common understanding of changes and clarification of direction and priorities.

PFA needs a strong workforce of skilled specialists in order to keep our leading position in the pension market. We have therefore, in 2018, initiated a new specialist programme which is dedicated to PFA's priorities of creating a strong coherence between what is relevant for PFA from an organisational and strategic point of view and the personal development and motivation of the individual specialist. The programme involves 18 specialists and will be finalised mid-2019.

## **The employees are involved in the creation of the new domicile**

At the beginning of 2018, the employees were involved in the changes that are going to affect everybody during the renovation of PFA's headquarters. Approximately 50 per cent of the employees have been transferred temporarily to neighbouring premises in Nordhavn until the new domicile is finished. This means that the employees are situated close to the building site and must work

spread out on three different locations in Nordhavn until the end of 2020.

From the very beginning, the employees have taken part in planning the renovation and in testing new workplace settings. Meeting rooms, inflow of light, acoustics and the interior layout have formed part of the test labs that the employees have occupied as their office premises on a trial basis. The planning was made using the employees' feedback as the underlying basis. PFA has prioritised that the renovation be made according to a sustainability certification under the Green Building Council Denmark (DGNB Sølv), where – in addition to the quality of the environment – focus will be on the quality of the process and the social quality of the premises. This means that choice of material, design and the indoor climate for the employees are the focus of attention.

In 2019, the first employees will be able to move into the first part of the domicile, while we will begin the renovation of the next and final part, which is scheduled to be completed in 2020.

## **Health and a sustainable working life**

At the beginning of the year, we put a new health strategy for PFA into operation. The strategy is based on different tracks such as exercise and activity, diet, mental health and recovery. The purpose is to promote initiatives to support a healthy lifestyle for employees to ensure that they can contribute to creating a healthy performance culture in PFA while at the same time having a sustainable work life.

Throughout the year, PFA's employees have tested various initiatives and products in order to collect knowledge of and experience with exercise in everyday life, healthy digital habits and mental strength. The initiatives are mentioned in the box on the following page. This way, our employees help test and evaluate new initiatives and products before they, if at all, are selected to be part of PFA's health offers to the customers.



Number of employees: (average number of full-time employees)	1,337
Employee engagement:	5.9
Sickness absence:	3.2 pct.
Women in management:	39 per cent



### Selected activities from the implementation of the health strategy in 2018

**Mental strength and stress prevention:** All employees with personnel responsibility completed a master class in stress prevention, and more than 200 employees have participated in workshops on individual stress prevention resulting in specific and simple healthy behavioural changes.

**Healthy digital habits:** More than 300 employees participated in a lecture about healthy digital habits, which was followed by a screening of the participants' own habits and behaviour. The result of the screening will form the basis of a number of initiatives and recommendations to be presented in 2019 for the support of healthy digital habits among the employees.

**Physical activity during the working day:** PFA established a health lounge to provide the setting for free yoga classes for the employees three times a week. The company sports club, PFA Idrætsforening, also arranges other forms of functional training in the health lounge to help the employees maintain or build up their physical health.

### Employee survey shows a continued high engagement

The annual engagement survey for 2018 showed that PFA's employees are very engaged in their daily work. They take pride in their work, are backed by colleagues and want to contribute to the development of PFA as a workplace.

PFA attained a total score of 5.9 on a scale of 1 to 7, where 7 is best. This is a decline of 0.1 as against last year, but still considerably higher than the general engagement in the Danish financial and insurance industry, which ended up at 5.3 in 2018.

The highest scores in the annual survey in PFA were the employees' engagement in their job, the backing from colleagues and ideas to the improvement of the workplace. To this can be added that the relation to one's immediate superior and the possibility of using one's strengths and working with challenging tasks still play an important part in the engagement. At the same time, the annual survey shows that irrespective of seniority the employees rate engagement and energy to be relatively constant.

### 39 per cent women in PFA's management

PFA's target for the share of women in management is 40 per cent. At the end of 2018, the share was 39 per cent, which is just below target. In recent years, the share of women in management has been varying slightly from 41 per cent in 2016, to 36 in 2017 and 39 in 2018. To reach the target of 40 per cent, PFA will, among other things, continue prioritising that candidates of both genders take part in the recruitment and promotion processes during which the best candidate will be selected.

When looking at the distribution of women at manager level, senior manager level and vice president level, the distribution at year-end 2018 was 46, 33 and 24 per cent respectively. In particular, the share of managers and vice presidents has increased compared to 2017 from 41 per cent and 21 per cent respectively. On the other hand, the share of female senior managers declined by one per cent.

# About this report

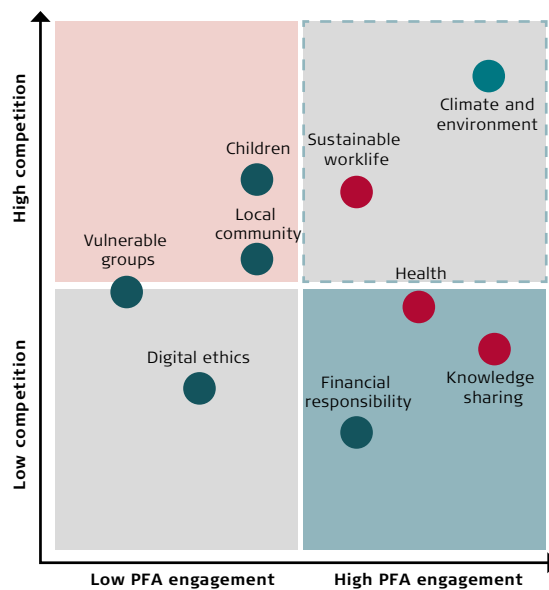
This report collects the PFA Group's activities and results from its work with corporate responsibility in 2018. Our corporate responsibility policy forms the basis of the work, and during 2018, PFA has updated the policy wishing to contribute more goal-oriented to the implementation of five selected global goals for sustainable development. The report includes a status of the work with the implementation of the CR strategy's 15 specific activities for 2018, and with that, the report follows up on the efforts and targets which were stated in the 2017 report on PFA's corporate responsibility. This report also describes 14 new activities which will be focal points for CR in 2019. This way, the report explains how PFA's corporate responsibility policy is implemented in PFA. It also describes the work with implementing due diligence in our working processes and brings together the goals we have defined for our work with implementing the policy in future.

The report covers the PFA Group. Together, PFA Holding's annual report, this CR report and the CR pages at pfa.dk comply with the Danish Financial Statements Act regarding the reporting of the company's corporate responsibility and the recommendations of active ownership from the Danish Committee on Corporate Governance. The mentioned reports also represent PFA's Communication on Progress report (COP) to the UN, which deals with PFA's implementation of the Ten Principles of the UN Global Compact. On page 48, we provide an overview which explains how PFA has been working during the year to comply with the principles of human rights, labour rights, climate, environment and anti-corruption. Page 49 provides an overview which explains how we comply with the recommendations of active ownership from the Danish Committee on Corporate Governance.

## Assessment of materiality

In 2018, we mapped the most important trends in the CR area together with external business partners. The mapping is included in a major analysis of the possible order of priority of PFA's corporate responsibility activities in future. We compared the results with feedback from internal and external stakeholders. The purpose was to collect data for an evaluation of materiality which specifies possibilities and risk for PFA and thus helps define a transparent CR position which supports PFA's business operations and position in society. PFA's contribution towards realising selected UN Global Goals was included in the basis of the mapping. The analyses singled out three areas of importance to PFA's business operations where PFA, at the same time, has the possibility of contributing to the development of society and of differentiating itself. This applies to the areas: responsible investments, a healthier and better working life and the good transition to life in the third age. Climate and environment was identified as an independent area, which will be incorporated under responsible

investments. The work with the three areas is reflected in the summary of the 2019 activities on page 12.



## Risk assessment and due diligence

PFA worked with implementing due diligence processes more extensively in the investment area during 2018 – both in relation to climate screening and screening for violation of human rights. The experience we have gained regarding climate screenings has been included in the work with developing a climate screening method intended for the Danish property portfolio. Another area in which we are working with due diligence is the area of artificial intelligence (AI). Concurrently with PFA's integration of AI in solutions for the customers, we also set goals to develop a strategy for responsible algorithms. This report describes the activities of the year in the work with due diligence and the areas where we are planning a focused effort in 2019.



PFA has still been working on a risk assessment of the CR efforts. This work formed part of the analyses described above and of the dialogue with both customers and stakeholders. The assessment is also included in the evaluation of the CR efforts. The purpose of the risk assessment is to ensure that the applied processes are solid. Also, it is to identify whether the prioritised efforts prevent the identified risks. Since last year's assessment, the risk assessment has been updated with the section 'Misapplication of customer data'. The table on page 38 lists the subjects of the risk assessment, and, based on our experience from 2018 and our targets for 2019, we have updated the assessment in relation to PFA's possibilities and preventive efforts.

