

Company pension agreement

General terms

1 September 2017

This is a translation of the company pension agreement.
In case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

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1 Definition of concepts

Concept	Explanation
<i>Employer's declaration</i>	A declaration completed by Employer to be used for assessment of the employees' ability to work
<i>Labor market agreement</i>	A collective agreement between a salaried employee organisation and an Employer organisation containing quantitative and qualitative requirements to an Employer's company pension agreement
<i>Beneficial salary</i>	The salary used to determine insurance cover except entitlement to premium exemption
<i>Demerger</i>	A situation where Employer hives off part of its company along with its employees to form or operate in another company
<i>Insurance cover</i>	A benefit disbursed due to insurance event before retirement age occurs
<i>Pre-selected pension scheme</i>	A pension scheme established with pre-selected values in all matters offering a choice for the employee
<i>Pre-selected value</i>	If the employee has made no choice in a specific matter, the pre-selected value will be used in this matter in the employee's pension scheme
<i>Merger</i>	A situation where Employer acquires the entire or parts of another company with its employees
<i>General terms</i>	The part of the company pension agreement expressing common terms for company pension agreements in Velliv
<i>Degree of compensation</i>	To be used at disability pension as the share of a loss of income that will be covered as a maximum
<i>Salary scale</i>	By the use of a <i>salary scale</i> for disability pension is understood that the cover percentage will vary with – and be adjusted regularly with – the beneficial salary. The salary scale is documented in Special terms
<i>Netpension</i>	The internet-based tool made available by Velliv for the employee, providing information about and self-service of the pension scheme
<i>Pensionsportalen</i>	The internet-based tool made available by Velliv for Employer , providing information about and administration of the employees' pension schemes
<i>Next of kin</i>	By next of kin is understood these mentioned below, prioritised in order: <ol style="list-style-type: none"> 1. Spouse or registered partner 2. Co-habitor 3. Children 4. Heirs in accordance to will 5. Heirs in accordance to the Inheritance Act See the Danish Insurance Contracts Act for further explanation, in particular the definition of a co-habitor

Concept	Explanation
<i>Savings cover</i>	An amount of savings used for a pension benefit at retirement due to age
<i>Leave</i>	The employee's leave, determined by the legislation or labour market agreement, no other kinds of leave fall under this concept
<i>Retirement age</i>	The age predetermined as retirement age in the company pension agreement. The retirement age will not be affected by the point in time chosen by the individual employee to be the time for retirement
<i>Pensionable salary</i>	The salary used for determination of expected contribution and entitlement to premium exemption
<i>Pension provider</i>	A life insurance company, a pension fund, a financial institution or a pension foundation
<i>Pension scheme</i>	The contents of the agreement entered into between employer and Velliv based on the company pension agreement
<i>Pension disbursement age</i>	The earliest age when disbursement of savings cover can take place without extra taxation in accordance to legislation
<i>Solidary price</i>	The price per 1 DKK insurance cover, calculated as an average of individual risk prices for a group of insured persons, calculated in consideration of age, gender, occupation and claims experience
<i>Special terms</i>	The part of the company pension agreement expressing terms determined for Employer concerned
<i>Health provider</i>	An insurance company providing health insurance

2 Structure of the agreement

A company pension agreement with **Velliv** contains

- Special terms
- General terms
- Appendices, see the list of appendices in Special terms

Special terms will describe the particular terms of the company pension agreement, determined in consideration of **Employer's** pension politics.

General terms will describe the terms applying for all company pension agreements in **Velliv**.

3 Parties to the agreement

By **Employer** is understood a company that has entered into or has been registered onto a company pension agreement with **Velliv**.

By *employee* is understood a person that is comprised by company pension agreement.

In Special terms, the company pension agreement will describe which employee groups with **Employer** are comprised by the company pension agreement. The following definitions are used:

Here, by *salaried employee* is understood

- a salaried employee in the sense of the Employers' and Salaried Employees' Act
- a person employed less than 8 hours per week, however carrying out the work of a salaried employee
- a manager

Here, by *trainee* is understood a salaried employee in the sense of the Employers' and Salaried Employees' Act, entering into a trainee agreement with **Employer** in accordance to the Danish Act on Vocational Training.

Here, by *company owner* is understood a person who is not employee with **Employer**, who owns an owner's share in **Employer**, and who carries out the majority of the personal occupation with **Employer**. Furthermore, it is presupposed that **Employer** is a one-man business, a partnership, a limited partnership or a limited partnership company.

