

Annual report

2016

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Financial and operating data, summary of financial statements

Table 1 Financial and operating data

DKK mill.	2012	2013	2014	2015	2016
Income statement items					
Premiums	6,624	6,528	6,737	7,223	7,206
Return on investments	12,176	7,006	12,329	8,642	11,033
Tax on yields of certain pension-scheme assets	-1,853	-1,060	-1,862	-1,332	-1,686
Insurance benefits	-1,638	-4,708	-5,280	-3,931	-4,682
Total change in insurance provisions and excess capital	-14,477	-7,712	-10,949	-10,383	-11,232
Insurance operating costs	-136	-128	-113	-37	-113
Result of sickness and accident insurance	25	30	30	39	41
Other items	-364	73	-686	-103	-362
Comprehensive income for the year	357	29	206	118	204
Assets					
Investment assets	23,859	21,771	23,780	23,346	22,588
Investment assets attached to market-return products	95,768	102,450	114,952	122,460	130,930
Other assets	3,396	4,240	3,554	3,879	3,848
Total assets	123,023	128,461	142,286	149,685	157,366
Liabilities and equity					
Equity	4,237	4,266	4,472	4,590	4,794
Subordinate loan capital (special bonus provisions)	3,542	3,718	4,020	4,019	4,057
Provisions for insurance and investment contracts	101,692	109,565	121,195	131,532	143,297
Other liabilities	13,551	10,912	12,598	9,544	5,217
Total equity and liabilities	123,023	128,461	142,286	149,685	157,366
Recognised own funds (capital base until 2016)	7,748	7,975	8,487	8,606	7,238
Solvency capital requirement (individual solvency requirement until 2016)	1,260	1,223	1,413	1,410	2,116
Financial ratios					
Return before tax on yields of certain pension-scheme assets	12.9%	6.7%	11.0%	6.7%	8.2%
Expenses per insured party	DKK 311	DKK 288	DKK 261	DKK 84	DKK 250
Solvency ratio *	615%	652%	601%	610%	342%
Number of members carried forward	399,784	404,631	396,403	399,770	402,205

* Recognised own funds as % of the solvency capital requirement

Income statement

Premium income (excluding sickness and accident insurance) amounted to DKK 7.5 bn. in 2016. This is at par with 2015. However, the number of active members increased by 1,555 during the year, and therefore an increase in income is likely in 2017.

The year 2016 saw extremely satisfactory results within investment activities with positive returns on all asset categories. Investments in credit bonds and unlisted investments in infrastructure assets in particular contributed positively to the return on investments, which amounted to DKK 11 bn. before tax compared with DKK 8.6 bn. in 2015. This corresponds to a total return on investments of 8.2% for 2016. Over the past ten years, investments have

returned an average of 8.4% p.a. The investment return is subject to tax on yields of certain pension-scheme assets, which currently amounts to 15.3%. In 2016, the tax on yields of certain pension-scheme assets amounted to DKK 1.7 bn. against DKK 1.3 bn. in 2015.

Total insurance benefits rose by DKK 0.8 bn. from DKK 3.9 bn. in 2015 to DKK 4.7 bn. in 2016. This corresponds to an increase of 19%, which is primarily due to an increase of DKK 0.5 bn. in transfers to other pension companies in connection with job changes.

Administration costs in connection with life-
assurance activities show an increase of DKK 76
mill., from DKK 37 mill. in 2015 to DKK 113 mill. in
2016. However, in 2015, the costs were
extraordinarily influenced by a large VAT refund
from previous years. In terms of per member, costs
were DKK 250 in 2016 against DKK 84 in 2015. In
addition there are costs regarding sickness and
accident insurance of DKK 39 per member (DKK
40 in 2015). Ignoring the VAT refund in 2015, in
2016 there was again a fall in the costs per
member from DKK 296 to DKK 289 (including
sickness and accident insurance).

Comprehensive income for the year was then at
DKK 204 mill. against DKK 118 mill. in 2015 and
expected results of DKK 100-150 mill. The increase
in results is mainly due to the positive investment
returns in 2016.

Table 2 Comprehensive income

DKK mill.	2015	2016
Interest result after tax	39	571
Expense result	84	77
Risk result including result of reinsurance	-26	-10
Change in market-value adjustments	30	-122
Gross profit of life assurance	128	516
Gross result of sickness and accident insurance	-176	138
Total gross profit	-48	654
Consumption of bonus for group life	23	-31
Consumption of collective bonus potential	106	-78
Consumption of premium rebates, sickness and accident insurance	215	-97
Provided for special bonus provisions	-177	-244
Comprehensive income for the year	118	204

The results for 2016 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 pension provisions. Life insurance contributed to
a positive gross profit of DKK 516 mill. which is
mainly due to a large interest surplus. The latter is
primarily because the investment return in 2016
exceeded the accrued rate of interest on members'
savings. In 2016, sickness and accident insurance
contributed a positive gross profit of DKK 138 mill.
Of total gross profits of DKK 654 mill., DKK 206
mill. has been provided for bonuses and premium
rebates in the coming years, whereas DKK 244
has been provided for special bonus provisions
(subordinate loan capital). The remaining result –
comprehensive income for the year – was
transferred to equity.

Balance sheet

Total assets increased by DKK 7.7 bn. from DKK
149.7 bn. in 2015 to DKK 157.4 bn. at the end of
2016. In the past five years, total assets have
grown by DKK 56.2 bn.

With the good return on investments, there has
been a significant rise in the total provisions for
insurance and investment contracts, which at the
end of 2016 amounted to DKK 143.3 bn. Of this
amount, provisions for the market-rate scheme
totalled DKK 129.0 bn. while provisions in the
average rate environment, which only includes
pensioned members, amounted to DKK 7.6 bn.,
including individual as well as collective bonus
potentials. Furthermore, there are provisions for
sickness and accident insurance of DKK 6.7 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 2016 was
set at 8% (after tax). When, as in 2016, the market
return is higher than the rate of interest on
members' savings, the collective provisions for
bonus allotments in future years will go up.

Equity grew in 2016 to DKK 4.8 bn. and the total
own funds grew to DKK 8.9 bn.

Solvency capital requirement and own funds

New common EU solvency regulations, Solvency
II, entered into force on 1 January 2016. 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 in order to
protect the insured appropriately. Provisions for
insurance contracts must be 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 must
be 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. With the
transition to the new solvency rules, the solvency
requirement rose marginally by DKK 10 mill. to
DKK 1,420 mill. as at 1 January 2016.

The Danish accounting regulations have also been adjusted, so that now it is possible to apply the same method in calculations of provisions for insurance contracts in the official financial statements. Transition to the new accounting regulations resulted in an increase in the individual provisions for insurance contracts as at 1 January 2016 of DKK 307 mill. However, this increase is covered by the collective elements in the provisions and has therefore not influenced equity.

Some pension companies operate with a profit margin which is a revenue margin for the equity on the agreements concluded. In accordance with the new solvency and accounting regulations, a possible profit margin must be capitalised in the financial statements as part of the insurance provisions, and as part of the own funds in the solvency statement. Industriens Pension does not apply a profit margin. A more detailed description of the changed accounting regulations is on page 21.

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

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

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

The solvency capital requirement amounted to DKK 2,116 mill. at the end of 2016, and the recognised own funds amounted to DKK 7,238 mill., corresponding to an excess liquidity of DKK 5,122 mill. Industriens Pension is therefore particularly well consolidated.

Table 3 Solvency capital requirement and own funds

DKK mill.	2015*	2016
Total solvency capital requirement		
Insurance risks	642	647
Market risks	2,037	3,054
Counterparty risks	73	53
Effect of diversification	-407	-422
Operational risks	90	92
Covered by provisions	-1,015	-1,308
Total solvency capital requirement	1,420	2,116
Own funds		
Own funds	8,606	8,850
Recognised own funds	6,797	7,238
Solvency ratio	479%	342%

* Calculated according to the new solvency regulations from 1 January 2016

The fall in the solvency ratio compared with previous years, see also the five-year table on page 1, is partly due to an increase in the solvency capital requirement, and partly due to the fact that only a small percentage of the tax asset – according to the new solvency regulations – can be included in the recognised own funds. Previously, the tax asset was fully included in own funds recognised to cover the solvency capital requirement.

In 2016, the solvency capital requirement increased by about DKK 700 mill. to DKK 2,116 mill. This increase is partly because the Board of Directors has decided to invest the company's own funds with a higher risk than previously, and partly because, in the low-risk investment portfolio, a number of investments were made in infrastructure and this has a significant impact on solvency. These decisions result in increases in the share and currency risks, respectively.

See note 24 on risk management and sensitivity information for a more detailed description of risk management in Industriens Pension, including work on identifying individual risks and determining acceptable risk levels etc.

Events after the end of the financial year

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

Members and the pension scheme

Members

The number of active members rose by 1,555 to 206,344. The number of old-age pensioners also rose by 12% and reached 33,523 members. Since

2012, the number of old-age pensioners has increased by 65%. There are now 402,205 members of Industriens Pension.

Table 4 Number of members at the end of the year

	2012	2013	2014	2015	2016
Members who pay via their employer	158,992	157,982	161,022	162,170	164,125
Self-paying members	12,836	11,001	9,511	9,009	8,289
Apprentices and trainees	3,542	2,699	2,195	2,047	1,874
Members exempt from making contributions	30,602	29,881	30,974	31,563	32,056
Total active members	205,972	201,563	203,702	204,789	206,344
Passive members	162,066	167,669	154,126	153,116	150,213
Old-age pensioners	20,299	23,882	26,823	29,946	33,523
Disability pensioners	11,447	11,517	11,752	11,919	12,125
Total	399,784	404,631	396,403	399,770	402,205

Contributions

Total contributions amounted to DKK 8,403 mill., an increase of DKK 252 mill. on 2015.