### **The structure of this report**

This report begins with a description of the framework for corporate responsibility in PFA, a status of the implementation of the 15 CR strategy activities for 2018 and identification of the new activities for 2019. Subsequently, the report is structured around the four core elements in PFA's corporate responsibility policy: Responsible value creation, Society, Customers and Employees. Each chapter accounts for the individual CR strategy activities and describe the context of which they form part.

In the last part of the report, we have collected data and CR key figures. We describe how we have collected and calculated the figures and how the figures represent data that help describe PFA's work with corporate responsibility. The figures in the data section are presented compared to last year in order to illustrate the development.

PFA's responsibility model is described on page 47 and helps ensure that the reader can more easily navigate in the data section of the report. The responsibility model is updated to the effect that it reflects the efforts for the year towards implementing our corporate responsibility policy.

PFA's green accounts are included in the data section which states the consumption of waste, paper and CO<sub>2</sub>. The figures stated in the data section of the report are 2018 figures which are compared with figures from the two preceding years. The text part of the report primarily includes figures from 2018 which are compared to the previous year. The figures will be included wherever relevant.

Contact concerning this CR report and PFA's work with corporate responsibility is:  
Mette Vadstrup, Corporate Responsible Manager, Corporate Communications & External Relations, mev@pfa.dk

Outline of PFA's risk assessment within corporate responsibility

Risk	PFA's options	Preventive measures
Responsible value creation		
Negative impact on environment and climate.	Invest in green transition.	Climate considerations are included in the policy for responsible investments.
	Explain PFA's in-house efforts to reduce the environmental impact.	Measure and communicate about PFA's green accounts and climate screening model for the equity portfolio.
	Reduce carbon emissions in PFA's properties and other portfolios.	It is PFA's objective to initiate an energy mapping of the Danish property portfolio in 2019. Subsequently, PFA will be able to determine a CO <sub>2</sub> target.
That PFA through its investments contribute to illegal activities such as violation of human rights.	Be open about PFA's investment processes and the integration of the UN conventions.	Report and publish texts and investment lists at pfa.dk.
	Increase data integration to monitor the companies in PFA's portfolio of listed companies.	Implement PFA's action plan for integration of the UN Guiding Principles on Business and Human Rights.
	Increase the knowledge of PFA's policies and guidelines for the work with responsible investments.	PFA screens companies and aims at integrating ESG data into the investment processes.
That PFA is linked to unethical tax practice through its investments or investment partners.	Heighten the knowledge of PFA's tax policy and guidelines for how responsible tax practice is dealt with in the investment process.	PFA has a tax policy on how PFA is to act in this area.
		PFA has a Code of Conduct describing PFA's expectations of counterparts in the investment area. This Code of Conduct is described on page 16. PFA will work with the implementation in 2019.  PFA screens listed and unlisted investments to comply with PFA's tax policy.
That transparency on the dialogue with a company about active ownership results in the company losing confidence in the dialogue.	Transparency permits the affected parties to be informed about progress of a dialogue.	It is PFA's objective to increase transparency in the work with active ownership, but it is also necessary to find a balance in relation to transparency and dialogue with the company.
That suppliers and business partners violate human rights.	Heighten the knowledge of the UN Global Compact and the work with responsible corporate practice among suppliers.	PFA has a Code of Conduct and works with responsible management of suppliers. It is PFA's objective to update its Code of Conduct to ensure extensive embedding in the process of concluding contracts in 2019.

**Society**

Losing credibility by PFA not living up to the expectations as a market leader that contributes to developments in society.	Cooperate with the industry and contribute with knowledge and experience to raise awareness of pension, health insurance and the work with responsible investments.	PFA is a member of relevant trade organisations, networks and governmental initiatives.
	Contribute to the public debate wherever relevant.	PFA contributes to the public debate through contributions to the press and by holding conferences, participating in Folkemødet in Bornholm, etc.
	Dialogue with customers and other stakeholders in order to identify the expectations of PFA.	PFA has a customer board, a senior customer board, a customer panel and a systematised dialogue with stakeholders to be able to incorporate knowledge and feedback in its work.

**Customers**

Incorrect advice to customers or dissatisfied customers.	Increase the understanding of private finances and pension conditions as well as facilitate the customers' access through digital solutions.	PFA offers online advisory tools such as a pension check-up and the Investment Guide.
	Train and certify PFA's advisers.	PFA's advisers all complete a certification at the Danish Insurance Academy in advisory services within pension and dis-saving and in compliance with the MiFID regulations.
	Dissatisfied customers have avenues for complaint and may contact PFA's Customer Representative.	Pfa.dk includes an overview of the possibilities of complaint that the customers have access to. PFA has collected and published its recommendations.
Misapplication of customer data.	Increase the knowledge of PFA's work with data security and integration of the regulations on personal data.	PFA has implemented the General Data Protection Regulation, and, every year, all employees complete an e-learning course on prevention of money laundering and terrorist financing and a course on protection of personal data.
	Increase the knowledge of PFA's efforts in the area of responsible algorithms and ensure that the work on artificial intelligence (AI) is conducted responsibly.	PFA has established an AI Center of Excellence in order to ensure a responsible approach to the work with data and artificial intelligence. PFA has an objective of preparing a strategy for the work with responsible algorithms in 2019.

Employees

<p>That PFA's employees or customers are involved in corruption, bribery or money laundering.</p>	<p>Protect customers and employees against involvement in illegal or unethical practices.</p>	<p>PFA has initiated a mapping of the in-house processes to prevent that employees are involved in corruption and money laundering.</p> <p>Every year, all PFA employees complete an e-learning course on prevention of money laundering and terrorist financing and a course on protection of personal data.</p> <p>PFA has a whistle blower scheme which gives employees, customers and business partners the opportunity to report cases.</p>
<p>That employees are suddenly unable to work due to illness or other reasons.</p>	<p>PFA EarlyCare focuses on preventive measures. PFA Active Claims Handling helps customers/employees return to work.</p>	<p>Both PFA Active Claims Handling and PFA EarlyCare focus on preventive measures.</p>
<p>That employees are discriminated against or are not thriving at work.</p>	<p>Ensure that employees are committed, healthy and thriving at work.</p>	<p>PFA has personnel policies and completes an annual satisfaction survey with follow-up dialogues in the departments.</p> <p>A health strategy has been prepared for PFA.</p> <p>In addition, PFA prepares a compulsory workplace assessment with focus on the mental and physical working environment.</p>

**Klub Venner**

Selected as one of PFA Brug Livet Fonden's causes in 2018.

Please read more about Klub Venner on page 29



# CR key figures and data on PFA's corporate responsibility

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This part of the report comprises PFA's key figures and corporate responsibility data. The figures are presented in the same order as the chapters in the report and together with figures from the preceding two years. The purpose is to provide an overview of how PFA's corporate responsibility policy and the CR strategy 'Investing in a sustainable society 2017-2020' are complied with and to describe the development. This section can be read independently without having to consult the report for descriptions of specific activities. If the figures have changed considerably compared to 2017, or where a new calculation method has been introduced, we have made a short description in connection with the individual table.

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## Behind the figures in the report

The figures in this report are based on the figures that are collected, calculated and applied for the activities in the PFA Group. The selection of data has been prioritised in order to quantify the activities and goals that have been given priority in PFA's work with responsibility in PFA.

## Figures collected and registered with PFA

The figures we have collected and registered concern the total number of customers, customer enquiries, complaints and the application of products and satisfaction surveys in PFA. The calculation of the various categories is based on the method applied within the individual areas for calculating figures when it comes to number of consultations, e-mails, calls and processed cases. In addition to this, data regarding employees and employee conditions are collected and calculated internally in PFA. All figures are collected after the statement of the year and apply to the year 2018.

## CO<sub>2</sub> and resource consumption in PFA

Regarding the figures on CO<sub>2</sub> and resource consumption in PFA, a range of suppliers of electricity, heating, paper and waste management, who have all supplied figures after the closing of 2018, are involved. The calculation method used for determining CO<sub>2</sub> consumption is still the Climate Compass' Carbon Calculator. The green accounts for the year, on pages 58-60, are not comparable with previous years as we began the renovation of our domicile in April. The renovation implied that approximately 800 employees moved to other and smaller office premises. The consumption of electricity and heating in these office premises have been included in the 2018 green accounts in order to give a true and fair view of PFA's consumption. Consequently, the electricity and heating figures cannot be compared, which means that the overall reduction in the emission of CO<sub>2</sub> cannot be compared with the overall emission from previous years either. The other figures of consumption are comparable.

