



*Sustainable · Socially responsible · Innovative*

# Responsibility Report 2016



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2016 administration fee of DKK 297 per member

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Accumulated return of more than 80% since 2008

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Member communication at eye level

10

252,000 member treatments in 2016

## Our members are our key concern

PensionDanmark has assets in excess of DKK 200 billion under management. These assets belong to our members. We invest across the globe, and it is our responsibility to invest and manage these assets responsibly.

As a labour market pension fund, it is our job to supplement public pension, healthcare and funds for life long learning. Our objective is to secure solid pensions for our members and, through our health, prevention and continuing education efforts, to enable them to remain active members of the workforce for longer. We contribute to retaining our members in the labour market and help them return if they fall ill along the way. With the retirement age gradually increasing, these measures will become increasingly important in the years ahead.

But our ambition does not stop here. We are committed to finding new and innovative solutions to important societal problems – be they new ways of funding climate-friendly investments, preventive healthcare plans or pioneering the use of digital customer service solutions.

We are at the cutting edge when it comes to integrating sustainability in our investments. It therefore comes naturally to us to support and work actively to achieve the UN's Sustainable Development Goals.

These goals reassure us that the way we invest is consistent with the direction in which the world needs to develop.



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Automatic payment of insurance benefits in difficult life situations

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173,675 sqm of sustainable property

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Green power for all members

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Value-adding dialogue with 272 companies

Our business revolves around securing attractive and carefully planned pension and security schemes for our members and their families.

Our members are our main concern.

Torben Möger Pedersen  
CEO, PensionDanmark





## The members' funds

It is PensionDanmark's responsibility to manage and develop the pension schemes provided for by collective agreements so they generate the maximum value for our partners: our members, the companies they work for and the unions and employers organisations.

A typical member will pay at least 12% of his or her monthly wage or salary to PensionDanmark. It is essential that our members feel confident that their money is not spent on costly administration and that they and their families will always get what they are entitled to in the event of an accident or disease.

### Contributions mainly go to retirement savings

Ninety per cent of contributions go to members' retirement savings schemes, while the rest goes to insurance cover, the healthcare programme and administration. Administration takes up 1% of contributions.

### Low administration fees

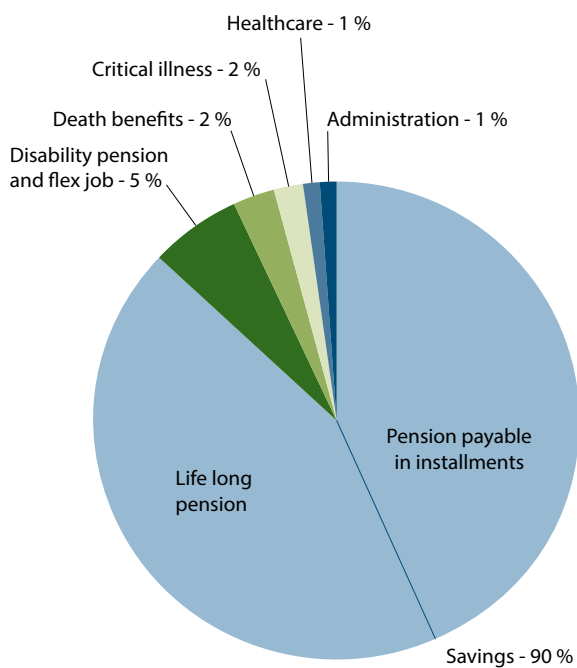
Each member of PensionDanmark paid an administration fee of DKK 297 in 2016, 25% less than in 2013 and one of the lowest administration fees among Danish pensions providers. In the years ahead, we expect to keep costs low and member services high. Low costs and good member services are possible if we seize the potential offered by digitalisation of processes and products.

Besides pension, insurance and healthcare schemes, PensionDanmark manages a number of educational funds that offer supplementary training and skills upgrading to our members throughout their working lives.





PensionDanmark's retirement pension disbursements exceeded DKK 2 billion in 2016.



### Giving our members what they are entitled to

Through integration of public registers, we make sure that our members or their surviving relatives always receive what their insurance entitles them to. Integration of registers also allows us to offer assistance to long-term sick members and members in flex jobs.



## Investing our members' money

PensionDanmark's core business - since we were established in 1992 - is to provide our members with attractive and stable pensions. Accordingly, we continuously strive to achieve solid returns on our investments without assuming excessive risks.

PensionDanmark's members own assets of DKK 200 billion. This amount is bound to grow over the coming years, as member contributions will continue to exceed retiree disbursements.

