



# Annual Report 2021

## Strong performance in a difficult year



Torben Möger Pedersen, CEO of PensionDanmark

Like the year before, 2021 was marked by the global corona pandemic, but widespread vaccination programmes, extensive testing and sensible conduct made it possible to reopen society, although a new coronavirus variant rendered new restrictions necessary and rekindled uncertainty towards the end of the year.

Fortunately, the consequences of the pandemic for the global economy have been mitigated by extensive state relief packages and central banks' zero interest rate policies and substantial bond purchases. As this economic policy has never been tried before, its long-term implications for debt and inflation are uncertain and unknown.

Combined, the roll-out of vaccines and overall fiscal and monetary policies have led to higher-than-expected growth and to Denmark's overriding current challenge being a shortage of labour. High 2021 headcounts in most of the industries whose employees have pension schemes with PensionDanmark boosted pension contributions to DKK 14.7 billion.

Economic growth and persistently low interest rates also triggered a positive financial market response. For PensionDanmark, this resulted in record investment returns on our members' savings of DKK 36.5 billion, with younger members receiving a 16.0% return and members approaching retirement a return of 10.3%. During the past ten years, PensionDanmark has generated an average annual return of 8.9% for our younger members and 6.6% for our older members. This is highly satisfactory and will give our members even better pensions. Looking ahead, we expect investment returns to drop and to fluctuate more.

Faced with a difficult investment environment – with low but rising bond yields and high equity prices – we continued to expand our highly diversified investment portfolio, focusing on sustainable real estate and infrastructure, investments which provide stable returns even when equity markets are facing headwinds.

Through our long-standing commitment to leveraging the potential offered by state-of-the-art digital technologies, we literally reached for the clouds in 2021 as we migrated our entire insurance administration to a newly developed cloud-based IT platform that will enable us to continually customise our products and services to the situation and needs of our individual members. The use of robotics and artificial intelligence allows for shorter response times, better resource utilisation and more time for personal advice and dialogue with our members – and helps us maintain our position as the most cost-efficient pension provider in Denmark.

PensionDanmark's products are more than just savings and insurance. They also include comprehensive health & prevention and supplementary training programmes. In 2020, we launched a new system for the booking of treatments with our many physiotherapists and chiropractors. This has resulted in a significantly higher number of members using this service. In 2021, we added psychologists to the online medical consultation service launched in 2020, giving our members easy, free and fast-track access to psychological consultations. The new service has been very well received, and members who had given up getting treatment because of long waiting lists in the public healthcare system are now getting the treatment and advice they need.

Responsibility is still high on our agenda. By virtue of our investments in renewable energy and sustainable real estate, we have long held a leading position in investment solutions addressing climate change. In 2021, we took the next step towards version 2.0. of the green transition by investing in Power-to-X plants,

which use renewable energy to produce green fuels for industries where electrification is difficult. "You get what you measure". Based on this mantra, we have taken the lead in developing reporting tools that measure the impact of our activities – primarily our investments, but also our own business – on a number of the UN Sustainable Development Goals. Our efforts in this respect are described in this annual report and set out in more detail in our Corporate Social Responsibility Report.

Our efforts won us a number of awards in 2021. At the Sustainable Investment Awards 2021, we were named Pension Fund of the Year, and at the Digital Finans Awards 2021, we won the Best Digital Customer Solutions award in the pension fund category. In December, we were named Best Danish Pension Fund – for the fourth consecutive year – at the IPE Awards 2021. This was the result of great teamwork by all our highly skilled and committed employees – and will inspire our efforts in the years ahead to create maximum value for our many members while at the same time contributing to making the world a better place.

Torben Möger Pedersen  
CEO, PensionDanmark

## 2021 in numbers



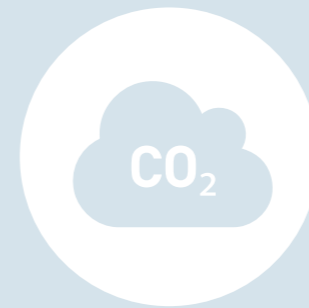
**401,000**  
active members

PensionDanmark has 401,000 active members employed in 21,100 companies, which paid contributions of DKK 14.7 billion



**DKK 36.5**  
billion in returns

A member under the age of 46 received an investment return of 16.0%, while a 67-year-old member received 10.3%



**7.9**  
tonnes of CO<sub>2</sub>/DKKm

We have reduced our total carbon footprint from 11.4 to 7.9 tonnes since 2017



**770**  
clinics

Our members had access to 770 physiotherapy and chiropractic clinics against 125 in 2016



