

Annual Report

2017

Contents

Financial and operating data, summary of financial statements1

Members and the pension scheme4

Investment activities7

Corporate social responsibility 10

Ownership, management and pay policy 13

Outlook for 2018 15

Statement by Management 15

The independent auditor’s report 16

Income statement and statement of comprehensive income..... 20

Balance sheet, assets 21

Balance sheet, equity and liabilities 22

Changes in equity and own funds 23

Notes 24

Management positions held by the Board of Management and the Board of Directors 45

Financial and operating data, summary of financial statements

Table 1 Financial and operating data

DKK mill.	2013	2014	2015	2016	2017
Income statement items					
Premiums	6,528	6,737	7,223	7,206	8,046
Return on investments	7,006	12,329	8,642	11,033	12,089
Tax on yields of certain pension-scheme assets	-1,060	-1,862	-1,332	-1,686	-1,672
Insurance benefits	-4,708	-5,280	-3,931	-4,682	-4,657
Total change in insurance provisions and excess capital	-7,712	-10,949	-10,383	-11,232	-13,122
Insurance operating costs	-128	-113	-37	-113	-124
Result of sickness and accident insurance	30	30	39	41	40
Other items	73	-686	-103	-362	-212
Comprehensive income for the year	29	206	118	204	388
Assets					
Investment assets	21,771	23,780	23,346	22,588	23,319
Investment assets attached to market-rate products	102,450	114,952	122,460	130,930	141,743
Other assets	4,240	3,554	3,879	3,848	5,078
Total assets	128,461	142,286	149,685	157,366	170,140
Equity and liabilities					
Equity	4,266	4,472	4,590	4,794	5,182
Subordinate loan capital (special bonus provisions)	3,718	4,020	4,019	4,057	4,111
Provisions for insurance and investment contracts	109,565	121,195	131,532	143,297	156,748
Other liabilities	10,912	12,598	9,544	5,217	4,099
Total equity and liabilities	128,461	142,286	149,685	157,366	170,140
Recognised own funds (capital base 2013-2015)	7,975	8,487	8,606	7,238	7,394
Solvency capital requirement	1,223	1,413	1,410	2,116	2,459
Financial ratios					
Return before tax on yields of certain pension-scheme assets	6.7%	11.0%	6.7%	8.2%	8.2%
Expenses per insured party	DKK 288	DKK 261	DKK 84	DKK 250	DKK 278
Solvency ratio *	652%	601%	610%	342%	301%
Number of members carried forward	404,631	396,403	399,770	402,205	406,514

* Recognised own funds as % of the solvency capital requirement

Income statement

Premium income (excluding sickness and accident insurance and after social security contributions) amounted to DKK 8.0 bn. in 2017. This is an increase of 11.7% compared with 2016. Among other things, this is a result of targeted efforts, including phone calls to welcome new members in which they are told about the option to gather existing pensions in Industriens Pension in connection with a job change. The number of economically active members paying pension contributions via their employer has increased by around 8,500 over the past 5 years.

As in 2016, 2017 saw extremely satisfactory results from investment activities, with positive returns on more or less all asset categories. Investments in equities in particular saw good, double-digit returns rates, with Danish listed shares scoring most at 18.9%. Unlisted investments in infrastructure assets and property also contributed positively to the return on investments, which amounted to DKK 12.2 bn. before tax compared with DKK 11.0 bn. in 2016. This corresponds to a total return on investments before tax of 8.2% for 2017. Over the past ten years, investments have returned an average of 9.5% p.a. Returns on investments are taxed with a tax on yields of certain pension-scheme assets at a

current rate of 15.3%. Despite the increase in the amount of the investment returns, at DKK 1.7 bn. tax on yields of certain pension-scheme assets is at a similar level to 2016. This is because in 2017 the Danish National Tax Tribunal decided in favour of Industriens Pension in a case regarding the possibility to set tax paid abroad against Danish tax on yields of certain pension-scheme assets. The decision means that Industriens Pension has been able to write back about DKK 140 mill. of the tax on yields of certain pension-scheme assets calculated for the period, 2011-2016. At the same time, future taxation of returns on foreign investments has been reduced.

At DKK 4.7 bn., insurance benefits paid are at the same level as last year.

Administration costs in connection with life-assurance activities show an increase of DKK 11 mill., from DKK 113 mill. in 2016 to DKK 124 mill. in 2017. This corresponds to DKK 278 per member (DKK 250 in 2016). In addition there are costs regarding sickness and accident insurance of DKK 42 per member (DKK 39 in 2016). The increase in administration costs is primarily due an increase in the number of employees to service members and companies, as well as regulatory initiatives.

Comprehensive income for the year was then at DKK 388 mill. against DKK 204 mill. in 2016, and expected results of DKK 100-150 mill. The increase in results is partly due to the positive investment returns in 2017 and partly due to the above reduction in tax on yields of certain pension-scheme assets from previous years.

The results for 2017 are detailed in table 2. The gross profit on life assurance is composed of an interest, expense and risk result as well as the changes for the year in market-value adjustments of life-assurance provisions. Life assurance contributed a gross profit of DKK 479 mill. against 516 mill. in 2016. However, there are large differences between the individual elements from 2016 to 2017. This is primarily because, in December 2017, about DKK 1.2 bn. after tax of the collective bonus potential was distributed to individual member custody accounts in the average interest rate scheme. This means that addition of interest to members exceeded the investment returns earned and therefore there was a considerable negative result of DKK -603 mill. Much of the distribution has been applied to secure pensions. This was through a "strengthening of the foundation" which has also resulted in a large reduction in market-value adjustments of pensions provisions.

The risk result increased from DKK -10 mill in 2016 to DKK 70 mill. in 2017. This is primarily because, as there were fewer deaths than forecast, there was an increase in the profit on the group life scheme. In 2017, sickness and accident insurance contributed a gross profit of DKK 182 mill. Of total gross profits of DKK 661 mill., DKK 252 mill. has been provided for special bonus provisions, and DKK 388 mill. has been transferred to equity.

Table 2 Comprehensive income for the year

DKK mill.	2016	2017
Interest result after tax	571	-603
Expenses result	77	84
Risk result including result of reinsurance	-10	70
Change in market-value adjustments	-122	929
Gross profit on life assurance	516	479
Gross profit on sickness and accident insurance	138	182
Total gross profit	654	661
Consumption of bonus for group life	-31	-71
Consumption of collective bonus potential	-78	192
Consumption of premium rebates, sickness and accident insurance	-97	-142
Provided for special bonus provisions	-244	-252
Comprehensive income for the year	204	388

Balance sheet

Total assets increased by DKK 12.7 bn. from DKK 157.4 bn. in 2016 to DKK 170.1 bn. at the end of 2017. In the past five years, total assets have grown by DKK 41.7 bn.

With the good return on investments, there has been a significant rise in the total provisions for insurance and investment contracts, which at the end of 2017 amounted to DKK 156.7 bn. Of this amount, provisions for the market-rate scheme totalled DKK 142.2 bn. while provisions in the average rate environment, which only includes pensioned members, amounted to DKK 7.5 bn., including individual as well as collective bonus potentials. Furthermore, there are provisions for sickness and accident insurance of DKK 7.0 bn. In the market-rate scheme, returns are allocated to members in full in the year they are earned, while members on average rate are allocated a specific rate of interest on their savings, which in 2017 was set at 8% (after tax). In addition to this is the distribution to members in the average interest rate scheme mentioned above. Equity grew in 2017 to DKK 5.2 bn. and total own funds amounted to DKK 9.3 bn.

Solvency capital requirement and own funds

From 1 January 2016, common EU law solvency regulations have been stipulated to ensure effective risk management and uniform calculation of solvency capital requirements and own funds for EU insurance and pension companies. Provisions for insurance contracts are calculated on the basis

of a discounting yield curve which is published by the common EU supervisory authority, EIOPA, and a so-called risk margin is recognised to cover the uncertainty in the cash flows included in calculation of the provisions. Industriens Pension has decided to calculate the solvency capital requirement according to the Solvency II standard model (standard formula) and to calculate provisions on the basis of the EIOPA yield curve without volatility adjustments. Insurance contracts in Industriens Pension do not contain earnings for equity. Therefore provisions do not contain a profit margin.

The solvency capital requirement is calculated on the basis of a quantification and a weighting of the different types of risk according to the regulations stipulated in the Solvency II standard model (standard formula). Overall, the different risks are categorised as insurance risks, market risks, counterparty risks and operational risks.

The insurance risks category primarily includes the consequences of the fact that members live longer than anticipated, that there is an increase in the number of disabilities, and that a disaster situation occurs with extraordinary increases in the number of deaths and disabilities within a short period.

The market risks category includes the consequences of negative changes in financial markets primarily resulting from interest rate changes, a fall in share prices and currencies as well as drops in property prices.

The solvency capital requirement amounted to DKK 2,459 mill. at the end of 2017, and the recognised own funds amounted to DKK 7,394 mill., corresponding to an excess liquidity of DKK 4,935 mill. Industriens Pension is therefore particularly well consolidated. The drop in the solvency ratio from and including 2016, see Table 1, is due in part to an increase in the solvency capital requirement.

Table 3 Solvency capital requirement and own funds

DKK mill.	2016	2017
Total solvency capital requirement		
Insurance risks, life	431	444
Insurance risks, sickness-accident	386	395
Market risk	3,054	3,648
Counterparty risk	53	43
Effect of diversification	-592	-609
Operational risks	92	96
Covered by provisions	-1,308	-1,558
Total solvency capital requirement	2,116	2,459
Own funds		
Own funds	8,850	9,292
Recognised own funds	7,238	7,394
Solvency ratio	342%	301%

It is also because only a small fraction of tax assets can be included in the recognised own funds.

In 2017, the solvency capital requirement increased by about DKK 343 mill. to DKK 2,459 mill. This increase is partly because the company's own funds are invested with a higher risk than previously, among other things through larger investments in infrastructure, which have a significant impact on solvency. These decisions result in increases in the share and currency risks, respectively.

The Danish Financial Supervisory Authority has stated that, from and including 2018, the estimate of the expected future mortality rates will be changed to use a data period of 20 years instead of the current 30 years. The change will entail an increase in provisions of DKK 219 mill., and this can be covered by the collective provisions. The change will not affect the solvency ratio, but it will affect the future bonus capacity.

See note 25 on risk management and sensitivity information as well as "*Rapport om solvens og finansiel situation for 2017*" (Report on the solvency and financial situation for 2017 - only in Danish) on the company website for a more detailed description of risk management in Industriens Pension, including work on identifying individual risks and determining acceptable risk levels etc.

Events after the end of the financial year

From the reporting date and up to today's date, no matters have occurred which affect the view given in the financial statements.

Members and the pension scheme

Members

The number of active members rose in 2017 by 2,639 to 208,983. The number of old-age pensioners also rose by 12% and reached 37,454 members.

There are now 406,514 members of Industriens Pension following a net influx of 4,309 members.

Table 4 Number of members at the end of the year

	2013	2014	2015	2016	2017
Members who pay via their employer	157,982	161,022	162,170	164,125	166,530
Self-paying members	11,001	9,511	9,009	8,289	7,531
Apprentices and trainees	2,699	2,195	2,047	1,874	1,976
Members exempt from making contributions	29,881	30,974	31,563	32,056	32,946
Total active members	201,563	203,702	204,789	206,344	208,983
Passive members	167,669	154,126	153,116	150,213	147,768
Old-age pensioners	23,882	26,823	29,946	33,523	37,454
Disability pensioners	11,517	11,752	11,919	12,125	12,309
Total	404,631	396,403	399,770	402,205	406,514

Contributions

Total contributions amounted to DKK 9,202 mill., an increase of DKK 799 mill. on 2016. The most important reason for the increase is that, in 2017 significantly more contributions and transfers were received than in previous years.

This is due to targeted efforts, including phone calls to welcome new members and tell them about the option to gather all their pension savings in one place in connection with changing job.

Table 5 Contributions

DKK mill.	2013	2014	2015	2016	2017
Contributions, life assurance	5,877	6,224	6,376	6,369	6,602
Deposits and transfers	1,178	1,054	1,265	1,242	1,817
Contributions, sickness and accident insurance	670	511	377	630	570
Contributions, contracts taken out individually	72	99	133	163	213
Total contributions	7,797	7,888	8,151	8,403	9,202

Payments

Total payments are at the same level as last year. However, there is an increase in payments for old-age pensions,

and this is generally countered by a corresponding drop in transfers to other pension companies in connection with job changes.

Table 6 Benefits paid

DKK mill.	2013	2014	2015	2016	2017
Payments for old-age pensions	958	821	917	1,093	1,358
Payments for loss of ability to work	503	571	585	612	643
Payments on death	283	325	331	383	355
Lump sums for critical illnesses	111	124	138	134	137
Transfers on changes of job	294	3,591	2,230	2,731	2,442
Other payments	75	87	95	92	125
Tax correction of old-age lump sum	2,765	112	16	-1	0
Total payments	4,989	5,631	4,312	5,045	5,060
Transferred to other insurance provisions	117	96	71	119	110
Total benefits	5,106	5,727	4,384	5,165	5,170

Table 7 Number of new recipients of pensions

	2016	2017
Payments due to certain critical illnesses	1,347	1,348
Payments due to degree of disability of between 50%-67%	209	183
New disability pensions (degree of disability more than 67%)	921	914
Payments to surviving relatives after death	1,149	1,172
Retirement savings scheme paid out, but member not retired	1,076	3,093
Old-age pension paid as a lump sum	2,047	2,568
New old-age pensioners	4,023	4,338

Continued low administration costs

The monthly contribution to administration has been set at DKK 19 per member for 2018, corresponding to DKK 228 for the year. This keeps the administration contribution at a level that maintains Industriens Pension's position as one of the very cheapest pension companies in the sector.