In 2016, contributions to sickness and accident insurance rose significantly. This should be seen together with

the fact that insurance payments were unusually low in 2015, so the premium reduction in sickness and accident insurance meant that a larger part of contributions was used to increase members' pension savings.

Table 5 Contributions

DKK mill.	2012	2013	2014	2015	2016
Contributions, life assurance	5,981	5,877	6,224	6,376	6,369
Deposits and transfers	1,121	1,178	1,054	1,265	1,242
Contributions, sickness and accident insurance	657	670	511	377	630
Contributions, contracts taken out individually	54	72	99	133	163
Total contributions	7,813	7,797	7,888	8,151	8,403

Payments

In 2016, total payments rose by DKK 706 mill., corresponding to 16%, as seen in table 6. This rise is mainly due to transfers in connection with

change of job, but payments for current pensions and payments in connection with death also contributed to the rise.

Table 6 Benefits paid

DKK mill.	2012	2013	2014	2015	2016
Payments for old-age pensions	779	958	821	917	1,093
Payments for loss of ability to work	519	503	571	585	612
Payments on death	266	283	325	331	383
Lump sums for critical illnesses	109	111	124	138	134
Transfers on changes of job	153	294	3,591	2,230	2,731
Other payments	61	75	87	95	92
Tax correction of old-age lump sum	-	2,765	112	16	-1
Total payments	1,887	4,989	5,631	4,312	5,045
Transferred to other insurance provisions	110	117	96	71	119
Total benefits	1,997	5,106	5,727	4,384	5,165

A total of DKK 746 mill. was paid to members who had permanently lost at least half of their ability to work or received a lump sum as a consequence of a critical illness. This is a fall of DKK 5 mill. compared with 2015.

Musculoskeletal disorders were the primary reason for insurance payments as a result of loss of ability to work, while the most frequent reason for insurance payments for critical illnesses is still various types of cancer.

Table 7 Number of new recipients of pensions

	2015	2016
Payments due to certain critical illnesses	1,368	1,347
Payments due to degree of disability of between 50-67%	174	209
New disability pensions (degree of disability more than 67%)	869	921
Payments to surviving relatives after death	1,181	1,149
Retirement savings scheme paid out, but member not retired	700	1,076
Old-age pension paid as a lump sum	1,663	2,047
New old-age pensioners	3,531	4,023

Continued low administration costs

The monthly contribution to administration has been set at DKK 16 per member for 2017, corresponding to DKK 192 for the year. This means that the administration contribution has been maintained at the same low level as in 2016. Industriens Pension is still one of the very cheapest pension companies in the sector.

In 2016, the contribution for administration was reduced considerably following the agreement in 2015 with the Central Customs and Tax Administration (SKAT) on repayment of VAT on administration services purchased from ATP PensionService A/S in the period 1992-2007. This repayment is the reason that Industriens Pension has temporarily been able to maintain the extraordinarily low administration contribution in 2017 as well.

More contact with members and companies

In 2016, the companies and service (Virksomheds- og Medlemservice) received a total of 93,002 calls. The number of unique visitors to the website was unchanged at 270,000. The number of unique visitors on the members' login area rose by 20% to 84,777.

In 2016, Industriens Pension made more than 76,438 calls to members and companies and held more than 1,100 information meetings at companies in collaboration with the local branches of trade unions. This is an increase of 10% in the number of meetings.

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

One of the new initiatives launched in 2016 was the establishment of new cooperation with the Danish Agency for Labour Market and Recruitment. This cooperation ensures that members with long-term illnesses and members in light jobs on special conditions (flex-jobs) receive a letter from the Agency stating that they should contact Industriens Pension for information about cover in connection with loss of ability to work. As a direct consequence of this new initiative, almost 100 members have been granted disability benefits.

Independent customer satisfaction surveys carried out in 2016 by Loyalty Group and Wilke showed that members of Industriens Pension are the most satisfied with, and loyal to, their pension company. However, the surveys also showed that loyalty in the pension sector is low compared with banks and insurance companies.

Even though Industriens Pension is best in the pension sector, the company will continue its efforts to increase member satisfaction and loyalty.

The Danish Insurance Complaints Board

Industriens Pension is attached to the Danish Insurance Complaints Board. In 2016, there were seven appeals against decisions. This is half the number for 2015.

A total of seven cases were decided, and our decisions were upheld in five of these. Both the cases lost in the Complaints Board concerned an assessment of a reduction in the ability to work.

Investment activities

RETURNS

Investment activities before tax on yields of certain pension-scheme assets and after costs yielded DKK 11 bn. in 2016. Total returns were 8.2%.

All asset classes delivered a positive return, and all members received a relatively high return on their pension savings.

The year 2016 was characterised by market turbulence in Q1 due to fear of accelerated increases in interest rates in the US and then significant political events. The results of the British EU referendum in June and the American presidential election in November were both events that were assessed in advance to have negative consequences for the financial markets – especially for shares.

However, the negative scenario turned out to be far from the reality as, boosted by an accommodative monetary policy and by President Trump's pledges of tax reductions and major public capital investments, the markets for equities and credit bonds in particular were favourable.

Credit investments and shares at the forefront

Credit bonds, in which Industriens Pension has invested DKK 36 bn., contributed particularly positively to the total returns, as high-yield corporate bonds generated a return of 14.8%, investment-grade corporate bonds generated a return of 4.4%, and bonds from emerging markets generated a return of 11.0%.

The share market, in which Industriens Pension has invested DKK 42 bn., showed strong geographical differences in returns. Danish shares generated a modest return in 2016 of 3.2% after three years of returns exceeding 30% on average. Foreign shares generated a return of 7.7%.

Interest rates on gilt-edged bonds were unchanged at a historically low level in 2016. The return was 3.8%, which, however, was considerably more than the benchmark return of 2.6%.

During 2016, the portfolio of strategic hedging of inflation risk increased, and the return from this strategic hedging raised returns by about 0.8%.

Good returns on unlisted investments

Also in 2016, the portfolio of unlisted investments contributed significantly to total returns.

The total portfolio of unlisted investments currently amounts to DKK 40 bn. Investments are in unlisted companies, infrastructure assets and property. The majority of investments were in unlisted companies and infrastructure assets, constituting DKK 15 bn. and DKK 17 bn., respectively, and these generated returns of 6.9% and 11.4%, respectively.

The portfolio of Danish properties, in which Industriens Pension made direct investments, generated a return of 6.5%. The portfolio of Danish properties is being developed and currently amounts DKK 2.8 bn.

The largest standalone investment in 2016 was an investment of DKK 1.1 bn. in the British company Southern Water that supplies drinking water for two million people and treats wastewater from four million people. Investments of this type help ensure that Industriens Pension can generate a long-term and stable return for members.

Table 8 Returns on assets 2016

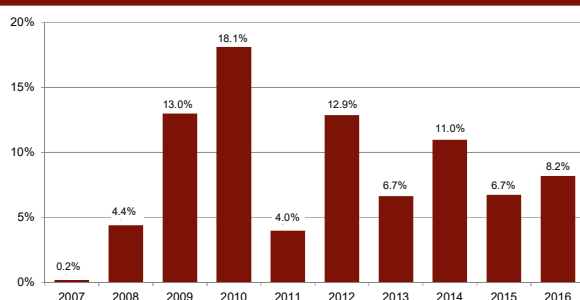
%	Return	Benchmark
Gilt-edged bonds	3.8	2.6
Gilt-edged index-linked bonds	4.1	3.5
Other credit	8.3	5.9
High-yield corporate bonds	14.8	13.0
Bonds, emerging markets	11.0	10.7
Bonds, investment grade	4.4	4.4
Shares, Danish	3.2	3.2
Shares, foreign	7.7	9.2
Unlisted shares	6.9	-
Properties	3.9	-
Infrastructure	11.4	-
Other strategies	13.5	4.5
Total	7.9	8.3
Total, including hedging of liabilities	8.2	8.5

Note: Calculated as time-weighted return, after hedging for exchange-rate fluctuations.

Ten years of positive returns

With a return of 8.2% in 2016, Industriens Pension continued a series of positive returns, which over the past decade has yielded an average annual return of 8.4%. This has secured members some of the highest returns in the sector, despite very different developments in the markets, with significant rises and falls.

Figure 1 Returns for the past 10 years



Note: Official return ratios (N1) up to and including 2011. For 2012 to 2016, this includes returns on total investment assets.

Investment costs

Investment costs represented 0.76% of assets in 2016; the same as in 2015. This includes all types of both internal and external costs in connection with managing investment assets. Investment costs vary considerably across classes of assets and they are highest for unlisted investments. Investment costs have been deducted in the calculated return of 8.2%.

Industriens Pension has active portfolio management, with a high proportion of unlisted investments.

Table 9 Investment costs in 2016 by class of assets

Asset type	DKK mill.	%
Gilt-edged bonds	3.6	0.02
Gilt-edged index-linked bonds	0.6	0.01
High-yield corporate bonds	39.2	0.31
Bonds, emerging markets	50.3	0.42
Bonds, investment grade	24.1	0.27
Shares, Danish	27.1	0.25
Shares, foreign	113.4	0.38
Unlisted shares	417.6	2.94 *
Properties	76.0	1.64 *
Properties (core)	5.5	0.24
Infrastructure	203.4	1.96 *
Infrastructure (core)	17.5	0.52
Other strategies	2.6	2.28
Other credit	12.7	0.75
Unallocated costs	88.1	-
Total investment costs	1,081.6	0.76

* As a percentage of average investment commitments

This entails relatively higher costs than a passive strategy with passively managed, listed assets. For Industriens Pension, this strategy has historically resulted in higher returns.

INVESTMENT ASSETS

Investment assets valued for accounting purposes rose from DKK 146 bn. at the end of 2015 to DKK 154 bn. at the end of 2016. If derivative financial instruments with a negative value are included, net exposures to investment assets amounted to DKK 150 bn. at the end of 2016.

