

A photograph of a rocky beach at sunset. In the foreground, a person stands with their back to the camera, arms raised in a gesture of joy or triumph. To their right, another person stands looking out towards the sea. The background features a forested hillside with a lighthouse visible on top, all under a warm, golden sky with a few wispy clouds and a bright light streak.

Report on Corporate Social Responsibility 2018

Report on Corporate Social Responsibility 2018



Contents

Caring, optimism and integrity	5
A landmark year	6
Velliv Foreningen (The Velliv Association) is an active and responsible owner	10
Activities that make a difference	12
This is how Velliv Foreningen supports non-profit projects	14
Bonus for members	18
Responsibility relative to the customers	20
Data with a good conscience	24
Health – for the sake of both private customers and companies	26
Employees and management	29
Responsible investment	32



Caring, optimism and integrity

Welcome to Velliv and Velliv Foreningen's (The Velliv Association's) first corporate social responsibility (CSR) report. In 2018, Velliv became a customer-owned company, with the Velliv Association as the new principal shareholder.

Over the next years, the new owners will implement initiatives to strengthen and expand our already strong foundation for CSR at Velliv.

This report describes our active contribution to the society we are a part of – and in which we live every single day.

Furthermore, we will touch upon the numerous future initiatives that can be expected from one of Denmark's largest pension companies and Velliv Foreningen. All activities at Velliv are based on the values of caring, optimism and integrity.

The report contains certain data for 2018, which we will continue to report in coming years – while adding new data.

Velliv and Velliv Foreningen have policies on:

- Social responsibility
- Responsible investments
- Target figures and diversity in the Board of Directors and other layers of management.

Policy for CSR includes both human rights and environmental considerations.

In 2019, Velliv wants to expand the policy with principles concerning the climate impact of the company's activities. Due to the low risk of violating human rights and in combination with our business model, we do not currently have a self-contained human rights policy.



A Landmark year

2018 was a landmark year for Velliv. It was the year when we went from being a bank-owned pension company to being a customer-owned pension company. The transition began in 2017, when Foreningen Norliv (The Norliv Association) bought 25% of the share capital in Nordea Liv & Pension from Nordea. In the spring of 2018, the association bought an additional 45% of the share capital.

With an ownership share of 70%, the association thus became the principal shareholder in Velliv, and apart from being a commercial association, it is now also a financial holding company. The pension company has since changed name to Velliv, and the association is now called Velliv Foreningen. The ownership share of Velliv Foreningen in Velliv increased during the next year to 100% via a share buy-back programme, where Velliv bought back shares from Nordea.

Velliv's customers are automatically members of Velliv Foreningen. Due to their membership in Velliv Foreningen, all customers at Velliv are therefore also co-owners of their pension company. The top management team of Velliv Foreningen consists of the committee of representatives elected by the members. The members have the option to directly influence the association's and pension company's activities. As member of Velliv Foreningen, you also have the option to receive a cash bonus, and you help support non-profit activities for promoting the mental health of Danes.

The names Velliv and Velliv Foreningen signal that we are there for the customers and members, both before and after they retire. It is important that our customers and members have a good life – both mentally and financially.

As a democratic member association and customer-owned pension company, we have high standards for CSR, and we play a special role in relation to promoting health among Danes and providing responsible pension products and advice.

Non-profit activities and health

Velliv Foreningen works towards promoting mental health in Denmark through preventive measures. Mental health challenges, including stress, depression, anxiety and trouble sleeping, have become an increasing problem over the last 50 years for many Danes, with massive consequences for the individual, the family, the place of work and society.

Each year, Velliv Foreningen distributes about 20% of its profits towards supporting those working with mental health. The association's efforts are a strategic philanthropic initiative. Therefore, support is provided on the basis of a broad, non-profit initiative in Danish society, and it is therefore not reserved for the customers and members of the pension company. In 2018, the association set aside DKK 92 million for the following focus areas:

1. Local initiatives that make a difference to mental health in day-to-day life.
2. Knowledge and communication that focus on the challenges and opportunities in promoting. Good mental health at and outside work.
3. Promoting mental health in the workplaces, particularly within the private sector.

As a pension company, we are also a part of the life and history of the workplaces and the employees. We help people who are ill more than 8,000 times per year. A person who is ill is rarely able to navigate the world of rules, authorities, deadlines and obligations, or to seek knowledge and networks on their own. Velliv is a safety net and a proactive offer for help, which can give you a caring push and help you safely through a period of illness and beyond.



Responsible investments

The aim of Velliv and Velliv Foreningen is to generate the best possible returns when we invest on behalf of our members and customers. However, as a democratic member association and a customer-owned pension company, our emphasis is also on upholding a certain social responsibility in connection with our investment activities. We believe that, in cooperation with other investors and stakeholders, we can contribute towards resolving broader societal challenges, and that companies that benefit society overall and which support sustainable growth have the best prerequisites for creating value for their investors. We therefore practice active ownership in the companies in which we invest, and if it comes down to it, we exclude companies that violate the CSR principles from our investment portfolios.