## CO<sub>2</sub> mapping of the equity portfolio

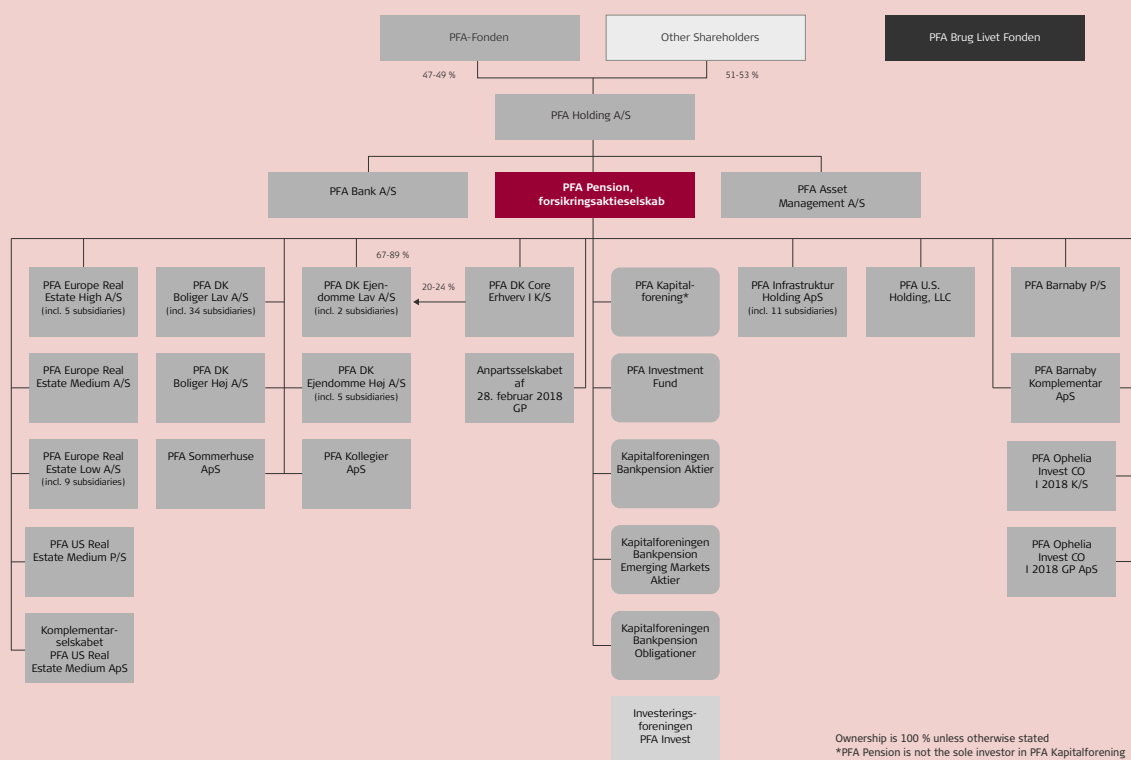
PFA has been working with mapping the CO<sub>2</sub> consumption in the equity portfolio based on PFA's screening model from 2017. The figures which we make public in the chapter Responsible value creation on pages 17-18 stand alone as no comparable figures are available from previous years. In 2019, we will be working on a mapping of the carbon emissions in the Danish property portfolio. Until more specific data is available, the investment area will not form part of PFA's overall green accounts.

## The work with responsible investments

The figures on company screenings and dialogues with companies are based on cooperation with an external supplier and log of the companies that PFA entered into dialogue with during the year. The data from votings at companies' general meetings is based on our own log and the number of companies for which our business partner has provided their analyses and evaluations.



## Organisation chart of the PFA Group as at 15 May 2019



PFA's history dates back to 1917. The share capital of the parent company PFA Holding amounts to DKK 1 million, and the dividend distributable by the company is a maximum of 5 per cent of the share capital, corresponding to DKK 50,000. This way, the ownership structure supports PFA's objective to create the greatest possible value for its customers.

The shareholders of PFA Holding are PFA-Fonden and other shareholders, which primarily comprise the founding organisations from 1917, whose members and employees for the most part are customers with PFA. In 2017, the PFA Group was adjusted as follows: The PFA Group's property companies were reorganised as at 1 January 2017. Hereinafter, the property companies are now organised under three parent property companies: PFA Ejendomme A/S, PFA Boliger A/S and PFA Property Investment A/S.

In 2017, the number of property companies in the PFA Group increased by 10 companies. This means that the PFA Group comprised 43 companies at the end of the year, including 4 general partner companies. The increase in the number of property companies is a result of a continued increase in the number of property investments including corporate transactions.

Ejendomsaktieselskabet BP, which PFA Pension assumed ownership of in connection with the merger with Bankpension on 30 September 2016, was transferred to PFA Ejendomme A/S as at 1 January 2017. The company has changed its name to Dirch Passers Allé 27 A/S, which is the address of the property that housed the previous headquarters of Bankpension, which is owned by the company.

In 2017, PFA Pension founded an American subsidiary, PFA U.S. REIT, Inc. as part of the investment strategy for 2017 with the purpose of optimising property and infrastructure investments and similar alternative investments in the USA.

Also, PFA Pension established a number of subsidiaries for handling the company's alternative investments:

- PFA U.S. Holding, LLC, with the purpose of owning infrastructure investments in the USA
- PFA Infra Neptune Holding ApS including subsidiaries, whose purpose it is to invest (directly or indirectly) in infrastructure assets located in England
- The companies High Leas PV Ltd, Alcor LSPV Ltd, West End Farm PV Ltd, Pobail CIC, Woodhouse Farm Solar PV, West End Farm PV CIC, all with the purpose of building and operating solar farms

- PFA Barnaby P/S and associated general partner companies with the purpose of investing in, owning, managing and selling loans and loan portfolios, including undertaking of discounted assets and assets connected to these.

Finally, PFA Pension founded the company PFA Kollegier ApS, which will contain the student housing facilities that PFA is going to build as an offshoot of the 100<sup>th</sup> anniversary.

**This CR Report concerns the PFA Group and comprises the following companies/legal entities:**

- PFA Holding A/S (parent company)
- PFA Pension, forsikringsaktieselskab
- PFA Asset Management A/S
- PFA Bank A/S
- PFA Boliger A/S and subsidiaries
- PFA Ejendomme A/S and subsidiaries
- PFA Property Investment A/S and subsidiaries
- PFA Kapitalforening
- PFA Investment Fund
- PFA Soraarneq, forsikringsaktieselskab
- PFA Infrastruktur Holding ApS and subsidiaries
- PFA U.S. REIT, Inc.
- PFA U.S. Holding, LLC
- PFA Barnaby P/S
- PFA Barnaby Komplementar ApS
- PFA Kollegier ApS
- Kapitalforeningen Bankpension Aktier
- Kapitalforeningen Bankpension Emerging Markets Aktier
- Kapitalforeningen Bankpension Obligationer.

**Description of PFA and our business model**

PFA Pension, forsikringsaktieselskab was founded in 1917 by a number of employers' and employees' organisations with the purpose of ensuring financial security for the employees and their families when they became too old to work, became unable to work or changed jobs. This continues to be the objective today, and it is orchestrated through professional advisory services, active investments of the customers' savings and insuring the customers throughout their lives. PFA's owners have waived their share of the profit that we create to ensure that as much as possible is returned to the customers.

It is our ambition to ensure people in Denmark the freedom to live their lives. We do this by working to make pension savings grow, but also by offering insurance cover, savings plans for private customers and various products within health and housing, among other things. All of this is done in order to live up to our customer pledge: More for you.

**Our business model is based on the following four basic pillars:**

**1. We share the profit**

PFA is an independent company with a business model which makes it possible for us to create more value for our customers. We were not established for the benefit of our owners' wealth, and the greater part of the value we create will be returned to the customers. This is the very core of our business model.

**2. Qualified recommendation**

For many people, there is a great difference between how important pension is, and how interesting they find it. This makes our role particularly important. As the customers' company, we take responsibility for finding the solution that suits the customers best. We do this by consequently transforming our knowledge and experience into qualified recommendations. This applies regardless of whether we interact with the customers at a consultation, over the phone or through our digital channels.

**3. Strong investment engine**

With more than DKK 600 billion under management, PFA is the largest customer-owned pension company in Denmark – and ranks among the largest pension companies in Europe. Our size allows us to manage our customers' money in the best way possible.

The customers' investments are handled by possibly the best investment team in the sector. Therefore, we can plan the right strategy, sign the best deals and keep expenses at a minimum.

Finally, it is part of our DNA to be a responsible player in society. This means that our customers can rest assured that their savings are invested responsibly and contribute to a positive development in society - while growing.