Table 10 Distribution of asset types

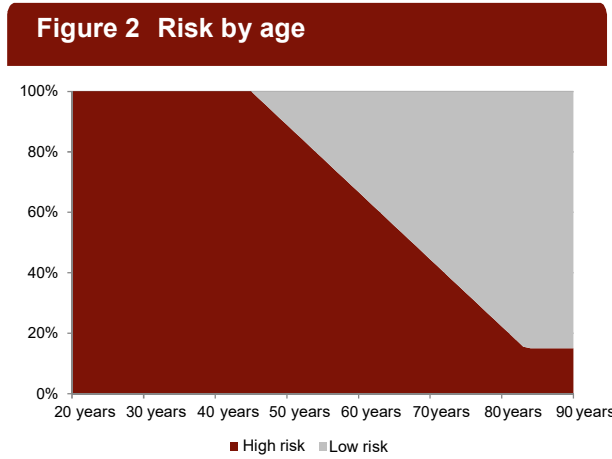
Asset type	Exposures carried forward 2015		Exposures carried forward 2016	
	DKK mill.	%	DKK mill.	%
Gilt-edged bonds	20,345	14.8	22,309	14.9
Gilt-edged index-linked bonds	9,278	6.7	4,916	3.3
High-yield corporate bonds	12,447	9.0	13,033	8.7
Bonds, emerging markets	9,819	7.1	13,904	9.3
Bonds, investment grade	8,521	6.2	8,893	5.9
Shares, Danish	11,030	8.0	10,802	7.2
Shares, foreign	27,621	20.1	31,267	20.9
Unlisted shares	13,908	10.1	15,051	10.0
Properties	6,057	4.4	7,877	5.3
Infrastructure	11,763	8.5	16,819	11.2
Other strategies	93	0.1	119	0.1
Other credit	1,563	1.1	1,849	1.2
Money market *	5,279	3.8	3,121	2.1
Total	137,724	100.0	149,960	100.0

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

INVESTMENT STRATEGY

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.

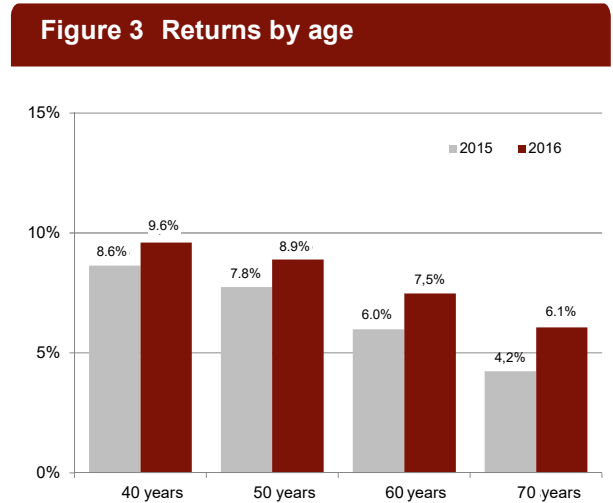


Investment assets are split into two sub-portfolios, with high and low risk, respectively and in which the percentage for the individual member depends on the age of the member. Members up to 45 have their entire savings placed in the high-risk portfolio. After this, the percentage is reduced gradually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

Returns for members

All members of Industriens Pension received considerable interest in real terms on their savings in 2016.

The return on the high-risk portfolio was 9.6% in 2016, but the low-risk pool generated a return of 3.3%. The total return for members in the lifecycle product was 8.5%.



The return in 2016 was 8.3% for the average rate product, which is only for members who started receiving their pension before the change to market rate at the end of 2011.

Corporate social responsibility

Industriens Pension focuses on being a responsible and active investor to protect and increase long-term returns to benefit members. Our policy and guidelines for responsible investment ensure that we take into account, human rights, labour rights, the environment and anti-corruption when investing and we ensure that investments do not contribute to arms-related activities that contravene conventions. Our work on responsible investment is based on the UN-backed Principles for Responsible Investment, the UN Global Compact, and all international conventions to which Denmark has acceded.

Industriens Pension's policies and guidelines for responsible investments apply in connection with direct as well as indirect investment in shares, corporate bonds, government bonds and unlisted investments. The aim of policies and guidelines is to incorporate relevant concerns regarding the environment/climate, social aspects and good corporate governance into investment analyses and decisions. Moreover, they set the framework for our active ownership through ongoing screening of the investment portfolio, dialogue with companies as well as in determining the companies Industriens Pension will exclude from its investment universe.

The goal of our work on responsible investment is to create value for shareholders based on the assumption that companies working with a long-term and sustainable approach are likely to be most successful.

STRENGTHENED EFFORTS IN 2016

In 2016, we continued working on incorporating the environment/climate, social aspects and good corporate governance further into the investment process. This means that we have worked internally on developing and updating procedures for responsible investment within several classes of assets. Similarly, Industriens Pension has upgraded and added resources to work on responsible investment, including integration into investment analyses and decisions as well as the execution of active ownership.

Voting

In late 2015, Industriens Pension start to vote at general meetings held by companies in the US listed share portfolio. An external partner is used, ISS (Institutional Shareholder Services), to assess the general meeting material. In cases in which voting is in conflict with our voting policy, Industriens Pension itself decides what to vote. In 2016, voting was carried out at general meetings held by a total of 360 companies. In the majority of cases votes were in accordance with the recommendations from the board. The about 5% votes against such recommendations were primarily on matters regarding remuneration or diluting existing shareholder rights.

ACTIVE OWNERSHIP

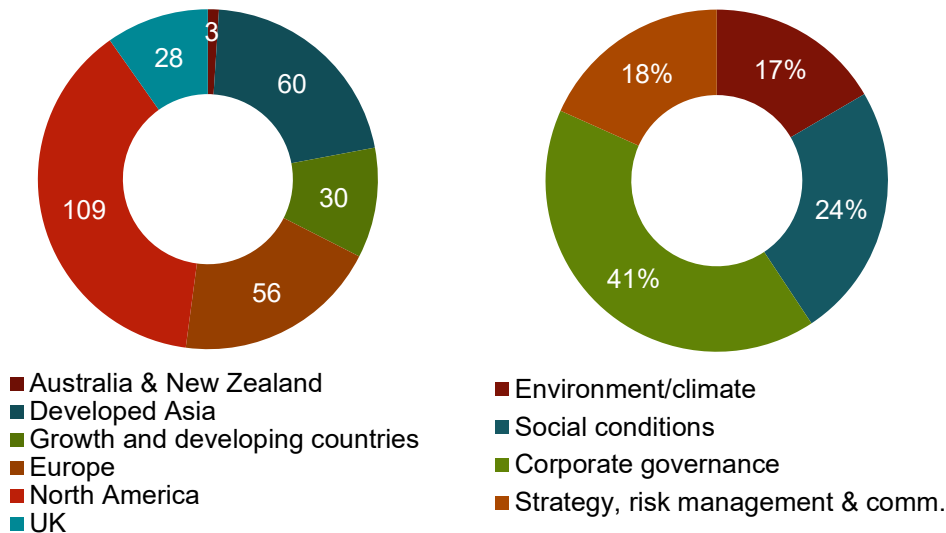
Through active ownership, Industriens Pension wants to understand and influence the companies in which it invests in order to ensure responsible and sustainable behaviour and development to benefit of companies and their shareholders.

Dialogue

Our internal and external portfolio managers have engaged in frequent dialogue with the companies in which Industriens Pension has invested as part of its active share investment analysis. In addition, we are working with other, like-minded investors to share knowledge and to gain more influence.

Industriens Pension collaborates with the British consultancy firm Hermes EOS (Equity Ownership Services) on monitoring and engaging in dialogue with the companies in which we invest. Hermes EOS has specialised in screening and dialogue, and represents a global investor coalition consisting of almost 50 institutional investors. Hermes EOS regularly screens our entire portfolio of for any violations of our policies and guidelines for responsible investment. Moreover, cooperation with Hermes EOS helps perform the very resource-demanding and important task of being an active owner, and grants us access to highly qualified country and sectoral expertise.

Dialogue by region and subject



During 2016, Industriens Pension was in contact with 286 companies. The dialogue has been very different in nature and in the severity of issues. Dialogue has also covered many different sectors and subjects. There has often been ongoing contact to understand how companies behave, and not necessarily to encourage them to change. Among other things, Industriens Pension has engaged in dialogue with companies worldwide about corporate culture and good corporate governance, environmental and social risks as well as sustainable and long-term value creation. This includes dialogue with one of the largest producers within oil and gas about the company's resilience to climate change. This dialogue has made the company focus more on climate challenges and on increased transparency in addressing such challenges for shareholders and the rest of the world.

DEVELOPMENT GOALS IN 2017

The aim is to vote in a larger percentage of the listed share portfolio which currently only covers systematic voting in the US portfolio. In addition, we will continue dialogue with companies in order to influence their long-term and sustainable growth.

With regard to the new recommendations for active ownership published by the Committee on Corporate Governance, we will act on these recommendations during 2017 in order to report on them for the first time in 2018.

GENDER MIX IN MANAGEMENT

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

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

With regard to other management levels, executive directors, heads of department and team leaders with management responsibility, the current mix at Industriens Pension is ten women and 12 men, which means that there is no under-represented gender.

Ownership, management and pay policy

OWNERSHIP

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

Industriens Pension was established by the parties behind industrial collective agreements: the Confederation of Danish Industries (DI) and the CO-industri unions. Together, they paid up the share capital of DKK 125 mill. in the parent company, IndustriPension Holding A/S.

The Confederation of Danish Industries (DI) owns 35% of the share capital.