**DKK 304**  
billion in member savings

Member savings have grown from DKK 197 billion to DKK 304 billion since 2016



**DKK 12.1**  
billion

Our unlisted green infrastructure investments reached DKK 12.1 billion in 2021. To this should be added our commitment to invest an additional DKK 11.3 billion over the next 3-4 years



**DKK 297**  
per member per year

PensionDanmark is Denmark's most cost-effective pension fund with annual administrative expenses of DKK 297 per member



**261,700**  
member consultations

Our advisers conducted 261,700 phone consultations with our members

# Financial highlights and overview



Massive relief packages and low interest rates supported the global economy in 2021, and the year saw high headcounts in most of the industries whose employees have pension schemes with PensionDanmark, record-high pension contributions and impressive returns.

- > Staff numbers in most of the companies whose employees have pension schemes with PensionDanmark were relatively high and stable despite the corona pandemic. The number of active members grew by 9,600 to 401,000. The number of retired members increased to 63,500 from 60,500 in 2020.
- > Total contributions were up from DKK 14.0 billion to DKK 14.7 billion.
- > Pension and insurance benefits for our members increased from DKK 4.4 billion to DKK 4.5 billion. Adding job change-related transfers, benefits totalled DKK 9.5 billion.
- > Totalling DKK 36.5 billion, our investment returns produced returns for members of between 10.3% (67-year-old) and 16% (under 46).
- > Thanks to efficient insurance administration and the further digitalisation of processes, administrative expenses remained at DKK 297 per member. Total insurance administration expenses increased from DKK 241 million to DKK 266 million.

- > In autumn 2021, we launched a new cloud-based IT platform that will help us retain our position as the most cost-efficient pension provider in Denmark.
- > Total assets were up from DKK 289.7 billion to DKK 326.8 billion.
- > Member satisfaction remains high, and PensionDanmark's processing times are among the fastest in the industry.
- > 51,200 members received 422,000 interdisciplinary treatments (chiropractic and physiotherapy treatments, etc.) under PensionDanmark's healthcare programme in 2021 – a year-on-year increase in the number of treatments of 59% attributable to the lockdown in 2020. 10,000 members received Prompt Diagnosis assistance, a year-on-year increase of 46%.
- > In autumn 2021, we expanded our healthcare programme to include online consultations with a psychologist in addition to online consultations with a doctor.
- > PensionDanmark is well-consolidated with equity of DKK 5.0 billion.
- > For the fourth consecutive year, PensionDanmark was named Best Danish Pension Fund at the IPE Awards 2021.
- > We acknowledge our corporate social responsibility. Read more in our 2021 Corporate Social Responsibility Report, which is available on [pensiondanmark.com](https://pensiondanmark.com)



## Key figures and financial ratios

	2021	2020	2019	2018	2017
Contributions, DKKbn <sup>1</sup>	14.7	14.0	13.5	13.0	13.6
Benefits paid, DKKbn	9.5	7.2	7.5	8.2	7.8
Return on investment assets before tax, DKKbn	36.5	16.1	28.8	(3.2)	16.6
Total assets, DKKbn	326.8	289.7	271.1	235.9	233.2
Equity, DKKbn	5.0	4.8	4.6	4.3	4.2
Administration fee per member	297	297	297	297	297
Number of members	799,200	765,300	752,500	732,000	713,000

<sup>1</sup> Incl. contributions relating to health and accident insurance

Brian works as a component fitter at PensionDanmark's Sirius construction project and is a member of PensionDanmark



# ESG ratios in the financial statements



Heidi works as a painter with painting business Robert Rasmussen and is a member of PensionDanmark

We started reporting on our climate impact in 2019, disclosing ESG data based on the guidelines issued by FSR – Danish Auditors, Nasdaq and the Danish Finance Society. Since then, we have added more asset classes, guidelines and goals for selected ESG ratios. Our ESG data are comprised by the independent auditor's report.

The purpose of this documentation is to provide the best possible basis for rendering developments visible, improving our ESG performance and enhancing the positive impact of our activities on climate and society.

The 2021 list includes additional climate data for our investments and own emissions.

The ESG ratios show:

- > Extended emission measurements for our investments: This year, we have added infrastructure and private debt to our carbon emission measurements, so they now encompass 60% of our total investments compared to just under 50% in 2020 and 25% in 2019. Indirect emissions from PensionDanmark's investment portfolio account for 99.6% of our total emissions.