### Real estate and infrastructure

PensionDanmark has built a portfolio of assets characterised by stable earnings significantly higher than bond returns and by low risk. This portfolio includes real estate and infrastructure assets such as wind farms and biomass-fired power plants. Such assets make up a fifth of investments until a member reaches the age of 75, after which the share is gradually reduced.

When the first PensionDanmark members retired in 1993, they received an almost symbolical lump sum because they had only paid 0.9% of their wages or salaries since the beginning of the year. Today, when a member retires after being a member of PensionDanmark since the beginning, he or she can expect to receive an annual retirement pension of more than DKK 60,000 because their regular payments have increased, and because PensionDanmark has earned a return on their savings, growing the assets of each individual member.

In 2016, PensionDanmark earned a return of more than 7%. Since 2008, we have earned accumulated returns of more than 80%. While we strive to achieve the highest possible return, we do not wish to put our members' savings at risk. Accordingly, we adjust each member's investment portfolio throughout his or her life so as to minimise the risk of a major loss right before the member retires.

### Aligning investment risk with retirement age

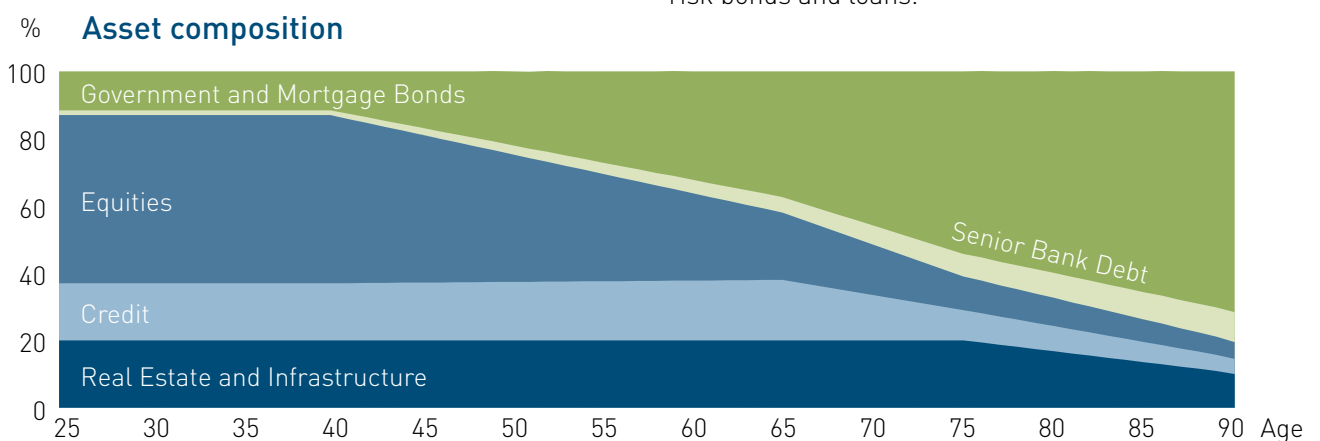
While a member's retirement is still many years off, PensionDanmark will invest his or her savings in



In 2016, PensionDanmark earned a return of more than 7%. Since 2008, we have earned accumulated returns of more than 80%.

assets with a higher risk in order to obtain a higher return. Accordingly, a larger share of young members' savings is invested in equities and high-yield bonds, which typically pay a high return over time, but also involve a higher risk.

As members approach their retirement age, the risk is reduced. Around the time when members reach the age of 40, the share of their savings invested in equities is gradually reduced and replaced by lower-risk bonds and loans.



PensionDanmark invests member savings in age pools, continuously aligning the composition of assets and the risk profile with the age and investment horizon of each individual member.



## Digital solutions add value

It is important that our members are aware of the possibilities in their pension schemes, including the scope for adjusting their insurances. We contact our members when they need to review their insurance.

Not all of our members know the details of their pension schemes, and we therefore offer personalised advice when they need to adjust their insurances. We communicate through various channels (e-mail, text

messages, e-Boks, pension.dk and by phone) on a regular and automated basis using the member data available to us – including age, address, occupation, occupational history, insurance schemes and use of our healthcare programme.

Satisfaction surveys show that our members react positively when we reach out to them through several communication channels. The more channels our members can access us through, the more pleased they are.







“I received an e-mail from an adviser informing me of the advantages of having all my pension schemes with a single provider. I logged on to pension.dk through the link in the e-mail and moved all my pensions to PensionDanmark. It was so easy, and by combining my pensions I get a better overview and avoid having to pay administration fees to several providers.”

Stefan Meller, electrician

In addition, our customer advisers visit companies and unions to inform our members of the options available to them under their pension schemes.

### Available and accessible through multiple channels

It is important to us that members with questions about their pension schemes feel that we are acces-

sible and available on their preferred communication channels. Our members can obtain information through pension.dk, phone, chat, webcam advisory interviews and Facebook.