The Central Organisation of Industrial Employees unions hold 65%, distributed as follows:

3F – Utd. Fed. of Danish Workers	40.80%
Danish Metalworker's Union	21.96%
The Danish Electrical Union	2.00%
The Painters' Union in Denmark	0.12%
Plumber and Pipeline Union	0.08%
Serviceforbundet	0.04%

BOARD OF DIRECTORS

The Board of Directors is composed of 14 members appointed by the groups of shareholders behind the pension scheme.

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

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

The management responsibilities of the Board of Directors as well as remuneration are described on pages 43-47 and in note 23.

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 43.

The day-to-day management comprises:

Laila Mortensen, CEO

Joan Alsing, COO

Karsten Kjeldsen, CIO

The chief actuary is:

Rikke Sylow Francis, Deputy director

Corporate governance

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

Organisational links

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

REMUNERATION POLICY

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

significant influence on the Industriens Pension risk profile.

The pay policy has been approved by the general meeting. More information on the pay policy can be found at www.industrienspension.dk.

Outlook for 2017

Members and contributions

In 2017, 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 2017 is expected to total around 400,000.

Total contributions, including contributions to sickness and accident insurance, are expected to amount to DKK 8.6 bn. in 2017.

Costs

In 2017, Industriens Pension will continue its focus on ensuring efficient administration of the pension scheme in order to keep costs low. In 2016, each member paid DKK 192 to cover administration costs. Therefore, in 2017 members will likewise each pay DKK 192 for administration for the year.

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

Investment activities

The investment strategy for 2017 is structured on the basis of the principle investment framework adopted by the Board of Directors. Deviations from this fundamental framework within the agreed latitude will be made to increase returns.

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

Current expectations for 2017 are that the return on the company's investment assets will amount to DKK 7.6 bn. before tax on yields of certain pension-scheme assets.

Rate of interest on members' savings

The rate of interest on members' savings for those who are still in the average-interest-rate environment has initially been set for 2017 at 8% per annum after tax on yields of certain pension-scheme assets. For members with savings from PNN PENSION and PHI pension, the rate of interest on members' savings is however set at 2.5% and 3.1%, respectively, after tax on yields of certain pension-scheme assets.

Expected result for 2017

Profit for the year depends greatly on the return achieved on the assets linked to equity. With the above assumptions regarding return, a profit of around DKK 100 to 150 mill. is expected for the financial year 2017.

Statement by Management

We have today presented the annual report for Industriens Pensionsforsikring A/S for the financial year 1 January to 31 December 2016.

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 the annual report for adoption at the annual general meeting.

Copenhagen, 14 March 2017

Board of Management:

Laila Mortensen
CEO

Board of Directors:

Mads Bo Keis Andersen
Chairman

Kim Graugaard
Deputy Chairman

Lars Andersen

Erik Michael Bredholt

Chresten Dengsøe

Claus Jensen

Heidi Jensen

Nina Christiane Movin

Lars Ingemann Nielsen

Jukka Pekka Pertola

Rasmus Peter
Sejerup Rasmussen

Palle Bo Stærmosse

Berit Vinther

Ole Dam Wehlast

The independent auditors' 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 2016 and of the results of the company's activities for the financial year 1 January to 31 December 2016, in accordance with the Danish Financial Business Act.

What have we audited?

The financial statements of Industriens Pension for the financial year 1 January to 31 December 2016 comprise the income statement and comprehensive income statement, balance sheet, changes in equity and own funds 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 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.

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 in the audit, or 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 performed, it is our opinion that the management's review is consistent with the financial statements, and that it has been prepared in accordance with the Danish Financial Business Act. We found no material misstatement in the management's review.

The solvency ratio

The management is responsible for the solvency ratio stated in the five-year summary of key figures and financial ratios in note 20 to the financial statements.

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

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

If, on this basis, we conclude that there are material misstatements in the solvency ratio, we must report about this. We have nothing to report in this connection.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that provide a fair presentation 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. 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 material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations or neglect to perform internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls.

- Evaluate the appropriateness of accounting policies used by the management, and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going-concern basis of accounting in preparing the financial statements, and whether, based on the audit evidence obtained, a material uncertainty exists in relation to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Hellerup, 14 March 2017

PricewaterhouseCoopers

STATE-AUTHORISED LIMITED PARTNER COMPANY OF ACCOUNTANTS

CVR number 33 77 12 31

Per Rolf Larssen
State-Authorised Public Accountant

Kim Moeslund Schmidt
State-Authorised Public Accountant

Income statement and statement of comprehensive income

Note	DKK mill.	2016	2015
2	Gross premiums	7,206	7,224
	Insurance premiums ceded	-	-1
	Total premiums on own account	7,206	7,223
11	Income from group undertakings	3,614	2,873
12	Income from associated undertakings	-31	-2
	Interest income and dividends etc.	4,324	4,716
3	Value adjustments	3,359	1,275
	Interest expenses	0	-2
6	Administration costs in connection with investment activities	-231	-218
	Total investment returns	11,033	8,642
4	Tax on yields of certain pension-scheme assets	-1,686	-1,332
5	Benefits paid	-4,682	-3,931
	Total insurance benefits on own account	-4,682	-3,931
	Change in life-assurance provisions	-11,194	-10,383
	Total change in life-assurance provisions on own account	-11,194	-10,383
14	Change in excess capital	-38	-1
6	Administration costs	-113	-37
	Total insurance operating costs on own account	-113	-37
	Investment returns transferred	-544	-200
	TECHNICAL RESULT	-18	-19
7	TECHNICAL RESULT OF SICKNESS AND ACCIDENT INSURANCE	41	39
	Investment return on equity	216	135
	PROFIT BEFORE TAX	238	155
	Tax on yields of certain pension-scheme assets for equity capital	-34	-35
	PROFIT FOR THE YEAR	204	119
	Movements in capital (remeasurement) in group undertakings		-103
	Of which, allocated to insurance and investment contracts	-	101
	Tax on yields of certain pension-scheme assets on other comprehensive income	-	0
	Other comprehensive income	-	-2
	COMPREHENSIVE INCOME FOR THE YEAR	204	118

Balance sheet, assets

Note	DKK mill.	31.12.2016	31.12.2015
8	INTANGIBLE ASSETS	1	3
9	Equipment	1	1
10	Owner-occupied property	66	68
	TOTAL TANGIBLE ASSETS	66	68
11	Equity investments in group undertakings	4,058	2,972
	Loans to group undertakings	250	267
12	Equity investments in associated undertakings	18	39
	Loans to associated undertakings	161	146
	Total investments in group undertakings and associated undertakings	4,487	3,424
	Equity investments	4,484	2,629
	Investment association units	902	145
	Bonds	11,117	16,187
	Other loans	20	18
	Deposits with credit institutions	132	297
	Other financial investment assets	1,446	647
	Total other financial investment assets	18,101	19,923
	TOTAL INVESTMENT ASSETS	22,588	23,347
13	INVESTMENT ASSETS ATTACHED TO MARKET-RETURN PRODUCT	130,930	122,460
	Amounts receivable from policy holders	611	557
	Receivables from group undertakings	0	0
	Other receivables	221	174
	TOTAL RECEIVABLES	832	731
	Current tax assets	20	15
	Deferred tax assets	1,929	2,022
	Cash	535	471
	TOTAL OTHER ASSETS	2,484	2,507
	Interest receivable	389	503
	Other prepayments	74	66
	TOTAL PREPAYMENTS	463	569
	TOTAL ASSETS	157,366	149,685

Balance sheet, equity and liabilities

Note	DKK mill.	31.12.2016	31.12.2015
	Share capital	110	110
	Reserve for tax-free retained earnings	4,153	3,949
	Retained earnings	531	531
	TOTAL EQUITY	4,794	4,590
	Excess capital	3,691	3,641
	Other subordinate loan capital	367	378
14	TOTAL SUBORDINATE LOAN CAPITAL	4,057	4,019
	Premium provisions	59	61
15	Life-assurance provisions at average rate	7,590	7,462
16	Life-assurance provisions at market rate	129,001	117,935
	Total life-assurance provisions	136,591	125,397
	Provisions for outstanding sickness and accident insurance claims	6,177	5,696
	Risk margin on sickness and accident insurance	41	47
	Provisions for bonuses and premium rebates	428	331
	PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	143,297	131,532
	Creditors arising out of direct insurance operations.	9	7
	Debt to credit institutions	-	6,273
	Current tax liabilities	1,597	1,251
17	Other debt	3,612	2,012
	TOTAL DEBT	5,217	9,544
	TOTAL EQUITY AND LIABILITIES	157,366	149,685
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 these		
22	Derivative financial instruments		
23	Remuneration of the Board of Directors		
24	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 2016	110	531	3,949	4,590
Profit or loss for the year	-	-	204	204
Other comprehensive income	-	-	-	-
Equity as at 31 December 2016	110	531	4,153	4,794
Equity as at 1 January 2015	110	531	3,832	4,473
Profit or loss for the year	-	-	119	119
Other comprehensive income	-	-	-2	-2
Equity as at 31 December 2015	110	531	3,949	4,590

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

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

OWN FUNDS

DKK mill.	31.12.2016	31.12.2015*
Equity, see above	4,794	4,590
Difference between equity and solvency capital:		
Excess capital (special bonus provisions type B)	3,691	3,641
Other subordinate loan capital (special bonus provisions type A)	367	378
Intangible assets	-1	-3
Deferred tax assets outside the solvency own funds	-1,612	-
Total own funds (recognised to cover the solvency capital requirement)	7,238	8,606

* Calculated according to the solvency regulations applicable at the time

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).

As a result of the new common EU solvency regulations that took effect on 1 January 2016, the Danish accounting regulations have also been amended so that the same methods can be applied to calculate provisions for insurance and investment contracts in solvency statements and financial statements. Changes in accounting policies are described below.

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).