**4. We are engaged in our customers' health and quality of life**

Our obligations to our customers reach beyond the financial aspect. Over the years, we have acquired solid experience and profound competences within the health area, and we make these available to our customers and the public debate. In our strategy for health at the workplace, we especially focus on preventive measures and early intervention. We can see that our solutions result in shorter courses of illness - which benefits both the individual, the company and society.

However, we do not only care about our customers' quality of life when they are part of the labour market. We also care when they retire. Therefore, we offer health insurance plans, rental housing and IT support, among other things, to seniors who are customers with PFA Pension.

### Incorporating the CR efforts in PFA

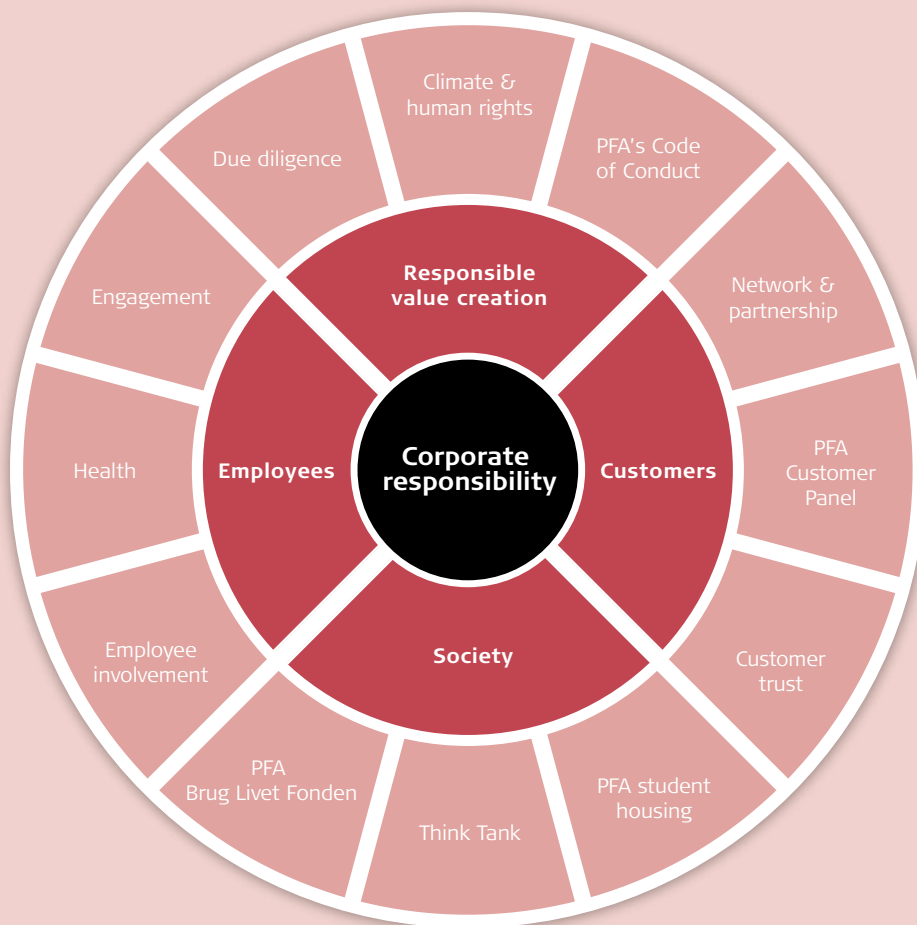
The framework for PFA's work with responsibility is our CR policy and the CR strategy 'Investing in a sustainable society 2017-2020', which both define the priorities of PFA's contribution to the development of society and indicate its direction. Add to this the compliance with PFA's other policies and guidelines on CR. The strategy, policies and guidelines can be found at [pfa.dk](http://pfa.dk).

PFA's policies have been adopted by the Board of Directors of PFA, and the overall responsibility for CR in PFA lies with the Executive Board. PFA's CR department carries out the daily work with CR as well as the coordination of activities and efforts in collaboration with other departments and companies within the PFA Group. The CR department is a part of Corporate Communications & External Relations. Responsibility for complying with the policy on responsible investments and the work

with active ownership lies with PFA's Responsible Investment Board (RI Board). As a minimum, the RI Board meets 10 times a year, and its members are PFA's CFO, management and employees of PFA Asset Management, the Vice President and Head of Corporate Communications & External Relations and the CR Manager. PFA's CFO is Chairman of the RI Board. The terms of reference for the RI Board can be found at [pfa.dk](http://pfa.dk).

### PFA's responsibility model

PFA's responsibility model is based on the four key elements that constitute PFA's policy for corporate responsibility: Responsible value creation, Society, Customers and Employees. The themes stated in the outer part of the wheel are the 2018 themes, which are dealt with in this report. The model can also be used to navigate through the entire report.



# Overview of the implementation of the Ten Principles of the UN Global Compact

PFA's framework for the work with corporate responsibility is based on the Ten Principles of the UN Global Compact, including the UN Guiding Principles on Business and Human Rights. Consequently, the activities and results described in this report also include the Ten Principles. The table below describes on which pages in the report the various principles are dealt with and to which extent PFA has been engaged in the subjects under each principle.

Global Compact Principles	PFA activities	Page number in CR report
Principles 1-10	<ul style="list-style-type: none"> <li>Corporate responsibility policy, Policy for responsible investments and the CR strategy 'Investing in a sustainable society 2017-2020'</li> <li>Screening of PFA's equity and bond portfolio</li> <li>Engagement dialogue with companies that violate PFA's policy for responsible investments</li> <li>RI Board meetings, assessments and decisions</li> <li>Code of Conduct and risk assessment of suppliers.</li> </ul>	8-10 15-16 16-17 14 21
Principles 1-2 Human rights	<ul style="list-style-type: none"> <li>Human rights due diligence in PFA's work on implementing the UN Guiding Principles (UNGP) on Business and Human Rights in the investment process. Subsequently, other business areas in PFA will follow</li> <li>Development and incorporation of human rights heatmap</li> <li>Reporting on action plan for incorporation of the UNGP in the investment process.</li> </ul>	19 19 19-21
Principles 3-6 Labour rights	<ul style="list-style-type: none"> <li>Employee satisfaction, health initiatives and competence development.</li> </ul>	36-37
Principles 7-9 Climate and environment	<ul style="list-style-type: none"> <li>Due diligence and the work with handling climate risks in the investment process</li> <li>PFA reports on the exposure to CO<sub>2</sub> emissions from the equity portfolio</li> <li>PFA has prepared guidelines and a method for the work with mapping carbon emissions in the Danish property portfolio</li> <li>PFA accounts for the company's own environmental and energy impact resulting from the company's office premises and describes the sustainability measures which are part of the renovation of the PFA domicile.</li> </ul>	17-19 17-18 21 58-60
Principle 10 Anti-corruption	<ul style="list-style-type: none"> <li>An area which PFA focuses on when screening and engaging in dialogue with companies and business partners</li> <li>PFA has continued its focus on integrating processes and training all employees with the PFA Group in prevention of money laundering and terrorist financing as well as in protection of personal data</li> <li>PFA has initiated an internal mapping of how the anti-corruption work is to be incorporated in various areas within PFA.</li> </ul>	50 53 53