We want information to be easily accessible to our members. Accordingly, we upgraded our pension.dk website in 2016 to make it easier to use and more visual through the use of animations and videos.

Our new website can be fully accessed through PC, smartphone and tablet. 60% of our members use a smartphone or tablet to access pension.dk.





## Prevention is a long-term investment

By prioritising health and prevention, we contribute to improving our members' quality of life and enable them to stay in the labour market longer. This enables companies to retain skilled employees and helps reduce expenses for sickness and anticipatory pension benefits.

PensionDanmark took the first steps to establishing a preventive health plan for our members in 2005. Today, almost all sectors covered by collective agreements have agreed to make this health plan part of members' pension schemes with PensionDanmark.

### Targeted at members

The health plan is targeted at our members, be they skilled or unskilled and many of whom perform physically demanding work. The plan contributes to preventing attrition and ensures that minor symptoms do not develop into long-term sickness, chronic disease and, at worst, anticipatory retirement.

Through the health plan, our members have ac-

cess to free preventive treatment in one of 125 local healthcare clinics operated by physiotherapists, chiropractors, masseurs and reflexologists. As a doctor's referral is not required, access to preventive treatment is simple and fast. A total of 252,000 treatments were performed in 2016. A fast diagnosis programme is also available to our members. Helping sick members diagnose their condition, the fast diagnosis programme ensures that our members start the right treatment quickly and without unnecessary delay.

The programme also encompasses health advice by phone, offering psychological counselling, substance abuse counselling, etc.

### 13,000 members have completed PensionDanmark's health test

Towards the end of 2015, PensionDanmark introduced a health test that members can take on our website or using our app. Among other things, the test calculates the test subject's body age and, depending on the test results, advises members to make use of one or more of the offers available to them under their health plan.



“According to the test, I showed signs of stress. I had a good talk with a nurse, who referred me to a psychologist. I had five phone sessions with a very competent psychologist, who helped me sort out my mind and talked me through my divorce. It was very helpful.”

Jesper Krogh, dairyman

One year after its introduction, almost 13,000 members have taken PensionDanmark’s health test, and many of them have subsequently received help through their health plan. One of them is dairyman Jesper Krogh, who took the health test after going through divorce. Based on his test results, he was advised to contact PensionDanmark’s health team, which is operated by nurses and social workers.



### New collaboration between PensionDanmark and “Bam-bus”

In the spring of 2016, PensionDanmark and the Construction Sector Safety and Health Preventive Service Bus (Bam-bus) – a mobile consultancy service promoting the development of safe and healthy working conditions for construction sites, construction companies and their employees – worked together to put prevention of physical and psychological problems in the construction sector on the agenda. Bam-bus visited more than 1,500 construction sites and construction companies in 2016. During the autumn, the so-called Tool Truck visited 30 vocational schools, teaching 5,100 students and 420 instructors at construction training facilities across the country how to prevent attrition.



### Steen got help from the health team

Steen Sandholm is 30 years old and a trained carpenter. When he suffered a cerebral blood clot, he received DKK 100,000 through his critical illness insurance. Steen also got a care call from PensionDanmark's health team. Not in need of help at that time, Steen went back to work.

However, after two weeks he had to report sick due to severe nerve pain in his arm. But Steen is not the type of man to just give up. He *insisted* on rehabilitating and getting on with his life, and through a relative

he got into contact with NeuroFys.dk, who specialise in rehabilitation of cerebral blood clot patients.

"However, it would have been very expensive if I had to pay it out of my own pocket. So I checked out my options with PensionDanmark's health team. I spoke with a very understanding nurse, who arranged a four-month programme for me at NeuroFys.dk. And she checked up on me on a regular basis," says Steen Sandholm, who has now recovered and is back in his job as a carpenter.

### Members saved DKK 1.6 million

Members falling ill may, at worst, end up on disability pension. This entails both personal and financial consequences for the member concerned, and is a costly affair for society and PensionDanmark.

The payoffs are obviously greater for all parties involved when we help younger members to remain at their jobs and avoid anticipatory pension. Had Steen Sandholm ended up on anticipatory pension, he would have had 34 years on anticipatory pension with supplementary anticipatory pension benefits (DKK 72,000 a year) from PensionDanmark ahead of

Steen Sandholm back in his job as a carpenter





Musculoskeletal disorders are the most frequent cause of anticipatory retirement among PensionDanmark's members.