Changes in accounting policies

The new Executive Order on the Presentation of Financial Statements that took effect on 1 January 2016 primarily gives rise to changes in the calculation and presentation of provisions for insurance and investment contracts. Furthermore, the accounting regulations have been adapted to product developments in the insurance and pensions market in recent years, for example by extending the mandatory accounting ratios to include risk and return ratios for market-return products, see financial and operating data, page 1, and notes 15 and 16.

The changes mean that, in the future, provisions for insurance and investment contracts that include estimates must be calculated on the basis of a yield curve published by EIOPA, the common supervisory authority of the EU. Furthermore, the so-called risk margin (previously the risk premium) leads to a change in the principle for quantifying uncertainty in the cash flows included in the calculation of provisions.

As can be seen from the table below, the provisions are now broken down into fewer sub-items in the balance sheet. Special bonus provisions are no longer included in the provisions for insurance and investment contracts, but are part of a new separate item called "Subordinate loan

capital". Collective bonus potential is now included in life-assurance provisions at average rate, whereas provisions for the group life scheme are included in life-assurance provisions at market rate. On the other hand, the risk margin concerning provisions for sickness and accident insurance must be presented separately in the balance sheet.

Changes in equity and liability items in the balance sheet (DKK mill.)	Carried forward 2015	Change	Brought forward 2016
EQUITY	4,590		4,590
SUBORDINATE LOAN CAPITAL (special bonus provisions)	-	4,019	4,019
Provisions for unearned premiums	61	-	61
Life-assurance provisions at average rate	5,438	2,024	7,462
Life-assurance provisions at market rate	117,336	599	117,935
Claims provisions	5,926	-230	5,696
Risk margin on sickness and accident insurance	-	47	47
Collective bonus potential	2,023	-2,023	-
Provisions for bonus and premium rebates	504	-173	331
Bonus provisions for group life scheme	244	-244	-
Special bonus provisions	4,019	-4,019	-
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS	135,551	-4,019	131,532

As can be seen from the table, the changes in accounting policies have not affected the company's equity, but have only led to shifts between the sub-items under provisions for insurance and investment contracts. The overall effect of changes in the yield curve and the new risk margin is an increase in individual provisions as at 1 January 2016 of DKK 307 mill. As shown in the table below, the increase is covered by collective elements in the provisions; partly by the collective bonus potential of the average-rate scheme, and partly by provisions for bonus and premium rebates on sickness and accident insurance and the group life scheme.

Consumption of collective bonus reserves etc. following changes in accounting policies (DKK mill.)	Brought forward 2016
Life-assurance provisions at average rate:	
Change in risk margin (previously risk premium) and yield curve	+104
Consumption of collective bonus potential	-104
Provisions for sickness and accident insurance:	
Change in risk margin and yield curve (claims provisions)	+173
Consumption of provisions for bonus and premium rebates	-173
Provisions in group life scheme:	
Change in risk margin	+30
Consumption of bonus provisions for group life	-30

Notes, cont.

Note

1 Accounting policies (cont.)

The financial statements for 2016, including comparative figures for 2015, have been prepared in accordance with the new Danish Executive Order on the Presentation of Financial Statements. As it has not been practicable to adjust all accounting figures prior to 2015, the accounting information for 2012-2014 (in five-year summaries etc.) has not been adjusted for the new accounting policies, unless specifically indicated in each individual case.

Accounting estimates and assessments

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

Provisions for insurance contracts

The calculation of provisions for insurance contracts is based on actuarial calculations, and applies assumptions on e.g. mortality and disability rates. Assumptions on mortality are based on benchmarks from the Danish Financial Supervisory Authority, while other assumptions are set as a best estimate based on experience with previously held portfolios of insurance contracts. The provisions are calculated as the present value of the future benefits discounted by the yield curve defined in the Executive Order on Presentation of Financial Statements. Therefore the size of the provisions is also affected by the current levels of interest that determine the discount rate.

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, or where valuations are based on accepted valuation models with observable market data.

In relation to financial instruments where there is only limited observable market data on which to base valuation, valuation will be affected by estimates. This applies in particular to shareholdings in group undertakings and associated undertakings with investments in investment properties and wind turbines, and to unlisted equity

investments in private equity funds and real estate funds etc. as well as the owner-occupied property.

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

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

Notes (cont.)

Note

1 Accounting policies (cont.)

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

According to this model, fair value is calculated on the basis of the budgeted, normal operating return, consisting of the market rent less costs of operation and maintenance, as well as a required rate of return for the type of property in question. The fair value is thus calculated with adjustment for any non-recurring income and expenses not included in the normal return, e.g. deferred maintenance works. The most significant estimates relate to the individual required rate of return as well as certain elements of the normal return, in particular the market rent and the annual costs of maintenance.

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, please refer to the section on investment 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. Value adjustments, both realised and unrealised, are therefore

recognised in the net profit or loss for the year. However, revaluations following remeasurement to fair value of owner-occupied properties or other tangible non-current assets owned by the company or group or associated companies are recognised in other comprehensive income.

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, must be taken into account.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the transaction date. Gains and losses that exist between the exchange rate at the transaction date and the settlement date are recognised in the income statement. On the reporting date, monetary assets and liabilities are translated into foreign currency at the exchange rate ruling on the reporting date. Similarly, currency adjustments arising between the date of the transaction and the reporting date are also recognised in the income statement under value adjustments.

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Income from insurance activities

Premiums income net of reinsurance

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

Notes (cont.)

Note

1 Accounting policies (cont.)

Investment returns

Income from group and associated undertakings

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

Interest income and dividends, etc.

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

Value adjustments

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

Administration costs in connection with investment activities

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

Tax on yields of certain pension-scheme assets

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

Expenses of insurance activities

Insurance benefits paid net of reinsurance.

Includes pension scheme benefits due in the year.

Change in life-assurance provisions

Includes change in life-assurance provisions for the year.

Change in excess capital

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

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

Administration costs

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

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

Investment returns transferred

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

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

Technical result of sickness and accident insurance net of reinsurance

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

Contribution and profit

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

Notes (cont.)

Note

1 Accounting policies (cont.)

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

The return after tax on the investment assets linked to equity and subordinated loan capital 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, accrue to the insured.

BALANCE SHEET

Intangible assets

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

Property, plant and equipment

Equipment

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

Owner-occupied property

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

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

Investment assets

Equity investments with group undertakings and associated undertakings

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

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

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

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

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

Notes (cont.)

Note

1 Accounting policies (cont.)

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

Listed bonds are also measured at fair value, calculated at the official closing prices on the reporting date. For bonds that are not actively traded, a calculated rate is used. 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 20 to the financial statements shows a summary of the derivative financial instruments with associated fair values.

Information on prices etc. appearing after the closing date of the financial statements will only be recognised if these

are material to assessment of the annual financial statements.

Investment assets attached to market-return products

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

Receivables

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

Deferred tax assets

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

Subordinate loan capital

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

Provisions for insurance and investment contracts

Premium provisions

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

Notes (cont.)

Note

1 Accounting policies (cont.)

Life-assurance provisions at average rate

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

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

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

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

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

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

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

Life-assurance provisions at market rate

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

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

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

Provisions for claims outstanding for sickness and accident insurance

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

Provisions for claims outstanding settled by regular payments have been calculated as the present value of expected future payments, including costs, applying the yield curve defined in the Executive Order on Presentation of Financial Statements.

Risk margin on sickness and accident insurance

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

Provisions for bonus and premium rebates

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

Deferred tax

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

Notes (cont.)

Note

1 Accounting policies (cont.)

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

Debt to credit institutions

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

Other debt

Derivative financial instruments are measured at fair value. Other amounts payable included under other debt are

measured at amortized cost, which normally corresponds to the nominal value.

Contingent liabilities

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

Financial ratios

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

Notes (cont.)

Note	DKK mill.	2016	2015
2	Gross premiums		
	Current premiums	7,161	6,886
	Contributions incl. transfers	1,242	1,265
	Gross premiums before taxes	8,403	8,151
	Social security contributions	-568	-551
	Total gross premiums	7,835	7,601
	Of which, concerning sickness and accident insurance, see note 7	-630	-377
	Total gross premiums on insurance contracts	7,206	7,224
	<i>Premiums broken down according to how insurance was taken out:</i>		
	Insurance taken out as part of an employment relationship	7,673	7,468
	Insurance and investment contracts taken out individually	163	133
		7,835	7,601
	<i>Premiums concerning insurance:</i>		
	Insurance policies with a bonus entitlement	4	4
	Insurance and investment contracts without bonus entitlement	7,832	7,597
		7,835	7,601
	Members with collective-agreement-based schemes	402,205	399,770
	Members with group life assurance	232,239	232,977
	Members with policies taken out individually	24,518	23,262
	All insurance policies and investment contracts have been established based on collective agreements, agreements and similar under which the insurance is a compulsory part of the conditions for employment.		
	All insurance policies pertain to direct Danish business.		
3	Value adjustments		
	Owner-occupied property	-2	5
	Loans to group undertakings	-2	1
	Equity investments	2,056	6,539
	Investment association units	551	171
	Bonds	1,565	20
	Deposits with credit institutions	11	28
	Forward foreign-exchange contracts	-820	-5,489
	Total value adjustments	3,359	1,275

Notes (cont.)