Administration payments are currently extraordinarily low, as in 2015 Industriens Pension entered an agreement with the Central Customs and Tax Administration (SKAT) on refunds of VAT previously paid on administrative services from ATP PensionService.

In total, Industriens Pension received DKK 137 mill. from SKAT, and this amount has been applied to reduce costs for members from 2016 and onwards.

More contact with members and companies

In 2017, the companies and members service (*Virksomheds- og Medlemsservice*) received a total of 220,535 calls.

The number of unique visitors to the website rose by 15% to 311,289 in 2017. The number of unique visitors on the members' login area rose by 23% to 104,437.

In 2017, Industriens Pension launched a new app to make it even easier to monitor the pension scheme by mobile phone and other platforms. Among other things, the app displays how savings are developing and how much a member has contributed to the scheme.

The increased contact with members should be seen in the context of Industriens Pension's targeted efforts to disseminate knowledge about the content in the pension scheme and ensure that members benefit fully from the pension scheme agreed through collective agreements.

More prizes in 2017

In 2017, Industriens Pension was awarded the *Årets Arbejdsmarkedspensionsselskab* (Labour market pension company of the year) prize by EY and FinansWatch. The award was based on

financial ratios for recent years' returns and average costs per member.

In addition, the sector analysis by Loyalty Group in 2017 showed that, for the second successive year, Industriens Pension had Denmark's most satisfied and loyal members.

Industriens Pension will continue its work to raise member satisfaction and loyalty.

Danish Insurance Complaints Board

Industriens Pension is attached to the Danish Insurance Complaints Board. In 2017, there were ten appeals against decisions. This is three more than in 2016, but still a relatively modest number.

Of the ten cases, six were decided. Industriens Pension lost one and met the complainants' claims in two.

The case lost related to the extent to which Industriens Pension was bound by an incorrect letter. The two cases where Industriens Pension met the complainants' claims were about loss of ability to work and about insurance cover for a member. The final three appeals were dismissed by the Board.

The remaining four cases have not yet been decided.

Investment activities

RETURNS

The result of investment activities after costs and before tax was DKK 12.2 bn. in 2017. This corresponds to an overall investment return of 8.2%.

All major asset classes delivered positive, although different, returns and overall members received a relatively high return on their pension savings.

Market conditions in 2017 were relatively calm, and particularly the share markets increased steadily over the year, with very few and small corrections. On several occasions there were fears of a geopolitical crisis centred on North Korea, but the markets reacted to the threats only short-term and very undramatically. Focus was on economic growth and the fear of interest-rate increases. However, global growth increased synchronously in all regions across 2017, while at the same time a still somewhat muted inflation alleviated expectations of interest-rate increases.

This trend resulted in good increases in especially risky assets in 2017.

Listed shares lead the way

On the listed share market, in which Industriens Pension has invested DKK 45 bn. (27%), returns on Danish shares were 18.9%, while foreign shares returned 15.3%.

Credit bonds gave total returns of 4.6% and returns from high yield, investment grade and emerging market bonds were all between 4% and 5%.

Yields on gilt-edged bonds rose slightly in 2017. Therefore there was only a modest return on this asset category of 1.3%, although this was considerably more than the comparative market yield (benchmark) of 0.7%.

Strategic hedging of the inflation risk gave a positive return, contributing 0.2% to the total returns on the investment portfolio.

Table 8 Returns on assets 2017 (%)

	Return	Benchmark
Gilt-edged bonds	1.3	0.7
Other credit	1.3	-
Corporate bonds, high yield	4.3	5.6
Bonds, emerging markets	4.9	4.7
Bonds, investment grade	4.4	3.3
Shares, Danish	18.9	16.8
Shares, foreign	15.3	14.9
Unlisted shares	10.3	-
Properties	8.1	-
Infrastructure	8.8	-
Other strategies	-0.4	4.5
Total	8.3	7.9
Total, including hedging of liabilities	8.2	7.8

Calculation of the overall benchmark for the portfolio includes listed investments with the relevant benchmark. For unlisted investments, where there is no relevant benchmark, the returns achieved are used. This means that the additional return of 0.4% compared to benchmark was achieved on the listed investments.

Good returns on unlisted investments

Also in 2017, the portfolio of unlisted investments contributed significantly to total returns.

The total portfolio of unlisted investments currently amounts to DKK 42 bn. (26%) of total investment assets. Investments are in unlisted companies, infrastructure assets and property. The majority of investments were in unlisted companies and infrastructure assets, constituting about DKK 17 bn. in both categories, and these generated returns of 10.3% and 8.8%, respectively in 2017.

The portfolio of Danish properties, in which Industriens Pension made direct investments, generated a return of 9.8%. The portfolio of Danish properties is still being developed and currently amounts DKK 2.7 bn.

In 2017, an investment was made in a British company, Welcome Break, which operates 36 motorway service stations in the UK. Industriens Pension also invested in a Scottish company, Scottish Area Gas Evacuation, which owns 323 km

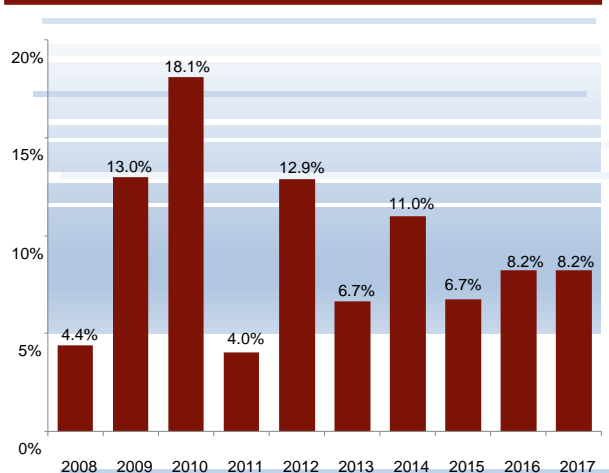
offshore pipeline in the Scottish part of the North Sea and an associated gas-refining plant.

This type of investment is made with local partners, who help identify, target, monitor and manage current risks in such investments.

Ten years of positive returns

With a return of 8.2% in 2017, Industriens Pension continued a series of positive returns, which over the past decade have yielded an average annual return of 9.5%. This has secured members some of the highest returns in the sector, despite very different developments in the markets, with significant rises and falls.

Figure 1 Returns before tax for the past 10 years



Investment costs

Investment costs represented 0.75% of assets in 2017; the same as in 2016. Investment costs vary considerably across classes of assets and they are highest for unlisted investments. Investment costs have been deducted in the calculated return of 8.2%.

Table 9 Investment costs in 2017 by types of assets

Asset type	DKK mill.	%
Gilt-edged bonds	17.8	0.06
High-yield corporate bonds	43.2	0.39
Bonds, emerging markets	68.2	0.48
Bonds, investment grade	29.4	0.28
Shares, Danish	39.0	0.35
Shares, foreign	158.8	0.47
Unlisted shares	453.1	2.92 *
Properties	79.0	1.54 *
Properties (core)	4.3	0.16
Infrastructure	209.9	1.83 *
Infrastructure (core)	19.6	0.37
Other strategies	1.2	1.02
Other credit	17.6	0.98
Unallocated costs	43.0	-
Total investment costs	1,184.0	0.75

* As a percentage of average investment commitments

Industriens Pension has active portfolio management, with a high proportion of unlisted investments. This strategy entails relatively higher costs than a strategy with passively managed, listed assets. For Industriens Pension, this strategy has historically resulted in higher returns.

INVESTMENT ASSETS

Investment assets valued for accounting purposes rose from DKK 154 bn. at the end of 2016 to DKK 165 bn. at the end of 2017. If derivative financial instruments with a negative value are included, net exposures to investment assets amounted to DKK 164 bn. at the end of 2017.

Table 10 Distribution of asset types

Asset type	Exposures carried forward 2016		Exposures carried forward 2017	
	DKK mill.	%	DKK mill.	%
Gilt-edged bonds	22,309	14.9	30,832	18.8
Gilt-edged index-linked bonds	4,916	3.3	-	0.0
High-yield corporate bonds	13,033	8.7	11,560	7.0
Bonds, emerging markets	13,904	9.3	14,328	8.7
Bonds, investment grade	8,893	5.9	10,749	6.6
Shares, Danish	10,802	7.2	10,991	6.7
Shares, foreign	31,267	20.9	33,844	20.6
Unlisted shares	15,051	10.0	16,502	10.1
Properties	7,877	5.3	8,370	5.1
Infrastructure	16,819	11.2	17,416	10.6
Other strategies	119	0.1	83	0.1
Other credit	1,849	1.2	1,217	0.7
Money market *	3,121	2.1	8,158	5.0
Total	149,960	100.0	164,049	100.0

* Calculated as funds at bank plus countervalue of financial instruments plus market value of financial instruments

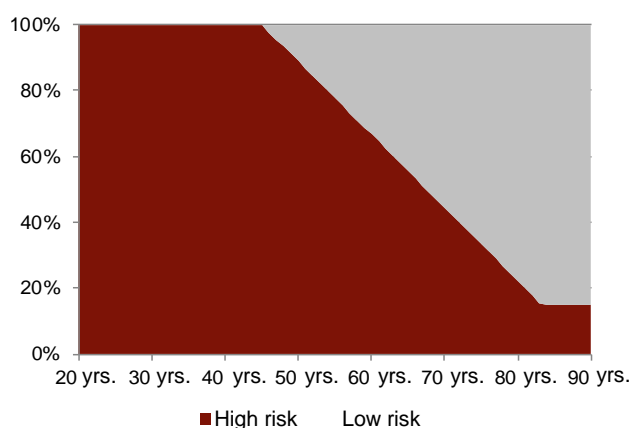
RETURNS FOR MEMBERS

All members who were not receiving a pension at the end of 2011 have their savings placed in a lifecycle product on market-rate terms.

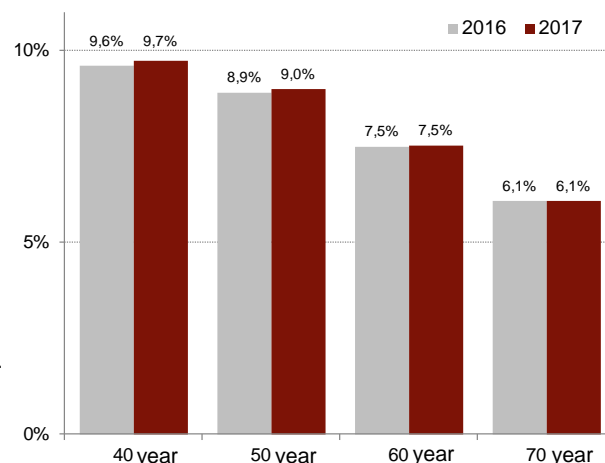
The lifecycle product means that the investment risk of the individual member is reduced in line with the member's age.

All members of Industriens Pension received considerable interest in real terms on their savings in 2017.

The return on the high-risk portfolio was 9.7% in 2017, while the low-risk pool generated a return of 3.2%. The total return for members in the lifecycle product was 8.5%.

Figure 2 Risk by age

Investment assets are split into two sub-portfolios with high and low risk, respectively, and in which the percentage for the individual member depends on the age of the member. Members up to 45 have their entire savings placed in the high-risk portfolio. After this, the percentage is reduced gradually as the member becomes older.

Figure 3 Returns by age

The average rate product, which is only for members who started receiving their pension before the change to market rate at the end of 2011, received a rate of interest on members' savings of 8% after tax, as well as a share in the DKK 1.2 bn. distribution of collective bonus potential earned in previous years.

Corporate social responsibility

Industriens Pension believes that a company's ability to manage environmental and social issues as well as good corporate governance can influence its potential to create value and therefore the return on any investment in the company by Industriens Pension.

The goal for investments is to ensure the highest possible long-term real return after costs, while also taking account of the investment risk. Investing responsibly and being an active investor protects and increases returns, while at the same time contributing to sustainable societal development. The policy for responsible investment ensures that human rights, labour rights, the environment and climate, anti-corruption and full taxation are taken account of when investing, and it ensures that investments do not contribute to arms-related activities that contravene conventions. Work on responsible investment is in accordance with the guidelines from the Danish Business Authority on responsible investment and the OECD Responsible Business Conduct for Institutional Investors.

STRENGTHENED EFFORTS IN 2017

Social responsibility due diligence

Work in 2017 included integrating the new OECD Responsible Business Conduct for Institutional Investors guidelines into daily work. Industriens Pension's social and environmental due diligence aims at identifying, preventing, mitigating and accounting for the potential and actual negative impacts of investments on society and/or the environment. A risk-based approach is used to identify investments that could be associated with a higher risk of negative impact. Moreover, a risk-based approach means that efforts are prioritised where the risk is highest and where the severity and scope of negative impacts are greatest.

Risk areas

As part of risk assessment of the Industriens Pension portfolio, a number of focus areas have been identified where it has been assessed that the risk of negative impacts on society could be high, including the risk of negative impacts on human rights and labour rights. During 2017, Industriens Pension has focussed on risk areas by markets as well as by sectors. This

has meant that Industriens Pension has been particularly careful regarding companies with activities in conflict zones and companies involved in mining operations, especially in developing countries.

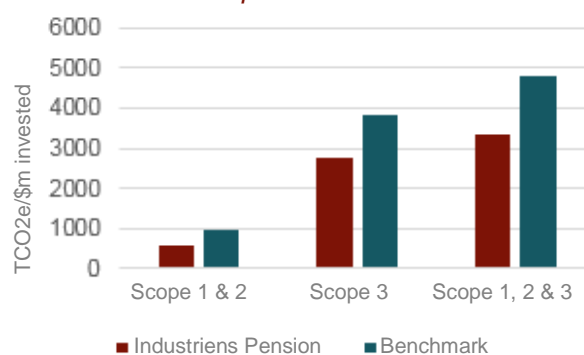
Among other things, companies have been asked to account for their most important human rights policies, to complete thorough human rights due diligence, and to increase their transparency. Industriens Pension considers that companies are taking the issues in the area seriously and that they are demonstrating a willingness to improve, but there is still some work to do in this area.

