

Annual report

2019

Contents

Financial and operating data, summary of financial statements 1

Members and the pension scheme..... 3

Investment activities 6

Risk and solvency..... 9

Corporate social responsibility 11

Ownership, management and remuneration policy 13

Outlook for 2020 15

Statement by Management 16

Independent auditor's report..... 17

Income statement and statement of comprehensive income..... 21

Balance sheet, assets 22

Balance sheet, equity and liabilities..... 23

Changes in equity and own funds..... 24

Notes 25

Management positions held by the Board of Management and the Board of Directors 47

Financial and operating data, summary of financial statements

Table 1 Selected financial and operating data

DKK mill.	2015	2016	2017	2018	2019
Income statement items					
Premiums	7,223	7,206	8,046	8,429	8,215
Investment returns	8,539	11,033	12,161	-1,699	20,054
Tax on yields of certain pension-scheme assets	-1,316	-1,686	-1,683	329	-3,020
Insurance benefits	-3,931	-4,682	-4,657	-5,321	-5,437
Insurance operating costs	-37	-113	-124	-124	-112
Result of sickness and accident insurance	39	41	40	47	48
Comprehensive income for the year	118	204	388	111	417
Assets					
Investment assets	23,346	22,588	23,319	23,774	27,808
Investment assets related to market-rate products	122,460	130,930	141,743	145,593	163,839
Other assets	3,879	3,848	5,078	2,647	1,948
Total assets	149,685	157,366	170,140	172,013	193,595
Equity and liabilities					
Equity	4,590	4,794	5,182	5,293	5,710
Subordinated loan capital (special bonus provisions)	4,019	4,057	4,111	4,019	4,185
Provisions for insurance and investment contracts	131,532	143,297	156,748	158,596	178,021
Other liabilities	9,544	5,217	4,099	4,105	5,679
Total equity and liabilities	149,685	157,366	170,140	172,013	193,595
Accepted own funds (capital base 2015)	8,606	8,851	9,293	9,312	9,895
Solvency capital requirement	1,410	2,116	2,459	2,709	3,112
Key figures and financial ratios					
Return before tax on yields of certain pension-scheme assets	6.7%	8.2%	8.2%	-1.0%	12.0%
Costs per member	DKK 84	DKK 250	DKK 278	DKK 272	DKK 243
Solvency ratio *	610%	418%	378%	344%	318%
Number of members carried forward	399,770	402,205	406,514	410,801	412,079

* Accepted own funds as % of the solvency capital requirement

Income statement

Total premium contributions amounted to DKK 9.7 bn., which is similar to 2018. Following transfers of premiums to sickness and accident insurance, and after withholding income tax (A tax) and labour-market contributions, net contributions amounted to DKK 8.2 bn. in 2018.

The number of economically active members who pay pension contributions via their employer decreased by about 1,600 in 2019. However, over the past five years there has been an increase of around 7,000, corresponding to about 4.5%.

2019 yielded a highly satisfactory result on investment activities, with positive returns from all asset categories.

Not least investments in listed shares as well as credit bonds and emerging market-bonds made positive contributions to investment returns. Total investment returns ended at DKK 20.1 bn. after costs, compared with DKK -1.7 bn. in 2018. This corresponds to a total return on investment assets of 12.0% in 2019 (-1.0% in 2018). Over the past 10 years, the average return after costs has amounted to 8.6% per annum.

As a result of the large positive investment return for the year, tax on yields of certain pension-scheme assets constituted an expense of DKK 3.0 bn. compared with an income of DKK 0.3 bn. in 2018.

Insurance benefits amounted to DKK 5.4 bn. and were 2.2% higher than the benefits for 2018, when they amounted to DKK 5.3 bn. This is primarily due to an increase in payments on death.

At DKK 112 mill., administration costs for life-assurance activities were slightly below the level in 2018. Thereby, costs per member fell to DKK 243. (DKK 272 in 2018). To this should be added the costs of sickness and accident insurance of DKK 46 per member (DKK 46 in 2018). Costs per member therefore remain at a low level.

After this, comprehensive income for the year was DKK 417 mill. against DKK 111 mill. in 2018, and against an expected profit for the year of DKK 150-200 mill. The increase compared with 2018 and compared with the expected result is due to the high investment return in 2019.

The results for the year 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. The gross result on life-assurance activities was DKK 1,042 mill. against DKK -12 in 2018. The development is due to significantly higher returns in 2019 and thereby higher interest results.

Furthermore, the risk result increased from DKK -57 mill. in 2018 to DKK 89 mill. in 2019. The reason for this is that in 2018, the bonus allotment in the group life scheme was higher than in 2019, and that the result for 2018 was affected by changes in the provision for waivers of premiums concerning lump sums on death. Finally, group life premiums collected for 2019 were higher than in 2018.

In 2019, sickness and accident insurance contributed a gross result of DKK 240 mill. against DKK -77 mill. in 2018. This increase is due partly to an improved investment result, and partly due to fewer claims.

Of the total gross result of DKK 1,282 mill., DKK 515 mill. has been transferred to bonus and premium rebates for use in the coming years, while DKK 350 mill. has been transferred to special bonus provisions. The remaining result, comprehensive income for the year of DKK 417 mill., has been transferred to equity.

Table 2 Comprehensive income for the year

DKK mill.	2018	2019
Interest result after tax	-18	954
Expense result	89	90
Risk result	-57	89
Change in market-value adjustments	-27	-92
Gross profit on life assurance	-12	1,041
Gross profit on sickness and accident insurance	-77	240
Total gross profit	-89	1,281
Consumption of bonus for group life	3	-113
Consumption of collective bonus potential	197	-209
Consumption of premium rebates in sickness and accident insurance	124	-192
Transferred to special bonus provisions	-123	-350
Comprehensive income for the year	111	417

Balance sheet

Total assets increased by DKK 21.6 bn., from DKK 172 bn. in 2018 to DKK 193.6 bn. at the end of 2019. In the past five years, the company's total assets have grown by DKK 51.3 bn.

Total provisions for insurance and investment contracts amounted to DKK 178.0 bn. at the end of 2019. Of this amount, provisions for the market-rate scheme totalled DKK 162.2 bn. while provisions in the average-rate environment, which only include pensioned members, amounted to DKK 7.5 bn., including individual as well as collective bonus potentials. To this should be added provisions for sickness and accident insurance of DKK 8.3 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 2019 was set at 9% (after tax). For 2020, the rate of interest on members' savings has also been set at 9% after tax.

Equity rose in 2019 to DKK 5.7 bn., and total own funds thus amounted to DKK 9.9 bn. at the end of the year.

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 fell in 2019 by 2,871 to 208,793. Moreover, the number of old-age pensioners rose by 2,199 to 43,176 members.

Overall, there was a net influx of 1,278 members in 2019, and Industriens Pension thus had 412,079 members at the end of the year.

Table 3 Number of members at the end of the year

	2015	2016	2017	2018	2019
Members who pay via their employer	162,170	164,125	166,530	169,945	168,327
Self-paying members	9,009	8,289	7,531	6,887	6,442
Apprentices and trainees who only have insurance cover	2,047	1,874	1,976	1,334	1,329
Members exempt from making contributions	31,563	32,056	32,946	33,498	32,695
Total active members	204,789	206,344	208,983	211,664	208,793
Passive members	153,116	150,213	147,768	145,604	147,250
Old-age pensions	29,946	33,523	37,454	40,977	43,176
Disability pensions	11,919	12,125	12,309	12,556	12,860
Total	399,770	402,205	406,514	410,801	412,079

Contributions

Total contributions amounted to DKK 9,747 mill. (before withholding income tax (A tax) and labour-market contributions), which is similar to 2018.

Table 4 Contributions

DKK mill.	2015	2016	2017	2018	2019
Contributions, life assurance	6,376	6,369	6,602	6,680	6,746
Deposits and transfers	1,265	1,242	1,817	2,132	1,935
Contributions, sickness and accident insurance	377	630	570	687	766
Contributions, contracts taken out individually	133	163	213	257	300
Total contributions	8,151	8,403	9,202	9,756	9,747

Payments

Total payments increased by DKK 155 mill. compared with 2018. This is primarily due to an increase in payments on death.

As a result of the 2011 retirement reform, the retirement age was raised to 65.5 years in 2019, and this has led to a decline in the number of new old-age pensioners.