Note	DKK mill.	2016	2015
4	Tax on yields of certain pension-scheme assets		
	Tax on yields of certain pension-scheme assets payable for the year	1,632	1,257
	Adjustment of deferred tax asset	53	69
	Adjustment for tax on yields of certain pension-scheme assets concerning previous years	2	-10
	Tax on yields of certain pension-scheme assets concerning other comprehensive income	-	16
	Total tax on yields of certain pension-scheme assets	1,686	1,332
5	Benefits paid		
	Regular pension benefits	800	679
	Lump sums on old age	336	281
	Lump sums on disability	89	90
	Lump sums on critical illness	134	138
	Lump sums on death	383	331
	Transfers to other pension schemes	2,729	2,228
	Surrender (disbursement of small dormant accounts)	89	91
	Tax correction of old-age lump sum	-1	16
	Unguaranteed supplementary pension	-	1
	Health-promotion costs	4	4
	Transferred to other insurance provisions	119	71
	Total benefits paid	4,682	3,931
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	119	113
	Pension contributions	15	14
	Other expenses for social security	2	2
	Payroll tax	18	15
	Total staff expenses	155	144
	Average number of full-time employees in the year	162	154
	Staff expenses include salaries and remuneration for:		
	Board of Management	4.1	3.9
	Board of Directors	2.1	2.1
	Number of employees whose activities significantly influence the risk profile, 7 people (6 people in 2015)	12.9	11.8

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 2016. 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 23.

Notes (cont.)

Note	DKK mill.	2016	2015
7	Technical profit/loss on sickness and accident insurance		
	Current premiums	630	377
	Transferred from provisions for insurance and investment contracts	119	71
	Total gross premiums	749	448
	Reinsurance premiums ceded	0	-1
	Change in premium provisions	3	9
	Premium income, net of reinsurance	751	456
	Claims paid	-483	-453
	Change in claims provisions	-271	-238
	Change in risk margin	5	-1
	Claims expenses, net of reinsurance	-748	-692
	Bonuses and premium discounts	-97	215
	Insurance operating costs, net of reinsurance	-18	-17
	Technical result	-112	-38
	Return on investments	152	77
	Investment return after return on insurance provisions	152	77
	TECHNICAL RESULT OF SICKNESS AND ACCIDENT INSURANCE	41	39

With a claims rate of 0.44% (0.41%), in 2016, 764 (747) claims were paid with an average indemnity of DKK 927,000 (DKK 844,000). The figures shown in brackets are the corresponding figures for 2015.

Note	DKK mill.	31.12.2016	31.12.2015
8	Intangible assets		
	Accumulated cost 1 January	33	33
	Accumulated cost 31 December	33	33
	Accumulated amortisation 1 January	30	28
	Amortisation for the year	2	2
	Accumulated amortisation 31 December	32	30
	Carrying amount 31 December	1	3

Notes (cont.)

Note	DKK mill.	31.12.2016	31.12.2015
9	Equipment		
	Accumulated cost 1 January	1	1
	Acquisitions during the year	0	0
	Disposals during the year	0	0
	Accumulated cost 31 December	1	1
	Accumulated depreciation 1 January	0	0
	Depreciation for the year	0	0
	Reversed depreciation at the end of the year	0	0
	Accumulated depreciation 31 December	0	0
	Carrying amount 31 December	1	1
10	Owner-occupied property		
	Revalued fair value 1 January	68	63
	Depreciation for the year	0	0
	Value adjustment for the year	-2	5
	Revalued fair value 31 December	66	68
	Rate of return with fair value valuation	4.75	5.00

Notes (cont.)

Note	DKK mill.	31.12.2016	31.12.2015
11	Equity investments in group undertakings		
	Carrying amount 1 January	32,735	33,033
	Additions/issues during the year	2,073	3,508
	Capital reductions/redemptions during the year	-3,189	-6,576
	Dividend for the year	-1	-
	Share of profit for the year	3,614	2,873
	Share of movements in capital for the year	0	-103
	Carrying amount 31 December	35,232	32,735

Equity investments are disclosed in the balance sheet items:

Equity investments in group undertakings	4,058	2,972
Investment assets attached to market-return products, see note 13	31,174	29,762

Equity investments in group undertakings consist of:

Name	Registered office	Ownership interest	Result	Equity
Industriens Pension Portfolio (capital association)	Copenhagen	100%	3,202	31,525
IP Alternative Investments Komplementar ApS	Copenhagen	100%	0	0
IP Finans 1 ApS	Copenhagen	100%	0	4
IP Butendiek Wind K/S	Copenhagen	100%	96	138
IP Gode Wind II K/S	Copenhagen	100%	108	1,021
IP Komplementar ApS	Copenhagen	100%	0	0
IP Ejendomme 2013 P/S	Copenhagen	100%	202	2,320
IP Infrastruktur Komplementar ApS	Copenhagen	100%	0	0
IP Infrastruktur P/S	Copenhagen	100%	5	223

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	174	155
Additions/issues during the year	114	21
Capital reductions/redemptions during the year	-121	0
Distributions during the year	-9	0
Share of profit for the year	-25	-2
Carrying amount 31 December	131	174

Equity investments are disclosed in balance sheet items:

Equity investments in associated undertakings	18	39
Investment assets attached to market-return products, see note 13	112	135

Equity investments in associated undertakings consist of:

Name	Registered office	Ownership interest	Result	Equity
EjendomsSelskabet Norden IV K/S	Copenhagen	32.4%	54	30
EjendomsSelskabet Norden VIII K/S	Copenhagen	32.8%	24	273
Axel Torv 2 P/S	Copenhagen	33.3%	-153	91
Axel Torv 2 Komplementar ApS	Copenhagen	33.3%	0	0
Gode Wind II Joint FinCo ApS	Copenhagen	21.0%	2	6

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

Notes (cont.)

Note	DKK mill.	31.12.2016	31.12.2015
13	Investment assets attached to market-return products		
	Equity investments in group undertakings	31,174	29,762
	Loans to group undertakings	410	342
	Equity investments in associated undertakings	112	135
	Loans to associated undertakings	243	180
	Total investments in group undertakings and associated undertakings	31,940	30,419
	Equity investments	57,747	51,959
	Investment association units	8,910	7,172
	Bonds	25,908	28,074
	Other loans	32	23
	Deposits with credit institutions	3,281	2,491
	Other financial investment assets	3,112	2,322
	Total other financial investment assets	98,990	92,041
	Total investment assets attached to market-return products	130,930	122,460
	Other receivables	451	112
	Interest receivable	284	359
	Debt to credit institutions and other debt	-2,665	-4,995
	Other balance-sheet items attached to market-return products	-1,929	-4,525
	Net assets linked to market return	129,001	117,935
14	Subordinate loan capital		
	Excess capital		
	Special bonus provisions type B 1 January	3,641	3,630
	Change in special bonus provisions type B	50	13
	Share in other comprehensive income	-	-1
	Special bonus provisions type B at year-end	3,691	3,641
	Other subordinate loan capital		
	Special bonus provisions type A 1 January	378	390
	Change in special bonus provisions type A	-12	-12
	Special bonus provisions type A at year-end	367	378
	Total subordinate loan capital	4,057	4,019

Notes (cont.)

Note	DKK mill.	31.12.2016	31.12.2015	
15	Life-assurance provisions at average rate			
	Life-assurance provisions at average rate 1 January	7,462	7,678	
	Collective bonus potential brought forward	-1,919	-2,026	
	Accumulated value adjustments brought forward	-1,159	-1,195	
	Retrospective provisions 1 January	4,383	4,457	
	Gross premiums	4	4	
	Addition of interest	293	299	
	Insurance benefits	-410	-408	
	Costs supplement after addition of costs bonus	-3	-5	
	Risk result after addition of risk bonus	23	-2	
	Transferred to/from life-assurance provisions at market rate	28	37	
	Distribution from special bonus provision	0	1	
	Retrospective provisions carried forward	4,317	4,383	
	Accumulated value adjustment carried forward	1,276	1,159	
	Collective bonus potential carried forward	1,997	1,919	
	Life-assurance provisions at average rate carried forward	7,590	7,462	
	Return before tax	8.3%	2.3%	
	Ratio of bonus potential to provisions	46%	44%	
	Return on customer funds after costs and tax	8.2%	2.3%	
	The risk margin has been recognised in life-assurance provisions at	37	41	
	Break down of life-assurance provisions between the original technical interest rates 31 December 2016			
		1.00%	2.50%	Total
	Guaranteed benefits	349	5,244	5,593
	Individual bonus potential	0	0	0
	Collective bonus potential	1,873	125	1,997
	Life-assurance provisions 31 December 2016	2,222	5,369	7,590
	Break down of life-assurance provisions between the original technical interest rates carried forward 2015			
		1.00%	2.50%	Total
	Guaranteed benefits	347	5,194	5,541
	Individual bonus potential	1	0	1
	Collective bonus potential	1,799	121	1,919
	Life-assurance provisions 31 December 2015	2,147	5,315	7,462

Notes (cont.)

Note	DKK mill.	31.12.2016	31.12.2015	
16	Life-assurance provisions at market rate			
	Life-assurance provisions at market rate 1 January	117,935	107,420	
	Provisions for group life 1 January	-600	-605	
	Life-assurance provisions at market rate 1 January (excluding group life)	117,335	106,815	
	Gross premiums	7,198	7,215	
	Return after tax on yields of certain pension-scheme assets	8,121	6,734	
	Insurance benefits	-3,760	-3,062	
	Costs supplement	-186	-65	
	Risk gain	0	-1	
	Distribution from special bonus provision	202	173	
	Transferred to/from life-assurance provisions	-28	-37	
	Transferred to sickness and accident insurance	-116	-68	
	Transferred to group scheme	-431	-370	
	Life-assurance provisions at market rate carried forward (excluding group life)	128,335	117,335	
	Provisions for group life carried forward	665	600	
	Life-assurance provisions at market rate carried forward	129,001	117,935	
	Return on customer funds after costs and before tax	7.8%	6.7%	
	The risk margin has been recognised in life-assurance provisions at	35	30	
	Savings in the market return are invested in a compulsory lifecycle product.			
	Return and risk in 2016:			
	Years before retirement	Share of provisions	Return	Risk
	30 years (age: 35 years)	1.3%	9.6%	3.75
	15 years (age: 50 years)	4.0%	8.9%	3.75
	5 years (age: 60 years)	2.8%	7.5%	3.50
	5 years after retirement (age: 70 years)	0.4%	6.1%	3.25
	Return and risk in 2015:			
	Years before retirement	Share of provisions	Return	Risk
	30 years (age: 35 years)	1.4%	8.8%	3.75
	15 years (age: 50 years)	3.9%	7.8%	3.75
	5 years (age: 60 years)	2.7%	6.0%	3.75
	5 years after retirement (age: 70 years)	0.3%	4.2%	3.50
17	Other debt			
	Negative market value of derivative financial instruments	3,137	1,958	
	Debt concerning unsettled transactions	401	18	
	Other debt	73	37	
	Total other debt	3,612	2,012	

Notes (cont.)