Climate and environmental footprint of the portfolio

Part of the risk assessment of Industriens Pension's global share portfolio aims at knowing the risks associated with carbon emissions from our portfolio companies, including whether the total carbon footprint of the portfolio is in accordance with the 2-degree target in the Paris Agreement and scope 1, 2 and 3.

Therefore, in 2017 Industriens Pension commissioned an independent analysis institute to analyse the climate footprint of the share portfolio. The analysis revealed that Industriens Pension's global share portfolio complies with the 2-degree target and the 1.5 degree intention. Moreover, carbon emissions for scope 1, 2 and 3 for Industriens Pension's global share portfolio are lower than the global benchmark.

Portfolio carbon footprint



Source: ET Index

The scopes mentioned above define a company's carbon emissions. There is a distinction between emissions caused by the company itself, e.g. through burning oil and gas (scope 1), indirect emissions through the energy demanded, e.g. electricity and district heating (scope 2) and other emissions in connection with the products and services used by the company (scope 3).

Industriens Pension does not believe it is sufficient to look just at possible carbon risks in the share portfolio. Therefore, in addition to the above, a broader analysis has been made of the total environmental footprint of the share portfolio. Apart from carbon emissions, this analysis also includes energy consumption by the portfolio companies, their energy consumption, water consumption and their waste discharges. The analysis shows that Industriens Pension's global share portfolio has lower carbon emissions, energy and water consumption and less waste than the global share benchmark.

Green investments and initiatives

Investments in green energy are an important part of Industriens Pension's portfolio of alternative investments. Over many years, Industriens Pension has built up strong competencies within green energy in developed countries and in emerging markets, where there have been attractive returns opportunities, at the same time as taking part actively in the important global green transition. When Industriens Pension's current green investments are in full operation during 2018, they will be able to supply sustainable electricity to up to 822,000 people, corresponding to more than double the electricity consumption of Industriens Pension's own 400,000 members.

In 2017, Industriens Pension concluded its Climate Action 100+ initiative. In general, the initiative was to run for four years and forge a dialogue with more than 100 carbon-intensive companies throughout the world on minimising emissions of greenhouse gasses.

ACTIVE OWNERSHIP

Industriens Pension exercises active ownership in the form of ongoing monitoring and dialogue with companies in its portfolio, and by voting at general meetings of the companies in which it has voting rights. At the end of 2016, the Committee on Corporate Governance published its

recommendations for active ownership. Industriens Pension follows the recommendations of the committee and also reported specifically on active investment 2017 in an independent report (in Danish) on the website.

Monitoring and dialogue

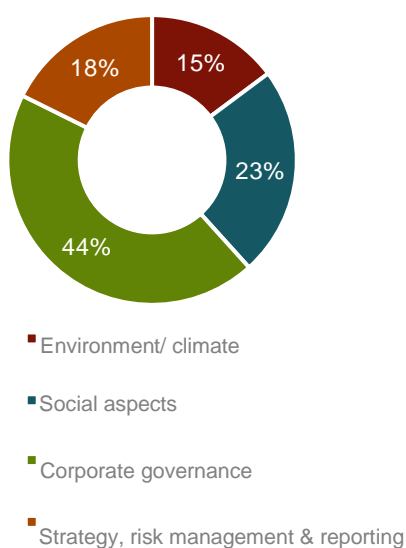
Industriens Pension's internal and external portfolio managers have engaged in frequent dialogue with the companies in which Industriens Pension has invested as part of its active investment analysis.

In addition, Industriens Pension works with Hermes EOS (Equity Ownership Services), a British consultancy, on continuous monitoring of the global share and bond portfolio as well as focussed dialogue on specific issues with selected portfolio companies. Hermes EOS has specialised in screening and dialogue, and represents a global investor coalition consisting of almost 50 institutional investors. Cooperation with Hermes EOS helps perform the very resource-demanding and important task of being an active investor by providing access to highly qualified country and sectoral expertise. This also allows for opportunities to collaborate with peer investors and thus increase influence on the companies Industriens Pension invests in.

In 2017, via Hermes EOS, Industriens Pension had focussed dialogue with 314 companies. This focussed dialogue is organised on the basis of a risk assessment of the company and it has varied in nature and in the severity of issues. Dialogue has also covered many different sectors and subjects. In 2017, Industriens Pension had special focus on respect for human rights by companies, particularly with regard to occupied areas and the rights of the indigenous population.

There has been dialogue with a number of multinationals on their activities on the West Bank and with selected coal mining companies and oil companies on their respect for and protection of the local population. Moreover, there has been dialogue with companies on environment and climate risks, employee rights, corporate governance and long-term value creation.

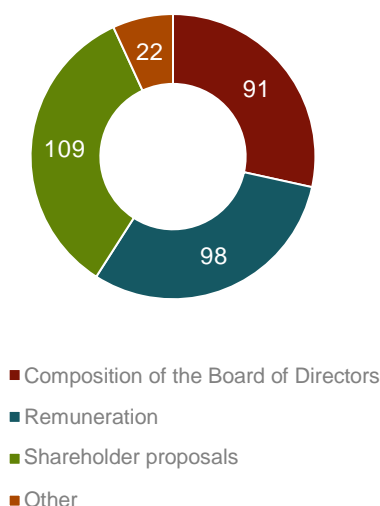
Dialogue by topic



Exercising voting rights

Industriens Pension's voting practice has been rolled out gradually since it began to exercise voting rights in late 2015. In 2017, votes were cast for the entire US portfolio, corresponding to 370 companies, as well as selected Danish companies. A total of 4,578 proposals were voted on, and in 320 cases votes were against the sitting board of directors.

Exercising voting rights (distribution of cases where voting was against the sitting board of directors).



Together Hermes EOS and ISS (Institutional Shareholder Services), in the second half of 2017 Industriens Pension developed and implemented a

new setup for exercising voting rights. This means that, from and including 2018, voting rights will be exercised globally in portfolio companies in which Industriens Pension has voting rights and where Industriens Pension has the greatest exposures.

DEVELOPMENT GOALS IN 2018

In 2018, the policy for responsible investment will be updated. The policy will take account of the latest guidelines for responsible investment from the Danish Business Authority, which build on the OECD Responsible Business Conduct for Institutional Investors guidelines. In 2018, focus on the climate risks in the portfolio will continue, and in this context the analysis of the portfolio's climate footprint will be repeated.

Similarly, work will continue to identify investments within sustainable energy that also provide attractive risk-adjusted returns.

Respect for human rights and employee rights will continue as a focus area in 2018. The same applies for anti-corruption and full taxarion.

Industriens Pension has an ambition to be open about work on responsible investment, including active ownership through dialogue with companies and through voting at general meetings. This transparency will be increased in 2018.

GENDER MIX

The Board of Directors has adopted target figures and policies for the gender mix in the Board of Directors and at other managerial levels.

The current 14 members of the Board of Directors in Industriens Pension comprise three women and 11 men. This means that the share of the under-represented gender meets the target gender mix stipulated for the Board.

With regard to other management levels, executive directors, heads of department and team leaders with management responsibility, the current mix at Industriens Pension is nine women and 14 men, and thus there is an under-representation of women. Future recruitment will take account of this in accordance with the policy.

Ownership, management and pay policy

OWNERSHIP

Industriens Pensionsforsikring A/S and Industriens Pension Service A/S are 100% owned by IndustriPension Holding A/S, and are part of the group together with wholly owned subsidiary undertakings.

IndustriPension Holding A/S is owned by the collective-agreement partners in the industrial area and the share capital of DKK 125 mill.

is distributed between employee organisations and employer organisations as follows:

Shareholders	Ownership interest
United Federation of Danish Workers 3F	40.80%
Confederation of Danish Industry (DI)	35.00%
Danish Metalworkers' Union	21.96%
Danish Union of Electricians	2.00%
Painters' Union in Denmark	0.12%
Plumber and Pipeline Union in Denmark	0.08%
Serviceforbundet	0.04%
Total	100.00%

BOARD OF DIRECTORS

The Board of Directors is composed of 14 members. Of these, 12 members are appointed by shareholder groups behind the pension scheme, and two are appointed by the associations behind the merged pension funds PNN PENSION and PHI pension.

The Chairman of the Board is Mads Andersen, who is also chairman of the manufacturing industries group at 3F and vice president of the Central Organisation of Industrial Employees

The Deputy Chairman is Kim Graugaard, who is also vice CEO at the Confederation of Danish Industry.

The Board of Directors has set up an audit committee, an investment committee and an ethics committee. The management responsibilities of the Board of Directors, including representation in these committees, as well as remuneration are described on pages 45-49 and in note 24.

BOARD OF MANAGEMENT AND DAY-TO-DAY MANAGEMENT

Board of Management:

Laila Mortensen, CEO

The responsibilities of the Board of Management are described on page 45.

The day-to-day management comprises:

Laila Mortensen, CEO

Joan Alsing, COO

Karsten Kjeldsen, CIO

The chief actuary is:

Rikke Sylow Francis, deputy director

Corporate governance

For more information about corporate governance, see the website: www.industrienspension.dk.

Organisational links

Industriens Pension is a member of the Danish Insurance Association, the Danish Employers' Association for the Financial Sector, the Danish Insurance Complaints Board and PensionsInfo.

REMUNERATION POLICY

The Board of Directors sets the pay policy each year to promote sound and effective risk management. In this connection it has been decided that no bonuses or any other form of performance pay or variable pay will be paid to the Board of Directors, Board of Management or other

employees with significant influence at Industriens Pension.

The pay policy has been approved by the general meeting. More information on the pay policy is available at www.industrienspension.dk.

Outlook for 2018

Members and contributions

In 2018, the number of members of Industriens Pension paying via their employer is expected to remain unchanged and the number of members at the end of 2018 is expected to total around 400,000.

Total contributions, including contributions to sickness and accident insurance, are expected to amount to DKK 9.0 bn. in 2018.

Costs

Industriens Pension will continue its focus on ensuring efficient administration of the pension scheme in order to keep costs low. For 2018, members will pay DKK 19 per month to cover administration costs.

Investment costs, which vary with the investment strategy selected, are expected to increase in line with the increasing scope of investments. However, the cost rate compared with the investment assets is not expected to increase.

Investment activities

The investment strategy for 2018 is organised on the basis of the principle investment framework adopted by the Board of Directors.

Deviations from this fundamental framework within the agreed latitude will be made to increase returns.

For members not on a market interest rate, the interest-rate risk linked to the life-assurance provisions will generally continue to be hedged 100%. This hedging is to ensure that provisions are not affected inappropriately by significant fluctuations in interest rates.

Current expectations for 2018 are that the return on the company's investment assets will amount to DKK 8.0 bn. before tax on yields of certain pension-scheme assets.

Rate of interest on members' savings

The rate of interest on members' savings for those who are still in the average-interest-rate environment has initially been set at 5% per annum after tax on yields of certain pension-scheme assets in 2018.

Expected result for 2018

Profit for the year depends greatly on the return achieved on the assets linked to equity. With the above assumptions regarding return, a profit of around DKK 100 to 150 mill. is expected for the financial year 2018.

Statement by Management

We have today presented the annual report for Industriens Pensionsforsikring A/S for the financial year 1 January to 31 December 2017.

The annual report is presented in accordance with the Financial Business Act.

In our opinion, the annual financial statements give a fair presentation of the company's assets and liabilities, and financial position as well as its result.

Furthermore, in our opinion, the management's review provides a true review of the development of the activities and financial situation of the company as well as a description of the most significant risks and uncertainty factors that may influence the company.

We recommend that the annual report be adopted at the General Meeting.

Copenhagen, 6 March 2018

Board of Management:

Laila Mortensen
CEO

Board of Directors:

Mads Bo Keis Andersen
Chairman

Kim Graugaard
Deputy Chairman

Lars Andersen

Erik Michael Bredholt

Chresten Dingsøe

Claus Jensen

Heidi Jensen

Jim Jensen

Lars Mikkeltaard-Jensen

Nina Christiane Movin

Lars Ingemann Nielsen

Jukka Pekka Pertola

Rasmus Peter
Sejerup Rasmussen

Berit Vinther

The independent auditor's report

TO THE CAPITAL OWNERS OF INDUSTRIENS PENSIONSFORSIKRING A/S

Opinion

In our opinion, the financial statements give a fair presentation of the company's assets, liabilities and financial position as at 31 December 2017 and of the results of the company's activities for the financial year 1 January to 31 December 2017, in accordance with the Danish Financial Business Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

What have we audited?

The financial statements of Industriens Pensionforsikring A/S for the financial year 1 January to 31 December 2017 comprise the income statement and comprehensive income statement, balance sheet, statement of capital as well as notes, including accounting policies (hereinafter referred to as the "financial statements").

Basis for our opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under these standards and requirements are further described in the "Auditor's

responsibilities for the audit of the financial statements" section.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (IESBA Code of Ethics) and further requirements applicable in Denmark. We also comply with our other ethical obligations in accordance with the IESBA Code of Ethics.

To the best of our knowledge, no prohibited non-audit services within the meaning of Article 5(1) of Regulation (EU) No. 537/2014 have been provided.

Election

We were elected as auditors for Industriens Pensionforsikring A/S for the first time on 26 April 2016 for the financial year 2016. We have been re-elected annually by the General Meeting for total engagement periods of two consecutive years up to and including the financial year 2017.

Central matters related to the audit

Central matters related to the audit are the matters which, according to our professional judgment, were most significant in our audit of the financial statements for 2017. These matters were dealt with as part of our audit of the financial statements as a whole, and in the preparation of our opinion on them. We express no separate opinion on these matters.