Table 5 Benefits paid

DKK mill.	2015	2016	2017	2018	2019
Payments for old-age pensions	917	1,093	1,358	1,610	1,579
Payments for loss of ability to work	585	612	643	689	746
Payments on death	331	383	355	467	589
Lump sum for critical illnesses	138	134	137	142	147
Transfers on changes of job	2,230	2,731	2,442	2,686	2,648
Other payments	95	92	125	140	166
Tax correction of old-age lump sum	16	-1	0	0	0
Total payments	4,312	5,045	5,060	5,733	5,875
Transferred to other insurance provisions	71	119	110	133	146
Total benefits	4,384	5,165	5,170	5,866	6,021

Table 6 Number of new recipients of pensions

	2018	2019
Payment due to certain critical illnesses	1,442	1,470
Payment due to degree of disability of between 50-67%	150	215
New disability pensions (degree of disability more than 67%)	977	1,092
Payments to surviving relatives after death	1,339	1,558
Retirement savings scheme paid out, but member not retired	2,805	1,699
Old-age pension paid as a lump sum	3,014	1,899
New old-age pensioners	4,525	3,152

Continued low administration costs

The "Costs per member" key figure was DKK 243 in 2019, which is lower than in 2018, when the figure was DKK 272.

For 2020, the monthly contribution for administration has been set at DKK 24 per member, corresponding to DKK 288 annually. 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.

Increasing interest in monitoring pension savings

Once again, Industriens Pension saw increasing interest from members in monitoring their pension savings. The number of members using our digital services was unprecedented.

2019 marked a historic peak with regard to the number of sessions on the website and the app, with more than 1.3 mill. sessions and 14 million page views for information about the pension scheme. This is an increase of more than 30% compared with the previous year. Traffic is moving rapidly towards mobile devices. In 2019, almost 80% of all sessions were on mobile devices.

2019 also saw much more personal contact with members and companies. We were in contact by telephone with members and companies more than 267,000 times, and we held more than 1,800 meetings to provide members and companies with direct information on the pension scheme.

Several prizes in 2019

In May 2019, Industriens Pension was lauded as the labour-market pension company of the year by FinansWatch and the audit and consultancy firm EY. The reasons for the award were efficient operations, low costs and solid returns for members. The prize has been awarded three times, and Industriens Pension has won twice.

In November, Industriens Pension won the Danish Fund Selection Team of the Year award for best choice of external capital managers at the Nordic Fund Selection Awards, and in December, Industriens Pension was lauded as the best European investor in unlisted assets at the annual IPE Conference and Awards 2019.

Finally, the sector analyses by Loyalty Group and by FinansWatch and Wilke Markedsanalyse A/S showed that member satisfaction and loyalty at Industriens Pension is one of the highest in the pension sector.

Danish Insurance Complaints Board

Industriens Pension is a member of the Danish

Insurance Complaints Board, which takes the place of the Consumer Complaints Board in the insurance area. In 2019, there were 12 complaints against Industriens Pension, and this is slightly more than the previous two years, where we had 9-10 complaints.

The Danish Insurance Complaints Board completed 12 of our cases in 2019. In nine of these cases, our decisions were upheld, and in two cases, we found that the complainant was right before the Danish Insurance Complaints Board decided on the case, because new information had become available after the cases had been brought before the Board. We lost one case in which Board did not agree with our assessment.

Investment activities

Return for the year

The result on investment activities was DKK 20 bn. after costs and before tax in 2019. This corresponds to a total investment return for the year of 12.0%. The return before costs was 12.7%.

All asset classes delivered positive returns, and overall, all members enjoyed relatively high returns on their pension savings.

The very positive returns in 2019 came after a year of negative returns in 2018, in which concerns about trade wars and increasing interest rates marked the end of the year. In line with the US Federal Reserve lowering expectations for interest-rate increases, and as confidence in a solution to the trade conflict between the US and China became more widespread, equity and credit bond markets increased. The trend continued for the rest of the year, thanks in part to continued negative interest rates on a large number of bond markets, and decent growth figures, not least from the US.

Listed shares and credit bolstered returns

On the listed share markets, in which Industriens Pension has invested DKK 51 bn., returns on Danish shares were 30%, while foreign shares saw returns of 27%.

Credit bonds and emerging-market bonds (DKK 35 bn.) were also positively affected by good growth and diminishing concerns about a trade war, combined with declining interest rates in the US. Overall, these bonds yielded returns of 10.7%, broken down as 8.7% on high-yield, 8.7% on investment grade and 13.3% on emerging-market bonds.

Gilt-edged bonds (DKK 37 bn.) yielded a positive return of 2.8%.

Strategic hedging of the inflation risk gave a negative return in 2019 due to expectations of lower inflation in Europe. This affected total returns on investments by -0.6 percentage points.

Table 7 Returns on assets 2019 (%)

	Return	Benchmark
Gilt-edged bonds	2.8	2.0
Other credit	3.3	-
Corporate bonds, high yield	8.7	11.4
Bonds, emerging markets	13.3	13.6
Bonds, investment grade	8.7	8.5
Shares, Danish	29.8	26.7
Shares, foreign	26.6	25.3
Unlisted shares	10.0	-
Properties	4.1	-
Infrastructure	8.6	-
Total	11.6	10.9
Total, including hedging of liabilities	12.0	11.3

Relevant benchmarks are used for listed assets, and these are stated in the table. With regard to unlisted investments, for which there are no similar benchmarks, returns earned are applied. Listed assets generated an additional return of 1.0% compared with benchmarks. For unlisted investments, a number of other references are used to assess the returns on the individual classes of assets. A total weighted additional return on investment assets of 0.7 percentage points in relation to the benchmark has thus been achieved for listed investments.

Stability in unlisted investments

Unlisted investments typically show a relatively more stable annual return than listed shares. Thus, in a year such as 2019, in which listed shares yielded very high returns, unlisted investments usually give lower returns, and the portfolio of Industriens Pension was no exception.

The total portfolio of unlisted investments amounts to DKK 57 bn. of total investment assets. Investments are in unlisted companies, infrastructure assets, property and credit. The majority are unlisted companies (DKK 21 bn.) and infrastructure assets (DKK 20 bn.), which provided a return of 10.0% and 8.6%, respectively in 2019.

Total investments in property (DKK 10 bn.) yielded a return of 4.1%. This includes Danish properties that Industriens Pension has invested in directly. This part of the portfolio delivered a return of 5.5%. The portfolio of Danish properties is still being developed and it currently amounts to DKK 4 bn.

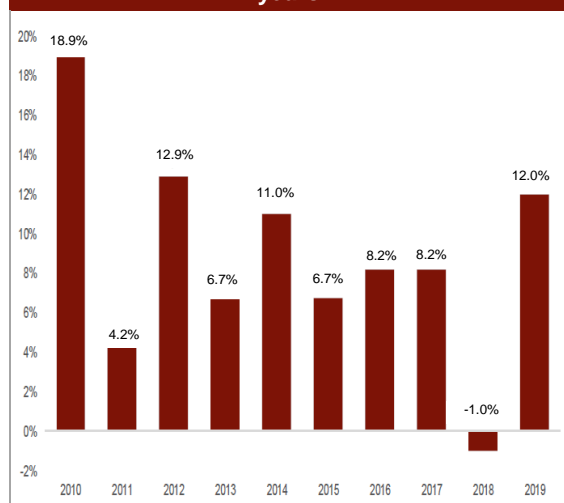
Other credit (DKK 6 bn.) is investments through funds that primarily focus on floating rate unlisted corporate loans. These investments delivered a return of 3.3%.

The majority of the unlisted investments are made through funds and co-investments with these. However, investments in Danish properties are direct investments. The same applies for long-term investments in a number of infrastructure assets with stable and predictable cash flows. Investments of this type are carried out in collaboration with local partners who help identify, measure, monitor, and manage current risks in such investments.

High returns over 10 years

With a return of 12.0% in 2019, Industriens Pension succeeded in maintaining its objective of long-term stable high returns. Over the past 10 years, investment assets have yielded an average annual return of 8.6% after costs. Historically, this has secured members some of the highest returns in the sector, despite very different developments in the financial markets, with significant rises and falls. Lower returns are expected in the years to come.

Figure 1 Returns before tax for the past 10 years



Investment costs

Investment costs were 0.71% of assets in 2019, which is 0.02% higher than in 2018. Investment costs vary considerably across asset classes and they are highest for unlisted investments. Investment costs have been deducted in the 12.0% return for the year.

Table 8 Investment costs in 2019 by types of assets

Asset type	DKK mill.	%
Gilt-edged bonds	30.6	0.08
Other credit	53.6	1.33
Investment-grade corporate bonds	31.5	0.33
High-yield corporate bonds	37.9	0.38
Emerging-market bonds	86.6	0.54
Danish shares	34.3	0.30
Foreign shares	162.9	0.46
Unlisted shares	471.4	2.43
Properties (core)	7.5	0.20
Properties	61.7	1.15
Infrastructure (core)	42.5	0.69
Infrastructure	227.8	1.65
Other strategies	2.5	1.49
Unallocated costs*	16.0	-
Total investment costs	1,266.7	0.71

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 high and relatively stable returns.

Investment assets

Investment assets valued for accounting purposes rose from DKK 169 bn. at the end of 2018 to DKK 192 bn. at the end of 2019. If derivative financial instruments with a negative value are included, the net exposures to investment assets amounted to DKK 189 bn. at the end of 2019, against exposures of DKK 166 bn. at the end of 2018.