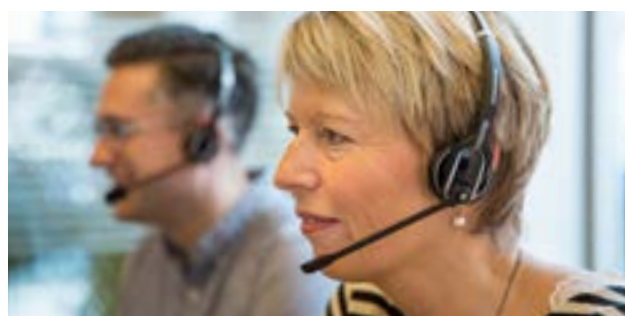
him. In order to cover that amount, PensionDanmark would have had to take DKK 1.6 million from our members' insurance premiums. Instead, this money now goes to pension benefits for the benefit of all our members.

### Data integration helps members with long-term illnesses

Since October 2014, PensionDanmark has worked with the Danish Agency for Labour Market and Recruitment (STAR) to integrate sickness absence data.

As a result of this collaboration, members on medical leave who have been absent for more than four weeks will receive a letter from STAR advising them to contact PensionDanmark's health team for information about their health plan options and help getting back to work.

In 2016, 1,400 members with long-term illnesses contacted PensionDanmark's health team. 1,100 were referred to one of the offers under the healthcare programme, and the rest were referred to their own doctor or received advice from the health team. And our efforts have paid off: 70% have returned to work.



### PensionDanmark's health team

PensionDanmark's health team consists of nurses, social workers and pension advisers. The team is focused on assisting members who are or risk becoming absent due to illness, providing advice and recommending other offers (interdisciplinary treatment, fast diagnosis, psychological therapy, specialist treatment, scans, etc.).



## Providing financial security when an accident or illness strikes

Pension schemes contain a number of important insurances that become operative on death, certain critical illnesses and the granting of disability pension and flex jobs, providing a robust safety net for our members and their families. Through integration with public registers, we make sure that everybody gets what they are entitled to.

When a member dies, his or her surviving relatives are entitled to death benefit. Thanks to coordination with the Civil Register, the relatives are automatically notified of their rights.

A member who is granted public disability pension is automatically notified of his or her rights, i.e. monthly supplementary anticipatory pension benefits of between DKK 3,000 and DKK 6,000 before tax on top of his or her public anticipatory pension benefit. In addition, the member receives a tax-free lump sum

of DKK 100,000, and our savings balance protection system keeps up retirement savings payments so that the old age living standards of members on anticipatory retirement are not impaired.

Thanks to the cooperation with STAR, flex job members are also notified that they are covered by savings balance protection and that their retirement savings will consequently not suffer although members switching to flex job employment typically work and pay less than before.

As a result of coordination with the Danish National Hospital Discharge Register, members suffering critical illness who have not already contacted PensionDanmark themselves are automatically notified that they are entitled to a lump sum of DKK 100,000.

PensionDanmark pays the first year's membership fee to the relevant patients association for critically ill members to ensure that they receive advice specifically designed to help them return to a normal family and work life. In 2016, 2,200 members were granted one year's paid membership of either the Danish



“I was fortunate enough to receive an e-mail from PensionDanmark in my e-boks informing me that, being in a flex job, I was covered by pension savings balance protection.”

Jesper Jensen, service coordinator

### Aided by savings balance protection

Jesper Jensen, a service coordinator with JS Ventilation A/S, has been awarded a flex job due to a bad back. Working fewer hours, he now pays less into his retirement savings account.

“I was fortunate enough to receive an e-mail from PensionDanmark in my e-boks informing me that, being in a flex job, I was covered by pension savings balance protection. That means I get compensated in my pension contributions for the fewer hours I work,” says Jesper Jensen, and he adds: “This means that I’m not worse off than when I was working normal hours and that, when I retire, my savings will be bigger than they might have been.”

Cancer Society, the Danish Heart Foundation, Danish Stroke Association, Parkinsonforeningen (Parkinson’s disease association) or the Danish Multiple Sclerosis Society.

### Taking care of our sick members

Each year, a number of our members suffer long-term illness and are absent from work for more than four weeks. They receive a letter from STAR advising them to contact PensionDanmark’s nurse team. The purpose of our healthcare programme is to help our members stay fit for work as long as possible.





## Supporting the UN's Sustainable Development Goals

Committed to managing member savings in a responsible manner, we follow developments in relation to new international responsibility and sustainability agreements and standards.

Our responsible investment guidelines build on a number of broadly recognised international conventions and norms that set the framework for our work with responsibility and sustainability in the investment portfolio.

One of the major themes for investors in 2016 and the years ahead is the implementation of the UN's 17 Sustainable Development Goals. At PensionDanmark, we support these goals because we consider them to be an important step towards a more affluent and sustainable world.