Note DKK mill. 31.12.2016 31.12.2015

18 Collateral and contingent liabilities

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

Equity investments	46,071	56,933
Investment association units	39,736	37,508
Bonds	53,830	37,595
Deposits with credit institutions	4,678	4,260
Total registered assets	144,314	136,296

Bonds placed as collateral for loans in accordance with standard repurchase contracts	0	6,273
Bonds issued as collateral for fair value of derivative financial instruments	875	30
Bonds received as collateral for fair value of derivative financial instruments	1,728	1,355
Leasing liabilities	1	1
Pledges to invest in property, infrastructure and unlisted equity investments etc. incl. warranties for pledges in associated undertakings	17,172	15,011

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.

The Central Customs and Tax Administration (SKAT) has questioned tax treatment by the company of conversions of old-age pensions. If SKAT's interpretations in these areas are upheld, there will be further tax due for the period 2010-2014 of a maximum of DKK 22 mill.

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 2016, 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.
- Provision of loans (approx. EUR 89 mill.) and guarantees for equivalent lines of credit to the subsidiary IP Finans 1 Aps in connection with financing of the wind farm Butendiek Wind. Interest and guarantee commissions are set based on market terms.

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

Notes (cont.)

Note	2012	2013	2014	2015	2016
20 Five-year summary of key figures and financial ratios					
Key figures for life assurance (DKK mill.)					
Premiums	6,624	6,528	6,737	7,224	7,206
Insurance benefits *	1,638	4,708	5,280	3,931	4,682
Return on investments	12,176	7,006	12,329	8,642	11,033
Insurance operating costs	136	128	113	37	113
Profit or loss of ceded business	-1	0	-1	-1	-
Technical result	45	2	-15	-19	-18
Technical result of sickness and accident insurance	25	30	30	39	41
Profit or loss for the year	357	29	204	119	204
Other comprehensive income	-	-	2	-2	-
Provisions for insurance and investment contracts *	101,692	109,565	121,195	131,532	143,297
Equity	4,237	4,266	4,472	4,590	4,794
Assets	123,023	128,461	142,286	149,685	157,366
Financial ratios for life assurance					
Return before tax on yields of certain pension-scheme assets, average rate	15.9%	-1.0%	15.0%	2.3%	8.3%
Return before tax on yields of certain pension-scheme assets, market rate	13.0%	7.8%	10.4%	7.3%	8.1%
Risk of return related to market rate *	-	-	3.50	3.75	3.75
Costs as a percentage of provisions	0.2%	0.1%	0.1%	0.0%	0.1%
Expenses per insured party	DKK 311	DKK 288	DKK 261	DKK 84	DKK 250
Return on equity after tax	8.8%	0.7%	4.7%	2.6%	4.3%
Return on excess capital after tax *	-	-	-	2.6%	4.3%
Solvency ratio **	615%	652%	601%	610%	342%
Key figures for sickness and accident insurance (DKK mill.)					
Gross premium income	730	787	606	448	749
Gross claims costs *	828	482	572	692	748
Insurance operating costs	19	19	17	17	18
Profit or loss on ceded business	-1	-1	-1	-1	-
Technical result	77	54	-270	-38	-112
Investment return after technical interest *	-51	-24	300	77	152
Run-off results	114	600	105	402	357
Total insurance provisions	5,023	5,292	6,096	6,135	6,705
Financial ratios for sickness and accident insurance					
Gross claims ratio ***	88.0%	88.7%	173.8%	104.3%	114.8%
Gross expenses ratio	3.0%	3.5%	5.3%	2.6%	2.8%
Combined ratio	91.2%	92.3%	179.3%	107.1%	117.5%
Operating ratio	81.9%	82.4%	154.1%	107.1%	117.5%
Relative run-off results	2.7%	12.5%	2.2%	7.5%	6.3%

New accounting regulations entered into force on 1 January 2016 and have led to changes in accounting policies for calculation and presentation of provisions for insurance and investment contracts. Comparative figures for 2015 have been adjusted for the new policies, while it is not practicable to adjust the financial statements for previous years in the five-year summary. Consequently, with respect to accounting items marked with * it is not immediately possible to compare information for 2016 and 2015 with previous years.

**The solvency ratio is exempt from the audit requirement, see the independent auditor's conclusions on page 15.

***The high value of the gross claims ratio (claims as a percentage of premiums) in 2014-2016 is due to the fact that, during this period, the premiums were reduced by bonuses and premium rebates earned in previous years.

Notes (cont.)

Note

21 Schedule of assets and returns on these

Assets linked to average rate

DKK mill.	Market value		Return
	Brought forward	Carried forward	before tax
1. Land and buildings directly owned	341	410	5.9%
2.1 Listed equity investments	674	921	9.1%
2.2 Unlisted equity investments	430	920	10.2%
2. Total equity investments	1,104	1,842	9.6%
3.1 Government bonds and mortgage-credit bonds	3,790	2,737	2.6%
3.2 Index-linked bonds	1,372	620	4.1%
3.3 Credit bonds and emerging markets bonds	1,385	1,155	7.8%
3.4 Loans etc.	140	137	5.4%
3. Total bonds and loans	6,688	4,649	4.2%
4. Subsidiaries	17	175	27.3%
5. Other investment assets	367	76	-
6. Derivative financial instruments	-11	439	-

Assets linked to market rate

DKK mill.	Market value		Return
	Brought forward	Carried forward	before tax
1. Land and buildings directly owned	4,906	6,254	5.1%
2.1 Listed equity investments	40,939	39,189	8.3%
2.2 Unlisted equity investments	23,727	27,401	10.3%
2. Total equity investments	64,666	66,589	9.1%
3.1 Government bonds and mortgage-credit bonds	15,320	13,572	3.2%
3.2 Index-linked bonds	5,334	2,968	4.1%
3.3 Credit bonds and emerging markets bonds	28,933	34,253	12.5%
3.4 Loans etc.	545	656	6.5%
3. Total bonds and loans	50,133	51,449	9.2%
4. Subsidiaries	1,025	837	13.9%
5. Other investment assets	63	3,134	-
6. Derivative financial instruments	666	737	-

Notes (cont.)

Note

22 Derivative financial instruments (DKK mill.)

	Principal amount	Positive value	Negative value
Interest-rate contracts, swaps			
Term 0-10 years	-17,379	1,817	-1,173
Term 10-20 years	-3,487	2,080	-235
Term >20 years	-433	425	-43
Total	-21,299	4,322	-1,452
Futures (shares and bonds)			
Term 0-10 years	8,222	79	-109
Total	8,222	79	-109
Forward foreign-exchange contracts	-66,605	158	-1,576
Balance as at 31 December 2016	-79,682	4,558	-3,137

All interest-rate contracts are in DKK and EUR. Forward foreign-exchange contracts all have a term of less than one year. Positive fair values are included in other financial investment assets, and negative fair values are included in liabilities under other debt. The net value of repo transactions is recognised in liabilities regarding sales and repurchase transactions under debt to credit institutions.

23 Remuneration of Board of Directors

The chairman and deputy chairman received annual remuneration of DKK 228,936 in 2016. This remuneration also covers participation in committees in Industriens Pensionsforsikring A/S. Other members of the Board of Directors received remuneration in 2016 of DKK 114,468 kr. Other members of the Board of Directors who are also members of the Investment Committee or the Audit Committee also received remuneration of DKK 62,438 in 2016, while the chairman of the Audit Committee received remuneration of DKK 83,250.

Mads Andersen, chairman	DKK 228,936	Jukka Pertola	DKK 114,468
Kim Graugaard, deputy chairman	DKK 228,936	Rasmus Sejerup Rasmussen	DKK 114,468
Lars Andersen	DKK 260,156	Bo Stærmose	DKK 114,468
Erik Bredholt	DKK 114,468	Berit Vinther	DKK 176,906
Claus Jensen	DKK 114,468	Ole Wehlast	DKK 114,468
Heidi Jensen	DKK 114,468	Changes in 2016:	
Nina Movin	DKK 176,906	Bjarne Graven Larsen, to 31.01	DKK 14,742
Lars Ingemann Nielsen	DKK 114,468	Chresten Dengsøe, from 09.03	DKK 95,390

Notes (cont.)

Note

24 Risk management and sensitivity information

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

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

Industriens Pension's view on risks

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

All potential risks are monitored on an ongoing basis, and if the risk exceeds the acceptable level, initiatives are implemented in order to mitigate the risk to a lower, acceptable level. Such initiatives are implemented in policies, guidelines and internal business procedures, and by establishing or expanding 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 capital base to cover current capital requirements.

The majority of the company's members have a market-interest-rate product, where each person carries the main part of the risks. For these members, a key element of the risk assessment is to ensure that the individual member is not subject to

an inappropriate risk. This was carried out by introducing 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.

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., the following required functions have been set up; actuary, compliance and risk management function, as well as an internal audit function. Furthermore a person has been appointed to be responsible for each function.

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

Most significant risks for Industriens Pension

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

Market risks

Market risks include risks on investment assets, both in relation to losses on shares, interest rates, currency and properties. Furthermore, the risk of losses as a consequence of credit and counterparty risks, as well as concentration risks, are included.

Notes (cont.)