Our investment activities are based on international principles such as the UN Global Compact, the UN Guiding Principles for Human Rights and Business as well as the OECD's guidelines for multinational companies.

Responsible pension advisory services

Velliv provides attractive pension solutions to 344,000 Danes. This is of critical importance to the security and opportunities of the customers - both during their time on the labour market and afterwards. And it imposes duties and requirements, in particular on our financial performance and our advisory services. We therefore assume the responsibility to ensure that our customers' pension scheme is suitable for each individual. No customer should be in doubt concerning whether they have the right solution at Velliv. Therefore, all customers receive clear recommendations concerning their savings and insurances, so that we can provide the industry's best and most secure customer experience.

Providing advice is a key issue for Velliv, and we impose stringent requirements for our advisers - both concerning their competencies and their integrity. Every day, we speak to people in all sorts of situations: Young families with small children, single people, families with children from different marriages and parents with children who do not live at home. People at the beginning of their working lives, people on their way out of the labour market, people in happy stages of their lives, people experiencing life crises and people facing crossroads. It is all about people. We are explicit in our recommendations to our customers, and it is always the individual person's situation, desires and needs that are in focus..



Peter Gæmelke
Chairman of
Velliv Foreningen's
board

Anne Broeng
Chairman of
Velliv's board



Facts about Velliv

- Customer-owned pension company. All **344,000 customers** are co-owners through Velliv Foreningen.
- Named **Årets Pensionselskab 2018** (Pension Provider of the Year 2018) by EY and the news media Finanswatch.
- Denmark's **third largest** commercial pension provider.
- Departments across Denmark, with over **500 dedicated employees**.
- Increase in payments of 63% over the last five years, until now **DKK 20,1 billion**.
- **Returns at the top** of the market, both in the short and long term.

Facts about Velliv Foreningen

- Velliv Foreningen has **344,000 members**, all of whom are customers at Velliv.
- Velliv Foreningen would like to ensure a **strong democratic basis** through the involvement and participation in elections among the employees, member bonuses and other member benefits.
- The association also works to **promote the mental health** of Danes through charitable distributions.
- The association now owns **70%** of Velliv.

Velliv Foreningen is an active and responsible owner

Velliv Foreningen is the principal shareholder of the pension company Velliv. The management of the association is democratic, and all members of the association are customers of Velliv. The association wants to be an active owner that works towards ensuring good long-term development of the pension company of the members.

The association's goal with regard to being shareholder in Velliv is to benefit the company and customers. The association has a long-term perspective and wants to help ensure that Velliv remains a competitive player in the future within life and pension insurance. This shall take place within the framework of socially responsible business.

The association is active and acts responsibly in its role as owner by defining frameworks for Velliv's value creation and general strategic direction. The active ownership is exercised primarily via the association's Board members in Velliv, as well as by voting during the general meeting. The responsibility for running Velliv falls to the company's Board of Directors and Executive Board. The association will, therefore, not be involved in the actual management of Velliv.

The association will be a long-term and trustworthy principal shareholder of Velliv, and it is prepared to assume full ownership. The association's ownership share of Velliv can only be reduced below a majority stake if the association's committee of representatives so decides.

Velliv Foreningen's goals for Velliv

Healthy and responsible growth and value creation, so as to generate returns on par with the most profitable similar companies in the sector. At the same time, the costs must be kept below the average for the sector.

High customer satisfaction that ensures a position among the three best comparable pension companies.

High employee satisfaction in relation to comparable companies. **Comprehensible customer communication**, which allows the customers to understand the products and terms of their portfolios, as well as the consequences that their choice of product has on their options upon reaching old age.



Activities that make a Difference



In 2018, Velliv Foreningen issued 50 grants, totalling **DKK 38.1 million**, towards promoting mental health.

Velliv Foreningen supports charitable activities aimed at improving mental health among Danes. The association's committee of representatives decided in 2016 that Velliv Foreningen's charitable activities should aim to improve the mental health of Danes and to help them stay mentally healthy throughout their lives. Mental health would be improved through preventive measures, with the goal of promoting positive mental energy and drive in individuals and communities.

In particular, Velliv Foreningen works with improving mental health for employed persons and the elderly. The goal is achieved by strengthening society's and the workplaces' responses to the common mental challenges – while helping the individual overcome the consequences of accidents, illnesses and life crises as well as counteracting stress, depression, anxiety and loneliness.

The area for Velliv Foreningen's charitable efforts was selected because mental health problems are a growing challenge. Today, poor mental health is so widespread that it can be regarded as a national scourge in Denmark. At the same time, there are no other charitable initiatives in Denmark that focus on the mental health of the employed within the private sector.