Table 9 Asset types

Asset type	Exposures carried forward 2018		Exposures carried forward 2019	
	DKK mill.	%	DKK mill.	%
Gilt-edged bonds	37,458	22.6	37,055	19.6
Other credit	2,484	1.5	6,099	3.2
Emerging-market bonds	15,022	9.1	15,226	8.1
High-yield bonds	10,008	6.0	10,499	5.6
Investment-grade bonds	9,643	5.8	9,756	5.2
Danish shares	9,783	5.9	12,506	6.6
Foreign shares	30,920	18.6	37,515	19.9
Unlisted shares	18,219	11.0	20,552	10.9
Properties	8,692	5.2	9,523	5.0
Infrastructure	19,329	11.7	20,392	10.8
Other strategies	233	0.1	86	0.0
Money market *	3,405	2.1	8,417	4.5
Strategic hedging	685	0.4	1,297	0.7
Total	165,880	100.0	188,922	100.0

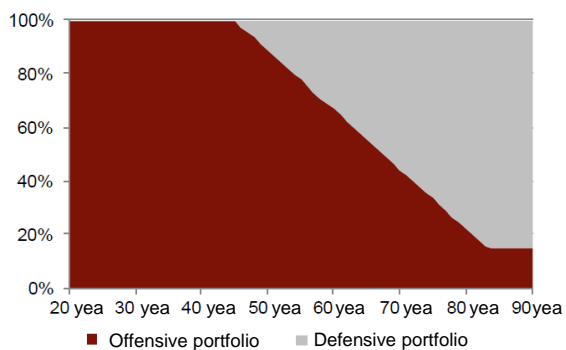
* Calculated as funds at bank plus counter-value of financial instruments plus market value of financial instruments

On www.industrienspension.dk there is a list of investments made by Industriens Pensions.

Returns for members

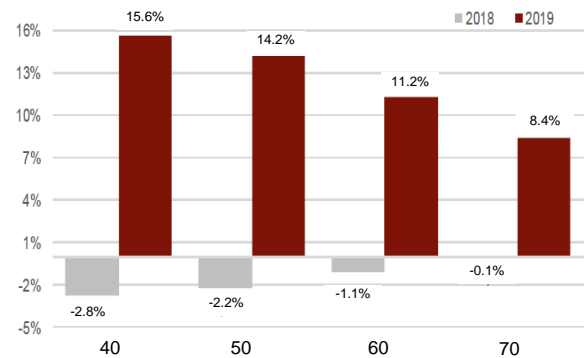
All members who were not receiving a pension at the end of 2011 have their savings placed in a lifecycle product on market-rate terms.

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

Figure 2 Risk by age

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

In 2019, the return on the offensive portfolio was 15.6%, while the defensive portfolio yielded a return of DKK 2.9%. The total return before tax for members in the lifecycle product was 12.5%.

Figure 3 Returns by age

The total return on the average-rate product, which only includes members who had retired on transition to market rate was 12.4% before tax. Individual savings were allotted an interest rate of 9% after tax, while the difference is added to collective bonus potentials.

Risk and solvency

Solvency capital requirement and own funds

There are common solvency regulations in the EU. The aim of the regulations is 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, and thus 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 members living longer than anticipated, an increase in the number of disabilities, and a possible disaster situation 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 amounts to DKK 3.1 bn. at the end of 2019, and has thereby increased by DKK 0.4 bn. compared with last year. The increase is primarily due to the high returns on shares, leading to higher market risk.

Own funds accepted to cover this risk amounted to DKK 9.9 bn. This corresponds to excess liquidity of DKK 6.8 bn. and Industriens Pension is thus particularly well consolidated.

Table 10 Solvency capital requirement and own funds

DKK mill.	2018	2019
Total solvency capital requirement		
Insurance risk, life	470	513
Insurance risk, sickness-accident	512	129
Market risk	3,851	4,277
Counterparty risk	54	61
Effect of diversification	-709	-493
Operational risk	96	98
Covered by provisions	-1,566	-1,473
Total solvency capital requirement	2,709	3,112
Own funds		
Own funds	9,312	9,895
Accepted own funds	9,312	9,895
Solvency ratio	344%	318%

Table 11 Sensitivity analysis (DKK mill.)

Risk category	SCR 125%			SCR 100%			
	Stress	Own funds	Solvency ratio *	Stress	Own funds	Solvency ratio *	
Interest-rate risk	200 bp	8,966	286%	200 bp	8,966	286%	
Share-price risk	100%	2,192	153%	100%	2,192	153%	
Property risk	100%	8,809	306%	100%	8,809	306%	
Credit spread risk	Danish government bonds, etc.	74%	4,853	125%	86%	3,882	100%
	Other government bonds, etc.	100%	7,906	291%	100%	7,906	291%
	Other bonds	100%	7,931	287%	100%	7,931	287%
Currency spread risk**	USD	100%	8,905	329%	100%	8,905	329%
	HKD	100%	9,841	320%	100%	9,841	320%
	BRL	100%	9,851	319%	100%	9,851	319%
Counterparty risk		9,895	274%				
Life expectancy risk	95%	9,895	125%	98%	9,895	100%	

* Accepted own funds as % of the solvency capital requirement

** Sensitivity calculations are made for the three currencies with the largest net exposure

Pursuant to the solvency regulations, a group 1 insurance company must analyse the effect of changes in significant risks on the company's own funds and solvency. The results of the analysis must be reported quarterly to the Danish FSA. The method of conducting the sensitivity analysis, including the risk categories to be stressed in the analysis, has been implemented in a separate Executive Order from the Danish FSA. The results of the most recent analysis are detailed in the table.

As a point of departure, for each risk category, the analysis must specify the stress lowering the current solvency ratio (see table 10) to 125% and 100%, respectively, including a statement of the related reduced own funds, see the two scenarios "SCR 125%" and "SCR 100%".

If, even with maximum stress, the solvency ratio cannot be lowered to 125% or 100%, the maximum stress must be stated with the related effect on solvency ratio and own funds.

This is why, with the exception of one case, the table states the maximum stress for the individual risk categories. The case concerns the credit-spread risk on Danish bonds, where a stress of 74% results in a solvency ratio of 125%, and a stress of 86% provides a ratio of 100%.

Life-expectancy risk must specify the life-expectancy stress reducing the solvency ratio to 125% and 100%. For Industriens Pension, this will require a life-expectancy stress in the two scenarios of no less than 95% and 98%, respectively.

See note 25 on risk management and sensitivity information as well as *Rapport om solvens og finansiel situation for 2019* (Report on the solvency and financial situation for 2019 - only in Danish) on the Industriens Pension website for a more detailed description of risk management in Industriens Pension, including work on identifying individual risks and determining acceptable risk levels etc.

Corporate social responsibility

Industriens Pension performs an important societal role by administering labour-market pensions.

The pension scheme secures good savings for old age and provides financial security for members in the event of serious illness, loss of ability to work and death.

The aim is to achieve high long-term returns so that members' savings grow as much as possible. This is through investments in the financial markets, with high priority on responsibility and sustainability.

Investing responsibly and being an active investor protects and increases returns, while at the same time contributing to sustainable social development.

Our policy on responsible investment and active ownership ensures that we take account of, for example, human rights, employee rights, the environment and climate, anti-corruption and taxation when we invest, and that our investments do not contribute to activities associated with weapons that contravene conventions or with sanctioned countries.

Industriens Pension prepares a separate report on our work on responsible investment and active ownership. The report is available on www.industrienspension.dk (in Danish only).

Below is a summary of the key content of the report.

Strengthened efforts in 2019

In 2019, the Board of Directors adopted an updated version of Industriens Pension's policy on responsible investment and active ownership, implementing the EU's new Shareholder Rights Directive.

Industriens Pension believes in the value of cooperation and knowledge sharing with like-minded investors. In 2019, we once again became signatories to the UN-supported PRI (Principles for Responsible Investment), which aims at strengthening work on responsible investment.

The green transition and climate-related financial risks remain important focus areas for Industriens Pension. Among other things, in 2019 we have:

- Continued our work to analyse the climate and environmental footprint of our portfolio, including our ability to calculate the CO₂ displacement effects of our investments in wind and solar farms.
- Excluded companies involved in tar-sand activities from our investment universe, because in our assessment, tar sand is associated with negative impacts on the environment.
- Given our conditional consent, together with the rest of the Danish pension sector, to invest up to DKK 350 bn. in the green transition towards 2030.

Responsible tax behaviour plays an important role in society and is high on Industriens Pension's agenda. To live up to our responsibility, in 2019, we drew up a set of common principles and recommendations for responsible tax behaviour and increased transparency when making unlisted investments through external managers. The tax principles were drawn up in collaboration with three other pension companies, because there will be a greater impact when several investors join forces to place demands on managers.

Our ambition remains to be open about our work on responsible investment, including active ownership through dialogue with companies.