Central matters related to the audit	How we have treated the central matters related to the audit
<p><i>Measurement of unlisted investments</i></p> <p>Unlisted investments primarily include investments in capital funds and unlisted shares that are disclosed in the balance sheet under "Other financial investment assets" and "Investment assets linked to market-rate products" at a total of DKK 36,494 mill., corresponding to 22% of total investment assets.</p>	<p>We reviewed and assessed procedures and tested relevant internal controls for measuring unlisted investments.</p> <p>We assessed and tested the valuation models applied by the management.</p>

Central matters related to the audit	How we have treated the central matters related to the audit
<p>Unlisted investments also include investments in property and infrastructure (offshore turbines) that are disclosed in the balance sheet under "Investments in group and associated undertakings" and "Investment assets linked to market-rate products" at a total of DKK 3,930 mill., corresponding to 2% of total investment assets.</p> <p>Unlisted investments are measured at an estimated fair value based on valuation models and assumptions, including management estimates, which are not directly observable for a third party. Changes in assumptions and estimates could have a significant impact on the financial statements.</p> <p>We focused on measurement of unlisted investments, because calculations are complex and involve significant management estimates.</p> <p>See the section in the financial statements on "Accounting estimates" in note 1, as well as the sections on "Equity investments in group undertakings" and "Investment assets linked to market-rate products" in notes 11 and 13.</p> <p>Measurement of provisions for insurance and investment contracts</p> <p>The company has provisions for insurance and investment contracts totalling DKK 156,748 million, corresponding to 92% of the balance-sheet total.</p> <p>Provisions primarily consist of life-assurance provisions for the market interest rate of DKK 142,192 mill. and provisions for average interest rate of DKK 7,528 mill. as well as claims provisions on sickness and accident insurance of DKK 6,359 mill.</p> <p>The calculations are partly based on the fair value of the relevant assets in relation to the market interest rate and actuarial principles in relation to other provisions and they involve significant accounting estimates that are linked to the actuarial assumptions regarding the timing and scope of the future payments to members.</p> <p>The actuarial assumptions include the yield curves for discounting, life expectancy, mortality, probability of surrender and costs.</p> <p>We focused on measurement of provisions for insurance and investment contracts, because the calculation of the provisions is complex and involves significant accounting estimates and assumptions.</p>	<p>We sample-tested the relationship between the assumptions applied and the calculation of the fair value.</p> <p>We sample-tested the fair values applied in relevant reports from external managers. We also reviewed and tested relevant internal controls for valuation in the internal process to verify valuations.</p> <p>We challenged the management estimates behind calculations of fair values on the basis of our knowledge about the portfolio and market developments.</p> <p>We reviewed and assessed by the procedures and internal controls implemented by the company to ensure that the provisions for insurance and investment contracts are measured correctly.</p> <p>We used our own actuaries to assess actuarial models and assumptions applied by the company, as well as the calculations made, including calculations of future cash flows.</p> <p>We assessed and challenged the most important actuarial assumptions and estimates, including the yield curves for discounting, life expectancy, mortality, disability, probability of surrender and costs. We compared this with our experience and knowledge about the sector in order to assess whether these are in accordance with market practice as well as regulatory and accounting requirements. This also included an assessment of continuity in the basis for the calculation of the provisions.</p>

Central matters related to the audit	How we have treated the central matters related to the audit
See the sections in the financial statements on "Accounting estimates" in note 1, as well as "Provisions for insurance and investment contracts" in notes 15 and 16.	

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of conclusion conveying assurance about the management's review.

In connection with our audit of the financial statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review is materially inconsistent with the financial statements or our knowledge obtained from our audit, or whether it otherwise appears to contain material misstatement.

Moreover, we are responsible for considering whether the management's review includes the information required in accordance with the Danish Financial Business Act.

Based on our audit, in our view, the management's review is consistent with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We found no material misstatement in the management's review.

The solvency ratio

The management is responsible for the solvency ratio stated in the table of financial and operating data in financial ratios in note 20 to the financial statements.

As stated in the table of financial and operating data and financial ratios in note 20, the solvency ratio has been exempted from the audit requirement. Therefore, our opinion on the financial statements does not cover the solvency ratio, and we do not express any form of conclusion conveying assurance on this ratio.

In connection with our audit of the financial statements, our responsibility is to consider whether the solvency ratio is materially inconsistent with the financial statements or our knowledge obtained from our audit, or otherwise appears to contain materially misstatement.

If, on this basis, we conclude that there are material misstatements in the solvency ratio, we must report

about this. We have nothing to report in this connection.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that provide a fair presentation which are in accordance with the Danish Financial Business Act. Management is also responsible for the internal control deemed necessary by management in order to prepare financial statements without material misstatement, whether due to fraud or error.

When preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern; for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements, unless management either intends to liquidate the company, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the financial decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations or neglect to perform internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls.
- Evaluate the appropriateness of accounting policies used by the management, and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going-concern basis of accounting in preparing the financial statements, and whether, based on the audit evidence obtained, a material uncertainty exists in relation to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with senior management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also submit a statement to senior management expressing that we comply with all ethical requirements regarding independence, and we inform senior management about any relationships or other matters that could reasonably be expected to affect our independence, and, where relevant, any preventive measures taken.

Based on the matters communicated to senior Management, we decide which matters were most significant in our audit of the financial statements for the current period. These matters constitute central matters in the audit. We describe these matters in our auditors' report, unless legislation or other regulations prevent such matters from being disclosed to the public, or unless, in very rare cases, we conclude that the matter should not be communicated in our auditors' report because the negative consequences of this could reasonably be expected to outweigh the benefits of disclosing such matter to the public.

Hellerup, 6 March 2018

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Per Rolf Larssen
State-Authorised Public
Accountant
mne no.: 24822

Stefan Vastrup
State-Authorised Public
Accountant
mne no.: 32126

Income statement and statement of comprehensive income

Note	DKK mill.	2017	2016
2	Gross premiums	8,046	7,206
	Total premiums net of reinsurance	8,046	7,206
11	Income from group undertakings	1,955	3,614
12	Income from associated undertakings	32	-31
	Interest income and dividends etc.	5,242	4,324
3	Value adjustments	5,144	3,359
	Interest expenses	-1	0
6	Administration costs in connection with investment activities	-283	-231
	Total investment returns	12,089	11,033
4	Tax on yields of certain pension-scheme assets	-1,672	-1,686
5	Benefits paid	-4,657	-4,682
	Total insurance benefits net of reinsurance	-4,657	-4,682
	Change in life-assurance provisions	-13,070	-11,194
	Total change in life-assurance provisions net of reinsurance	-13,070	-11,194
14	Change in excess capital	-52	-38
6	Administration costs	-124	-113
	Total insurance operating costs net of reinsurance	-124	-113
	Investment returns transferred	-577	-544
	TECHNICAL RESULT	-17	-18
7	TECHNICAL RESULT OF SICKNESS AND ACCIDENT INSURANCE	40	41
	Investment return on equity	226	216
	PROFIT BEFORE TAX	248	238
	Tax on yields of certain pension-scheme assets for equity capital	139	-34
	PROFIT FOR THE YEAR	387	204
	Movements in capital (remeasurement) in group undertakings	72	-
	Of which, allocated to insurance and investment contracts	-70	-
	Tax on yields of certain pension-scheme assets on other comprehensive income	0	-
	Other comprehensive income	1	-
	COMPREHENSIVE INCOME FOR THE YEAR	388	204

Balance sheet, assets

Note	DKK mill.	31.12.2017	31.12.2016
8	INTANGIBLE ASSETS	0	1
9	Equipment	0	1
10	Owner-occupied property	69	66
	TOTAL TANGIBLE ASSETS	69	66
11	Equity investments in group companies	4,195	4,058
	Loans to group undertakings	193	250
12	Equity investments in associated companies	23	18
	Loans to associated undertakings	163	161
	Total investments in group undertakings and associated undertakings	4,574	4,487
	Equity investments	5,128	4,484
	Investment association units	902	902
	Bonds	10,819	11,117
	Other loans	24	20
	Deposits with credit institutions	915	132
	Other financial investment assets	956	1,446
	Total other financial investment assets	18,745	18,101
	TOTAL INVESTMENT ASSETS	23,319	22,588
13	INVESTMENT ASSETS ATTACHED TO MARKET-RATE PRODUCT	141,743	130,930
	Amounts receivable from policy holders	585	611
	Other receivables	1,249	221
	TOTAL RECEIVABLES	1,833	832
	Current tax assets	15	20
	Deferred tax assets	2,268	1,929
	Cash	424	535
	TOTAL OTHER ASSETS	2,706	2,484
	Interest receivable	383	389
	Other prepayments	86	74
	TOTAL PREPAYMENTS	469	463
	TOTAL ASSETS	170,140	157,366

Balance sheet, equity and liabilities

Note	DKK mill.	31.12.2017	31.12.2016
	Share capital	110	110
	Reserve for tax-free retained earnings	4,541	4,153
	Retained earnings	531	531
	TOTAL EQUITY	5,182	4,794
	Excess capital	3,758	3,691
	Other subordinate loan capital	353	367
14	TOTAL SUBORDINATE LOAN CAPITAL	4,111	4,057
	Premium provisions	57	59
15	Life-assurance provisions at average rate	7,528	7,590
16	Life-assurance provisions at market rate	142,192	129,001
	Total life-assurance provisions	149,720	136,591
	Provisions for outstanding sickness and accident insurance claims	6,359	6,177
	Risk margin on sickness and accident insurance	42	41
	Provisions for bonuses and premium rebates	570	428
	PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	156,748	143,297
	Creditors arising out of direct insurance operations	7	9
	Current tax liabilities	2,017	1,597
17	Other debt	2,075	3,612
	TOTAL DEBT	4,099	5,217
	TOTAL EQUITY AND LIABILITIES	170,140	157,366
18	Collateral and contingent liabilities		
19	Related parties		
20	Five-year summary of financial and operating data and financial ratios		
21	Schedule of assets and returns on these		
22	Derivative financial instruments		
23	Breakdown by valuation of investment assets and financial liabilities		
24	Remuneration of Board of Directors		
25	Risk management and sensitivity information		

Changes in equity and own funds

Changes in equity

DKK mill.	Share capital	Retained earnings	Reserve*	Total
Equity as at 1 January 2017	110	531	4,153	4,794
Profit for the year	-	-	387	387
Other comprehensive income	-	-	1	1
Equity as at 31 December 2017	110	531	4,541	5,182
Equity as at 1 January 2016	110	531	3,949	4,590
Profit or loss for the year	-	-	204	204
Equity as at 31 December 2016	110	531	4,153	4,794

*The reserve for tax-free retained earnings is subject to special limitations, see section 307 of the Danish Financial Business Act on labour-market-related life-assurance limited companies.

The company share capital of DKK 110 million is issued in shares, each of DKK 1,000, or multiples hereof.

Own funds

DKK mill.	31.12.2017	31.12.2016
Equity, see above	5,182	4,794
Difference between equity and solvency capital:		
Excess capital (special bonus provisions type B)	3,758	3,691
Other subordinate loan capital (special bonus provisions type A)	353	367
Intangible assets	0	-1
Deferred tax assets outside the solvency own funds	-1,899	-1,612
Total own funds (recognised to cover the solvency capital requirement)	7,394	7,238

Notes

Note

1 Accounting policies

GENERAL

This annual report has been prepared in accordance with the regulations of the Financial Business Act, as well as the Executive Order from the Danish Financial Supervisory Authority on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds (Executive Order on the Presentation of Financial Statements).

The accounting policies applied are unchanged compared with 2016.

All amounts in the financial statements are presented in whole million DKK. Each figure is rounded separately, which means that there may be small differences between the totals stated and the total of the underlying figures.

Pursuant to section 134(1) of the Executive Order on Presentation of Financial Statements, no consolidated financial statements have been prepared for the company. The company and its subsidiaries, see note 11 of these financial statements, together with the affiliate Industriens Pension Service A/S, are included in the consolidated financial statements of IndustriPension Holding A/S (CVR no. 15 89 32 30).

Accounting estimates and assessments

Preparation of the annual report requires that management make a number of estimates and assessments regarding future conditions which could significantly influence the accounting treatment of assets and liabilities, and thus the result in the current and coming years. The most significant estimates and assessments concern calculation of provisions for insurance contracts, fair value of unlisted financial instruments and fair value of the owner-occupied property.

Provisions for insurance contracts

The calculation of provisions for insurance contracts (excl. the market-rate scheme) is based on actuarial calculations, and applies assumptions on e.g. mortality and disability rates. Assumptions on mortality are based on benchmarks from the Danish Financial Supervisory Authority, while other assumptions are set as a best estimate based on experience with previously held portfolios of insurance

contracts. The provisions are calculated as the present value of the future benefits discounted by the yield curve defined in the Executive Order on Presentation of Financial Statements.

Fair value of financial investment assets

There are no significant estimates connected with the valuation of financial instruments with listed prices on an active market (level 1), or where valuations are based on accepted valuation models with observable market data (level 2).

In relation to financial instruments where there is only limited observable market data on which to base valuation (level 3), valuation will be affected by estimates. This applies in particular to shareholdings in group undertakings and associated undertakings with investments in investment properties and wind turbines, and to unlisted equity investments in private equity funds and real estate funds etc. as well as the owner-occupied property.