**WE SUPPORT**

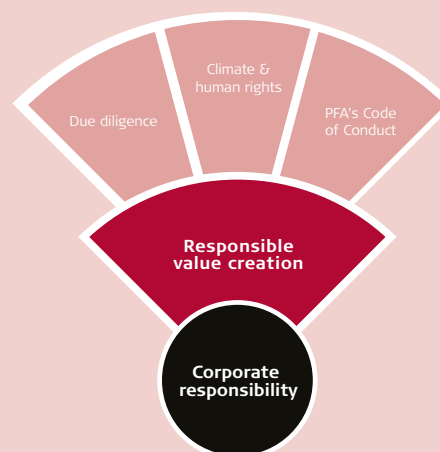


# Overview of the implementation of the Committee on Corporate Governance's seven recommendations for active ownership

Recommendation	Adopted	Reason for partly adopting/ not adopting recommendation:
<p><b>1. Engagement policy</b> IT IS RECOMMENDED that institutional investors should publicly disclose an engagement policy with respect to investments in shares in companies that are publicly listed in Denmark.</p>	Yes	PFA's policy for responsible investments is published at pfa.dk together with the guidelines and methods that PFA uses as a basis for its implementation of the policy.
<p><b>2. Monitoring and dialogue</b> IT IS RECOMMENDED that institutional investors monitor and engage in a dialogue with the companies in which they invest, taking due account of the investment strategy and the principle of proportionality.</p>	Yes	PFA is in a continuous dialogue with the companies in which it invests, and PFA uses its right to vote at the general meetings. The procedure depends on the size of the investment, equity interest and the possibility of contacting the company directly. PFA's dialogue with companies may, among other things, concern value creation, corporate governance, strategy and corporate responsibility. PFA's screening of companies is described on page 15.
<p><b>3. Escalation</b> IT IS RECOMMENDED that institutional investors as part of the engagement policy determine how they may escalate their stewardship activities beyond regular monitoring and dialogue.</p>	Yes	PFA's policy allows PFA to: <ul style="list-style-type: none"> <li>• express its views at a general meeting</li> <li>• hold meetings with the management</li> <li>• cooperate with other investors</li> <li>• vote for or against proposals at general meetings</li> <li>• divest its position.</li> </ul>
<p><b>4. Collaboration with other investors</b> IT IS RECOMMENDED that institutional investors as part of the engagement policy should describe how they will act collectively with other investors in order to achieve greater effect and impact.</p>	Yes	PFA is, for instance through its IT membership of PRI and NEC, cooperating with other investors on active ownership. Read about PFA's cooperative partners on page 15. The specification of the companies in which a breach of PFA's policy has been confirmed is published at pfa.dk. The specification also lists PFA's cooperative partners with regard to the dialogue.
<p><b>5. Voting policy</b> IT IS RECOMMENDED that institutional investors as part of their engagement policy adopt a voting policy and are willing to publicly disclose whether and how they have voted.</p>	Yes	PFA's approach to voting at companies' general meetings is described in the Policy for responsible investments. Learn more about voting on pages 51-52.
<p><b>6. Conflicts of interest</b> IT IS RECOMMENDED that the engagement policy contains a description of how conflicts of interest in relation to stewardship are identified and managed.</p>	Yes	It is PFA's Responsible Investment Board which assesses the progress in the dialogue with companies. Any conflicting interests among the employees are covered by PFA's guidelines for handling conflicts of interest.
<p><b>7. Reporting</b> IT IS RECOMMENDED that institutional investors at least annually report on their stewardship activities, including voting activity.</p>	Yes	PFA reports annually on active ownership activities and results. See pages 14 and 50. Furthermore, PFA regularly updates its log of active ownership dialogue at pfa.dk.

# Responsible value creation

– Data for active ownership



## Company screenings

On behalf of PFA, Global Engagement Services (GES) is screening PFA's investments and assesses the engagement dialogue with the companies. We also enter into our own engagement dialogues with a number of companies and are involved in ongoing dialogues with external managers on PFA's policy on responsible investments.

In 2018, 98 cases from PFA's portfolio were evaluated by GES against 209 cases in 2017. The heavy decline in the number of cases with possible violation of PFA's policy is, among other things, due to the work with reducing the number of companies in PFA's total portfolio. Dialogue has been engaged with 51 companies which have either violated PFA's policy or which have showed indications of a violation of PFA's policy. This is 58 cases less than the year before.

## GES engagement dialogues broken down by cases

	2018	2017	2016
Engagement dialogue with confirmed violation of PFA's policy for responsible investments	18	34	31
Engagement dialogue with indications of violation of PFA's policy for responsible investments	33	75	60
<b>Total GES engagement dialogues broken down by cases</b>	<b>51</b>	<b>109</b>	<b>91</b>

GES has closed 16 engagement dialogue cases with companies that fulfilled the audit criteria. However, in some cases, GES may still be in dialogue with the company on another case.

## GES engagement dialogues broken down by subjects

Area	Number	Per cent of total
Environment	11	22
Human rights	18	35
Labour rights	12	23
Corruption	10	20
Controversial weapons	0	0
<b>Total</b>	<b>51</b>	<b>100</b>



## Overview of PFA's direct dialogue with companies

	2018	2017	2016
Engagement dialogue with companies with confirmed violation of PFA's policy for responsible investments	4	7	5
Engagement dialogue with companies with indications of violation of PFA's policy for responsible investments	9	6	8
<b>Total number of PFA's direct engagement dialogue with companies</b>	<b>13</b>	<b>13</b>	<b>13</b>

PFA has been in dialogue with Danske Bank, Shell, Total, Mærsk, Nestlé, JBS SA, Enbridge, Rio Tinto (2 cases), Nykredit, Macquarie, Freeport-McMoRan and Burberry. PFA has closed its dialogue with Freeport-McMoRan and Rio Tinto. The status of the dialogue with the companies is accessible at PFA's log under active ownership at pfa.dk.

## Country screenings

PFA makes its own screenings and analyses of investments in foreign government bonds. PFA's country screening model is the basis of this work, and the assessment of countries is discussed by the RI Board. At the end of 2018, PFA invested in government bonds in 85 countries. The list of countries in which PFA has invested as well as a list of excluded countries are available at pfa.dk.

## Voting at companies' general meetings

In compliance with PFA's guidelines for voting at companies' general meetings, PFA gives priority to voting at Danish companies' general meetings. As for general meetings of foreign companies, we cooperate with an external supplier, Manifest, which provides company-specific analyses. It is always PFA's decision how to vote at a foreign company's general meeting. During the year, we have evaluated the work with voting, including the number of foreign companies where we have given priority to voting at the general meeting.

During 2018, PFA cast its vote at 21 general meetings of Danish companies. Foreign companies' general meetings are analysed based on an observation list of companies with particular ESG-related issues that we already monitor. In 2018, invitations to 49 companies' general meetings were analysed in order to assess whether any items on the agenda overlapped our focus on the company. The votings related to the subjects: management-related matters, human rights, labour rights as well as environment and climate.

### PFA voted at the following Danish companies' general meetings:

Danske Bank	Jyske Bank	Ørsted
FL-Schmidt	Lollands Bank	Djurslands Bank
Carlsberg	DSV	TDC
Rockwool	Pandora	Tryg
Lån & Spar Bank	Novozymes	Per Årsleff
Vestas Wind Systems	Novo Nordisk	
A. P. Møller-Mærsk	NNIT	
Genmab	Bavarian Nordic	

#### **PFA voted at the general meetings of the following foreign companies:**

3M Company Inc.	Groupe Danone	Glencore plc
Accenture plc	Home Depot Inc.	Siemens AG
Aetna Inc.	ING Groep NV	State Street
Alibaba Group Holding Ltd	JPMorgan Chase & Co	Synchrony Financial
Allergan plc	Koninklijke Philips NV	Thermo Fisher Scientific Inc.
Ally Financial Inc.	LVMH Moët Hennessy Louis Vuitton SE	T-Mobile US Inc.
Alphabet Inc.	MasterCard Inc.	Total SA
Amazon.com, Inc.	McDonald's Corp	Unilever NV
Apple Inc.	Medtronic plc	United Parcel Service Inc.
Bayer AG	Microsoft Corp	Vodafone Group plc
BP plc	Nestlé SA	Wells Fargo & Co
British American Tobacco plc	Norwegian Cruise Line Holdings Ltd	WPP plc
Chevron Corp	Novartis AG	Zimmer Biomet Holdings Inc.
Citigroup Inc.	Pfizer Inc.	
ConocoPhillips	Reckitt Benckiser Group plc	
CVS Health Corp	Rio Tinto plc	
Exxon Mobil Corp	Royal Dutch Shell plc	
GlaxoSmithKline plc	S&P Global Inc.	

#### **Exclusion**

In 2018, PFA excluded Larsen & Toubro, Bharat Electronics and United Technologies upon verification that they are involved in the production of nuclear weapons. At the same time, we decided not to enter into further cooperation with Macquarie as long as we are engaged in a critical dialogue with the bank group on its management and involvement in the dividend tax case.

At pfa.dk, PFA publishes a list of the companies and countries in which we invest. A total exclusion list is also available.

#### **Dialogue and transparency on the work with responsible investments**

The priority of entering into a constructive dialogue on the work with responsible investments continued in 2018 at the same high level with various stakeholders. This contributed considerably to ensuring input for improvement of our processes and focus areas of responsible investments.

PFA participated in dialogue with and as a speaker in connection with the following activities in 2018:

- 8 bilateral meetings with the WWF, Mellempfolkeligt Samvirke (MS) – ActionAid and Ibis Oxfam
- 3 meetings in Tax Dialogue
- 5 debates on responsible investments at Folkemødet
- 2 contributions to the debate on the Paris Agreement and the UN's Global Goals for sustainable development respectively.

## Responsible corporate practice

### Whistleblower scheme in PFA

The PFA Group has an overall whistleblower scheme, which is managed by Got Ethics A/S.

The purpose of PFA's whistleblower scheme is to provide employees, customers and business partners with the possibility of reacting – in a secure and confidential way – in any case of suspicion or knowledge about violation of legislation, fraud or other dishonest or unfair circumstances that conflicts with PFA's policies and values.

During 2018, PFA has prepared a new compulsory training programme for the PFA Group employees on how to use the whistleblower scheme. The purpose of the training programme is to heighten the knowledge of the scheme among the employees.