Stress, symptoms of anxiety and depression, trouble sleeping and loneliness have been increasing for a number of years. This has enormous welfare-related consequences for the individual and for families, as well as significant financial consequences for the companies and the public sector. The proportion of Danes who experience stress has quadrupled between 1989 and 2013. Today, nearly one out of four Danes have experienced serious stress, and

when a parent comes down with stress, it can affect the quality of life of the entire family for years. For groups on the fringe of the labour market, this can mean that they will never really succeed, while for those aged 50 and above, serious stress can mean the end of an otherwise positive working life.

Poor mental health, such as stress, is estimated to cost society about DKK 8 billion per year in sickness benefits and leads to 35,000 cases of employees calling in sick every day. In Denmark, the total direct and indirect societal costs for mental illness are estimated at DKK 55 billion every year.

For companies, mental imbalance means that they have to go without employees and managers for long periods of time. Mental illness is thus the reason for 50% of all long-term cases of illness at work, which also means that it represents a financial burden for companies.

Velliv Foreningen would like to contribute towards remedying this challenge through preventive measures. In particular, the focus is on private small and medium size enterprises, as these workplaces rarely have the knowledge and resources to prevent and handle problems involving poor mental health.



This is how Velliv Foreningen supports mental health

All grants are decided upon by Velliv Foreningen's Board of Directors. Grants are awarded for projects submitted through a digital application system, developed in strategic partnerships or developed as signature projects run by Velliv Foreningen itself.

Velliv Foreningen may support projects that fall under three different action areas.

1. Local efforts

Activities that make a day-to-day difference by counteracting mental challenges such as loneliness, anxiety and depression, isolation, bullying and harassment.

2. Knowledge and communication of that knowledge

Research, analysis and broader initiatives that focus on challenges, opportunities and promoting good mental health in and outside the workplace which result from significant technological and organisational changes in society.

3. Workplaces

Promoting mental health in the workplaces, particularly within the private sector. Here, the focus is particularly on young people and people in their first job, managers and small and medium-sized enterprises.

Velliv Foreningen may also support research in the action areas. The research support must fall within action areas 2 and 3. The support for research constitutes no more than 30 percent of the total annual grants.

The total contribution towards charitable activities

At the committee of representatives' meeting in April 2018, it was decided to allocate DKK 92 million towards charitable activities until April 2019. The Velliv Foreningen began granting support for charitable projects in the summer of 2018. The Board of Directors has held three distribution meetings in June, September and December 2018. For the three meetings, 138 applications were received for a total amount of DKK 266 million. The Board of Directors granted support to 50 projects, for a total of DKK 38.1 million.

In total, the 50 grants are distributed across the three action areas as follows:

1. Local efforts:	23 projects	DKK 1 million
2. Knowledge and communication of that knowledge:	11 projects	DKK 20.3 million
3. Workplaces:	16 projects	DKK 16.8 million

Of this, more than DKK 9.1 million has been granted for research.



Examples of charitable projects

The supported projects are published on Velliv Foreningen's website on an ongoing basis. This includes a selection of projects that shows the breadth of the activities supported by Velliv Foreningen.

→ Local efforts

New community for young people in Svendborg who are looking to return to the labour market

The community is intended to strengthen social and mental competencies that can help them resume an education or bring them closer to the labour market.

→ Knowledge and communication of that knowledge

Research group to uncover the connection between smartphones and stress

A research group assembled by Syddansk Universitet (the University of Southern Denmark) is to uncover the connection between the use of smartphones at work and employee stress and lack of focus.

→ Workplaces

Bus drivers must learn to prevent violence and conflicts

Violence against bus drivers in Copenhagen is on the rise. Therefore, bus drivers need to help each other deal with conflicts that may lead to violence and threats on the bus. This will not only benefit physical health but also mental health.



Applications to Velliv Foreningen

Anyone can apply for support for projects that promote mental health. At www.vellivforeningen.dk, you can apply for support for local initiatives, knowledge and communication, as well as larger initiatives at the workplace. Local efforts are broadly targeted towards initiatives concerning mental health, while knowledge and communication and initiatives at workplaces are particularly targeted towards mental health at work in private small and medium sized enterprises.



In 2018 the Velliv Association allocated **DKK 368 million** for cash bonuses for its members.

Bonus for members

Members of Velliv Foreningen receive member bonuses in the years when the returns on the investments of the association allow for it. Generally, 80% of the profit of the association goes to bonus payments and 20% goes to charitable activities that improve mental health in Denmark.

The size of the total bonus amount is determined every year at the ordinary meeting of the committee of representatives. The individual bonus allocation depends on the size of the individual member's savings at Velliv.

Velliv Foreningen's committee of representatives allocated DKK 368 million for bonuses in 2018. This is the first time since the committee was founded in 2015 that member bonuses were paid out to its members.

Members with small savings or an insurance scheme received a basic bonus of DKK 125. Members with larger savings received a savings bonus that constituted a percentage of the pension savings. The percentage for the bonus paid in 2018 was 0.26% of the total savings as of 31 December 2017. That corresponds to approximately DKK 2,680 for every DKK million saved.