The UN Sustainable Development Goals provide interesting investment opportunities that will contribute to generating attractive returns for our members and to the world reaching the goals by 2030.

For us as investors, some of the goals are a natural extension of our commitment to investing member savings in a responsible manner, and that is where we can make a difference.

### Taking part in the dialogue

In 2016, PensionDanmark participated in several events revolving around the Sustainable Development Goals. Recognising our efforts and



### UN Sustainable Development Goals

In September 2015, the UN adopted a set of Sustainable Development Goals to replace its 2015 goals. The 17 UN Sustainable Development Goals and 169 sub-goals address some of the world's major sustainability issues, setting out to end extreme poverty and hunger, reduce inequality and combat climate change by 2030.





expertise in this area, the OECD invited PensionDanmark CEO Torben Möger Pedersen to join the advisory body for the new OECD Centre on Green Finance and Investment.

Examples of how PensionDanmark manages its responsibility as an investor in practice, and how this contributes to generating solid returns for our members, are given on the next pages.



PensionDanmark offers its members a healthcare programme focused on, among other things, prevention of musculoskeletal disorders.



More than 10% of PensionDanmark's portfolio is invested in sustainable energy such as wind farms and biomass-fired power plants.



Part of PensionDanmark's portfolio is invested in infrastructure supporting the green transition.



When acting as an owner, PensionDanmark requires that buildings are certified to be sustainable. That reduces its environmental and climate footprint.



PensionDanmark is an investor in the Danish Climate Investment Fund, which works to supply modern, sustainable technology to developing countries.



PensionDanmark contributes expertise and experience in climate change finance and engages in sustainability dialogue with multiple enterprises.



## Sustainable buildings contribute to a sustainable bottom line

PensionDanmark owns a DKK 16 billion portfolio of properties located across Denmark. In 2016, we contracted to construct five new sustainable buildings that will not only earn a solid return for our members over the coming years, but also create jobs for our members in the construction sector.

UN sustainable development goal no. 11 concerns sustainable buildings and cities, and its sub-goals address pollution, carbon emissions and waste from buildings. This goes hand in hand with PensionDanmark's real estate strategy, according to which all new residential and non-residential properties must be sustainable.

### Investing safely in certified buildings

This means that all new commercial properties must be certified to the highest score possible by recognised certification programmes such as DGNB, LEED or BREEAM.

Certified buildings are rated on a number of parameters, including energy use, materials and the impact on the local environment in the form of rainwater clearance etc., but also on the social and functional quality of the building benefiting especially its daily users.

For PensionDanmark as an investor, sustainable buildings pay off in a number of ways. Already in the construction phase, the sustainability objective helps define the framework of the project, reducing the risk of errors and delays, and when the building is finished, it is more attractive to potential tenants looking for modern facilities for their employees and buildings that match their own sustainability profile.

### Sustainability reduces investment risk

A property built today will typically stand for more than 50 years, which means that the choices made today will also have a major impact on future users of the building. Integrating future developments into the construction, ensuring, e.g., that the building can be converted from office use to other purposes,



In 2016, PensionDanmark's domicile in Langelinie Allé was awarded the gold certificate by Green Building Council Denmark in connection with its new DGNB certification of existing buildings.

reduces the risk of the building standing idle if its current tenants vacate it.

For a long-term investor like PensionDanmark, this helps increase the long-term value of our property portfolio, and at the same time the sustainability strategy serves a risk management purpose in relation to our real estate portfolio.

We require that all builders working at PensionDanmark's construction sites are covered by a Danish collective agreement, and we uphold particularly strict requirements regarding occupational health and safety.



## Certification

In 2016, PensionDanmark was awarded the DGNB gold certificate for contracting firm MT Højgaard's new domicile in Søborg, which PensionDanmark has built and owns. This took the number of certified buildings in PensionDanmark's property portfolio to nine, all of which have scored top points.

PensionDanmark has four residential property projects under construction or being planned in the Copenhagen area – Havnebryggen on Islands Brygge, Kronløbsøen in Nordhavn and two housing projects in Virum and Ørestad Syd – which will all be granted the highest DGNB ratings and be among the first residential properties to be certified in Denmark.



## Investing in energy and infrastructure with a positive climate impact

PensionDanmark has been a leader in renewable energy financing for several years, generating solid and stable returns for our members and contributing to climate control.

The December 2015 Paris Agreement was a historical step towards a more sustainable future. This is consistent with PensionDanmark's investment

strategy and our target of investing 10% of our assets in infrastructure such as wind farms, biomass-fired power plants and transmission plants.

### Supplying our members with CO2-neutral power

One result of this strategy is the building of biomass-fired power plants in the UK, where Danish companies supply the technology, while PensionDanmark and other investors supply the financing. In





PensionDanmark's investments in wind, biomass and solar plants represent capacity exceeding the annual power consumption of PensionDanmark's members and their families.