Valuation of investment properties and wind turbines in group undertakings and associated undertakings is based on the present value of expected cashflows during a planning period which is 10 years for investment properties and 25 years for wind turbines. For investment properties, the method (discounted cash flow (DCF)) is defined in an annex to the Danish Executive Order on the Presentation of Financial Statements. The most significant estimates concern determination of the discount rate, which is composed of an individual rate of return and the expected inflation rate, as well as certain elements of the budgeted cash flows, in particular budgeted rental income which depends on the level of the rent and vacant periods etc., as well as expenses for maintenance and renovation and a so-called terminal value when the planning period expires. The determination of the individual rate of rate of return is based on statistics on actual real estate transactions involving similar properties and/or takes into consideration the location of the property, its age, use and state of maintenance, etc. As a supplement to this valuation, a valuation from an external estate agent is obtained every year concerning the assumptions applied (primarily individual rates of return), and the fair value is calculated every three years.

The extensive 25-year planning period for wind turbine investments naturally adds to the uncertainty concerning future cash flows and consequently also concerning the current fair value of the wind turbines. Again, the most significant estimates relate to the discount rate and to specific elements which have a major impact on budgeted cash flows, in particular electricity production which is based on wind forecasts, idle days with no generation of electricity, electricity price developments, costs of maintenance of the wind turbines and costs of dismantling the wind turbines when the period expires. The discount rate is calculated according to the cost of capital method which combines a risk-free interest rate with the addition of an illiquidity premium and the expected inflation rate. The DFC model is maintained by external experts, and as a supplement to their valuation, a statement from another external expert is obtained every year concerning the market conformity of the model and the assumptions applied.

To a great extent, the valuations of unlisted equity investments in private equity funds and real estate funds etc. are based on information from the funds themselves or from capital managers etc., including information in reports which were often prepared prior to the balance sheet date. Internal procedures have been established to ensure the quality of the information included in measurement of fair value. This means for example that temporal differences in accounting data between the most recent reporting and the balance sheet date are taken into account; that additional information is obtained from selected funds and capital managers; that internal information on large transactions in individual funds is continuously collected; and that the quality of the reporting received is generally followed up on (back test).

The fair value of owner-occupied property is calculated using a returns model which is also defined in an annex to the Danish Executive Order on the Presentation of Financial Statements. According to this model, fair value is calculated on the basis of the budgeted, normal operating return, consisting of the market rent less costs of operation and maintenance, as well as a required rate of return for the type of property in question. The fair value is thus calculated with adjustment for any non-recurring income and expenses not included in the normal return, e.g. deferred maintenance works. The most significant estimates relate to the individual required rate of return as well as certain elements of the normal return, in particular the market rent and the annual costs of maintenance. The estimates are by nature uncertain. New information and/or future events may therefore lead to changes in these estimates and consequently also in the calculated fair values.

For a more detailed description of the valuation in this area, see the section on investment assets and note 23, which includes a break-down of investment assets and financial liabilities according to the fair value hierarchy (levels 1-3) as well as a break-down and further information on the assets valued under level 3.

Intragroup transactions

Transactions between group undertakings are made on the basis of written agreements and settlement is on a cost-recovery basis or on commercial market terms.

General principles for recognition and measurement

Revenues and costs are recognised in the income statement as they are earned or incurred. All value adjustments, both realised and unrealised, are therefore recognised in the net profit or loss for the year. However, revaluations following remeasurement to fair value of owner-occupied properties or other tangible non-current assets owned by the company or group or associated companies are recognised in other comprehensive income. Reversals of such revaluations in later years is also recognised under other comprehensive income.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

A liability is recognised in the balance sheet when it is probable that future financial benefits will flow out of the company, and the value of the liability can be measured reliably.

Financial instruments and derivative financial instruments are recognised on the trading day. At initial recognition, intangible and tangible assets are measured at cost, while other assets and liabilities are measured at fair value. Measurements after initial recognition take place as described for each item below.

At recognition and measurement, unpredictable risks and losses that arise before the annual report is presented, and which confirm or disconfirm conditions that existed on the reporting date, are taken into account.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the transaction date. Gains and losses that exist between the exchange rate at the transaction date and the settlement date are recognised in the income statement. On the reporting date, monetary assets and liabilities are translated into foreign

currency at the exchange rate ruling on the reporting date. Similarly, currency adjustments arising between the date of the transaction and the reporting date are also recognised in the income statement under value adjustments.

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Income from insurance activities

Premiums income net of reinsurance

Includes premiums and contributions due in the financial year. Social security contributions are deducted from premium income.

Investment returns

Income from group and associated undertakings

Includes the company's share of the result after tax in group and associated undertakings calculated in accordance with Industriens Pension's accounting policies.

Interest income and dividends, etc.

Includes interest earned and dividends received on financial investment assets and liquid assets for the financial year, including index adjustments for index-linked bonds and interest income on lending to group and associated undertakings.

Value adjustments

Value adjustments contain both realised and unrealised gains and losses on investment assets, including foreign currency translation adjustments except for gains and losses on group undertakings and associated undertakings.

Administration costs in connection with investment activities

Includes costs in connection with trading in securities, depositary charges, remuneration for external management, as well as own costs for administration of investment assets, including management fees from group undertakings.

Tax on yields of certain pension-scheme assets

The tax on yields of certain pension-scheme assets for the financial year is recognised in the income statement. Tax includes tax on the return ascribed individually to members' deposits as well as tax on the return ascribed to collective reserves (equity and collective bonus potential, etc.). Tax is calculated at 15.3% of the tax base, which is calculated on the basis of the annual investment return. Deferred tax on yields of certain pension-scheme assets is also provided at 15.3%.

Expenses of insurance activities

Insurance benefits paid net of reinsurance.

Includes pension scheme benefits due in the year.

Change in life-assurance provisions

Includes change in life-assurance provisions for the year.

Change in excess capital

Change in excess capital includes the change in excess capital (special bonus provision type B) and other subordinated loan capital (special bonus provisions type A).

The change includes return and net accumulation during the year, any risk return for this and previous years, and a proportionate share of the result of sickness and accident insurance as well as the market-rate scheme etc.

Administration costs

Administration costs include all costs accrued for the year relating to life-assurance activities, including administration fees from group undertakings. Costs not directly attributable to either life assurance or sickness and accident insurance are allocated to the two areas on the basis of resource consumption.

Audit fees are disclosed at group level in the annual report for the parent company IndustriPension Holding A/S.

Investment returns transferred

Investment return transferred makes up the part of the investment return not included in the insurance technical result.

Investment returns transferred therefore comprise investment returns regarding sickness and accident insurance, as well as the investment returns for equity.

Technical result of sickness and accident insurance net of reinsurance

The result of sickness and accident insurance has been calculated according to the accounting rules for non-life insurance. The result is detailed in the notes.

Contribution and profit

Appropriation of the realised profit is described in agreement with the members. Therefore, Industriens Pension is not subject to the Danish Financial Supervisory Authority's Contribution Executive Order and therefore members with insurance policies entitled to a bonus are not divided into contribution classes.

The realised profit is calculated and appropriated in accordance with reported principles for appropriation of profits.

The return after tax on the associated investment assets is added to the equity and subordinate loan capital, and a risk return for providing risk capital can also be added to equity and subordinate loan capital.

Excess capital, which comprises special bonus provisions type B, is composed of the realised profit or positive sub-elements of this.

The percentage corresponds to the percentage deduction in contributions, deposits and transfers, excluding unit supplement.

The remaining realised profit from insurance policies with a bonus entitlement, including returns on hedging instruments linked to insurance policies with a bonus entitlement, accrue to the insured.

BALANCE SHEET

Intangible assets

Intangible assets includes the development of an IT platform, etc. measured at acquisition value with deduction of accumulated amortisation and impairment. Straight-line amortisation is made over the expected life of assets, however no more than 10 years.

Property, plant and equipment

Equipment

Equipment is measured at acquisition value with deduction for accumulated depreciation and impairment. Straight-line depreciation is made over the expected life of assets of five years.

Owner-occupied property

Owner-occupied property is measured at revalued amount, which is the fair value at the date of revaluation after deduction of subsequent depreciation and impairment. The revalued amount is calculated according to a returns model based on a market rent, costs of the property and a required return for the specific type of property. Increases in the revalued amount are recognised in other comprehensive income unless the increase corresponds to a drop which has previously been recognised in the income statement. Decreases in the revalued value of an owner-occupied property are recognised in the income statement unless the decrease corresponds to an increase that was previously recognised in other comprehensive income. Owner-occupied properties are depreciated according to the straight-line method over their expected useful lives of 50 years to the estimated scrap value.

Depreciation is calculated on the revalued amount and recognised in the income statement. No estate agent valuation was obtained in connection with determining the fair value as at the balance sheet date.

Equity investments with group undertakings and associated undertakings

Undertakings in which Industriens Pension exercises controlling influence are recognised as group undertakings (see note 11 of these financial statements). Undertakings in which Industriens Pension holds between 20% and 50% of the voting rights and exercises significant influence are recognised as associated undertakings (see note 12 to the financial statements). In certain situations, investments with an equity interest of more than 20% are recognised as equity investments in the balance sheet. These are situations in which a specific assessment shows that Industriens Pension has neither a controlling influence nor significant influence.

Equity investments in group undertakings and associated undertakings are measured at initial recognition at cost, and subsequently according to the equity method.

According to this method, equity investments are recognised as the proportionate share of the undertakings' result and equity, calculated according to the accounting policies of Industriens Pension. This means that tangible non-current assets (e.g. wind turbines) and investment assets (e.g. investment properties) in group undertakings and associated undertakings are valued at cost in the construction phase and subsequently at a revalued fair value for tangible non-current assets and at fair value for investment assets.

The fair value of wind turbines and investment properties is calculated as the present value of expected future cash flows during a planning period of 25 years and 10 years respectively - based on a discount rate which has been determined individually.

Increases in the revalued value of tangible non-current assets are recognised in other comprehensive income unless the increase corresponds to a drop which has previously been recognised in the income statement. Decreases in the revalued value of an owner-occupied property are recognised in the income statement unless the decrease corresponds to an increase that was previously recognised in other comprehensive income.

Increases and decreases in fair values of investment assets in group undertakings and associated undertakings are fully recognised in the income statement under income from such undertakings.

Loans to group and associated undertakings

Loans to group and associated undertakings are measured at amortised cost.

Other financial investment assets

Listed equity investments and investment units are measured at fair value, calculated at the official closing prices on the reporting date. A calculated rate is used for equity investments and investment units that are not actively traded. Unlisted equity investments and units in investment associations are measured at estimated fair value using recognised valuation methods, for example by comparing with similar assets for which a fair value is available or by discounting expected future cash flows etc.

Listed bonds are also measured at fair value, calculated at the official closing prices on the reporting date. A calculated rate is used for bonds that are not actively traded.

Unlisted bonds are measured at an estimated fair value by means of recognised valuation methods, see above. The fair value of called bonds is measured at present value.

Bonds that are sold and repurchased forward (genuine sale and repurchase transactions) are part of the bond portfolio. The fair value of these at the end of the financial year is shown in note 18 to the financial statements on collateral ceded.

Listed and unlisted derivative financial instruments are measured at fair value on the reporting date. Fair value is set at the mid-market prices on the reporting date. Positive fair values are recognised in the balance sheet under other financial investment assets, and negative values are recognised in the balance sheet under other debt. Value adjustments are recognised under value adjustments. Note 22 to the financial statements shows a summary of the derivative financial instruments with associated fair values.

Information on prices etc. appearing after the closing date of the financial statements will only be recognised if these are material to assessment of the annual financial statements.

Investment assets attached to market-return products

Investment assets attached to market-return products are recognised and measured according to the same principles as other investment assets, see above.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal amount. Deductions are made to account for any losses.

Deferred tax assets

Deferred tax on yields of certain pension-scheme assets calculated on the basis of a negative, collective tax basis (tax on yields of certain pension-scheme assets at institution level) is recognised as an asset in the balance sheet for offsetting in positive tax on yields of certain pension-scheme assets in subsequent years, provided it is likely that such offset can be utilised in the years to come. The deferred tax asset has primarily arisen in connection with the distribution of collective reserves on transition to market interest rate in 2011. The part of this tax asset not utilised on offsetting in positive tax on yields of certain pension-scheme assets in the first five calendar years after distribution will be repaid to the company by the Central Customs and Tax Administration (SKAT), including interest from 1 January 2013.

Subordinate loan capital

Subordinate loan capital includes excess capital and other subordinated loan capital, and constitutes risk capital provided by the members. Excess capital comprises special bonus provisions type B, with an interest rate the same as equity, whereas other subordinated loan capital comprises special bonus provisions type A, with interest rates on market terms. Subordinate loan capital is included in own funds to meet the solvency capital requirement.

Provisions for insurance and investment contracts**Premium provisions**

Relate to sickness and accident insurance and cover the present value of expected future payments concerning compensation and costs of insurance events which can be expected to occur after the end of the financial year.

Life-assurance provisions at average rate

Life-assurance provisions at average rate are calculated at market value based on the technical basis notified to the Danish Financial Supervisory Authority. Provisions are calculated as the present value of the expected future payments for current insurance contracts, based on a discounting yield curve and assumptions on insurance risks (mortality rate and disability, etc.) and costs, fixed at best estimate. The yield curve defined in the Executive Order on Presentation of Financial Statements is applied as the discount rate. Industriens Pension applies the EIOPA yield curve without volatility adjustments.

When calculating the life-assurance provisions, a risk margin has been added, which constitutes the amount likely to be payable to a buyer of life-assurance products in order for the buyer to be willing to accept the risk that the costs associated with settling the portfolio deviate from the calculated present value of the expected cash flows.

The provisions contain an estimated amount to cover benefits from insured events occurring in the financial year but not reported at the end of the financial year.

In the notes, life-assurance provisions are divided into guaranteed benefits and into individual and collective bonus potentials.

Guaranteed benefits include commitments to pay benefits attached to the pension scheme. Guaranteed benefits are calculated as the present value of the expected future benefits, as well as the present value of the expected future expenses for administration of the insurance policy, less the present value of the agreed future premiums. The risk margin is added to this.

Individual bonus potentials include the obligation to provide a bonus and are calculated as the difference between the members' savings less the present value of the guaranteed benefits. The bonus potential cannot be negative.