The bonus percentage is largely automated, and the payments are made via NemKonto for security purposes. The association has made sure to inform the members that they are receiving a bonus and why. The association has also made great efforts to contact the members to whom bonuses could not be paid. These members were given 6 months to make themselves eligible for receiving bonuses. The association has also voluntarily elected to report the bonuses to SKAT (the Danish tax authorities), so that the members do not have this responsibility and so that the society receives the correct tax income.



Responsibility to customers

 **94%** have Salary Scale a among the businesses to which it has been offered.

 **96%** of all new corporate customers choose DinKapital

Velliv offers products that support the customers' financial security before and after retirement.

Velliv is a customer-owned pension company. This comes with extensive obligations and requires that the customers:

- are offered the best products on the market, adapted to the needs of the customers
- are offered a competitive return on their pension savings
- are offered security through tailor-made insurance covers and health products
- receive clear recommendations and advice through the channels and at the times that the customers prefer
- are offered digital solutions that make it easy to gain an overview and adapt their pension scheme
- are confident that we always adhere to high standards for data protection and prevention of financial crime.

Innovative products

Velliv offers customers the broadest range of products for pension savings on the market. Products that match the customer's needs and risk tolerance.

Generally, we recommend the life cycle product VækstPension where we ensure that the investment

risk reflects the stage of the employee's life. For a young person with retirement far off in the future, we ensure a highly balanced investment risk with a larger proportion of shares, etc. than later in life. Comparisons show that VækstPension delivers a return that is at the top of the market, both in the short and long term (see velliv.dk/stærkeafkast).

At Velliv, we offer VækstPension Index because investments are composed of several large and broad index-linked investments. Furthermore, VækstPension Index stands out by having the market's absolute lowest investment costs. At the same time, VækstPension Index has yielded returns on par with the industry's actively managed products during the six years that the product has existed.

Velliv also offers customers DinKapital. DinKapital is a special savings form that is part of Velliv's capital base and provides an attractive and stable interest that is currently at five percent, with a very low risk of loss. The customer can choose to place five percent of the pension payments into DinKapital.

In the insurance area, Velliv's customers can be sure that they receive the products that fit the individual and which will adapt fully automatically over time to age, changes in salary and political decisions. In case of reduced earning capacity, Velliv has introduced a "Salary Scale" model that ensures that the coverage for reduced earning capacity is automatically adjusted as the salary changes. Thus, your customers can maintain their financial living standards through a very difficult situation.





98% of the corporate customers have insurance until the state pension age under their scheme

We insure until the state pension age – even if it is increased

In extension to the Danish Parliament's retirement reform, the pension age will be raised as our lifespans increase. Therefore, we generally offer everyone with a pension scheme with us to have insurances that automatically run until the determined state pension age – even if the Danish Parliament further increases the state pension age later on.

Provision of advisory service is a key issue for Velliv

Provision of advisory service is a key issue for Velliv, and we impose stringent requirements for our advisers – concerning their competencies, integrity and ongoing further training.

Velliv invests in the extension of its personal advisory services and customer service. Since we became a customer-owned company in the spring of 2018, we have been in the process of increasing the number of employees in advisory services for existing and potential customers by 60%.

In 2018, we provided advice to 15,300 customers either through physical meetings or online meetings, and we had over 141,000 telephone calls concerning servicing and advice.

In 2018, we began sending proactive recommendations to our customers. The recommendations were focused on whether pension savings were too high or too low. In total, 15,300 communications were sent, and the interest from our customers has been extensive. Many of them received confirmations that everything looked good, but the proactive effort has proved justified. In extension to the communications, over 700 meetings were held, which in many cases led to modifications to the customer's pension scheme.

We find that customer satisfaction for customer meetings and telephone calls is very high.

Key figures for meetings, outgoing payments and customer satisfaction

Advice	
No. of individual meetings	15,300
Number of personalised recommendations sent	18,000
Number of answered telephone calls	141,000

Outgoing payments (DKK million)	
- for pension	2,850
- in case of reduced earning capacity	850
- critical illnesses	200
- in case of death	900

Customer satisfaction (scale from 1 to 10)	
Meetings	9.02
Customer centre (telephone conversations)	8.93

Digital solutions strengthen customer service

On an ongoing basis, we work on further developing digital solutions for both private customers and the parties responsible for pensions in the companies. The ambition is to provide an overview and clear recommendations and also to make it easy to adjust the pension schemes.

In connection with this, we are further developing our app based on feedback and input from customers, including via our digital customer panel. In 2018, the app got a general facelift in connection with being launched in the Velliv brand, giving it a more modern look. The app is used daily by more than 1,000 customers, who typically want to track the development in their savings and returns. In 2019, we will strengthen the value offer for old-age

pensioners and incorporate additional recommendations aimed at the individual customer.