2016, Copenhagen Infrastructure Partners, in which PensionDanmark is an investor, undertook to build the fourth biomass-fired power plant in the UK.

This financing model demonstrates how a strong collaboration between Danish investors and Danish technology suppliers can open up the world to Danish climate technology while at the same time giving PensionDanmark's members an attractive return on their savings.

PensionDanmark has invested in and committed to invest in renewable energy and transmission assets worth DKK 23 billion and consequently has investments in renewable wind, solar and biomass energy

plants with green power capacity in excess of 2,500 MW – more than all the power consumed annually by PensionDanmark's members and their families combined.

### Climate investments in developing countries

Increasing investments in developing countries, where the investment climate is less mature than in developed countries, is a challenge in relation to the Sustainable Development Goals. PensionDanmark is an investor in the Danish Climate Investment Fund (KIF) and the Danish Agribusiness Fund (DAF), both public-private partnerships investing in projects in developing countries.

Both funds employ blended finance, meaning that public funds help attract private funds to projects that under normal circumstances would be too risky for private investors.



## Active ownership creates value for all parties

At year-end 2016, PensionDanmark had investments in 1,400 listed companies. Although we are a minority shareholder, co-ownership of a business entails responsibilities. That is why PensionDanmark has laid down guidelines for responsible investment and active ownership.

The objective of active ownership is to implement positive change in our portfolio enterprises that will benefit us as shareholders as well as the enterprise and its local community.

The Committee on Corporate Governance issued Denmark's first stewardship code in 2016. PensionDanmark supports this work and we will report on our progress in relation to these recommendations going forward.





### Dialogue focused on value creation

Active ownership has been an integral part of PensionDanmark's work for almost ten years. Hermes EOS, our external partner, engages in dialogue with companies across the world on behalf of PensionDanmark and a number of other investors.

Hermes focuses its efforts on the enterprises offering the greatest potential for exerting positive influence and on enterprises in which its clients have the largest positions in aggregate and thus the greatest exposure and influence. PensionDanmark collaborates with an external partner because working with like-minded investors provides the best opportunities for driving positive change.

### Long-term active ownership pays off

Our website, [pensiondanmark.com](http://pensiondanmark.com), provides examples of dialogues with portfolio companies, and additional information about the work performed by Hermes EOS on behalf of PensionDanmark and other investors may be found on Hermes EOS's website. PensionDanmark's guidelines for responsible investment are based on a number of international conventions and norms, including the UN's Universal Declaration of Human Rights, ILO conventions, Global Compact, the OECD Guidelines for Multinational Enterprises, etc.

In 2016, PensionDanmark was engaged in dialogue with 272 enterprises on 787 subjects and voted at

### Case: Bayer

Hermes EOS has engaged in regular dialogue on a number of issues with German-based chemicals and pharmaceuticals conglomerate Bayer since 2008. The dialogue began when Bayer was linked to child labour in cotton seed fields in India by a Dutch NGO. Bayer's efforts against child labour are now often cited as a best practice example. In addition, Hermes EOS has worked to strengthen Bayer's interaction with other stakeholders affected by Bayer's operations.



1,583 annual general meetings, voting for 89% and against 11% of board recommendations. If made aware of a possible breach of our guidelines,

we look into the matter and, if a breach is verified, ask Hermes to engage in dialogue with the enterprise. If establishing a dialogue with the company

## Case: McKesson

McKesson is a US health services company supplying a range of services to US hospitals, physicians and health plans. Although the company appeared to be well-run, it became the subject of scrutiny a few years ago due to its corporate governance practices – including the remuneration of its CEO and the composition of its board.

Hermes opened a constructive dialogue with management and, assisted by other investors, eventually made McKesson implement a range of changes in relation to executive pay and strengthen the board structure by adding new, independent members.

To us, this is strong evidence of the value to be gained from a constructive investor dialogue.

## Environment

- › Climate
- › Water
- › Forestry and agriculture

Hermes pursues a number of general priorities that provide the framework for its active ownership efforts

## Social

- › Human rights
- › Labour rights
- › Diversity
- › Supply chain management
- › Bribery and corruption
- › Tax

## Active ownership and corporate governance

- › Board composition
- › Remuneration
- › Shareholder rights
- › Audit
- › Integrated reporting





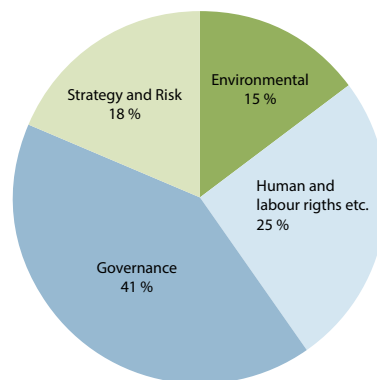
is impossible and/or dialogue does not produce the intended progress, this may ultimately lead to a divestment of our investment and exclusion of the company from our investment universe.