Cases may be reported confidentially and anonymously to the Chairman of the Group Audit Committee and the Chief Compliance Officer or other members of the Group Audit Committee, who will examine the issues in further detail and report to the Board of Directors.

In 2018, two cases were reported, which have been processed and completed.

### Prevention of corruption

In 2018, we initiated an internal mapping of how the anti-corruption work is meant to be incorporated in various areas within PFA. The work will be continued in 2019. Furthermore, we have been working throughout 2018 with preventive measures against PFA being associated with corruption. This is an area on which we have been focusing particularly in relation to the companies in which investments are made. Please read more about this on page 50.

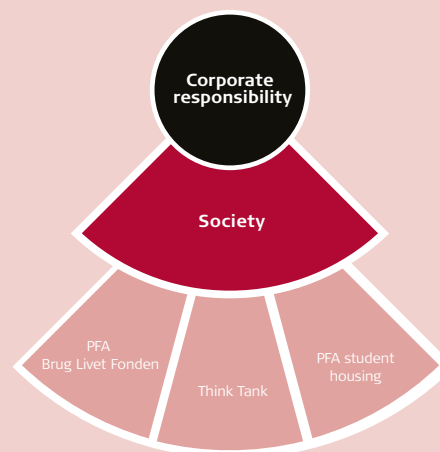
PFA encourages all employees and external partners to report any improper business conduct. This reporting is possible through our whistleblower scheme.

### Money laundering, personal data and statutory requirements

In 2018, PFA continued its focus on implementation of the changes in the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism, MiFID II, the Insurance Distribution Directive, the General Data Protection Regulation and the first stage of the pension reform. Compliance with these statutory requirements presents a comprehensive process which implies considerable pressure on resources in PFA as it affects all employees with the Group and requires changes of business as well as working procedures and IT systems.

In connection with the implementation of the new statutory requirements, we decided to optimise our processes and improve the customer experience. In addition to this, all employees of the PFA Group completed an e-learning course on prevention of money laundering and terrorist financing and a course on protection of personal data.

# Society



## Councils and networks to promote corporate responsibility

PFA gives priority to participating in councils and networks for the purpose of exchanging knowledge and stepping up the work on corporate responsibility. Besides informal dialogues with a number of different players and stakeholders, PFA's participation was as follows in 2018:

- Member of the UN Global Compact
- Member of Dansif and Dansif's board of directors
- Member of Global Compact Network Denmark
- Member of the organisation PRI
- Member of the SRI task force under Insurance & Pension Denmark (IPD)
- Member of the CSR network under the Danish Chamber of Commerce
- Member of Finance Denmark
- Member of Danish Green Building Council
- Member of the Danish Government's think tank for a good and long senior working life
- Member of Nordic Engagement Cooperation
- Member of Institutional Investors Group on Climate Change
- Participates in the project 'Consider Copenhagen'
- Member of 'Velkommen Hjem'
- Board member in Stockholm Environment Institute.

## Tax accounts for the PFA Group

In 2018, PFA updated its tax policy in order for the policy to reflect PFA's increasing focus on responsible tax practice in the investment area and generally. A similar paragraph has been included in the policy for responsible investments. The update must be viewed in the light of the considerable development in the tax area by means of more stringent measures against tax avoidance and rules to ensure increased transparency in the tax area. The tax policy goes beyond PFA's role as an investor and also applies to PFA and PFA's relationship with its business partners. This is why we have highlighted the tax policy in other situations as well, including in PFA's dialogue with and advice to customers. The policy connects PFA's practice in the area with PFA's expectations of its business partners. With this policy, PFA wants to contribute to increased transparency in the tax area, which is why we have prepared a total statement of the taxes that we pay and collect each year. The statement forms part of the compliance with the PFA Group's tax policy and describes a part of PFA's contribution to society.

### Total taxes paid by PFA (DKK million)

Paid by PFA	2018*	2017	2016
Corporation tax	0	10**	45**
Payroll tax	131	139	126
Property tax	19	21	27
Non-life insurance tax	7	6	10
Other	1	4	9
<b>Total</b>	<b>158</b>	<b>180**</b>	<b>217**</b>

\* The figures are calculated as at 31 December 2018 and have been rounded off to the nearest whole figure. Changes to the figures will occur in connection with the final statement prior to the final report.

\*\* Adjusted compared to previous announcement.

Collected by PFA	2018*	2017	2016
Pension yield tax	841	3,861	3,379**
Taxes according to the Danish Pension Taxation Act	616	618	607
Tax at source and labour market contribution (pensions)	4,546	4,319	4,052
Tax at source and labour market contribution (employees)	414	378	360
VAT	94	33	30
<b>Total</b>	<b>6,511</b>	<b>9,209</b>	<b>8,428**</b>

\* The figures are calculated as at 31 December 2018 and have been rounded off to the nearest whole figure. Changes to the figures will occur in connection with the final statement prior to the final report.

\*\* Adjusted compared to previous announcement.

### Support for associations and voluntary work

Throughout the year, PFA has cooperated with PFA Brug Livet Fonden's causes to promote awareness of the causes and their activities. Furthermore, PFA has engaged the employees, who contributed by raising money to the foundation and increasing its visibility.

### Mentorship programme for war veterans

Since January 2017, PFA has supported and cooperated with the organisation Velkommen Hjem. The cooperation began as PFA entered into four mentorships, and during 2018, further three mentors have volunteered. Thus, seven senior managers with PFA have accepted to make their competences and network available to selected returned veterans with the purpose of paving the way to a regular working life as a civilian, to education or to a continued career in Danish Defence. Besides supporting the individual veteran with identification of competences and networking options, this opportunity will also provide the mentors with the possibility of self-development as managers by meeting someone with a different work profile than PFA is used to. Altogether, PFA's mentors have helped nine veterans get a job/make a career change. For several PFA mentors, the mentorship has led to establishment of networks with other companies that are also supporting the organisation Velkommen Hjem.

### Partnerships regarding PFA Critical Illness

PFA cooperates with the Danish Cancer Society, the Danish Heart Foundation, the Danish Stroke Association and the Danish Multiple Sclerosis Society. 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 is to ensure that the customers are offered support and guidance from experts and patients' associations. In 2018, 2,052 customers were offered a membership with one of the four organisations, and almost 7 per cent accepted. This is in line with 2017, when approximately 8 per cent accepted. The reason why the percentage is not higher is probably that we forward letters regarding rulings and settlements electronically to the customers' e-Boks, compared to earlier when we forwarded these letters by ordinary mail.

### Democracy sponsor at Folkemødet

For the fourth year in a row, PFA participated in Folkemødet in Bornholm with a view to raise central questions to the political Denmark in an informal manner. Based on PFA's Think Tank – The New 3<sup>rd</sup> Age – 27 debates were held in PFA's tent. We hosted 10 of the debates ourselves, and during the debates the thoughts and ideas from the Think Tank were put up for debate with focus on the transition from labour market to retirement, health, senior housing and technological development. In addition, we held debates on responsible investments. In our capacity as a responsible company of relevance to society, we want to discuss our positions on important subjects in society with politicians, business partners, customers, citizens and other stakeholders. This provides us with insights which we bring home from Bornholm and use in our product development etc. We also gave the scene to a selection of customers and to the PFA Brug Livet Fonden's causes that, among other subjects, discussed pros and cons of including volunteers in social development work and in the social media culture of children and young adults.

PFA's media communication up to and during Folkemødet reached 10,565,955 readers, received a total PR score of +63 and achieved a message penetration of 87 per cent. We achieved a total social media reach of 394,000 (views) in connection with Folkemødet.

## Outline of meeting activity at Folkemødet 2018

Meetings with	Number
Customers	29
Politicians	38
Public servants	13
Journalists	20
Organisations	44
NGOs	10
Other	3
<b>Total</b>	<b>157</b>

### Contributions to political parties

Through our dialogue with the political environment, we seek to stimulate the interest in and knowledge of relevant areas of material importance to the PFA Group and our customers. We do not contribute to political parties or individual candidates.

### Overall contribution to political parties during the last three years

Year	2018	2017	2016
Amount	DKK 0	DKK 0	DKK 0

### Reputation

During recent years, PFA has been working determinedly to consolidate its reputation with focus on the core values: professional, fair and accountable. This is also reflected in our approach to communication with customers, stakeholders and journalists. It has, among other things, led to a significant step-up when it comes to profiling substantial agendas where PFA, as a market-leading pension company, major investor, and with a customer portfolio of approximately 1.3 million individuals, wishes to be visible and contribute actively. This was a decisive factor when PFA received the award as the pension company and financial institution in Denmark with the best image in the 2018 rating carried out by Berlingske Business Guld Image. In the rating, we advanced as much as 17 positions from number 34 in 2017 to number 17 in 2018.