Active ownership

Industriens Pension exercises active ownership through ongoing monitoring and dialogue with companies in our portfolio. Active ownership is also implemented through voting at general meetings of companies in which we hold voting rights and in which we have the largest exposures. We follow the recommendations for active ownership published by the Committee on Corporate Governance, and report specifically on how we exercised active ownership in 2019 in a separate statement on the website (in Danish).

Development goals in 2020

In 2020, Industriens Pension will continue to focus on sustainable investments and on reducing the carbon footprint of our portfolio. The latter will be achieved partly by identifying more green investments,¹ which will also yield an attractive risk-adjusted return.

Furthermore, Industriens Pension will analyse how sustainability certification of newly built properties can be implemented in our property strategy. Respect for human rights and employee rights, anti-corruption and taxation will also continue to be focus areas in 2020.

Moreover, the plan is to further strengthen active ownership and dialogue on relevant ESG aspects with Danish portfolio companies.

Increasing transparency about the work on responsible investments continues to be an ambition in 2020. Therefore, Industriens Pension will prepare a separate climate report based on recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), and it will publish how votes are cast in individual companies.

Furthermore, in 2020 Industriens Pension will work on analysing our internal climate footprint and set goals for further reductions in carbon emissions.

¹ Green investments are defined as investments contributing to the green energy transition, including investments in renewable energy, energy-efficiency improvements and energy transmission, see the UN's definition of clean energy.

Ownership, management and remuneration 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 the shareholder groups behind the pension scheme, and two are appointed by 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 the vice CEO at the Confederation of Danish Industry.

The Board of Directors has set up an audit committee, an investment committee and a committee for responsible investment. The management responsibilities of the Board of Directors, including representation on these committees as well as remuneration, are described on pages 47-51 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 47.

The day-to-day management comprises:

Laila Mortensen, CEO

Joan Alsing, Director of Insurance, COO

Peter Lindegaard, CIO.

The chief actuary is:

Rikke Sylow Francis, deputy director

Corporate governance

For more information about corporate governance, see 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.

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. Target figures have been set so that a gender is considered to be underrepresented in the Board of Directors if it is represented by less than 20%. For other management levels, the target figure has been set at 40%.

The current 14 members of the Board of Directors of Industriens Pension comprise 2 women and 12 men. Consequently, the share of the underrepresented gender does not meet the target gender mix stipulated for the Board of Directors.

When recommending future members for election to the Board of Directors, the Board of Directors will therefore recommend a person of the underrepresented gender, unless another candidate is considered to be more qualified for nomination for election to the Board of Directors.

The Board of Directors will strive to achieve the target figure by no later than 30 June 2022.

With regard to other management levels - executive directors, heads of department and team leaders with management responsibility - the mix at the end of 2019 is 9 women and 13 men, and the target figure of 40% has thereby been met.

REMUNERATION POLICY

The Board of Directors sets the pay policy each year to promote sound and effective risk management.

According to the pay policy, no pay agreements will be entered into with the Board of Directors or the Board of Management that include variable pay elements.

Certain other employees whose activities significantly influence the risk profile of Industriens Pension may

be offered pay agreements containing variable pay elements, but not to an extent that may encourage greater risk assumption or prevent Industriens Pension from maintaining a sound level of own funds.

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

Outlook for 2020

Members and contributions

In 2020, 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 2020 is expected to total around 410,000.

Total contributions, including contributions to sickness and accident insurance, are expected to amount to DKK 9.7 bn. in 2020.

The number of members and the size of contributions depend largely on the employment rate in society and are therefore affected by the current corona crisis and the spill-over effect on the economy. Consequently, the figures are associated with considerable uncertainty.

Costs

Industriens Pension will continue its focus on ensuring efficient administration of the pension scheme in order to keep costs low. For 2020, members will pay DKK 24 per month to cover administration costs.

Investment costs vary with the investment strategy selected and are expected to increase in line with the increasing market value of investments. The cost rate compared with the investment assets is not expected to increase significantly.

Investment activities

Every year, the Board of Directors revisits the investment strategy in order to secure the highest possible long-term real rate of return for members, after taking risk into account. The Board of Directors thus sets the framework for the composition of investments, and leaves room for active management to increase returns.

A small percentage of members still have their pensions in an average-rate scheme, and for these members, the interest-rate risk associated with the life-assurance provisions will continue to be hedged. This hedging is to ensure that provisions are not affected inappropriately by significant fluctuations in interest rates.

Since the turn of the year, Industriens Pension has seen a significant negative return on investments due to the ongoing corona crisis, and the financial markets continue to be characterised by great uncertainty and volatility. Consequently, in the current situation, it is not possible to provide a meaningful outlook for investment activities.

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 9% per annum after tax on yields of certain pension-scheme assets in 2020.

Expected result for 2020

Profit for the year depends greatly on the return achieved on the assets linked to equity, but as described above, it is not possible to provide a meaningful outlook for investment returns. Therefore, it is also not possible to provide an outlook for the overall results for 2020.

Statement by Management

We have today presented the annual report for Industriens Pensionsforsikring A/S for the financial year 1 January to 31 December 2019.

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, 24 March 2020

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 Mikkellaard-Jensen

Nina Christiane Movin

Lars Ingemann Nielsen

Steen Nielsen

Jukka Pekka Pertola

Rasmus Peter
Sejerup Rasmussen

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 2019 and of the results of the company's activities for the financial year 1 January to 31 December 2019, 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 Pensionsforsikring A/S for the financial year 1 January to 31 December 2019 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 of Industriens Pensionsforsikring 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 four consecutive years up to and including the financial year 2019.

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 2019. 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.

<i>Central matters related to the audit</i>	<i>How we have treated the central matters related to the audit</i>
<p><i>Measurement of unlisted investments</i></p> <p>Unlisted investments primarily include investments in private equity funds and unlisted shares. These are disclosed in the balance sheet under "Other financial investment assets" and "Investment assets linked to market-rate products" at a total of DKK 51,420 mill., corresponding to 27% 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-interest-rate products” at a total of DKK 5,627 mill., corresponding to 3% 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-interest-rate products” in notes 11, 13 and 23.</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 fund 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>Measurement of provisions for insurance and investment contracts</p> <p>The company has provisions for insurance and investment contracts totalling DKK 178,021 mill., corresponding to 92% of the balance-sheet total.</p> <p>Provisions primarily consist of life-assurance provisions for the market interest rate of DKK 162,232 mill. and provisions for average interest rate of DKK 7,518 mill. as well as claims provisions on sickness and accident insurance of DKK 7,507 mill.</p> <p>The calculations are 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 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 reviewed and assessed the procedures and relevant 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.</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.	This also included an assessment of continuity in the basis for the calculation of the provisions.

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.

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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 auditors' 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 auditor's 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 fair presentation.

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, 24 March 2020

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Per Rolf Larssen
State-Authorised Public Accountant
mne24822

Stefan Vastrup
State-Authorised Public Accountant
mne32126

Income statement and statement of comprehensive income

Note	DKK mill.	2019	2018
2	Gross premiums	8,215	8,429
	Total premiums, net of reinsurance	8,215	8,429
11	Income from group undertakings	6,796	77
12	Income from associated undertakings	-3	2
	Interest income and dividends, etc.	4,040	5,807
3	Value adjustments	9,495	-7,318
	Interest expenses	-3	-1
6	Administration costs in connection with investment activities	-270	-266
	Total investment returns	20,054	-1,699
4	Tax on yields of certain pension-scheme assets	-3,020	329
5	Benefits paid	-5,437	-5,321
	Total insurance benefits, net of reinsurance	-5,437	-5,321
	Change in life-assurance provisions	-18,593	-1,436
	Total change in life-assurance provisions, net of reinsurance	-18,593	-1,436
14	Change in excess capital	-166	92
6	Administration costs	-112	-124
	Total insurance operating costs, net of reinsurance	-112	-124
	Retained investment returns	-961	-290
	TECHNICAL RESULT	-20	-21
7	TECHNICAL RESULT OF SICKNESS AND ACCIDENT INSURANCE	48	47
	Investment return on equity	410	21
	PROFIT BEFORE TAX	438	47
	Tax on yields of certain pension-scheme assets for equity capital	-21	64
	PROFIT FOR THE YEAR	417	111
	Other comprehensive income	-	-
	COMPREHENSIVE INCOME FOR THE YEAR	417	111