In 2016, we barred South Korean E-Mart for breaching basic labour rights as prescribed by ILO conventions. A total of 22 companies had been barred at end-2016.

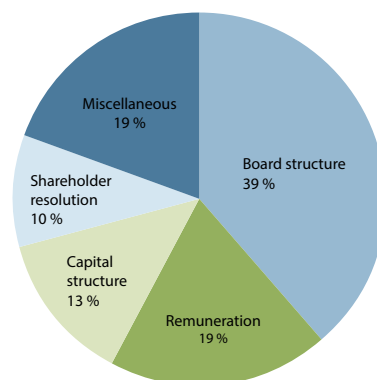
PensionDanmark's equity portfolio is disclosed at [pensiondanmark.com](http://pensiondanmark.com).

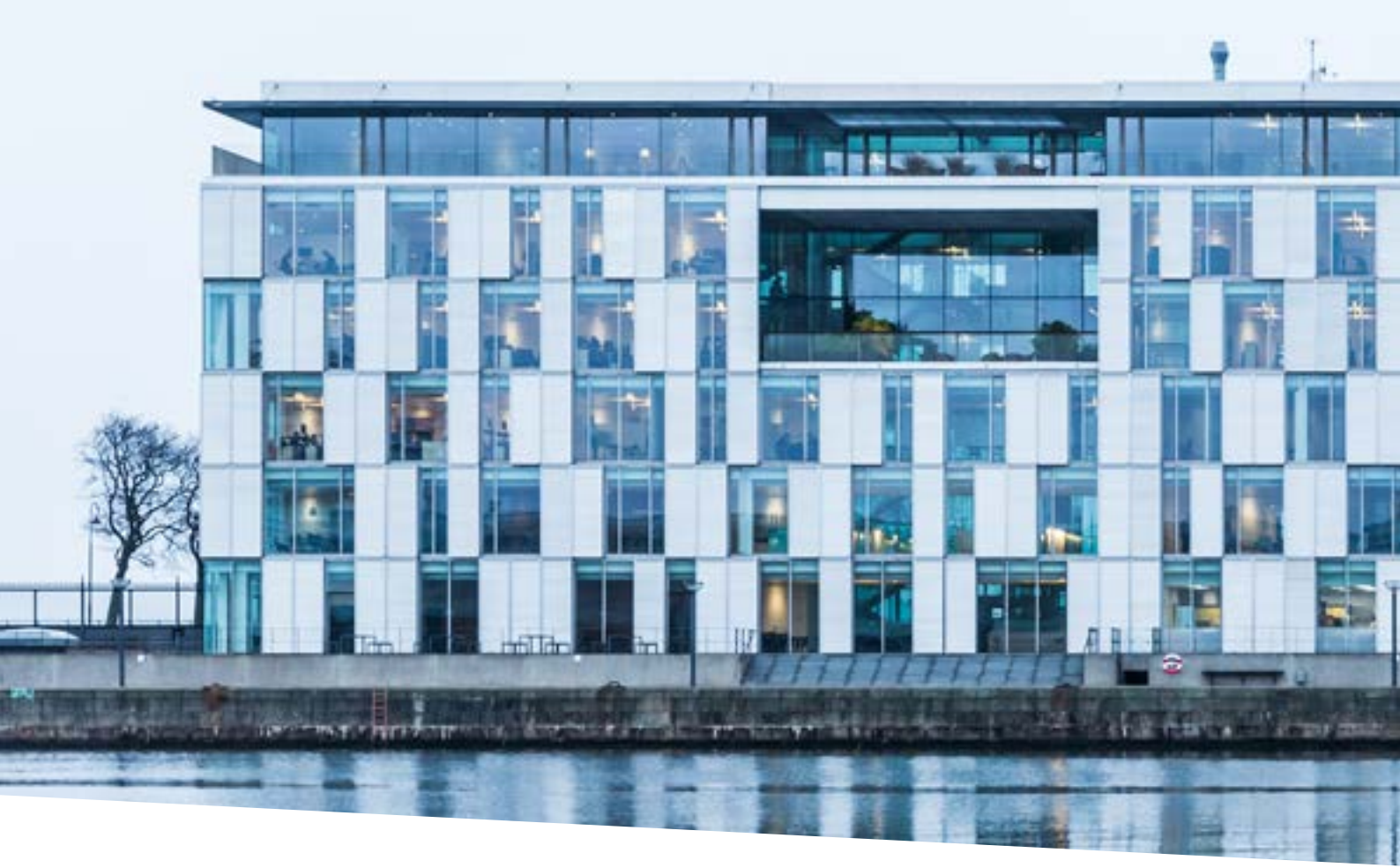


### Dialogue with enterprises – by subjects (787 subjects in total)



### Votes against board recommendations – by subjects (2,008 issues in total)





## Our own affairs

PensionDanmark's CSR policy regulates a number of internal matters, including environmental and climate matters, suppliers and tax.