A subject which attracted much mention in 2018 was the Think Tank – The New 3<sup>rd</sup> Age, which PFA is behind. In February, the Think Tank launched an important contribution to the public debate about the future Denmark and how we adjust our society best possible when allowing for the group of elderly and senior citizens which is going to increase markedly towards 2040. Throughout 2018, PFA has actively focused on stress and the impact that the digitalisation and mobile habits have on people in Denmark with reference to the overall health agenda. In the consumer economic area, we have been involved in important debates and issues related to the accumulation of pension savings and working life for people in Denmark.

Also in the investment area, CR-related mentions are of increasing importance, and, in 2018, PFA played an important role in two of the most mentioned cases. Hereunder, the acquisition of TDC, where PFA was part of the consortium that acquired and delisted the company. With the acquisition, PFA wants to help develop and future-proof the Danish digital infrastructure. And, in connection with the money laundering case in Danske Bank, where PFA, as an active investor, clearly criticised the bank's business conduct and played an active role in the replacement of the bank's board of directors in order to help the bank get control of the situation and restore the customer confidence in Denmark. Finally, we have actively helped raise awareness of the UN Global Goals, and we have, among other things, taken part in the establishment of the Danish SDG Investment Fund. It is also worth mentioning that PFA brought

focus to the green transition through its investment in two of the world's biggest offshore wind farms, for example at the inauguration of Walney Extension Offshore Wind Farm in September.

When considering media coverage only, 2018 showed notable progress in the number of mentions of PFA. Considering the media coverage for the four largest Danish commercial pension companies, PFA was behind 63 per cent of the total mentions according to Infomedia's statistics. The media coverage has been predominantly positive with a very limited number of negative mentions. This has the effect that PFA's PR score ranks in the top among the pension companies with most positive mentions.

	2018	2017	2016
Mentions in the press	6,911	4,173	3,885

When it comes to corporate responsibility, media coverage mainly concerned subjects regarding the responsibility related to PFA's investment of the customers' savings. The subjects involved taxation, tobacco, environment and tax havens. PFA has taken an open and transparent approach, which means that we are contacted by many journalists. PFA Brug Livet Fonden was mentioned several times - particularly in connection with the announcement of the causes of the year in December. When the Think Tank - The New 3<sup>rd</sup> Age was established in January, PFA made an important contribution to public debate about the future of Denmark, and also challenged the notion of what it means to get older and having to retire from the labour market. This led to much media coverage and helped change the way in which we discuss what will define life as a senior and life in retirement in the future. We were also very engaged in the interplay issue which exists between public benefits and private pension plans. The problem implies that for many people in Denmark it will not be worthwhile saving up for retirement. PFA played a prominent part in the media in the efforts to make politicians create a more sustainable pension system.

### Prizes and awards

#### **PFA elected as best pension company in Berlingske Guld Image**

PFA was elected the pension company - and the company in the financial sector in general - with the best image. PFA advanced as much as 17 positions to number 17. This was a result of the study 'Berlingske Guld Image', which was carried out by the institute for opinion analysis IFO (Institutet for Opinionsanalyse) and published in June.

#### **PFA maintains its top ranking within employee image**

For the second year in a row, PFA is No. 1 in an employee image survey conducted by FinansWatch and Wilke in the pension industry among 3,400 financial employees. This means that PFA was elected the most attractive place to be employed among the 10 largest pension companies in Denmark.

#### **PFA receives international honour for its alternative investments**

At the investment conference IPE Conference & Awards, which the leading European publication Investment & Pensions Europe is behind, PFA won the prize in December as the best company in the category "Alternatives".

#### **PFA receives award for best digital customer solutions**

In April, PFA received an award for best digital customer solutions in the industry. The reason for the award is, among other things, PFA's website, PFA's social media approach, the personal page My PFA and PFA's innovation skills. The prize is awarded by the Danish news media Finanswatch and the consultancy and analytics firm Wilke.

#### **Top performer in Infomedia's CEO Superbrand 2018 analysis**

Allan Polack, PFA's Group CEO, took the prize as top performer in Infomedia's major media analysis, CEO Superbrands, in which he advanced from the position as No. 33 to No. 15. Infomedia amplifies that the progress is due to Allan Polack's very prominent engagement in the public debate on subjects of relevance to pension. An engagement which has consolidated PFA's brand.

#### **Report on IT inspection in PFA**

During the period August 2017 - September 2017, the Danish Financial Supervisory Authority (the Danish FSA) carried out an IT inspection in PFA. The report was published in April 2018.



According to the Danish FSA's assessment, PFA focuses on control and minimisation of risks in the IT area and has, from a general perspective, demonstrated a high level of responsibility in a number of key areas within IT application. We have also implemented satisfactory management control in relation to IT operations and IT security. Over an extended period, we have been working on the establishment of reliable management of access control to PFA's systems. The Danish FSA finds that PFA has demonstrated a general risk-based approach in the area and, furthermore, has established adequate administrative procedures and control of access to systems.

However, the Danish FSA ordered that PFA further fortified part of its administration of internal access to PFA's systems. Also, the FSA ordered that PFA fortified its method for IT risk management including continued the implementation of the security measures that PFA presented to the Danish FSA.

## PFA's green accounts for PFA's office premises in Denmark<sup>1</sup>

### CO<sub>2</sub> emissions in PFA

	2018	2017	2016
Total CO <sub>2</sub> emissions (t)	1,503	1,894	1,604
CO <sub>2</sub> emissions (t) per employee	1.12	1.46	1.26

### CO<sub>2</sub> emissions from electricity

	2018	2017	2016
Electricity consumption kWh	1,665,067	1,979,658	2,040,301
CO <sub>2</sub> consumption from electricity (t)	297	475	386*

\*The CO<sub>2</sub> emissions decline in spite of a minor increase in the electricity consumption. This is due to a positive development in the fuel combination for one produced kWh of average electricity in Denmark. The number is published by Energinet and is included in the Carbon Calculator, which can be accessed on [climatecompass.dk](http://climatecompass.dk).

### CO<sub>2</sub> emissions from district heating

	2018	2017	2016
District heating consumption kWh	3,155,100	3,201,730	2,756,570
CO <sub>2</sub> consumption from district heating	360	425	374

### Paper consumption

	Paper (t)
2018	64
2017	62
2016	64

1. The total CO<sub>2</sub> emission for 2018 cannot be compared to that of the preceding years. Learn more about this on page 44.

### CO<sub>2</sub> emissions from cars

Petrol-driven cars	Number of cars	Consumption in litres
2018	14	14,630
2017	1	5,127
2016	1	4,452

Diesel-driven cars	Number of cars	Consumption in litres
2018	101	130,066
2017	124	196,730
2016	130	179,803

Cars in total	Number of cars	CO <sub>2</sub> (t)
2018	115	380
2017	125	544
2016	131	487

### CO<sub>2</sub> emissions derived from air travels

Year	Air travels	Kilometres flown	CO <sub>2</sub> (t)
2018	866	660,391	131
2017	427	706,422	147
2016	993	567,293	62

### CO<sub>2</sub> consumption (t)\*

	2018	2017	2016
Electricity	297	475	386
District heating	360	425	374
Air travel	131	147	62
Petrol-driven cars	34	12	10
Diesel-driven cars	346	522	477
Paper and derivative effects	335	313	295
<b>Total</b>	<b>1,503</b>	<b>1,894</b>	<b>1,604</b>

\*The figures have been calculated using the Climate Compass' Carbon Calculator.

### Overview of CO<sub>2</sub> emissions distributed on scope 1, 2 and 3

	<b>2018</b>
Scope 1	380 CO <sub>2</sub> (t)
Scope 2	657 CO <sub>2</sub> (t)
Scope 3	466 CO <sub>2</sub> (t)
<b>Total</b>	<b>1,503 CO<sub>2</sub> (t)</b>

PFA leans against Greenhouse Gas Protocol's method in which carbon reductions are calculated in scopes. Scope 1 = petrol and diesel consumption, Scope 2 = electricity and district heating consumption, Scope 3 = air travels, waste disposal and values deriving from Scope 1 and 2.