Furthermore, in 2018, we launched our new modern and intuitive work platform, Pensionsportalen (the Pension Portal), for the parties responsible for pensions in the companies. Via this platform, the parties responsible for pensions in companies can easily and clearly administer the pension scheme and get an overview of their company agreement. The solution is developed and expanded on an ongoing basis in cooperation with the users. This is done through our administrator panel which all corporate customers can become a party to.

Through the panel, you can give feedback on online prototypes and register for an interview, thus influencing development.

More than 500 company administrators have already started using Pensionsportalen. In the long term, the portal will be developed with value offers for the companies' HR department and for the decision makers by offering the possibility to access new services as well as updated data and statistics.



Data with a good Conscience

In line with our core values on integrity and caring, Velliv has a high standard for data protection and prevention of financial crime. For example, this includes the prevention of money laundering and financing of terrorism etc.

Personal data plays a critical role in our core business. A relevant and current data basis is critical for our ability to offer good service, advice and administration of the customers' pension schemes. The protection of personal data for customers, employees, etc. is not new, but the common EU rules that came into force on 25 May 2018 have helped put the focus on integrity in the protection of the personal data of customers and employees. In 2018, Velliv decided to embrace this focus and, in connection with this, the association appointed a data protection officer (DPO) and established a common contact point for customer enquiries and advice concerning data protection internally in the business.

Customers and others can find information on data protection and the use of data at Velliv on the company website.

During the course of 2018, Velliv worked on maintaining and improving data security in relation to secure communication and through the structuring of the work processes in the company. During the course of 2019, Velliv will continue to work on optimisations of solutions that can generate greater transparency for the customers concerning collected and used data via new digital solutions.

Prevention of money laundering and the financing of terrorism

Velliv places great emphasis on helping prevent money laundering and the financing of terrorism. For Velliv, knowledge of customers and transparency in customer relations is central to the work of identifying unusual transactions and suspicion of money laundering and/or financing of terrorism, which can form the basis for further investigations by the Danish Security and Intelligence Service, SØIK.

During 2018, we further emphasised the structuring of processes for the prevention of money laundering and financing of terrorism with a risk-based approach. Among other things, this was done by integrating "know your customer" processes with the normal procedure of setting up a pension agreement.

In 2019, Velliv will continue to work on creating an even more integrated and relevant preventive effort to match the risks in the customer relationships that are established.

The increased focus on integration and optimisation of processes that ensure proper protection of the customers' funds and personal data helps ensure better exploitation of resources and helps increase the value of the customers' pension schemes. The elements are therefore the foundation of the business model and of the maintenance and development of the responsible customer relations that we would like to have.



Health for the customers' sake

Our ambition in the health area is to help companies create workplaces where employees thrive and contribute, and to help our customers live a healthy life and regain their footing during illnesses or life crises.

As a customer at Velliv, whether you are a private customer or a company, you can get access to inspiration, actual ideas and tools about health-promoting initiatives. When an employee is diagnosed with an illness, more is often required than the mere certainty that the bills can be paid.

We talk to people in many different situations every day. We often find that employees who report sick need to be guided. Both in relation to economic security and an overview in a difficult situation, and also in relation to getting help to be able to return to work.

We have therefore created a value-based approach to helping workplaces and employees, efficiently and considerately, in three areas:

1. Financial control

- Employees with long-term illnesses can maintain their living standard and see their savings grow as expected through our recommended insurance products.

2. Overview for customers and companies

- Our social workers help customers and businesses with specific advice on retention opportunities, rules, financial conditions and dialogue with public authorities.

3. Back to work quickly

- We proactively contact employees on long-term sick leave when we are informed that they reported in sick, and we help them by providing an overview of their possibilities
- Our social workers help companies and employees with rules, financial conditions and with dialogue with their workplace and the public authorities
- In many situations, we offer a procedure with relevant specialists for examinations and rehabilitation therapy
- In many situations, we offer coaching processes that provide tools and balance in the new situation when relevant
- We provide advice on quick access to treatment, if relevant through a health insurance.

In 2018, **600** customers were offered membership to a relevant patient association, with the opportunity to gain a valuable network and to receive advice in a critical situation



Results that make a difference

- In 2018, Velliv's social counsellors provided advice about **700 times** to companies and about **2,600 times to private customers** on rules and retention options, interviews with employees who had fallen ill, coordinated efforts between the employee, company and municipality aimed at helping the employee, and on everything in-between.
- In 2018, **52 customers** were offered participation in the programme "Bevar forbindelsen" (Stay in touch), which helps employees who have been away from the labour market for a short or long period of time. The programme has resulted in an increase in the number of employees who are almost fit for work from **9 % prior to the programme to 75 % after the programme**. At the same time, none of the employees who have reported fit for work have had a relapse.
- **10 sick** customers received offers for help from external experts, with new alternative opportunities to help our customers move on in their lives.
- **Approximately 600 customers were offered membership** to a relevant patient association, with the opportunity to gain a valuable network and receive advice in a critical situation.





Number of women in management at Velliv.