- > PensionDanmark's climate footprint: Since 2019, the total carbon footprint (tonnes/DKKm) of PensionDanmark's investment portfolio has been reduced by more than 10%. The increase from 7.7 to 7.9 tonnes in 2021 is mainly attributable to the inclusion of carbon emissions from PensionDanmark's infrastructure investments.
- > Extended carbon measurements for PensionDanmark's own emissions: In 2021, we significantly improved the ESG ratio data basis by including measurements for additional activities (purchases, commuting and remote working). While this leads to higher reported emissions, it also enhances transparency on and insight into PensionDanmark's climate footprint.

PensionDanmark's statutory report in pursuance of sections 132 and 132a of the Executive Order on financial reports for insurance companies and multi-employer occupational pension funds is included in our Corporate Social Responsibility Report, which is available on [pensiondanmark.com](https://pensiondanmark.com)

Read more in our Corporate Social Responsibility Report on [pensiondanmark.com](https://pensiondanmark.com)

## ESG key figures and ratios (excerpt)

		Target 2025	2021	2020	2019	2018	2017
<b>Environmental data</b>							
	<b>Unit</b>						
CO <sub>2</sub> e, Scope 3, estimated							
C1: Purchases of goods and services <sup>1</sup>	Tonnes	-	6,674	6,229	5,420	-	-
C5: Waste <sup>1</sup>	Tonnes	-	1.2	1.1	1.2	-	-
C6: Business-related travel <sup>1</sup>	Tonnes	-	15.4	44.2	117.6	-	-
C7: Employee commuting <sup>2</sup>	Tonnes	-	132.7	121.2	-	-	-
C15: Investments <sup>3</sup>	Tonnes	-	1,558,168	1,099,284	966,996	540,980	575,430
of which listed equities	Tonnes	-	727,640	529,224	536,994	540,980	575,430
of which corporate bonds <sup>1</sup>	Tonnes	-	551,281	428,185	372,108	-	-
of which Private Equity <sup>1</sup>	Tonnes	-	57,096	40,896	47,863	-	-
of which Private Debt <sup>2</sup>	Tonnes	-	92,263	90,827	-	-	-
of which real estate <sup>1</sup>	Tonnes	-	7,920	10,152	10,031	-	-
of which infrastructure <sup>4</sup>	Tonnes	-	121,968	-	-	-	-
CO <sub>2</sub> e, Scope 3, total	Tonnes	-	1,564,992	1,105,680	972,535	540,980	575,430
Total carbon footprint of investment portfolio	Tonnes/DKKm		7.9	7.7	8.8	12.6	11.4
CO <sub>2</sub> savings from ownership of green infrastructure, estimated <sup>1</sup>	Tonnes	>2,000,000	1,511,358	1,902,220	2,297,000	-	-
<b>Social data</b>							
Gender diversity, other management tiers %		50	43.9	44.3	45.2	41.6	41.4
Gender pay gap	Times	-	1.3	1.3	1.3	1.4	1.4
Taxes paid	DKKm	-	2,362	3,565	298	2,826	1,741
<b>Governance data</b>							
Gender diversity, Board of Directors	%	-	27.8	23.5	23.5	18.8	23.5
Board meeting attendance	%	95	95	85	82	88	85

<sup>1</sup> Data were not available for the computation of ratios for 2017-2018.

<sup>2</sup> Data were not available for the computation of ratios for 2017-2019.

<sup>3</sup> For additional data, see our Corporate Social Responsibility Report 2021, pages 76-78.

<sup>4</sup> Data were not available for the computation of ratios for 2017-2020.

For more information and definitions, see page 89.



Casting of foundation at PensionDanmark's Kronløbsøen construction project, Copenhagen