### Environment and climate

With a view to limiting our impact on the environment, we have mounted solar cells on the roof of our domicile property in Langelinie Allé, and the cooling system uses seawater. In 2016, PensionDanmark obtained the gold certificate under the DGNB sustainability certification system for existing buildings.

PensionDanmark owns half of Nysted Havmøllepark, an offshore windfarm. We keep part of the RECS certificates produced by the windfarm for purposes of CO<sub>2</sub>-neutralising our power consumption.

According to PensionDanmark's staff policy, our employees must endeavour to limit or avoid environmentally unsustainable behaviour.

### Gender composition

PensionDanmark's Board of Directors has adopted a policy on the gender composition of the company's executive management. This policy lays down a target for the presence of the under-represented gender in the Board of Directors reflecting the actual composition. Four of the 16 incumbent members of PensionDanmark's Board of Directors are women.

The share of women in top management fell from 29% in 2015 to 25% in 2016 because we expanded our management team in 2016. PensionDanmark is pleased to note that the proportion of women in mid-level management increased from 25% in 2015 to 42% in 2016. Our 2016 target was 20%.

When recruiting new managers, PensionDanmark's management makes a point of interviewing qualified candidates of either gender, and our staff policy and terms of employment offer equal career opportunities in the company regardless of gender. Attracting the best qualified applicants remains our first priority.



## Working with suppliers

According to our supplier policy, our suppliers must:

- › respect the right of employees to unionise and to collective bargaining;
- › promote health and safety at work and prevent work-related accidents, attrition, etc.;
- › discourage discrimination on the grounds of ethnicity, religion, age, disability, gender, sexual orientation, trade union membership or political conviction;
- › pay their employees wages and salaries that are in accordance with relevant collective agreements and ensure fair living standards relative to national standards;
- › dissociate themselves from forced labour and child labour;
- › work persistently and systematically to comply with national environmental legislation and limit their impact on the environment; and
- › discourage and work actively against tax evasion, bribery and other kinds of corruption.

## Whistleblower

PensionDanmark operates a whistleblower scheme allowing employees who feel they are not being heard by their superiors to report unacceptable conditions. No reports were made to the whistleblower scheme in 2016.





If we find that a supplier fails to live up to our policy and guidelines, we will initiate a dialogue with that supplier. If this dialogue does not lead to any improvements, we will stop working with the supplier. No breaches of PensionDanmark's supplier policy were registered in 2016.

## Tax

In 2016, PensionDanmark paid DKK 2.1 billion in direct and indirect taxes to the Danish government on behalf of our members.

In accordance with our tax policy, we:

- › design our tax structure so that it complies with national legislation in the countries in which we invest;
- › plan our taxes so that, overall, we do not pay more than we have to, and
- › act quickly and carefully to minimise tax risks.





## Networks and memberships

PensionDanmark is a member of a number of organisations and networks. This enables us to share our knowledge and thus to influence the framework conditions under which PensionDanmark invests in Denmark and globally, and to bring new insights to our organisation.

### **PensionDanmark's networks and memberships include:**

- › UN Global Compact
- › World Economic Forum
- › Green Building Council Denmark
- › Institutional Investors Group on Climate Change
- › Dansif
- › GRESB Infrastructure
- › Sustainable Build
- › Board Leadership Society
- › Business Forum for Social Responsibility

PensionDanmark is committed to participating actively in the public debate – in particular in areas affecting us and our members. By doing so, we can influence our community, set new standards and bring new insights to our organisation.

PensionDanmark supports the UN's Global Compact, the leading global corporate sustainability initiative. The ten Global Compact principles have been a driving force in our screening and active ownership efforts for several years and, as a natural consequence, we now report on our progress in relation to the ten principles.

In addition to Global Compact, we participate in a number of initiatives setting out to improve framework conditions for renewable energy investments and raise awareness of the sustainability of various asset classes, including real estate and infrastructure.





This report constitutes PensionDanmark's statutory report on corporate social responsibility in pursuance of sections 132 and 132a of the Executive Order on financial reports for insurance companies and multi-employer occupational pension funds.

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