Balance sheet, assets

Note	DKK mill.	31.12.2019	31.12.2018
8	INTANGIBLE ASSETS	0	0
9	Equipment	0	0
10	Owner-occupied property	81	75
	TOTAL TANGIBLE ASSETS	81	75
11	Equity investments in group undertakings	4,772	4,227
	Loans to group undertakings	181	188
12	Equity investments in associated undertakings	3	3
	Total investments in group undertakings and associated undertakings	4,956	4,419
	Equity investments	6,540	5,043
	Investment units	1,389	976
	Bonds	12,595	12,164
	Other loans	4	3
	Deposits with credit institutions	537	212
	Other financial investment assets	1,787	957
	Total other financial investment assets	22,852	19,355
	TOTAL INVESTMENT ASSETS	27,808	23,774
13	INVESTMENT ASSETS ATTACHED TO MARKET-RATE PRODUCT	163,839	145,593
	Amounts receivable from policy holders	631	625
	Receivables from group undertakings	2	-
	Other receivables	55	35
	TOTAL RECEIVABLES	688	659
	Current tax assets	26	15
	Deferred tax assets	204	1,010
	Cash	512	364
	TOTAL OTHER ASSETS	741	1,389
	Interest receivable	331	427
	Prepayments and other accrued income	108	97
	TOTAL PREPAYMENTS AND ACCRUED INCOME	438	524
	TOTAL ASSETS	193,595	172,013

Balance sheet, equity and liabilities

Note	DKK mill.	31.12.2019	31.12.2018
	Share capital	110	110
	Reserve for tax-free retained earnings	5,069	4,653
	Retained earnings	531	531
	TOTAL EQUITY	5,710	5,293
	Excess capital	3,862	3,683
	Other subordinated loan capital	323	336
14	TOTAL SUBORDINATED LOAN CAPITAL	4,185	4,019
	Premium provisions	54	54
15	Life-assurance provisions at average rate	7,518	7,220
16	Life-assurance provisions at market rate	162,232	143,937
	Total life-assurance provisions	169,749	151,156
	Provisions for claims outstanding for sickness and accident insurance	7,507	6,893
	Risk margin on sickness and accident insurance	72	47
	Provisions for bonuses and premium rebates	638	446
	PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	178,021	158,596
	Creditors arising out of direct insurance operations	7	6
	Debt to credit institutions	-	927
	Debt to group undertakings	29	-
	Current tax liabilities	2,454	63
17	Other debt	3,188	3,108
	TOTAL DEBT	5,679	4,105
	TOTAL EQUITY AND LIABILITIES	193,595	172,013
18	Collateral and contingent liabilities		
19	Related parties		
20	Five-year summary of key figures and financial ratios		
21	Schedule of assets and returns on assets		
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 2019	110	531	4,653	5,293
Profit for the year	-	-	417	417
Equity as at 31 December 2019	110	531	5,069	5,710
Equity as at 1 January 2018	110	531	4,541	5,182
Profit for the year	-	-	111	111
Equity as at 31 December 2018	110	531	4,653	5,293

* 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 thereof.

Own funds

DKK mill.	31.12.2019	31.12.2018
Equity, see above	5,710	5,293
Difference between equity and solvency capital:		
Excess capital (special bonus provisions type B)	3,862	3,683
Other subordinated loan capital (special bonus provisions type A)	323	336
Total own funds (accepted to cover the solvency capital requirement)	9,895	9,312

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 Executive Order was amended in certain areas from 2019. However, these amendments were adopted early by Industriens Pension in the 2018 annual report, and consequently the accounting policies are unchanged compared with 2018.

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 and investment 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, and like other assumptions, they 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. This means that the size of provisions is also affected by the current interest-rate level determining the discount rate. Provisions with these uncertainties constitute less than 5% of total provisions.

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 holdings in group undertakings and associated undertakings with investments in investment properties and wind turbines, to unlisted equity investments in private equity funds and real estate funds etc., to unlisted investment units, to unlisted bonds, and to 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 cash flows during a planning period of 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 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., expenses for maintenance and renovation as well as a so-called terminal value when the planning period expires. The determination of the individual rate of return is based on statistics on actual real estate transactions involving similar properties and 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 at the end of their useful lives. 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 DCF 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., unlisted investment units and unlisted bonds are based on information from the funds themselves or from capital managers etc., including information in reports, many of which were prepared prior to the reporting date. Internal procedures have been established to ensure the quality of the information included in measurement of fair value. This means that temporal differences in accounting data between the most recent reporting and the reporting 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; that general market developments since the most recent reporting are evaluated; 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 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 on the property, 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 calculated is adjusted by 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 breakdown of investment assets and financial liabilities according to the fair value hierarchy (levels 1-3) as well as a breakdown and further information on the valuation etc. of level 3 assets.

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, special rules apply to value adjustments of owner-occupied properties, and under certain conditions these adjustments are recognised under other comprehensive income, see the principles for measurement of owner-occupied properties on page 28.

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 arise between the exchange rate at the transaction date and the settlement date are recognised in the income statement. Monetary assets and liabilities in foreign currency are translated 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, net of reinsurance

Includes premiums and contributions due in the financial year. Labour-market contributions and A tax withheld are deducted from the 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 the 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 as income or as an expense 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 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 paid to the audit firm conducting the statutory audit of the annual financial statements are disclosed at group level in the annual report for the parent company IndustriPension Holding A/S.

Retained investment returns

Retained investment returns make up the part of the investment returns not included in the technical result.

Retained investment returns therefore comprise investment returns regarding sickness and accident insurance, as well as investment returns on 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 Executive Order on the Contribution Principle 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 subordinated loan capital, and a risk return for providing risk capital can also be added to equity and subordinated 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, accrues to the insured.

Balance sheet

Intangible assets

Intangible assets include the development of an IT platform, etc. measured at cost less 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 cost less accumulated depreciation and impairment. Straight-line depreciation is made over the expected life of assets of 5 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 rate of 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 property is depreciated according to the straight-line method over an expected useful life 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 reporting 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 property, plant and equipment 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 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, investment units and bonds 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 measured at fair value based on official market prices on the reporting date, which are modified according to the trading activity etc. on the individual markets. A calculated rate is generally 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 financial statements.

Investment assets attached to market-rate products

Investment assets attached to market-rate 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 value. Deductions are made to account for any losses.

Deferred tax assets

Negative tax on yields of certain pension-scheme assets calculated on a negative 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. These considerations include the fact that, under certain conditions, tax assets not utilised to offset positive tax on yields of certain pension-scheme assets during the first five calendar years after the tax asset was created will be repaid to the company by the Danish Tax Agency (*Skattestyrelsen*). Furthermore, a negative individual tax on yields of certain pension-scheme assets is recognised under tax assets. In years with a negative addition of interest to the market-rate scheme, this tax is recognised under life-assurance provisions, and it will be offset against positive additions of interest in future years.

Subordinated loan capital

Subordinated 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, and interest is accrued at the same rate as equity, whereas other subordinated loan capital comprises special bonus provisions type A, with interest accrued on market terms. Subordinated 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 claims 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 with 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 the 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 ability to provide a bonus in the future and are calculated as members' savings less the present value of the guaranteed benefits. The bonus potential cannot be negative.

Collective bonus potentials include the members' share of realised results, and these are 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 liabilities

Deferred tax liabilities are calculated on the basis of temporary differences between accounting and tax values of assets and liabilities included in the collective tax basis (basis for tax on 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. 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 amortised 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, continued

Note	DKK mill.	2019	2018
2	Gross premiums		
	Current premiums	7,812	7,624
	Contributions incl. transfers	1,935	2,132
	Gross premiums before taxes	9,747	9,756
	Income tax (A tax) and labour-market contributions	-767	-640
	Total gross premiums	8,980	9,116
	Of which, concerning sickness and accident insurance, see note 7	-766	-687
	Total gross premiums on insurance contracts	8,215	8,429
	<i>Premiums broken down according to how insurance was taken out:</i>		
	Insurance taken out as part of an employment relationship	8,681	8,859
	Insurance and investment contracts taken out individually	300	257
		8,980	9,116
	<i>Premiums concerning insurance:</i>		
	Insurance policies with a bonus entitlement	1	2
	Insurance and investment contracts without bonus entitlement	8,979	9,114
		8,980	9,116
	Members with collective-agreement-based schemes	412,079	410,801
	Members with group life assurance	233,090	236,315
	Members with policies taken out individually	35,432	32,393
	All insurance policies and investment contracts have been taken based on collective agreements, other 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	6	6
	Loans to group undertakings	1	1
	Equity investments	8,919	-1,247
	Investment units	1,233	-92
	Bonds	1,407	-233
	Deposits with credit institutions	-66	-69
	Derivative financial instruments	-2,003	-5,684
	Total value adjustments	9,495	-7,318

Notes, continued

Note	DKK mill.	2019	2018
4	Tax on yields of certain pension-scheme assets		
	Tax on yields of certain pension-scheme assets payable for the year	3,017	-321
	Adjustment of deferred tax asset	0	1
	Adjustment for tax on yields of certain pension-scheme assets concerning previous years	3	-9
	Total tax on yields of certain pension-scheme assets	3,020	-329
5	Benefits paid		
	Regular pension benefits	1,270	1,147
	Lump sums on old age	362	515
	Insurance sums on disability	111	94
	Insurance sums on critical illness	146	142
	Insurance sums on death	589	467
	Transfers to other pension schemes	2,646	2,684
	Surrender (disbursement of small dormant accounts)	159	133
	Tax correction of old-age lump sum	0	0
	Health-promotion costs	7	6
	Transferred to other insurance provisions	146	133
	Total benefits paid	5,437	5,321
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	142	136
	Pension contributions	17	17
	Other social security costs	2	2
	Payroll tax	24	22
	Total staff expenses	185	177
	Average number of full-time employees in the year	185	178
	Staff expenses include salaries and remuneration for:		
	Board of Management	4.5	4.3
	Board of Directors	2.3	2.2
	Number of employees whose activities significantly influence the risk profile, 15 people (11 people in 2018)	27.9	20.0