Collective bonus potentials cover the members' share of realised results, which is allocated collectively to future bonuses.

Life-assurance provisions at market rate

Life-assurance provisions at market rate are calculated at the fair value of the related assets.

The provisions also include provisions for claims outstanding and bonus provisions for the group life scheme for death, disability and critical illness.

Provisions for claims outstanding amount to the present value of expected future payments pertaining to insurance events occurring under the group life scheme as well as bonus provisions for this scheme, denoting saved-up profits for use in reducing future premiums.

Provisions for claims outstanding for sickness and accident insurance

These include insurance benefits due but not yet paid, including bonuses as well as an estimate of expected payments pertaining to insurance events occurring in the financial year or earlier under the sickness and accident scheme.

Provisions for claims outstanding settled by regular payments have been calculated as the present value of

expected future payments, including costs, applying the yield curve defined in the Executive Order on Presentation of Financial Statements.

Risk margin on sickness and accident insurance

The risk margin includes the amount likely to be payable to a buyer of sickness and accident insurance products in order for the buyer to be willing to accept the risk that the costs associated with settling the portfolio deviate from the calculated present value of the expected cash flows.

Provisions for bonus and premium rebates

Provisions for bonus and premium rebates are amounts in sickness and accident insurance provided for the policy holders owing to a favourable result in the financial year or previous years.

Deferred tax

The calculation of deferred tax on yields of certain pension-scheme assets is based on temporary differences between accounting and tax values of assets and liabilities contained in the collective tax basis (tax basis of yields of certain pension-scheme assets at institution level).

Deferred tax on yields of certain pension-scheme assets is offset against deferred tax assets relating to tax on yields of certain pension-scheme assets.

Debt to credit institutions

Debt to credit institutions includes debt related to commitments to repurchase securities in repurchase agreements entered into. The debt is measured at fair value

Other debt

Derivative financial instruments are measured at fair value. Derivative financial instruments with negative fair value are included under other debt. Other amounts payable included under other debt are measured at amortized cost, which normally corresponds to the nominal value.

Contingent liabilities

Commitments regarding pledges on investments, guarantees and sureties etc. on non-insurance matters are disclosed in a note to the annual report (see note 18).

Financial ratios

The company's financial ratios have been calculated in accordance with the regulations in the Executive Order on Presentation of Financial Statements.

Notes (cont.)

Note

1 Accounting policies

Note	DKK mill.	2017	2016
2 Gross premiums			
Current premiums		7,386	7,161
Contributions incl. transfers		1,817	1,242
Gross premiums before taxes		9,202	8,403
Social security contributions		-586	-568
Total gross premiums		8,616	7,835
Of which, concerning sickness and accident insurance, see note 7		-570	-630
Total gross premiums on insurance contracts		8,046	7,206
<i>Premiums broken down according to how insurance was taken out:</i>			
Insurance taken out as part of an employment relationship		8,403	7,673
Insurance and investment contracts taken out individually		213	163
		8,616	7,835
<i>Premiums concerning insurance:</i>			
Insurance policies with a bonus entitlement		3	4
Insurance and investment contracts without bonus entitlement		8,613	7,832
		8,616	7,835
Members with collective-agreement-based schemes		406,514	402,205
Members with group life assurance		235,122	232,239
Members with policies taken out individually		27,616	24,518
All insurance policies and investment contracts have been taken based on collective agreements, agreements and similar under which the insurance is a compulsory part of the conditions for employment.			
All insurance policies pertain to direct Danish business.			
3 Value adjustments			
Owner-occupied property		4	-2
Loans to group undertakings		1	-2
Equity investments		627	2,056
Investment association units		-128	551
Bonds		-1,557	1,565
Deposits with credit institutions		-68	11
Forward foreign-exchange contracts		6,266	-820
Total value adjustments		5,144	3,359

Notes (cont.)

Note	DKK mill.	2017	2016
4	Tax on yields of certain pension-scheme assets		
	Tax on yields of certain pension-scheme assets payable for the year	1,794	1,632
	Adjustment of deferred tax asset	30	53
	Adjustment for tax on yields of certain pension-scheme assets concerning previous years	-140	2
	Tax on yields of certain pension-scheme assets concerning other comprehensive income	-11	-
	Total tax on yields of certain pension-scheme assets	1,672	1,686
5	Benefits paid		
	Regular pension benefits	943	800
	Lump sums on old age	459	336
	Lump sums on disability	88	89
	Lump sums on critical illness	137	134
	Lump sums on death	355	383
	Transfers to other pension schemes	2,439	2,729
	Surrender (disbursement of small dormant accounts)	120	89
	Tax correction of old-age lump sum	0	-1
	Health-promotion costs	4	4
	Transferred to other insurance provisions	110	119
	Total benefits paid	4,657	4,682
6	Administration costs		
	The staff expenses specified below have been recognised in the items for administration costs, administration costs in connection with investment activities, as well as result of sickness and accident insurance:		
	Staff expenses		
	Staff wages and salaries	136	119
	Pension contributions	16	15
	Other expenses for social security	2	2
	Payroll tax	21	18
	Total staff expenses	174	155
	Average number of full-time employees in the year	171	162
	Staff expenses include salaries and remuneration for:		
	Board of Management	4.2	4.1
	Board of Directors	2.2	2.1
	Number of employees whose activities significantly influence the risk profile, 12 people (7 people in 2016)	20.5	12.9

No bonus schemes or performance-related pay agreements are linked to the employment of either the Board of Management or other employees with significant influence on the risk profile. No allowances for new employment or resignation were paid in 2017. Remuneration is not paid to members of the Board of Management for board positions in other companies in the group.

Salaries and other remuneration for individual members of the Board of Directors are disclosed in note 24.

Notes (cont.)

Note	DKK mill.	2017	2016
7	Technical profit/loss on sickness and accident insurance		
	Current premiums	570	630
	Transferred from provisions for insurance and investment contracts	110	119
	Total gross premiums	681	749
	Change in premium provisions	2	3
	Premium income, net of reinsurance	683	751
	Claims paid	-513	-483
	Change in claims provisions	-182	-271
	Change in risk margin	0	5
	Claims expenses, net of reinsurance	-696	-748
	Bonuses and premium discounts	-142	-97
	Insurance operating costs, net of reinsurance	-18	-18
	Technical result	-174	-112
	Return on investments	213	152
	Investment return after return on insurance provisions	213	152
	TECHNICAL RESULT OF SICKNESS AND ACCIDENT INSURANCE	40	41

With a claims rate of 0.44% (0.44%), in 2017, 798 (764) claims were paid with an average indemnity of DKK 983,000. (DKK 927,000). The figures shown in brackets are the corresponding figures for 2016.

Note	DKK mill.	31.12.2017	31.12.2016
8	Intangible assets		
	Accumulated cost 1 January	33	33
	Accumulated cost 31 December	33	33
	Accumulated amortisation 1 January	32	30
	Depreciation for the year	1	2
	Accumulated amortisation 31 December	33	32
	Carrying amount 31 December	0	1

Notes (cont.)

Note	DKK mill.	31.12.2017	31.12.2016
9	Equipment		
	Accumulated cost 1 January	1	1
	Accumulated cost 31 December	1	1
	Accumulated amortisation 1 January	0	0
	Depreciation for the year	0	0
	Accumulated amortisation 31 December	1	0
	Carrying amount 31 December	0	1
10	Owner-occupied property		
	Revalued fair value 1 January	66	68
	Depreciation for the year	0	0
	Value adjustment for the year	4	-2
	Revalued fair value 31 December	69	66
	Rate of return with fair value valuation	4.50	4.75

Notes (cont.)

Note	DKK mill.	31.12.2017	31.12.2016
11	Equity investments in group undertakings		
	Carrying amount 1 January	35,232	32,735
	Additions/issues during the year	2,253	2,073
	Capital reductions/redemptions during the year	-2,046	-3,189
	Dividend for the year	-306	-1
	Share of profit for the year	1,955	3,614
	Share of movements in capital for the year	72	-
	Carrying amount 31 December	37,160	35,232

Equity investments are disclosed in balance sheet items:

Equity investments in group undertakings	4,195	4,058
Investment assets attached to market-rate products, see note 13	32,964	31,174

Equity investments in group undertakings consist of:

Name	Registered office	Ownership interest	Result	Equity
Industriens Pension Portfolio (capital association)	Copenhagen	100%	1,546	33,230
IP Alternative Investments Komplementar ApS	Copenhagen	100%	0	0
IP Finans 1 ApS	Copenhagen	100%	0	4
IP Butendiek Wind K/S	Copenhagen	100%	142	162
IP Gode Wind II K/S	Copenhagen	100%	56	1,086
IP Komplementar ApS	Copenhagen	100%	0	0
IP Ejendomme 2013 P/S	Copenhagen	100%	207	2,457
IP Infrastruktur Komplementar ApS	Copenhagen	100%	0	0
IP Infrastruktur P/S	Copenhagen	100%	3	221

Industriens Pension Portfolio invests in shares and bonds etc. while other group undertakings are involved with activities in properties, infrastructure and wind turbines.

12 Equity investments in associated undertakings

Carrying amount 1 January	131	173
Additions/issues during the year	131	114
Capital reductions/redemptions during the year	-8	-115
Dividend for the year	-81	-9
Share of profit for the year	32	-31
Carrying amount 31 December	206	131

Equity investments are disclosed in balance sheet items:

Equity investments in associated undertakings	23	18
Investment assets attached to market-rate products, see note 13	183	112

Equity investments in associated undertakings consist of:

Name	Registered office	Ownership interest	Result	Equity
Ejendomsselskabet Norden IVK/S	Copenhagen	32.4%	-152	3
Ejendomsselskabet Norden VIII K/S	Copenhagen	32.8%	93	521
Axel Torv2 P/S	Copenhagen	33.3%	152	97
AxelTorv2 Komplementar ApS	Copenhagen	33.3%	0	0
Gode Wind II Joint FinCo ApS	Copenhagen	21.0%	2	9

The property companies EjendomsSelskabet Norden IV K/S and EjendomsSelskabet Norden VIII K/S, as well as the two companies related to Axel Torv are active within the property area, while Gode Wind II Joint FinCo ApS is a financing company.

Notes (cont.)

Note	DKK mill.	31.12.2017	31.12.2016
13	Investment assets attached to market-rate products		
	Equity investments in group companies	32,964	31,174
	Loans to group undertakings	348	410
	Equity investments in associated companies	183	112
	Loans to associated undertakings	282	243
	Total investments in group undertakings and associated undertakings	33,778	31,940
	Equity investments	60,962	57,747
	Investment association units	9,520	8,910
	Bonds	32,226	25,908
	Other loans	45	32
	Deposits with credit institutions	2,063	3,281
	Other financial investment assets	3,150	3,112
	Total other financial investment assets	107,965	98,990
	Total investment assets attached to market-rate products	141,743	130,930
	Other receivables	1,612	451
	Interest receivable	289	284
	Debt to credit institutions and other debt	-1,452	-2,665
	Other balance-sheet items attached to market-rate products	448	-1,929
	Net assets linked to market rate	142,192	129,001
14	Subordinate loan capital		
	Excess capital		
	Special bonus provisions type B 1 January	3,691	3,641
	Change in special bonus provisions type B	66	50
	Share in other comprehensive income	1	-
	Special bonus provisions type B at year-end	3,758	3,691
	Other subordinate loan capital		
	Special bonus provisions type A 1 January	367	378
	Change in special bonus provisions type A	-14	-12
	Special bonus provisions type A at year-end	353	367
	TOTAL SUBORDINATE LOAN CAPITAL	4,111	4,057

Notes (cont.)

Note	DKK mill.	31.12.2017	31.12.2016		
15	Life-assurance provisions at average rate				
	Life-assurance provisions at average rate 1 January	7,590	7,462		
	Collective bonus potential 1 January	-1,997	-1,919		
	Accumulated value adjustments 1 January	-1,276	-1,159		
	Retrospective provisions 1 January	4,317	4,383		
	Gross premiums	3	4		
	Addition of interest	1,476	293		
	Insurance benefits	-419	-410		
	Costs supplement after addition of costs bonus	-3	-3		
	Risk result after addition of risk bonus	-25	23		
	Transferred to/from life-assurance provisions at market rate	26	28		
	Distribution from special bonus provision	1	0		
	Retrospective provisions 31 December	5,377	4,317		
	Accumulated value adjustments 31 December	346	1,276		
	Collective bonus potential 31 December	1,805	1,997		
	Life-assurance provisions at average rate 31 December	7,528	7,590		
	Return before tax	5.3%	8.3%		
	Ratio of bonus potential to provisions	34%	46%		
	Return on customer funds after costs and tax	5.2%	8.2%		
	The risk margin has been recognised in life-assurance provisions at	46	37		
	Break down of life-assurance provisions between the original guaranteed interest rates 31 December 2017				
		1.00%	1.50%	2.50%	Total
	Guaranteed benefits	2,122	915	2,671	5,708
	Individual bonus potential	11	0	4	15
	Collective bonus potential	673	289	844	1,805
	Life-assurance provisions 31 December 2017	2,806	1,204	3,519	7,528
	Break down of life-assurance provisions between the original guaranteed interest rates 31 December 2016				
		1.00%	1.50%	2.50%	Total
	Guaranteed benefits	192	157	5,244	5,593
	Individual bonus potential	0	0	0	0
	Collective bonus potential	69	56	1,873	1,997
	Life-assurance provisions 31 December 2016	261	213	7,117	7,590

An extraordinary distribution was made in 2017 of bonuses from the collective bonus potential. The distributions were first applied to enhance guaranteed interest rates and mortality rates and then to revalue pensions. This means that the allocation of the provisions between the original guaranteed interest rates changed significantly from 2016 to 2017.