### Digitisation of documents

	<b>2018</b>	<b>2017</b>	<b>2016</b>
Reduction due to letters sent through e-Boks	16,612 kg of paper	14,461 kg of paper	8,810 kg of paper
Reduction due to letters available at the portal	506,038 kg of paper	683,783 kg of paper	403,980 kg of paper
Total reduction in kilograms of paper	522,650 kg of paper	698,244 kg of paper	412,790 kg of paper

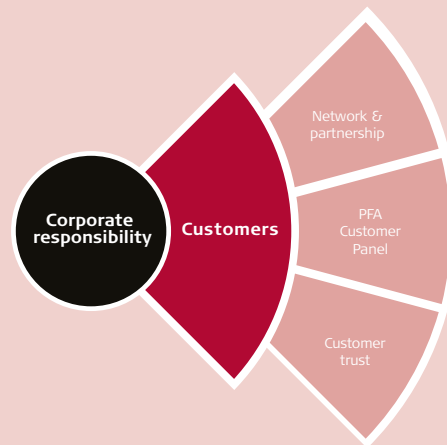
### Waste (t)

	<b>2018</b>	<b>2017</b>	<b>2016</b>
Total waste <sup>1</sup>	223	232	281 <sup>2</sup>

1) Waste includes the following types of waste: Waste deemed suitable for incineration, cardboard, paper, confidential paper, plastic film, iron and metal, food waste, glass, electronic waste and mixed waste to be sorted.

2) The increase is primarily due to an increase in the amount of building waste from major renovations in 2016. The amount in 2017 is back to 2015 level.

# Customers



PFA's employees in different ways engage in daily dialogue with many customers about a wide range of subjects. The listing below is based on the dialogue and contact on specific subjects that are recorded by PFA.

## Customer enquiries and contact

	Advisory services <sup>1</sup>	Phone calls to PFA's Advisory Services Centre	E-mails to PFA's Advisory Services Centre	Phone calls to PFA's Health Centre <sup>2</sup>	Total
2018	69,642	226,973	NA <sup>4</sup>	291,112	587,727
2017	70,016	229,112	89,311	256,229	644,668
2016	69,737 <sup>3</sup>	208,618	68,121	271,140	617,616

- 1) The figures include customers who have received advisory services at a seminar, by phone, online and face-to-face pension consultations.  
 2) The figures include all calls from PFA's customers to PFA Health Centre and Claims Centre and through Falck HealthCare. The figures are calculated according to a new method in 2017. Consequently, the figures for the other years have been adjusted.  
 3) The number of advisory activities is somewhat below the budgeted level, which is primarily due to a staff shortage of 6 FTE compared to the prescribed staffing.  
 4) In 2018, PFA's Advisory Services Centre implemented a new e-mail system, and figures for 2018 cannot be retrieved.

## Settled complaints in the Complaints & Customer Satisfaction Department broken down by outcome

Outcome	Partially in favour (per cent)	Rejected (per cent)	Accommodated (per cent)	Found in favour (per cent)	Lapsed
2018	4	37	38	17	3
2017	4	46	27	14	3
2016	3	60	12	25	NA*

\*Registration of the category 'Lapsed' was commenced in 2017 and refers to cases where the complainant drops the case.

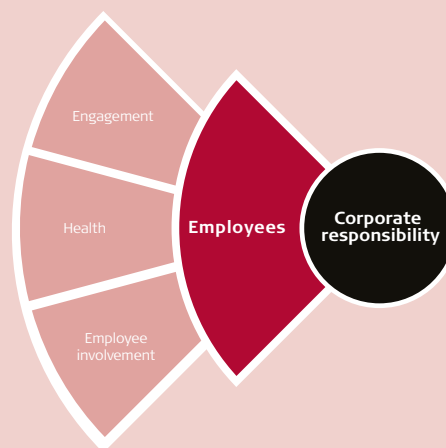
## Enquiries and proactive Customer Representative cases

Number of complaints							Referred to Complaints Dept.	
	Total	Accommodated	Found in favour	Partially in favour	Rejected	Pending	Lapsed	
2018	198	142	19	0	29	2	4	2
2017	138	81	9	2	31	1	8	6
2016	118	62	14	1	27	4	3	7

In 2014, PFA's Customer Representative took up proactive case management. To provide an overview of the total number of cases, these have been included in the specification. The category 'Lapsed' comprises cases where the problem is solved during the normal process and the customer therefore says that no further action should be taken.

# Employees

- and working conditions



## Number of employees

	2018	2017	2016
Number of employees, (average number of full-time employees)	1,337	1,296	1,276
Staff turnover in per cent	14.2	16.0	14.6

## Seniority and age 2018

	Seniority	Age
Men	7.3	43.7
Women	8.8	44.2
Employees (m/f)	8.1	44

## Flex job employees

	2018	2017	2016
Number of employees in flex jobs	8	9	9

## Sickness absence

	2018	2017	2016
Sickness absence (in per cent)	3.2	3.2	3.0

## Occupational injuries

	2018	2017	2016
Number of occupational injuries	8	7	6

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

## PFA engagement survey

	PFA engagement survey 2018	PFA engagement survey 2017	PFA engagement survey 2016
Employee engagement*	5.9	6.0	5.8
PFA compared to the financial and insurance sector**	5.8 / 5.3	5.9 / 5.6	5.8 / 5.4
Would recommend others to apply for a job with PFA	5.8	6.0	NA

\*PFA's engagement survey ranges its scores on a scale of 1 to 7, where 7 is best.

\*\*PFA's engagement survey is compared to Enalyzer's sectoral benchmark of the Danish financial and insurance industry. In 2018, 19 out of the 31 questions in PFA's employee engagement survey could be benchmarked against the industry, which is why only the score for these questions has been applied in the industry comparison.

## Number of women in management and on PFA's customer boards

	2018			2017			2016		
	Men	Women	Percentage of women	Men	Women	Percentage of women	Men	Women	Percentage of women
Level 1 Vice presidents	13	4	<b>24</b>	15	4	<b>34</b>	14	4	<b>22</b>
Level 2 Senior managers	33	16	<b>33</b>	37	19	<b>21</b>	31	18	<b>37</b>
Level 3 Other managers	41	35	<b>46</b>	45	31	<b>41</b>	37	34	<b>48</b>
<b>Total</b>	<b>87</b>	<b>55</b>	<b>39</b>	<b>97</b>	<b>54</b>	<b>36</b>	<b>82</b>	<b>56</b>	<b>41</b>

### PFA's Executive Board

- By year-end 2018, PFA's Executive Board consists of four men.

### PFA's Customer Board

- PFA's Customer Board comprises 77 members, of which 5 seats were vacant at the end of 2018 and 26 were occupied by women. This corresponds to a percentage of women of 34 per cent.

### PFA's Senior Customer Board

- PFA's Senior Customer Board comprises 10 members, 5 of which are women. This corresponds to a percentage of women of 50 per cent.

### **PFA's target figures and policy for gender distribution in boards of directors**

PFA's latest update of target figures for the Board of Directors and the policy regarding the gender distribution in management was made in June 2017.

The overall target for gender distribution within boards of directors with three members is 33.33/66.67 per cent; for boards of directors with four members the target is 25/75 per cent; and for boards of directors with more than four members the target is 40/60 per cent. The target for the gender distribution in management for PFA Holding and PFA Pension is 25/75 per cent.

#### **PFA Holding and PFA Pension's Boards of Directors**

The Boards of Directors of PFA Holding and PFA Pension are identical. The Board of Directors consists of 14 members of which 3 are women. This is equivalent to a gender distribution of 21/79 per cent.

PFA aims at a more equal distribution of men and women on the Board of Directors. PFA's ownership structure and the resulting procedure for election of the members of PFA Holding's Board of Directors only makes it possible to change the gender distribution gradually and over time. The process and the initiatives to reach the 2018 objective are described in the policy.

As part of the work with targets and policy for the gender distribution in management, we can also point out nomination and election of board members with specific competences within areas identified by the board which can contribute to the efforts of translating PFA's ambitions into reality.

For the boards of directors of PFA Holding and PFA Pension, the target was not met at the end of 2018 as 21 per cent of the board, including board members elected by the employees, are represented by female board members. The reasons for the status on fulfilment of the target figure are stated above.

#### **Boards with 3 members**

For boards with three members, the target was met at the end of 2018 in the Group's property companies as the gender distribution is 33.33/66.67 per cent in these companies.

#### **Boards with 4 members**

For boards with four members, which apply to the Board of Directors of PFA Bank, the target was met at the end of 2018 as the gender distribution is 25/75 per cent.

#### **Boards with more than four members**

For boards with more than four members, which apply to the Board of Directors of PFA Asset Management, the target was not met at the end of 2018 as the gender distribution is 0/100 per cent. In connection with a female board member's exit from the board of directors of PFA Asset Management in 2017, the best qualified new candidate for the board was a man, which led to the present gender distribution of 100/0 per cent.

Learn more about PFA's targets and initiatives to increase the proportion of the under-represented gender on boards and in managerial positions in PFA at [pfa.dk](http://pfa.dk).







smil

**SMILfonden - SMILcamps**

Selected as one of PFA Brug Livet Fonden's causes in 2018.

Please read more about SMILcamps on page 29.



**PFA Pension**

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