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 2019. 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, *continued*

Note	DKK mill.	2019	2018
7	Technical result of sickness and accident insurance		
	Current premiums	766	687
	Transferred from provisions for insurance and investment contracts	146	133
	Total gross premiums	912	820
	Change in premium provisions	0	3
	Premium income, net of reinsurance	912	823
	Claims paid	-584	-545
	Change in provisions for claims outstanding	-278	-422
	Change in risk margin	-26	-5
	Claims expenses, net of reinsurance	-888	-971
	Bonuses and premium rebates	-192	124
	Insurance operating costs, net of reinsurance	-21	-21
	Technical result	-188	-45
	Investment returns	237	92
	Investment return after return on insurance provisions	237	92
	TECHNICAL RESULT OF SICKNESS AND ACCIDENT INSURANCE	48	47

With a claims rate of 0.48% (0.45%), in 2019, 1,018 (895) claims were paid with an average indemnity of DKK 894,000. (DKK 979,000). The figures shown in brackets are the corresponding figures for 2018.

Notes, continued

Note	DKK mill.	31.12.2019	31.12.2018
8	Intangible assets		
	Accumulated cost 1 January	33	33
	Accumulated cost 31 December	33	33
	Accumulated amortisation 1 January	33	33
	Amortisation for the year	-	-
	Accumulated amortisation 31 December	33	33
	Carrying amount 31 December	0	0
9	Equipment		
	Accumulated cost 1 January	1	1
	Accumulated cost 31 December	1	1
	Accumulated depreciation 1 January	1	1
	Depreciation for the year	0	0
	Accumulated depreciation 31 December	1	1
	Carrying amount 31 December	0	0
10	Owner-occupied property		
	Revalued fair value 1 January	75	69
	Depreciation for the year	0	0
	Value adjustment for the year	6	6
	Revalued fair value 31 December	81	75
	Rate of return with fair value valuation	4.50	4.50

Notes, continued

Note	DKK mill.	31.12.2019	31.12.2018
11	Equity investments in group undertakings		
	Carrying amount 1 January	35,239	37,160
	Additions/issues during the year	2,164	695
	Capital reductions/redemptions during the year	-4,529	-2,482
	Dividend for the year	-91	-211
	Share of profit for the year	6,820	125
	Share of movements in capital for the year	-25	-47
	Carrying amount 31 December	39,578	35,239

Equity investments are disclosed in balance sheet items:

Equity investments in group undertakings	4,772	4,227
Investment assets attached to market-rate products, see note 13	34,806	31,012

Equity investments in group undertakings consist of:

Name	Registered office	Ownership interest	Result	Equity
Industriens Pension Portfolio (capital association)	Copenhagen	100%	6,520	33,988
IP Alternative Investments Komplementar ApS	Copenhagen	100%	0	0
IP Finans 1 ApS	Copenhagen	100%	0	4
IP Butendiek Wind K/S	Copenhagen	100%	68	313
IP Gode Wind II K/S	Copenhagen	100%	18	1,016
IP Komplementar ApS	Copenhagen	100%	0	0
IP Ejendomme 2013 P/S	Copenhagen	100%	211	4,052
IP Infrastruktur Komplementar ApS	Copenhagen	100%	0	0
IP Infrastruktur P/S	Copenhagen	100%	8	209

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	45	206
Sales during the year	-	-33
Dividend for the year	-5	-130
Share of profit for the year	-3	2
Carrying amount 31 December	37	45

Equity investments are disclosed in balance sheet items:

Equity investments in associated undertakings	3	3
Investment assets attached to market-rate products, see note 13	34	42

Equity investments in associated undertakings consist of:

Name	Registered office	Ownership interest	Result	Equity
Ejendomsselskabet Norden VIII K/S	Copenhagen	32.8%	-10	105
Gode Wind II Joint FinCo ApS	Copenhagen	21.0%	1	12

The property company Ejendomsselskabet Norden VIII K/S is active within the property area, while Gode Wind II Joint FinCo ApS is a financing company.

Notes, *continued*

Note	DKK mill.	31.12.2019	31.12.2018
13	Investment assets attached to market-rate product		
	Equity investments in group undertakings	34,806	31,012
	Loans to group undertakings	363	355
	Equity investments in associated undertakings	34	42
	Total investments in group undertakings and associated undertakings	35,203	31,409
	Equity investments	71,975	61,042
	Investment units	11,730	10,931
	Bonds	38,388	38,259
	Other loans	61	47
	Deposits with credit institutions	3,703	2,106
	Other financial investment assets	2,780	1,800
	Total other financial investment assets	128,636	114,184
	Total investment assets attached to market-rate products	163,839	145,593
	Tax asset, individual tax on yields of certain pension-scheme assets	24	429
	Interest receivable	269	341
	Contributions receivable and other receivables	599	569
	Debt to credit institutions and other debt	-2,499	-2,995
	Other balance-sheet items attached to market-rate products	-1,607	-1,656
	Net assets linked to market rate	162,232	143,937
14	Subordinated loan capital		
	Excess capital		
	Special bonus provisions type B 1 January	3,683	3,758
	Change in special bonus provisions type B	179	-75
	Special bonus provisions type B carried forward	3,862	3,683
	Other subordinated loan capital		
	Special bonus provisions type A 1 January	336	353
	Change in special bonus provisions type A	-13	-17
	Special bonus provisions type A carried forward	323	336
	Total subordinated loan capital	4,185	4,019

Notes, continued

Note	DKK mill.	31.12.2019	31.12.2018		
15	Life-assurance provisions at average rate				
	Life-assurance provisions at average rate 1 January	7,220	7,528		
	Collective bonus potential 1 January	-1,609	-1,805		
	Accumulated value adjustments 1 January	-408	-346		
	Retrospective provisions 1 January	5,203	5,377		
	Gross premiums	1	2		
	Addition of interest	449	260		
	Insurance benefits	-449	-450		
	Costs supplement after addition of costs bonus	-5	-4		
	Risk result after addition of risk bonus	-16	4		
	Transferred to/from life-assurance provisions at market rate	17	15		
	Distribution from special bonus provision	0	0		
	Retrospective provisions carried forward	5,200	5,203		
	Accumulated value adjustment carried forward	499	408		
	Collective bonus potential carried forward	1,818	1,609		
	Life-assurance provisions at average rate carried forward	7,518	7,220		
	Return before tax	12.4%	2.1%		
	Ratio of bonus potential to provisions	35%	31%		
	Return on customer funds after costs and tax	12.3%	2.0%		
	The risk margin has been recognised in life-assurance provisions at	77	47		
	Breakdown of life-assurance provisions between the original guaranteed interest rates 31 December 2019				
		1.00%	1.50%	2.50%	Total
	Guaranteed benefits	2,156	897	2,635	5,688
	Individual bonus potential	5	-	6	11
	Collective bonus potential	690	286	843	1,818
	Life-assurance provisions 31 December 2019	2,851	1,183	3,484	7,518
	Breakdown of life-assurance provisions between the original guaranteed interest rates 31 December 2018				
		1.00%	1.50%	2.50%	Total
	Guaranteed benefits	2,104	887	2,612	5,603
	Individual bonus potential	5	-	3	8
	Collective bonus potential	605	254	750	1,609
	Life-assurance provisions 31 December 2018	2,714	1,141	3,364	7,220

Notes, continued

Note	DKK mill.	31.12.2019	31.12.2018	
16	Life-assurance provisions at market rate			
	Life-assurance provisions at market rate 1 January	143,937	142,192	
	Provisions for group life 1 January	-865	-761	
	Life-assurance provisions at market rate 1 January (excluding group life)	143,071	141,431	
	Gross premiums	8,208	8,422	
	Return after tax on yields of certain pension-scheme assets	15,059	-1,817	
	Insurance benefits	-4,367	-4,328	
	Costs supplement	-197	-209	
	Risk return	0	0	
	Distribution from special bonus provision	180	211	
	Transferred to/from life-assurance provisions	-17	-15	
	Transferred to sickness and accident insurance	-143	-129	
	Transferred to group scheme	-569	-495	
	Life-assurance provisions at market rate carried forward (excluding group life)	161,225	143,072	
	Provision for group life carried forward	1,006	865	
	Life-assurance provisions at market rate carried forward	162,232	143,937	
	Return on customer funds after costs and before tax	12.0%	-1.6%	
	The risk margin has been recognised in life-assurance provisions at	1	1	
	Savings in the market rate are invested in a compulsory lifecycle product.			
	Return and risk in 2019:			
	Years before retirement	Share of provisions	Return	Risk
	30 years (age: 35 years)	1.0%	15.6%	3.75
	15 years (age: 50 years)	3.3%	14.2%	3.50
	5 years (age: 60 years)	3.0%	11.2%	3.25
	5 years after retirement (age: 70 years)	1.1%	8.4%	3.25
	Return and risk in 2018:			
	Years before retirement	Share of provisions	Return	Risk
	30 years (age: 35 years)	1.1%	-2.8%	3.50
	15 years (age: 50 years)	3.4%	-2.2%	3.50
	5 years (age: 60 years)	3.0%	-1.1%	3.25
	5 years after retirement (age: 70 years)	1.1%	-0.1%	3.25
17	Other debt			
	Negative market value of derivative financial instruments	3,014	2,964	
	Debt concerning unsettled transactions	92	7	
	Other debt	82	136	
	Total other debt	3,188	3,108	