Notes (cont.)

Note DKK mill.

31.12.2017 31.12.2016

16 Life-assurance provisions at market rate

Life-assurance provisions at market rate 1 January	129,001	117,935
Provisions for group life 1 January	-665	-600
Life-assurance provisions at market rate 1 January (excluding group life)	128,336	117,336
Gross premiums	8,038	7,198
Return after tax on yields of certain pension-scheme assets	9,390	8,121
Insurance benefits	-3,755	-3,760
Costs supplement	-204	-186
Risk gain	0	0
Distribution from special bonus provision	196	202
Transferred to/from life-assurance provisions	-26	-28
Transferred to sickness and accident insurance	-107	-116
Transferred to group scheme	-437	-431
Life-assurance provisions at market rate 31 December excluding group life)	141,431	128,336
Provisions for group life 31 December	761	665
Life-assurance provisions at market rate 31 December	142,192	129,001

Return on customer funds after costs and before tax	8.2%	7.8%
---	------	------

The risk margin has been recognised in life-assurance provisions at	36	35
---	----	----

Savings in the market return are invested in a compulsory lifecycle product.

Return and risk in 2017:

Years before retirement	Share of provisions	Return	Risk
30 years (age: 35 years)	1.3%	9.7%	3.75
15 years (age: 50 years)	3.7%	9.0%	3.75
5 years (age: 60 years)	2.8%	7.5%	3.50
5 years after retirement (age: 70 years)	0.8%	6.1%	3.25

Return and risk in 2016:

Years before retirement	Share of provisions	Return	Risk
30 years (age: 35 years)	1.3%	9.6%	3.75
15 years (age: 50 years)	4.0%	8.9%	3.75
5 years (age: 60 years)	2.8%	7.5%	3.50
5 years after retirement (age: 70 years)	0.4%	6.1%	3.25

17 Other debt

Negative market value of derivative financial instruments	1,965	3,137
Debt concerning unsettled transactions	17	401
Other debt	93	73
Total other debt	2,075	3,612

Notes (cont.)

Note DKK mill.

31.12.2017 31.12.2016

18 Collateral and contingent liabilities

As collateral for the technical provisions, assets have been registered at a carrying amount of:

Equity investments	46,225	46,071
Investment association units	47,695	39,736
Bonds	60,769	53,830
Deposits with credit institutions	3,887	4,678
Total registered assets	158,575	144,314

Bonds issued as collateral for clearing and for fair value of derivative financial instruments	933	875
--	-----	-----

Bonds received as collateral for fair value of derivative financial instruments	3,447	1,728
---	-------	-------

Leasing liabilities	1	1
---------------------	---	---

Pledges to invest in property, infrastructure and unlisted equity investments etc. incl. warranties for pledges in associated undertakings	14,128	17,172
--	--------	--------

19 Related parties

Industriens Pensionsforsikring A/S is fully owned by the parent company IndustriPension Holding A/S, which also owns Industriens Pension Service A/S. Consequently, these two companies are closely related to Industriens Pensionsforsikring A/S. The same applies to group undertakings and associated undertakings, see notes 11 and 12, as well as the members of the Board of Directors and the Board of Management.

Transactions with related parties are entered into and settled on market terms or on a cost-recovery basis. In 2017, the company had the following transactions and balances with related parties:

- Supply of administrative services for the parent, IndustriPension Holding A/S, as well as to the fellow subsidiary, Industriens Pension Service A/S, and the fully owned subsidiaries. Assets management services are also supplied to the subsidiaries. The fees for these services are set on a cost-recovery basis.
- Loans (approx. EUR 73 mill.) and guarantees for equivalent lines of credit to the subsidiary IP Finans 1 Aps in connection with financing of the wind farm Butendiek Wind. Interest and guarantees have been set on market terms.

No transactions have been entered into with the company's Board of Directors or Board of Management in addition to the salaries and other remuneration described in note 6.

Notes (cont.)

Note	2013	2014	2015	2016	2017
20 Five-year summary of key figures and financial ratios					
Key figures for life assurance (DKK mill.)					
Premiums	6,528	6,737	7,224	7,206	8,046
Insurance benefits*	4,708	5,280	3,931	4,682	4,657
Return on investments	7,006	12,329	8,642	11,033	12,089
Insurance operating costs	128	113	37	113	124
Profit or loss on ceded business	0	-1	-1	-	-
Technical result	2	-15	-19	-18	-17
Technical result of sickness and accident insurance	30	30	39	41	40
Profit for the year	29	204	119	204	387
Other comprehensive income	-	2	-2	-	1
Provisions for insurance and investment contracts *	109,565	121,195	131,532	143,297	156,748
Equity	4,266	4,472	4,590	4,794	5,182
Assets	128,461	142,286	149,685	157,366	170,140
Financial ratios for life assurance					
Return before tax on yields of certain pension-scheme assets, average rate	-1.0%	15.0%	2.3%	8.3%	5.3%
Return before tax on yields of certain pension-scheme assets, market rate	7.8%	10.4%	7.3%	8.1%	8.5%
Risk of return related to market rate *	-	3.5	3.75	3.75	3.50
Costs as a percentage of provisions	0.1%	0.1%	0.0%	0.1%	0.1%
Expenses per insured party	DKK 288	DKK 261	DKK 84	DKK 250	DKK 278
Return on equity after tax	0.7%	4.7%	2.6%	4.3%	7.8%
Return on excess capitasurplus capitall after tax *	-	-	2.6%	4.3%	4.4%
Solvency ratio **	652%	601%	610%	342%	301%
Key figures for sickness and accident insurance (DKK mill.)					
Gross premium income	787	606	448	749	681
Gross claims costs *	482	572	692	748	696
Insurance operating costs	19	17	17	18	18
Profit or loss on ceded business	-1	-1	-1	-	-
Technical result	54	-270	-38	-112	-174
Investment return after technical interest *	-24	300	77	152	213
Run-off results	600	105	402	357	645
Total insurance provisions	5,292	6,096	6,135	6,705	7,028
Financial ratios for sickness and accident insurance					
Gross claims ratio ***	88.7%	173.8%	104.3%	114.8%	129.2%
Gross expenses ratio	3.5%	5.3%	2.6%	2.8%	3.4%
Combined ratio	92.3%	179.3%	107.1%	117.5%	132.6%
Operating ratio	82.4%	154.1%	107.1%	117.5%	132.6%
Relative run-off results	12.5%	2.2%	7.5%	6.3%	10.4%

* The accounting regulations changed in a number of areas from 1 January 2016. Consequently, it is not immediately possible to compare information for 2015-2017 with previous years.

** The solvency ratio is exempt from the audit requirement, see the independent auditor's report.

*** The high value of the gross claims ratio (claims as a percentage of premiums) in 2014-2017 is due to the fact that, during this period, the premiums were reduced by bonuses and premium rebates earned in previous years.

Notes (cont.)

Note

21 Schedule of assets and returns on these

Assets linked to average rate

DKK mill.	Market value		Return before tax
	Brought forward	Carried forward	
1. Land and buildings directly owned	410	394	6.7%
2.1 Listed equity investments	921	1,080	12.5%
2.2 Unlisted equity investments	920	1,070	4.1%
2. Total equity investments	1,842	2,150	8.3%
3.1 Government bonds and mortgage-credit bonds	2,737	3,236	0.3%
3.2 Index-linked bonds	620		
3.3 Credit bonds and emerging markets bonds	1,155	1,179	0.4%
3.4 Loans etc.	137	106	3.8%
3. Total bonds and loans	4,649	4,522	0.4%
4. Subsidiaries	175	157	13.6%
5. Other investment assets	76	131	-
6. Derivative financial instruments	439	175	-

Assets linked to market rate

DKK mill.	Market value		Return before tax
	Brought forward	Carried forward	
1. Land and buildings directly owned	6,254	6,723	2.1%
2.1 Listed equity investments	39,189	42,950	12.1%
2.2 Unlisted equity investments	27,401	28,351	2.9%
2. Total equity investments	66,589	71,300	8.4%
3.1 Government bonds and mortgage-credit bonds	13,572	22,593	0.2%
3.2 Index-linked bonds	2,968	-	-
3.3 Credit bonds and emerging markets bonds	34,253	34,382	-1.0%
3.4 Loans etc.	656	632	4.2%
3. Total bonds and loans	51,449	57,607	-0.5%
4. Subsidiaries	837	936	15.1%
5. Other investment assets	3,134	3,855	-
6. Derivative financial instruments	737	1,771	-

**The returns on individual investment assets as well as total investment assets have been calculated using the time-weighted method, i.e. daily return calculations are made throughout the year.*

Notes (cont.)

Note

22 Derivative financial instruments (DKK mill.)

	Principal amount	Positive value	Negative value
Interest-rate contracts, swaps			
Term 0-10 years	-54,370	1,108	-1,756
Term 10-20 years	-2,330	1,627	-107
Term >20 years	-637	139	-8
Total	-57,338	2,874	-1,871
Repo / reverse transactions			
Term 0-10 years	1,196	0	-
Futures (shares and bonds)			
Term 0-10 years	132	86	-43
Currency forward contracts			
Term 0-1 years	-71,297	1,146	-50
Balance as at 31 December 2017	-127,307	4,106	-1,965

All interest-rate contracts are in DKK and EUR. Positive fair values are included in other financial investment assets, and negative fair values are included in liabilities under other debt.

23 Breakdown by valuation of investment assets and financial liabilities

Investment assets and financial liabilities are recognised at fair value or amortised cost, see note 1. Fair value is the price which can be obtained by selling an asset, or which must be paid in order to transfer a liability in a regular transaction between independent parties at the time of measurement. Fair value is determined on the basis of the following hierarchy:

Level 1 - listed prices:

Listed prices are used when there is an active market for the individual assets. As a general rule, the closing rate on the balance sheet date is applied.

Level 2 - observable input:

For listed securities, where the closing price does not reflect the fair value, the fair value is set on the basis of the listed prices of similar assets or liabilities or on the basis of other methods of valuation based on observable market input, e.g. input from banks or brokers. For the derivative financial instruments, assessment techniques are applied which are based on observable market conditions such as yield curves and exchange rates, etc. This category includes unlisted bonds and derivative financial instruments.

Level 3 - unobservable input:

For a significant part of the investments valuation cannot be solely based on observable market data. These include unlisted equity investments, such as equity investments in group and associated companies, as well as domicile properties. For these assets valuation models are applied that may entail estimates of the current market conditions and future developments in these. Note 1 on accounting policies describes in more detail the methods of valuation applied.

Notes (cont.)

Note

23 Breakdown by valuation of investment assets and financial liabilities (cont.)

DKK mill.	Listed prices	Observable input	Unobservable input	Total
Equity investments in group companies	1,300	1,453	1,442	4,195
Equity investments in associated companies	-	-	23	23
Equity investments	1,749	4	3,375	5,128
Investment association units	854	-	48	902
Bonds	10,806	8	-	10,814
Deposits with credit institutions	-	915	-	915
Other financial investment assets	26	930	-	956
Investment assets attached to market-rate products	83,446	21,329	36,298	141,073
Investment assets recognised at fair value	98,181	24,639	41,186	164,006
Recognised at amortised cost (loans etc.)				1,056
Total investment assets				165,062
Derivative financial instruments with negative market value	44	1,921	-	1,965
Financial liabilities at fair value	44	1,921	-	1,965

Losses and gains on investment assets and financial liabilities measured at fair value according to level 3 are recognised in the income statement under "Income from group undertakings", "Income from associated undertakings" and "Value adjustments" as well as "Other comprehensive income" (see note 1).

Valuation on the basis of unobservable input (DKK mill.):	2017
Fair value brought forward	38,959
Purchase and sale, net	774
Value adjustments in the income statement	1,381
Value adjustments in other comprehensive income	72
Fair value, carried forward	41,186

24 Remuneration of the Board of Directors

The chairman and deputy chairman received annual remuneration of DKK 233,043 in 2017. This remuneration also covers participation in committees in Industriens Pensionsforsikring A/S. Other members of the Board of Directors received remuneration in 2017 of DKK 116,522 kr. Other members of the Board of Directors who are also members of the Investment Committee or the Audit Committee also received remuneration of DKK 63,558 in 2017, while the chairman of the Audit Committee received remuneration of DKK 84,744.

Mads Andersen, chairman	DKK 233,043	Lars Mikkjelgaard-Jensen, from 7/7-17	DKK 58,261
Kim Graugaard, deputy chairman	DKK 233,043	Nina Movin	DKK 180,080
Lars Andersen	DKK 264,824	Lars Ingemann Nielsen	DKK 180,080
Erik Bredholt	DKK 116,522	Jukka Pertola	DKK 116,522
Chresten Dengsøe	DKK 116,522	Rasmus Sejerup Rasmussen	DKK 116,522
Claus Jensen	DKK 116,522	Bo Stærmose, until 14/6-17	DKK 58,261
Heidi Jensen	DKK 116,522	Berit Vinther	DKK 180,080
Jim Jensen, from 25/4-17	DKK 77,681	Ole Wehlast, until 25/4-17	DKK 38,841

Notes (cont.)

Note

25 Risk management and sensitivity information

Through its policies and guidelines, the Board of Directors of Industriens Pension determines the overall level of the company's risk taking and the framework for ongoing risk management.

The day-to-day management monitors risks on an ongoing basis, and ensures compliance with the frameworks stipulated. The Board of Directors receives regular reports on compliance with individual frameworks.

Industriens Pension's view on risks

Industriens Pension's view on risks is to acknowledge that results desired are generated through controlled risk willingness and that risks should therefore be managed and controlled; and not necessarily eliminated.

All potential risks are monitored on an ongoing basis, and if the risk exceeds the acceptable level, initiatives are implemented to mitigate the risk to a lower, acceptable level. Such initiatives are implemented in policies, guidelines and internal business procedures, and by establishing or adjusting internal controls.