Managerial level	Share of women at year-end 2018, percent
Board of Directors	23
Executive Board	50
Business management	46
Management forum	52

Employees and management

People are Velliv's most important resource. Dedicated employees and managers are essential to making a difference to customers – and the most important foundation for the continued development of our business. In the second half of 2018, Velliv established an independent HR department in line with the company becoming customer-owned.

This strengthens our opportunities to focus even further on recruitment, development and retention of skilled employees and managers in the years to come. At the same time, the opportunity to handle the risks associated with HR has improved: That managerial potential is not exploited, that customers do not receive the right advice and the risk that employees are unhappy or ill due to poor working conditions.

Competence development in focus

At Velliv, we focus greatly on developing the skills and competencies of our employees, so as to ensure that customers always receive the right advice. We see it as our principal task to ensure that the employees who advise and serve our customers have a high level of expertise and that their competencies are continuously updated and improved.

Through our own "Velliv akademi" (Velliv Academy), all customer-facing employee groups are tested and trained internally on an ongoing basis within key technical disciplines, and they also take training modules and certifications at the Danish Insurance Academy.

In 2019, we are happy to be able to provide the opportunity for more finance bachelors to complete their internship period at Velliv, which is a key part of their educational programme.

Values on the agenda

In 2018, we had an ambitious value process at Velliv which has led to Velliv's three new values: Caring, Optimism and Integrity. All managers and employees have been involved in the process, and a great deal of work has been put into defining rules of conduct and holding value interviews across all departments. The core of the efforts has focused on the conduct that we, as a company, would like to have relative to our customers and the world around us. The values also act as a guideline for how we would like to treat each other as colleagues. One of the initiatives that supports this is the Value Employee of the Month award. All departments participate by recommending employees that have stood out in the way they embraced the Velliv values.

Focus on employee well-being and health

Satisfied employees are a prerequisite for offering a high-quality customer experience. At Velliv, therefore, we focus on employee well-being and health. In 2018, we completed the compulsory workplace evaluation, APV, which focuses on the mental and physical working environment and includes subsequent dialogues in the individual departments. In connection with the compulsory workplace evaluation, employees were offered a personal health screening. In 2019, we also completed a new employee survey at Velliv, focusing on employee loyalty, commitment and motivation.

In the health area, we offer all permanent employees a health insurance, which includes anonymous access to stress and crisis counselling. The employees also have unlimited access to Velliv's new fitness room at no cost. Velliv also provides subsidies to "Klub Velliv" (Club Velliv), which offers numerous activities, with a particular focus on physical and mental health.

Election of the Board of Directors with member influence

Velliv Foreningen (Velliv Foreningen) is democratic, as the members elect the association's Committee of Representatives, which then holds the election for the Board of Directors. Velliv Foreningen's Committee of Representatives has adopted a governance model that ensures the influence of the Committee of Representatives on the development in the members' pension company, Velliv.

The model entails that the Committee of Representatives appoints four members. Furthermore, the Committee of Representatives appoints independent external Board members to secure the necessary business competencies. When the association has attained full ownership of Velliv, four external Board members will be appointed.

In 2018, the Committee of Representatives recommended six of the company's eight members of the Board, who were subsequently elected at the company's general meeting. Four Board members were elected democratically by and from the members of the Committee of Representatives, and two external Board members were elected. The six Board members consisted of two women and four men. The external Board members were selected following a process that involved professional assistance. One of the two external Board members was elected as the company's chairman. In September, an additional appointed external member joined the Board of Directors of Velliv, following agreement with Nordea. Velliv Foreningen has thus made it possible for Velliv's customers to have visible influence on the management of their pension company through their membership in the association. The association's democratic foundation ensures a good starting point for this development.

Diversity and inclusion

A natural focus area is that both genders are represented in the association's and company's management. We therefore strive to represent both genders among the candidates in the election processes, and we continuously monitor the distribution of women and men in Velliv's different management layers. For the executive board and other management, Velliv has already achieved an equal gender distribution. For the Board of Directors, the goal is for the underrepresented gender to always constitute at least 30 percent.

In April 2018, the company's Board underwent extensive changes in connection with Velliv Foreningen's purchase of the majority of the company share capital from Nordea. In connection with this, there was a comprehensive selection process with regard to new Board members, which focused on ensuring continuity and the recruitment of the right competencies for the company's ongoing operation and development.

The replacements did not alter the gender distribution of the Velliv Board of Directors. With respect to the democratic process, the Board strives for the goal to be fulfilled in 2022.