Notes, continued

Note	DKK mill.	31.12.2019	31.12.2018
18	Collateral and contingent liabilities		
	As collateral for the technical provisions, assets have been registered at a carrying amount of:		
	Equity investments	33,991	24,871
	Investment units	89,137	83,896
	Bonds	50,071	48,609
	Deposits with credit institutions	4,625	2,266
	Derivative financial instruments	2,534	1,036
	Total registered assets	180,358	160,677
	Bonds placed as collateral for loans after standard repurchase contracts	0	927
	Cash and cash equivalents and bonds issued as collateral for clearing and for fair value of derivative financial instruments	1,229	1,487
	Cash and cash equivalents and bonds received as collateral for fair value of derivative financial instruments	2,127	1,154
	Leasing liabilities	1	1
	Pledges to invest in property, infrastructure and unlisted equity investments etc. incl. warranties for pledges in associated undertakings	22,735	21,404

The company has joint VAT (moms) registration with a number of group undertakings. The joint registration entails joint and several liability for VAT and payroll tax.

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 2019, 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 provided (approx. EUR 73 mill.) and guarantees for equivalent lines of credit to the subsidiary IP Finans 1 ApS in connection with financing 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, continued

Note	2015	2016	2017	2018	2019
20	Five-year summary of key figures and financial ratios				
Key figures for life assurance (DKK mill.)					
Premiums	7,224	7,206	8,046	8,429	8,215
Insurance benefits	3,931	4,682	4,657	5,321	5,437
Investment returns	8,539	11,033	12,161	-1,699	20,054
Insurance operating costs	37	113	124	124	112
Profit or loss on ceded business	-1	-	-	-	-
Technical result	-19	-18	-17	-21	-20
Technical result of sickness and accident insurance	39	41	40	47	48
Profit for the year	118	204	388	111	417
Provisions for insurance and investment contracts	131,532	143,297	156,748	158,596	178,021
Equity	4,590	4,794	5,182	5,293	5,710
Assets	149,685	157,366	170,140	172,013	193,595
Financial ratios for life assurance					
Return before tax on yields of certain pension-scheme assets, average rate	2.3%	8.3%	5.3%	2.1%	12.4%
Return before tax on yields of certain pension-scheme assets, market rate	7.3%	8.1%	8.5%	-1.5%	12.2%
Risk on return related to market rate	3.75	3.75	3.50	3.50	3.50
Costs as a percentage of provisions	0.0%	0.1%	0.1%	0.1%	0.1%
Costs per member	DKK 84	DKK 250	DKK 278	DKK 272	DKK 243
Return on equity after tax	2.6%	4.3%	7.8%	2.1%	7.6%
Return on excess capital after tax	2.6%	4.3%	4.4%	0.9%	6.8%
Key figures for sickness and accident insurance (DKK mill.)					
Gross premiums income	448	749	681	820	912
Gross claims costs	692	748	696	971	888
Insurance operating costs	17	18	18	21	21
Profit or loss on ceded business	-1	-	-	-	-
Technical result	-38	-112	-174	-45	-188
Investment return after technical interest	77	152	213	92	237
Run-off results	402	357	645	461	373
Total insurance provisions	6,135	6,705	7,028	7,440	8,272
Financial ratios for sickness and accident insurance					
Gross claims ratio *	104.3%	114.8%	129.2%	102.9%	123.3%
Gross expenses ratio	2.6%	2.8%	3.4%	2.2%	2.8%
Combined ratio	107.1%	117.5%	132.6%	105.1%	126.1%
Operating ratio	107.1%	117.5%	132.6%	105.1%	126.1%
Relative run-off results	7.5%	6.3%	10.4%	7.3%	5.4%

* The relatively high value of the gross claims ratio (claims as a percentage of premiums) in the five-year period is because, during this period, the premiums were reduced by bonuses and premium rebates earned in previous years.

Notes, continued

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	444	449	6.0%
2.1	Listed equity investments	927	1,037	30.0%
2.2	Unlisted equity investments	1,119	1,055	10.8%
2.	Total equity investments	2,045	2,092	19.5%
3.1	Government bonds and mortgage-credit bonds	3,275	3,033	2.7%
3.2	Index-linked bonds	-	-	-
3.3	Credit bonds and emerging markets bonds	1,131	1,125	11.5%
3.4	Loans etc.	54	47	4.5%
3.	Total bonds and loans	4,460	4,206	4.9%
4.	Subsidiaries	150	129	4.3%
5.	Others investment assets	49	127	-17.5%
6.	Derivative financial instruments	72	515	-

Assets linked to market rate

DKK mill.		Market value		Return before tax
		Brought forward	Carried forward	
1.	Land and buildings directly owned	7,218	7,806	6.6%
2.1	Listed equity investments	38,337	47,673	30.0%
2.2	Unlisted equity investments	32,327	35,119	13.0%
2.	Total equity investments	70,664	82,793	22.3%
3.1	Government bonds and mortgage-credit bonds	29,781	28,810	2.5%
3.2	Index-linked bonds	-	-	-
3.3	Credit bonds and emerging markets bonds	33,870	37,582	13.1%
3.4	Loans etc.	408	429	4.4%
3.	Total bonds and loans	64,060	66,822	8.1%
4.	Subsidiaries	1,024	1,030	4.3%
5.	Other investment assets	1,147	3,064	-5.2%
6.	Derivative financial instruments	-1,159	150	-

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. Exchange-rate fluctuations have been included under derivative financial instruments.

Notes, continued

Note

22 Derivative financial instruments (DKK mill.)

	Principal amount	Positive value	Negative value
Interest-rate contracts, swaps			
Term 0-10 years	29,755	1,493	-2,095
Term 10-20 years	459	2,471	-644
Term >20 years	1,010	54	-115
Total	31,224	4,019	-2,854
Forward foreign-exchange contracts			
Term 0-10 years	63,081	549	-160
Balance as at 31 December 2019	94,305	4,567	-3,014

All interest-rate contracts are in DKK, EUR, USD and SEK. 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 official market price on the balance sheet date is applied. For listed bonds on highly liquid markets, the market price is modified based on the actual trading activity just before the reporting date.

Level 2 - observable input:

For listed securities, where the market 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 derivative financial instruments, assessment techniques are applied 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 investments include unlisted equity investments, such as equity investments in group and associated undertakings, as well as the owner-occupied property. 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, continued

Note

23 Breakdown by valuation of investment assets and financial liabilities, *continued*

DKK mill.	Listed prices	Observable input	Unobservable input	Total
Equity investments in group undertakings	1,427	1,487	1,857	4,771
Equity investments in associated undertakings	-	-	3	3
Equity investments	2,391	0	4,149	6,540
Investment units	-	637	752	1,389
Bonds	3,825	8,678	92	12,595
Other loans	-	-	5	5
Deposits with credit institutions	537	-	-	537
Other financial investment assets	-	1,787	-	1,787
Investment assets attached to market-rate products	63,695	49,592	50,189	163,476
Investment assets recognised at fair value	71,875	62,181	57,047	191,104
Recognised at amortised cost (loans etc.)				543
Total investment assets				191,647
Derivative financial instruments with negative fair value	-	3,014	-	3,014
Financial liabilities at fair value	-	3,014	-	3,014

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" (see note 1).