Industriens Pension aims at promoting risk awareness among its employees and the overall view on risk is therefore integrated in the day-to-day management of the company's risk activities.

Risk identification and assessment

The most important element of Industriens Pension's risk management is to ensure that all significant risks from the current business model and activities are identified, quantified, assessed, managed and reported.

The assessment of individual risks takes into account members' circumstances, as well as the size of the own funds to cover current solvency capital requirements.

The majority of members of Industriens Pension have a market-interest-rate product, where each member carries the main part of the risks. For these members, a key element of the risk assessment is to

ensure that the individual member is not subject to an inappropriate risk.

Every year, the Board of Directors approves an overall risk assessment, which is subsequently submitted to the Danish Financial Supervisory Authority and communicated to all relevant employees at Industriens Pension.

Risk management in practice

In accordance with the Executive Order on Management and Control of Banks etc., separate actuary, compliance and risk-management functions have been set up, as well as an internal audit function. Furthermore a person has been appointed to be responsible for each function. In addition to these functions, Industriens Pension has a data-protection consultant and a person responsible for the money laundering area.

The risk management function plans work on risk and regularly prepares reports on the risk area. It is crucial for Industriens Pension that the practical work on implementing management of the individual risks is rooted with the staff responsible in the individual departments. The individual heads of department are therefore responsible for identifying new risks and ensuring that these are also mitigated with suitable controls. Errors and other inappropriate incidents are identified and assessed. These assessments are incorporated in work on risks and organising controls. The risk management function regularly follows up on risks identified, controls implemented and error incidents observed.

Most significant risks for Industriens Pension

Current risks can be divided into market risks, business risks, as well as operational and strategic risks.

Market risks

Market risks include risks of losses on investment assets, among others things arising from losses on shares, interest rates, currency and properties. Furthermore, the risk of losses as a consequence of credit and counterparty risks, as well as liquidity risks, are included.

Notes (cont.)

Note

25 Risk management and sensitivity information (cont.)

The company is exposed to market risk on its own funds as well as the provisions in average rate and sickness and accident insurance. The most important financial risks for members who still have a pension scheme with average interest rate are linked to the interaction between investment assets and current insurance obligations.

The risk relates to whether the return on investment assets is sufficient to cover liabilities on insurance contracts. The most important risk here is changes in interest rates. The interest-rate risk on liabilities is eliminated by hedging with interest-rate derivatives.

For members in market rate who bear the market risk themselves, this is managed through a lifecycle product for which the risk depends on the investment horizon of each member, determined on the basis of the age of the individual member.

The risk of losses from changes in exchange rates is mitigated by using derivatives.

The counterparty risk is generally mitigated by applying the delivery versus payment principle in connection with securities trading and by demanding collateralisation for positive fair values over a certain level on the derivatives used.

Insurance risks

Insurance risks include the risk of losses because of negative changes in mortality rates, life expectancy, loss of ability to work as well as critical illness.

Operational and strategic risks

Operational risks comprise the risk of losses attributable to internal errors and errors in IT systems, incorrect procedures, inadequate internal controls, fraud, etc.

These risks are mitigated with regular monitoring of errors and by establishing suitable controls.

Strategic risks comprise reputation risks and other risks related to external events and factors.

The most important operational risks are linked to the company's use of IT.

Solvency capital requirement

As an insurance company, Industriens Pension must regularly calculate a solvency capital requirement. The scope of the capital requirement depends on the current risk profile.

The Board of Directors overall approves the methods used to calculate the solvency capital requirement. The capital requirement is calculated in accordance with the standard model, parameters and buffers laid down by the Danish Financial Supervisory Authority in the Executive Order on Calculation of the Solvency Capital Requirement.

The current solvency capital requirement at the end of 2017 is stated on page 1 of the management's review.

The capital available to cover the company's capital requirement was DKK 7,394 mill. at the same date. Industriens Pension is therefore extremely well consolidated.

The effect on equity of a number of events is evident from the sensitivity information shown below.

Sensitivity information (DKK mill.)

Incident	Effects on equity
Interest rate rise of 0.7 percentage points	-161
Interest rate drop of 0.7 percentage points	101
Fall in share prices of 12%	-141
Fall in property prices of 8%	-17
Exchange-rate risk (VaR 99%)	0
Loss on counterparties of 8%	-18

See the report on solvency and the financial situation for 2017 on the company website (in Danish) for more details on risk and solvency.

Management positions held by the Board of Management and the Board of Directors

BOARD OF MANAGEMENT

Laila Mortensen (born 1965)

CEO of IndustriPension Holding A/S and the fully owned subsidiary
Industriens Pensionsforsikring A/S

Intra-group positions:

Industriens Pension Service A/S

CEO

Furthermore, Laila Mortensen is on the board of directors of 12 fully owned subsidiaries.

Other positions:

Danish Insurance Association

Member of the Board of Directors

Forsikringsorganisationens Fællessekretariat F.M.B.A

Member of the Board of Directors

Spar Nord Bank A/S

Member of the Board of Directors

Statistics Denmark

Member of the Board

The above positions have been approved by the Board of Directors, see section 80(1) of the Danish Financial Business Act.

BOARD OF DIRECTORS

Mads Andersen, chairman (born 1969)

Group chairman of Industrigruppen 3F and deputy chairman of the Central Organisation of Industrial Employees (CO-industri).
Appointed 21 April 2010. Appointed by the Central Organisation of Industrial Employees (CO-industri) unions.

Intra-group positions:

Industripension Holding A/S

Chairman of the Board

Industriens Pension Service A/S

Chairman of the Board

Investment Committee of Industriens Pensionsforsikring A/S

Chairman

Audit Committee of Industriens Pensionsforsikring A/S

Chairman

Other positions:

Industriens Kompetenceudviklingsfond

Member of the Board of Directors

Industriens Uddannelses- og Samarbejdsfond

Member of the Board of Directors

Laugesens Have, kursuscenter A/S

Chairman of the Board

Danish Confederation of Trade Unions

Member of the Board

Nordsøenheden S.O.V.

Member of the Board of Directors

Board of the United Federation of Danish Workers

Member

BOARD OF DIRECTORS

Kim Graugaard, deputy chairman (born 1961)

Deputy Director General of the Confederation of Danish Industry (DI)
 Appointed 28 April 2005. Appointed by the Confederation of Danish Industry.

Intra-group positions:

IndustriPension Holding A/S	Vice Chairman of the Board
Industriens Pension Service A/S	Vice Chairman of the Board
Investment Committee of Industriens Pensionsforsikring A/S	Member
Audit Committee of Industriens Pensionsforsikring A/S	Member

Other positions:

Arbejdsmarkedets Tillægspension	Member of the Board of Directors and committee of representatives
Confederation of Danish Employers	Member of the Board of Directors
Industriens Kompetenceudviklingsfond	Member of the Board of Directors
Industriens Uddannelses- og Samarbejdsfond	Member of the Board of Directors
TekSam	Chairman of the Board

Lars Andersen (born 1958)

Executive Director of the Economic Council of Labour Movement.
 Appointed 28 April 2005. Appointed by the Central Organisation of Industrial Employees (CO-industri) unions.

Intra-group positions:

IndustriPension Holding A/S	Member of the Board of Directors
Investment Committee of Industriens Pensionsforsikring A/S	Member
Audit Committee of Industriens Pensionsforsikring A/S	Chairman

Other positions:

Arbejdernes Landsbank A/S	Member of the Board of Directors and chairman of the Audit and Risk Committee.
IFU/IØ foundations	Vice Chairman of the Board

Erik Bredholt (born 1966)

Executive Director of Livlande Holding A/S.
 Appointed 30 November 2009. Appointed by employers in the merged pension funds PNN PENSION and PHI pension.

Other positions:

Danish Crown A/S	Chairman of the Board
Board of the Confederation of Danish Industry	Member
Friland A/S	Member of the Board of Directors
Danish Agriculture & Food Council	Member of the Board of Directors
Leverandørselskabet Danish Crown Amba	Chairman of the Board
Livlande Holding A/S	Member of the Board of Directors
Slagteriernes Arbejdsgiverforening	Member of the Board of Directors
Sokolow S.A. (Poland)	Member of the Board of Directors
Tulip Ltd. (UK)	Member of the Board of Directors

BOARD OF DIRECTORS

Chresten Dengsøe (born 1961)

CEO of The Medical Doctors' Pension Fund and The Medical Doctors' Bank.

Appointed 9 March 2016. Appointed by the Confederation of Danish Industry.

Other positions:

The Medical Doctors' Pension Fund and The Medical Doctors' Bank	Chairman of the Board / director of a number of subsidiaries
Copenhagen Infrastructure Partners II and III	Member of the Investment Committee
Danish Insurance Association	Member of the Board of Directors

Claus Jensen (born 1964)

Union chairman of the Danish Metalworkers' Union and Chairman of the Central Organisation of Industrial Employees

Appointed 25 April 2013. Appointed by the Central Organisation of Industrial Employees (CO-industri) unions.

Intra-group positions:

IndustriPension Holding A/S	Member of the Board of Directors
Industriens Pension Service A/S	Member of the Board of Directors

Other positions:

Economic Council of Labour Movement	Member of the board and council member
Arbejderbevægelsens Kooperative Finansieringsfond	Member of the Board of Directors
Arbejdernes Landsbank A/S	Deputy Chairman
A/S A-Pressen	Member of the Board of Directors
A/S Femern Landanlæg	Member of the Board of Directors
A/S Øresund	Member of the Board of Directors
Arbejdsmarkedets Tillægspension	Member of the Board of Representatives
The Economic Council	Member
Femern A/S	Member of the Board of Directors
Disruptionrådet	Member
IndustriALL, European Trade Union	Deputy Chairman
Nordic IN	Chairman
Industriens Uddannelses- og Samarbejdsfond	Vice Chairman of the Board
Industriens Kompetenceudviklingsfond	Chairman of the Board
Innovation Fund Denmark	Member of the Board of Directors
Interforcekomiteen	Member of the Board of Directors
Danish Confederation of Trade Unions	Member of the day-to-day management and executive committee
LINDØ port of ODENSE A/S	Member of the Board of Directors
Sund & Bælt Holding A/S	Member of the Board of Directors Member of Advisory Board and Strategy Committee
EUROPA think tank	Member of the Board of Directors
Udlandssekretariatet	Member of the Board of Directors
A/S Storebælt	Member of the Board of Directors

Heidi Jensen (born 1973)

Trade union representative at Struers A/S

Appointed 28 April 2011. Appointed by the Central Organisation of Industrial Employees (CO-industri) unions.

Other positions:

United Federation of Danish Workers Greater Copenhagen	Member of the Board of Directors
--	----------------------------------

BOARD OF DIRECTORS

Jim Jensen (born 1965)

Vice President, Fødevarerforbundet NNF

Appointed 25 April 2017. Appointed by employees in the merged pension funds PNN PENSION and PHI pension.

Lars Mikkilgaard-Jensen (born 1954)

IBM Managing Director and Chairman of the Board, IBM Danmark

Appointed 7 July 2017. Appointed by the Confederation of Danish Industry.

Other positions:

Sydbank A/S

Member of the Board of Directors

M J Grønbech & Sønner Holding A/S

Member of the Board of Directors

Nina Movin (born 1959)

CEO of Otto Mønstedts Fond and Otto Mønsted A/S.

Appointed 25 April 2013. Appointed by the Central Organisation of Industrial Employees (CO-industri) unions.

Intra-group positions:

Investment Committee of Industriens Pensionsforsikring A/S

Member

Other positions:

Arator A/S (Plougmann og Vingtoft)

Vice Chairman of the Board

AUFF Invest P/S

Member of the Board of Directors

GateHouse A/S

Member of the Board of Directors

Invoice One A/S

Member of the Board of Directors

Oreco A/S

Member of the Board of Directors

Lars Ingemann Nielsen (born 1961)

Finance Director of Pædagogernes Pension

Appointed 26 June 2015. Appointed by the Confederation of Danish Industry.

Intra-group positions:

Audit Committee of Industriens Pensionsforsikring A/S

Member

Other positions:

Flintholm Have P/S

Member of the Board of Directors

Copenhagen Business School, Pension Research Centre (PeRCent)

External associate professor

PBU Bolig A/S

Member of the Board of Directors

PBU Invest Holding P/S

Member of the Board of Directors

Jukka Pertola (born 1960)

Professional board member

Appointed 22 February 2012. Appointed by the Confederation of Danish Industry.

Other positions:

Danish Academy of Technical Sciences

Member of the Praesidium

Baltic Development Forum

Member of the Board of Directors

COWI A/S

Member of the Board of Directors

GomSpace Group AB

Chairman of the Board

GomSpace A/S

Chairman of the Board

LEO Pharma A/S

Chairman of the Board

Siemens Gamesa Renewable Energy A/S

Chairman of the Board

Tryg A/S

Vice Chairman of the Board

Tryg Forsikring A/S

Vice Chairman of the Board

BOARD OF DIRECTORS

Rasmus Sejerup Rasmussen (born 1974)

Union representative at Babcock & Wilcox Vølund A/S

Appointed 25 April 2013. Appointed by the Central Organisation of Industrial Employees (CO-industri) unions.

Other positions:

Babcock & Wilcox Vølund A/S

Member of the Board of Directors

Metal Vest

Member of the Board of Directors

Esbjerg Municipality

Member of the City Council

Berit Vinther (born 1961)

Head of Secretariat at Fonden AM-Lab Danmark (Danish National Additive & Digital Manufacturing Hub)

Appointed 22 April 2009. Appointed by the Confederation of Danish Industry.

Intra-group positions:

IndustriPension Holding A/S

Member of the Board of Directors

Industriens Pension Service A/S

Member of the Board of Directors

Audit Committee of Industriens Pensionsforsikring A/S

Member