Members of the Velliv Board of Directors

Anne Broeng
Chairman, Professional Board Member

Peter Gæmelke
Deputy Chairman, Professional Board Member and Farm Owner

Kent Petersen
Chairman of Financial Services Union Denmark

Karsten Knudsen
Chairman of the Audit Committee, Professional Board Member

Lene Klejs Stuhr
HR Director

Gustaf Unger
Co-head of Wealth Management at Nordea

Mads Skovlund Pedersen
Head of Personal Banking Denmark at Nordea

Chrilles Svendsen
Member of the Audit Committee, Professional Board Member

Leif F. Larsen
Professional Board Member

Per Lyngh Sørensen
Expert IT Developer, Employee Representative

Tommy Østerberg
Software Architect, Employee Representative

Mogens Edvard Pedersen
Pension Consultant, Employee Representative

Anne Marie Nielsen
Customer Advisor, Employee Representative

Members of the Velliv Foreningen Board of Directors

Peter Gæmelke
Chairman, Professional Board Member and Farm Owner

Kent Petersen,
Deputy Chairman, Chairman of Financial Services Union Denmark

Cathrine Riegels Gudbergesen
Farmer

Ane Skytte Leth Hendriksen
Director

Finn Andersen
Finance Manager

Peter Lindholm Sørensen
Managing Director

Viggo Nedergaard Jensen
Director

Responsible investment



Sustainability in society and responsibility in the financial sector are themes that are increasingly important to us and to our customers. As a large institutional investor in Denmark, we affect society on behalf of our customers as owners of companies, while as users of financial services, we play a part in affecting the industry.

We therefore have a responsibility, and we will live up to it simply because it is the right thing to do. But, also because responsibility and proper conduct by both companies and investors are prerequisites for good long-term returns.

New ambitious goal based on a strong foundation
Velliv and Velliv Foreningen's overall goal is to generate the best possible return for our customers. Our policy for responsible investment supports this goal by contributing to lasting value creation in the companies that we invest in, which includes ensuring that value creation takes place with the greatest possible consideration for the environment and society.

Therefore, we practice corporate governance, and we integrate considerations for the environment, social responsibility and governance - ESG (Environmental, Social, Governance) - in our investment practice. Velliv does not wish to contribute towards tax evasion and is unwilling to invest in or deal with companies that are known for this.

Our scope extends further than the Danish listed companies. At Velliv and Velliv Foreningen, we invest globally, and we therefore also exercise our active ownership globally. Our active ownership is either exercised by us or through our partners. We explain our activities on Velliv's website, so that everyone can track our activities.

Historically, we have conformed to the UN supported PRI (Principles for Responsible Investment). This commitment will be continued at Velliv.

In 2018, we changed our name to Velliv and Velliv Foreningen, and Velliv became customer-owned when Velliv Foreningen became the principal shareholder. This means that we have prepared our own ambitious strategies and policies, both at Velliv and Velliv Foreningen. This also means that we have prepared our own policies and strategies for responsible investment, which further develop our strong foundation.

For the coming years, we will focus increasingly on

- Cooperation and partnerships with other investors
- More stringent requirements for our investments
- Exercising active ownership

We will also step up our communication with customers, partners and the companies in which we invest, for the purpose of clarifying our requirements and principles for responsible investments.

As investors, we would like to live up to our values - integrity, optimism and caring - and to incorporate them throughout our investment decisions.

Velliv is usually a minority shareholder in the foundations and companies in which we invest. We therefore consider that the risk of causing or significantly contributing towards an adverse effect on society or the environment - including human rights, employee rights, standards for anti corruption or with regard to climate - are limited.

For Velliv, the primary risk is being associated with other companies that cause or contribute towards adverse effects on society or the environment. Therefore, with its new policy and strategy, Velliv has prioritised continued screening and monitoring of the investment portfolios. Primarily, Velliv prioritises corporate governance and critical company dialogue - engagement - in partnership with other unit-holders. We consider exclusion as the final consequence, which was only exercised once in 2018.

Intensified partnerships and cooperation with other investors

Going forward, we will focus on increased cooperation with asset managers that conform to - and have the right competencies to work with - ESG.

This means that in the selection and ongoing monitoring of our asset managers, we will impose requirements as to their ability to assess, incorporate and report on the environment, social responsibility and corporate governance in their investment decisions.

Apart from compliance with ESG requirements, we will also initiate cooperation with them and with other investors aimed at improving broader societal challenges. Among other things, we will do this through the UN-supported PRI cooperation, which is the world's largest investment network. We will also participate in Dansif, which is a Danish network forum for knowledge and experience sharing in relation to responsible investments.

Human-induced climate change is high on the agenda, and according to the UN climate panel, the IPCC, it will challenge our society and change our way of living - and thus also our investments. We share concerns in relation to climate change, and we would like to contribute towards global solutions. In part, this is best done in cooperation with other investors in the Institutional Investors Group on Climate Change, IIGCC, which among other things works towards a green transition.

Ongoing monitoring of investments that do not live up to our requirements

Companies that conceptually or repeatedly are in violation of international principles on corporate social responsibility are not relevant investments for us. We believe that companies must manage their ESG risks and that they should benefit society as a whole. For us, this means that, at the very least, they should respect the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN's Guiding Principles for Business and Human Rights.