Movements for the year in assets and liabilities measured at fair value using unobservable input are as follows:

	Fair value brought forward	Transfer to/from other levels	Purchases/sale, net	Value adjustments	Fair value carried forward
Group undertakings	1,709	-	87	61	1,857
Associated undertakings	4	-	-	-1	3
Equity investments	3,825	-	148	176	4,149
Investment units	294	-	442	16	752
Bonds	53	-	38	1	92
Other loans	4	-	1	0	5
Investment assets attached to market-rate products	42,856	-	5,395	1,938	50,189
Total	48,745	-	6,111	2,191	57,047

Notes, continued

Note

23 Breakdown by valuation of investment assets and financial liabilities, continued

For assets and liabilities measured at fair value using unobservable input, the following valuation techniques and input have been applied:

	Fair value carried forward	Valuation technique	Key input	Measurement uncertainty
Group undertakings, properties	4,258	DCF model*	Required rate of return from 4.0% to 5.75%	If the required rate of return for individual properties is increased by 0.25 percentage points, the value changes by DKK -141 mill.
Group undertakings, wind turbines	1,333	DCF model*	WACC of 3.83%	If the WACC is increased by 1 percentage point, the value changes by DKK -137 mill.
Associated undertakings, properties	34	Reported fair value**	-	-
Associated undertakings, other	2	Reported fair value**	-	-
Equity investments, unlisted	44,310	Reported fair value**	-	-
Investment units, unlisted	6,495	Reported fair value**	-	-
Bonds, unlisted	550	Reported fair value**	-	-
Other loans	65	Reported fair value**	-	-
Total	57,047			

*See note 1 for a more detailed description.

**Reported fair value based on reports received from relevant companies in which underlying assets and liabilities are measured at fair value. See note 1 for a more detailed description.

24 Remuneration of Board of Directors

The chairman and deputy chairman received annual remuneration of DKK 242,508 in 2019. This remuneration also covers participation in committees in Industriens Pensionsforsikring A/S. Other members of the Board of Directors received remuneration in 2019 of DKK 121,254. Other members of the Board of Directors who are also members of the Investment Committee or the Audit Committee also received remuneration of DKK 66,139 in 2019, while the chairman of the Audit Committee received remuneration of DKK 88,186.

Mads Andersen, chairman	DKK 242,508	Jim Jensen	DKK 121,254
Kim Graugaard, deputy chairman	DKK 242,508	Lars Mikkjelgaard-Jensen	DKK 121,254
Lars Andersen	DKK 275,579	Nina Movin	DKK 187,393
Erik Bredholt	DKK 121,254	Lars Ingemann Nielsen	DKK 187,393
Chresten Dengsøe	DKK 121,254	Jukka Pertola	DKK 121,254
Claus Jensen	DKK 121,254	Rasmus Sejerup Rasmussen	DKK 121,254
Heidi Jensen	DKK 121,254	Steen Nielsen	DKK 187,393

Notes, continued

Note

25 Risk management

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 risk is to acknowledge that results desired are generated through controlled risk tolerance and that risk 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-rate product, where each member carries most 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 also appointed a data protection officer and two persons responsible for the money laundering area; one for the member and business area, and one for the investment 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 risk and to organise 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 risk, business risk, as well as operational and strategic risk.

Notes, *continued*

Note

25 Risk management, *continued*

Market risk

Market risk includes risks of losses on investment assets, among other 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.

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 risk includes 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 risk comprises the risk of losses attributable to internal 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 include 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 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 2019 is stated in the table of financial and operating data on page 1 of the management's review.

The amount of capital available to cover the capital requirement was DKK 9,895 mill. at the same date.

See the report on solvency and the financial situation for 2019 on the Industriens Pension 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

The committee for responsible investment of Industriens Pensionsforsikring A/S

Member

Furthermore, Laila Mortensen is on the board of directors of 13 subsidiaries.

Other positions:

Danish Insurance Association

Chairman of the Board

Forsikringsorganisationens Fællessekretariat F.M.B.A

Chairman of the Board

Fonden F&P Formidling

Chairman of the Board

Spar Nord Bank A/S

Member of the Board and
of the Risk Committee

Sparekassen Nordjyllands Fond af 29. marts 1976

Member of the Board

Statistics Denmark

Vice Chairman 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

The committee for responsible investment of Industriens Pensionsforsikring A/S

Chairman

Other positions:

Industriens Kompetenceudviklingsfond

Member of the Board

Industriens Uddannelses- og Samarbejdsfond

Member of the Board

Laugesens Have, kursuscenter A/S

Chairman of the Board

FH - Danish Trade Union Confederation

Member of the Board

Nordsøenheden S.O.V.

Member of the Board

Board of the United Federation of Danish Workers

Member

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

BOARD OF DIRECTORS, CONTINUED

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
The committee for responsible investment of Industriens Pensionsforsikring A/S	Member

Other positions:

Confederation of Danish Employers	Member of the Board
PFA	Member of the Board
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:

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 and chairman of the Audit and Risk Committee
IFU/IØ foundations	Vice Chairman of the Board
Master of Science (MSc) in Economics programme	External examiner
Master of Science (MSc) in Economics programme	Chairman of employers' panel
Advisory Board at the Faculty of Social Sciences	Member

Erik Bredholt (born 1966)

Executive Director of Livlande Holding A/S, Executive Director of Edelslund 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
Danish Agriculture & Food Council	Member of the Board
Leverandørselskabet Danish Crown Amba	Chairman of the Board
Livlande Holding A/S	Member of the Board
Slagteriernes Arbejdsgiverforening	Member of the Board
Sokolow S.A. (Poland)	Member of the Board

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

BOARD OF DIRECTORS, CONTINUED

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 / executive director of a number of subsidiaries
Copenhagen Infrastructure Partners II and III and New Markets Danish Insurance Association	Member of the investment committee Member of the Board

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
Industriens Pension Service A/S	Member of the Board

Other positions:

AKF Holding A/S	Member of the Board
Economic Council of Labour Movement	Member of the board and council member
Arbejderbevægelsens Kooperative Finansieringsfond	Member of the Board
Arbejdernes Landsbank A/S	Deputy Chairman
A/S A-Pressen	Member of the Board
A/S Femern Landanlæg	Member of the Board
A/S Storebælt	Member of the Board
A/S Øresund	Member of the Board
Arbejdsmarkedets Tillægspension	Member of the Board of Representatives
CPH Growth Committee	Member
Danmarks Erhvervsfremmebestyrelse	Member
Danmarks Nationalbank	Member of the Board of Representatives
The Economic Council	Member
FH - Danish Trade Union Confederation	Member of the executive committee and steering committee
Femern A/S	Member of the Board
Grønt Erhvervsforum	Member
IndustriALL, European Trade Union	Vice Chairman of the Board
Nordic IN	Chairman of the Board
Industriens Uddannelses- og Samarbejdsfond	Vice Chairman of the Board
Industriens Kompetenceudviklingsfond	Chairman of the Board
Innovation Fund Denmark	Member of the Board
Interforcekomiteen	Member of the Board
LINDØ port of ODENSE A/S	Member of the Board
Sund & Bælt Holding A/S	Member of the Board
Think Tank EUROPA	Member of the Advisory Board and the Strategy Committee
Technology Pact Council	Member

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

BOARD OF DIRECTORS, CONTINUED

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.

Intra-group positions:

IndustriPension Holding A/S

Member of the Board

Other positions:

United Federation of Danish Workers Greater Copenhagen

Member of the Board

Jim Jensen (born 1965)

Vice President, Fødevareforbundet NNF

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

Other positions:

Arbejdernes Landsbank

Member of the Advisory Board of Representatives

Lars Mikkjelgaard-Jensen (born 1954)

Chairman of the Board of Directors, Sydbank

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

Intra-group positions:

IndustriPension Holding A/S

Member of the Board

Other positions:

Grønbech Holding

Member of the Board

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)

Chairman of the Board

AUFF Invest P/S

Member of the Board

GameBoks IVS

Member of the Board

GateHouse A/S

Vice Chairman of the Board

GateHouse Holding A/S

Vice Chairman of the Board

Invoice One A/S

Member of the Board

Maritime

Vice Chairman of the Board

Oreco A/S

Member of the Board

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

BOARD OF DIRECTORS, CONTINUED

Lars Ingemann Nielsen (born 1961)

Vice President at Nordea-fonden

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

Intra-group positions:

Audit Committee of Industriens Pensionsforsikring A/S

Member

Other positions:

Shareholders Nomination Board, Nordea Bank Abp

Member

Steen Nielsen (born 1967)

Deputy Director at the Confederation of Danish Industry, head of the salary and labour market policy department

Appointed 17 April 2018. Appointed by the Confederation of Danish Industry.

Intra-group positions:

IndustriPension Holding A/S

Member of the Board

Audit Committee of Industriens Pensionsforsikring A/S

Member

Other positions:

Arbejdsmarkedets Tillægspension

Member of the Board of Representatives

National Employment Council

Member

Statistics Denmark

Member of the Board up to and including February 2020

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

President

Asetek A/S

Chairman of the Board

COWI A/S

Vice Chairman of the Board

GN Store Nord A/S

Vice Chairman of the Board

GomSpace Group AB

Chairman of the Board

GomSpace A/S

Chairman of the Board

IoT Denmark A/S

Chairman of the Board

Monsenso A/S

Chairman of the Board

Siemens Gamesa Renewable Energy A/S

Chairman of the Board

Tryg A/S

Chairman of the Board

Tryg Forsikring A/S

Chairman of the Board

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

52

FGU Vest
Metal Vest
Esbjerg Municipality

Member of the Board
Member of the Board
Member of the City Council