## Statement of income and comprehensive income

Note	DKKm	2021	2020
	Regular premiums before tax	13,616	13,004
	Transfers from pension schemes etc.	2,310	2,225
	<b>Gross premiums before tax</b>	<b>15,926</b>	<b>15,229</b>
	A tax on retirement savings	-1,477	-1,318
4	<b>Total premiums net of reinsurance</b>	<b>14,449</b>	<b>13,910</b>
15	Income from affiliated companies	3,044	336
	Income from associated companies	2,241	666
	Interest income, dividends, etc.	9,795	6,788
	Value adjustments	22,089	8,935
	Interest expenses	-57	-49
6	Administrative expenses related to investment activities	-650	-533
5	<b>Total investment return</b>	<b>36,462</b>	<b>16,143</b>
7	<b>Tax on pension investment returns</b>	<b>-5,501</b>	<b>-2,453</b>
	<b>Investment return after tax on pension investment returns</b>	<b>30,961</b>	<b>13,690</b>
8	Benefits paid	-9,474	-7,159
	<b>Total insurance benefits net of reinsurance</b>	<b>-9,474</b>	<b>-7,159</b>
21-24	Change in life insurance provisions	-35,370	-20,061
	<b>Total change in life insurance provisions net of reinsurance</b>	<b>-35,370</b>	<b>-20,061</b>
6	<b>Total insurance operating expenses net of reinsurance</b>	<b>-266</b>	<b>-241</b>
5	<b>Transferred return on investments</b>	<b>-336</b>	<b>-191</b>
	<b>TECHNICAL RESULT</b>	<b>-37</b>	<b>-51</b>
9	<b>TECHNICAL RESULT, HEALTH AND ACCIDENT INSURANCE</b>	<b>-35</b>	<b>-30</b>
	<b>Investment return on equity</b>	<b>453</b>	<b>229</b>
10	<b>Other income</b>	<b>35</b>	<b>29</b>
11	<b>Other expenses</b>	<b>-34</b>	<b>-28</b>
	<b>PROFIT BEFORE TAX</b>	<b>383</b>	<b>149</b>
	<b>Tax</b>	<b>-120</b>	<b>-40</b>
12	<b>PROFIT FOR THE YEAR</b>	<b>263</b>	<b>108</b>
13	<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
	<b>TOTAL COMPREHENSIVE INCOME</b>	<b>263</b>	<b>108</b>



Ilona is a laundry assistant at Elis and a member of PensionDanmark

## Balance sheet

Note	DKKm	2021	2020
	<b>ASSETS</b>		
28	<b>INTANGIBLE ASSETS</b>	<b>211</b>	<b>131</b>
	Equipment	2	3
28	<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>2</b>	<b>3</b>
	Investments in affiliated companies	1,351	1,082
	Loans to affiliated companies	0	87
	Investments in associated companies	385	364
15	<b>Total investments in affiliated and associated companies</b>	<b>1,737</b>	<b>1,533</b>
	Equity investments	2,702	2,279
	Mutual fund investments etc.	70	88
	Bonds	7,176	7,739
	Other loans	1,185	990
17	Derivative financial instruments	449	805
	Other	17	130
	<b>Total other financial investment assets</b>	<b>11,599</b>	<b>12,031</b>
14	<b>TOTAL INVESTMENT ASSETS</b>	<b>13,335</b>	<b>13,564</b>
14	<b>INVESTMENT ASSETS RELATED TO UNIT-LINKED CONTRACTS</b>	<b>304,206</b>	<b>266,968</b>
	Receivables from policyholders	1,165	1,150
	<b>Total receivables related to direct insurance contracts</b>	<b>1,165</b>	<b>1,150</b>
	Receivables from affiliated companies		82
89	<b>Other receivables</b>	<b>1,078</b>	<b>2,774</b>
29	<b>TOTAL RECEIVABLES</b>	<b>2,325</b>	<b>4,014</b>
7	Deferred tax assets	92	0
16	Cash and cash equivalents	5,461	3,996
	<b>TOTAL OTHER ASSETS</b>	<b>5,553</b>	<b>3,996</b>
	Accrued interest and rent earned	967	823
30	Other prepayments	227	199
	<b>TOTAL PREPAYMENTS</b>	<b>1,194</b>	<b>1,022</b>
	<b>TOTAL ASSETS</b>	<b>326,827</b>	<b>289,697</b>

Note	DKKm	2021	2020
	<b>EQUITY AND LIABILITIES</b>		
25	Share capital	8	8
	Retained earnings	5,009	4,746
	<b>TOTAL EQUITY</b>	<b>5,016</b>	<b>4,754</b>
21	Group life bonus provision	3,511	3,372
22	Life insurance provisions, average interest rate products	3,866	4,293
23	Life insurance provisions, unit-linked contracts	291,951	256,292
	<b>Total life insurance provisions</b>	<b>299,329</b>	<b>263,956</b>
9	Claims provisions for health and accident insurance contracts	30	30
	Risk margin on health and accident insurance contracts	6	4
	<b>TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS</b>	<b>299,365</b>	<b>263,990</b>
7	Deferred tax liabilities	0	230
	<b>TOTAL PROVISIONS</b>	<b>0</b>	<b>230</b>
16	Payables to credit institutions	7,342	10,332
	Payables to affiliated companies	4,627	3,571
7	Current tax liabilities	5,754	2,250
17, 31	Other payables	4,723	4,570
	<b>TOTAL LIABILITIES</b>	<b>22,446</b>	<b>20,722</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>326,827</b>	<b>289,697</b>



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