Through a specialised consultancy company, we therefore monitor our investment portfolios and companies that exhibit objectionable conduct. Initially, it will always be most important for us to thoroughly investigate controversial cases and to try to influence companies towards better conduct. However, if we cannot feel confident that the conduct of a company will become acceptable within a reasonable period, then we believe exclusion is the right consequence. Lists of excluded companies are available on our websites.

Case

No thank you to coal companies

Back in 2015, we decided to exclude the first coal companies from the investment portfolios. Today, we exclude companies where more than 30% of revenue comes from the development and sale of coal. For us, this type of company is no longer a relevant investment option, and we will avoid them when we can.

Greater focus on exercising active ownership

We believe that a prerequisite for the best possible return is established when investors contribute via active ownership towards sustainable value creation in companies, and when this takes place with the greatest possible consideration for the environment and for society.

Therefore, it is important for us to vote at the general meetings in the companies in which we invest actively. Here, we believe that we can submit votes on an adequately informed basis that benefit our customers' interests. To begin with, we will emphasise that the companies adhere to the general principles for corporate governance and that they clearly argue for any deviations thereto. In our voting structure, we will incorporate third-party analyses from a specialised consultant and enter into dialogue with our portfolio administrators so as to include their assessment. We have decided that we will periodically publish our voting instructions on the website.

In relation to responsibility and our active ownership, it is necessary to be involved in international cooperation. Therefore, we are also members of the International Corporate Governance Network, ICGN, which is a global platform for knowledge sharing within corporate governance and stewardship, which is a term for what we call active ownership in everyday language.

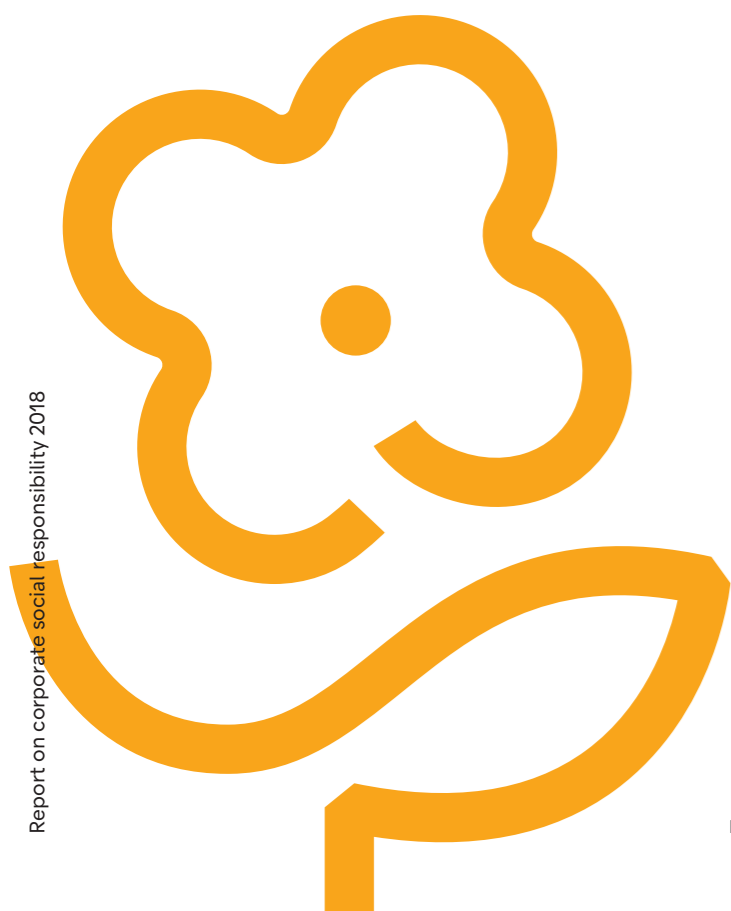


Case

Velliv invests in property with an environmental gold standard

In 2018, we were particularly pleased with the investment for the Danish Building and Property Agency in a new office at Kalvebod Brygge. A so-called Public-Private Partnership, PPP, where Velliv owns the building that will house five state institutions and act as the workplace for about 2,200 employees when Banedanmark, the Danish Road Directorate, the Danish Transport, Construction and Housing Authority, the Danish Energy Agency and the Danish Building and Property Agency in Copenhagen move in.

The office building, which is an OPP project where the Danish Building and Property Agency acts as owner on behalf of the state, conforms to low energy class 2020 and is DGNB gold-certified. At Velliv we have a goal that all our new business constructions should, as a minimum, live up to DGNB's "gold" standard.



**Velliv, Pension &
Livsforsikring A/S**

Lautrupvang 10
DK-2750 Ballerup

Telephone: +45 70 33 99 99
kontakt@velliv.dk
CVR (company registration) no. 24260577

www.velliv.dk

Velliv Foreningen fmba

Lautrupvang 10
DK-2750 Ballerup

Telephone: +45 22 60 07 12
info@vellivforeningen.dk
CVR (company registration) no. : 36741422

www.vellivforeningen.dk

Velliv

**Velliv
Foreningen**