Note

24 Risk management and sensitivity information (cont.)

The Board of Directors establishes the frameworks for risk levels in policies and guidelines which regulate investments in great detail.

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.

Similarly, a significant interest-rate risk is linked to the calculation of provisions for sickness and accident insurance, and fluctuations in the interest rate will therefore impact the accounting results. Such interest-rate risk is also eliminated by using interest-rate derivatives.

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

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

Insurance risks

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

Operational and strategic risks

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

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

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

The current solvency capital requirement at the end of 2016 is stated on page 1 of the management's review.

The capital available to cover the company's capital requirement was DKK 7,238 mill. at the same date. Industriens Pension is therefore very well consolidated.

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

Sensitivity information (DKK mill.)

Event	Effect on equity
Interest rate rise of 0.7 percentage points	-105
Interest rate drop of 0.7 percentage points	119
Fall in share prices of 12%	-140
Fall in property prices of 8%	-18
Exchange-rate risk (VaR 99.5%)	-38
Loss on counterparties of 8%	-25

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

Chief Executive

Furthermore, Laila Mortensen is on the Board of Directors of 13 fully owned subsidiaries.

Other positions:

Forsikring & Pension

Member of the Board of Directors

Spar Nord Bank A/S

Member of the Board of Directors

Statistics Denmark

Member of the Board

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

BOARD OF DIRECTORS

Mads Andersen, chairman (born 1969)

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

Intra-group positions:

Industripension Holding A/S

Chairman of the Board

Industriens Pension Service A/S

Chairman of the Board

Member of the investment committee and the ethics committee of Industriens Pensionsforsikring A/S.

Chairman

Other positions:

Industriens Kompetenceudviklingsfond

Member of the Board of Directors

Industriens Uddannelses- og Samarbejdsfond

Member of the Board of Directors

Laugesens Have, kursuscenter A/S

Member of the Board of Directors

Confederation of Danish Trade Unions

Member of the Board

Nordsøenheden S.O.V.

Member of the Board of Directors

United Federation of Danish Workers board

Member

BOARD OF DIRECTORS

Kim Graugaard, deputy chairman (born 1961)

Deputy director general of the Confederation of Danish Industry.

Appointed 28 April 2005. Appointed by the Confederation of Danish Industry.

Intra-group positions:

Industripension Holding A/S

Industriens Pension Service A/S

Member of the investment committee and the ethics committee of Industriens Pensionsforsikring A/S.

Vice Chairman of the Board

Vice Chairman of the Board

Member

Other positions:

Arbejdsmarkedets Tillægspension

Confederation of Danish Employers

Industriens Kompetenceudviklingsfond

Industriens Uddannelses- og Samarbejdsfond

TekSam

Member of the Board of Directors
and Board of Representatives

Member of the Board of Directors

Member of the Board of Directors

Member of the Board of Directors

Chairman of the Board

Lars Andersen (born 1958)

Executive director of the Economic Council of Labour Movement.

Appointed 28 April 2005. Appointed by the Central Organisation of Industrial Employees (CO-industri) unions.

Intra-group positions:

Industripension Holding A/S

Investment Committee of Industriens Pensionsforsikring A/S

Audit Committee of Industriens Pensionsforsikring A/S

Member of the Board of Directors

Member

Chairman

Other positions:

Arbejdernes Landsbank A/S

Member of the Board of Directors
and chairman of the Audit and
Risk Committee

IFU/IØ foundations

Vice Chairman of the Board

Erik Bredholt (born 1966)

Executive director of Livlande Holding A/S.

Appointed 30 November 2009. Appointed by employers in the merged pension funds PNN PENSION and PHI pension.

Other positions:

Danish Crown A/S

Board of the Confederation of Danish Industry

Friland A/S

Danish Agriculture & Food Council

Leverandørselskabet Danish Crown Amba

Livlande Holding A/S

Plumrose Inc. (USA)

Slagteriernes Arbejdsgiverforening

Sokolow S.A. (Poland)

Tulip Ltd. UK

Chairman of the Board

Member

Member of the Board of Directors

Member of the Board of Directors

Chairman of the Board

Member of the Board of Directors

Member of the Board of Directors

Member of the Board of Directors

Member of the Board of Directors

Member of the Board of Directors

BOARD OF DIRECTORS

Chresten Dengsøe (born 1961)

CEO of The Medical Doctors' Pension Fund and The Medical Doctors' Bank.
Appointed 9 March 2016. Appointed by the Confederation of Danish Industry.

Other positions:

The Medical Doctors' Pension Fund and The Medical Doctors' Bank

Chairman of the Board of
Directors / executive director of a
number of subsidiaries

Copenhagen Infrastructure Partners II

Member of the investment
committee

Danish Insurance Association

Member of the Board of Directors

Claus Jensen (born 1964)

Union chairman of the Danish Metalworkers' Union and Chairman of the Central
Organisation of Industrial Employees
Appointed 25 April 2013 Appointed by the Central Organisation of Industrial
Employees (CO-industri) unions.

Intra-group positions:

Industripension Holding A/S

Member of the Board of Directors

Industriens Pension Service A/S

Member of the Board of Directors

Other positions:

Economic Council of Labour Movement

Member of the board and council

Arbejderbevægelsens Kooperative Finansieringsfond

Member of the Board of Directors

Arbejdernes Landsbank A/S

Member of the Board of Directors

A/S A-Pressen

Member of the Board of Directors

A/S Femern Landanlæg

Member of the Board of Directors

A/S Øresund

Member of the Board of Directors

Arbejdsmarkedets Tillægspension

Member of the Committee of
Representatives

The Economic Council

Member

Femern A/S

Member of the Board of Directors

Industriens Uddannelses- og Samarbejdsfond

Vice Chairman of the Board

Industriens Kompetenceudviklingsfond

Chairman of the Board

Innovation Fund Denmark

Member of the Board of Directors

Interforcekomiteen

Member of the Board of Directors

Confederation of Danish Trade Unions

Member of the day-to-day
management and executive
committee

Sund & Bælt Holding A/S

Member of the Board of Directors

Udlandssekretariatet

Member of the Board of Directors

A/S Storebælt

Member of the Board of Directors

Heidi Jensen (born 1973)

Trade Union Representative in Struers A/S.
Appointed 28 April 2011 Appointed by the Central Organisation of Industrial
Employees (CO-industri) unions.

Other positions:

United Federation of Danish Workers Greater Copenhagen

Member of the Board of Directors

BOARD OF DIRECTORS

Nina Movin (born 1959)

CEO of Otto Mønsted's 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:

GateHouse A/S

Member of the Board of Directors

Lars Ingemann Nielsen (born 1961)

Finance director at PBU Pædagogernes Pensionskasse.

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

Intra-group positions:

Audit Committee of Industriens Pensionsforsikring A/S

Member

Other positions:

Flintholm Have P/S

PBU Bolig A/S

CBS, PerCent

Member of the Board of Directors

Member of the Board of Directors

External associate professor

Jukka Pertola (born 1960)

CEO at Siemens A/S

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

Other positions:

Danish Academy of Technical Sciences

Baltic Development Forum

COWI A/S

Executive committee of the Confederation of Danish Industries

GS Sweden AB

GomSpace ApS

Industriens Arbejdsgivere i København

LEO Pharma A/S

Siemens A/S

Siemens Wind Power A/S

Member of the governing body

Member of the Board of Directors

Member of the Board of Directors

Member

Chairman of the Board

Chairman of the Board

Member of the Board of Directors

Chairman of the Board

Member of the Board of Directors

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

Metal Vest

Member of the Board of Directors

Member of the Board of Directors

BOARD OF DIRECTORS

Bo Stærmosse (born 1948)

Chairman of the Board

Appointed 27 February 2006. Appointed by the Confederation of Danish Industry

Intra-group positions:

Industripension Holding A/S

Member of the Board of Directors

Other positions:

Artha Transport A/S

Member of the Board of Directors

Cargo Air A/S

Member of the Board of Directors

Corps Consulaire

Member of the Board of Directors

Fionia Fond

Chairman of the Board

Juliana Holding A/S

Chairman of the Board

Juliana A/S

Chairman of the Board

Juliana Ejendomme A/S

Chairman of the Board

Otto Mønsted's Fond

Member of the Board of Directors

Otto Mønsted A/S

Member of the Board of Directors

Syddansk EU-kontor

Member of the Board of Directors

Syddansk Vækstforum

Member

Umove A/S

Member of the Board of Directors

Berit Vinther (born 1961)

Director General of the Confederation of Danish Industry

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

Intra-group positions:

Industripension Holding A/S

Member of the Board of Directors

Industriens Pension Service A/S

Member of the Board of Directors

Audit Committee of Industriens Pensionsforsikring A/S

Member

Other positions:

Arbejdsmarkedets Tillægspension

Member of the Committee of
Representatives

Foreningen Pension for Funktionærer

Member of the Board of Directors

Industriens Kompetenceudviklingsfond

Vice Chairman of the Board

Industriens Uddannelses- og Samarbejdsfond

Chairman of the Board

Karl Pedersen og Hustrus Industrifond

Chairman of the Board

PFA Pension customer council

Member

Ole Wehlast (born 1959)

Trade Union President at Fødevareforbundet NNF

Appointed 30 November 2009. Appointed by employees in the merged pension funds PNN PENSION and PHI pension.

Other positions:

AOF Danmark

Chairman of the Board
Member of the Committee of
Representatives

Arbejdsmarkedets Tillægspension

Member of the Board of Directors

ALKA

Member of the Board of Directors

Economic Council of Labour Movement

Member of the Board of Directors

Arbejdernes Landsbank A/S

Member of the Board of Directors

Dansk Folkeferie Fonden

Member of the Board of Directors

Københavns Bagerafdeling's Fond

Member of the Board of Directors

Confederation of Danish Trade Unions

Member of the day-to-day
management and executive
committee

Udlandssekretariatet

Member of the Board of Directors