By *all employees* are understood all salaried employees, all employees that are not salaried employees as well as all company owners at **Employer**.

4 Labour market agreements

If **Employer** is comprised by a *labour market agreement*, it will appear from the Special terms which labour market agreements may be used. The following is however applying for the pension schemes of employees comprised by a collective agreement:

The pension scheme will be in accordance with the contents of the company pension agreement for the employee group in question. Furthermore, the pension scheme will meet the requirements to pension in the labour market agreement, meaning that the terms of the labour market agreement will suppress those of the company pension

agreement. **Velliv** guarantees that the minimum requirements to pension in the labour market agreement will be met.

With regards to taxation, disability pension is established with a 'pension scheme with regular disbursement except from terminating annuity pension' (tax treatment 1). The tax treatment cannot be changed.

For trainees, it applies that they are comprised by a labour market agreement, regardless whether **Employer's** other salaried employees are comprised by a labour market agreement or not. Depending on which labour market agreement a trainee is to be referred to, there may be one or two phases during the period of training:

- During the first possible phase, the trainee will be comprised by 'certain insurance benefits', also described as ELEVPAK with a fixed, monthly DKK contribution.
- During the second possible phase, the trainee will be included in a salaried employee group and **Velliv** will guarantee that the pension terms in the labour market agreement which the trainee is being referred to will be met.

If the first phase is to apply, the trainee must enroll into an employee group described as ELEVPAK. If the second phase is to apply, the trainee must enroll into a relevant employee group with a labour market agreement. According to Section 8.1, it is the Employer's responsibility to place the trainee correctly under the employee groups representing the two phases.

Employer must inform **Velliv** if an employee group that is comprised by this agreement has changed its connection to a labour market agreement, see Section 8.6. As a consequence, the changed terms must be incorporated into this company pension agreement according to further agreement between the parties.

5 Commencement of the pension scheme

The employee's pension scheme and any changes to an existing pension scheme cannot enter into force until the time when the company pension scheme enters into force

5.1 Change of provider

For employees comprised by a change of provider, this will apply:

If it appears from Special terms that the company pension agreement is comprised by a change of provider at the commencement of agreement, the pension scheme will enter into force as stated in Appendix LEVSKIFT.

5.2 Confirmation of cover

For employees that are covered **mandatorily** by the company pension agreement, this will apply:

Velliv provides confirmation of cover. This means that an employee unknown to **Velliv** and who are mandatorily comprised by this company pension agreement will be comprised by *pre-selected pension scheme* from the time when the employee is to be comprised by the company pension agreement. The pre-selected pension scheme is the preselection in force in the employee group concerned – and possible labour market agreement.

The confirmation of cover presupposes that the employee – at the time when a possible insurance event happens – could have been comprised by the company pension agreement on general terms or on terms non-excluding the pre-selected covers.

The confirmation of cover will lapse at the establishment of pension scheme, however at the latest three months after the time when the employee is to be comprised by the company pension agreement.

5.3 Establishment

For employees that are comprised voluntarily or mandatorily by the company pension agreement, this will apply:

The pension scheme will enter into force at the time described in Special terms if one of the following establishment procedures is followed:

- a) Within three months from stated point in time **Employer** will make a registration through *Pensionsportalen*.
- b) Within three months from stated point in time **Employer** will forward a written proposal.

If establishment procedure a) or b) has not been followed for an employee comprised by the company pension agreement, **Velliv** will not be liable for any claims, see Section 8.1. However, this applies

- c) If **Velliv** receives one or several contributions and
 - payment specification(s) will state civil reg.no., salary and pay period, and
 - the time for receipt of first payment is no later than three months after the initiation date of the first pay period,**Velliv** will consider the initiation date of the first pay period to be the time when the employee is to be comprised by the company pension agreement.

The establishment of the pension scheme will take place three months after the initiation date of the first pay period.

The pension scheme will be established under the pre-selected employee group as described in Special terms. **Velliv** will inform **Employer** and employee about this.

If the employee is not placed in the correct employee group, subject to the correct labour market agreement, with correct establishment date or with correct pensionable salary, the pension scheme must be changed according to the rules of Section 12.4.

If the employee requires a change to the pension scheme, such a change cannot enter into force until the time when the employee has submitted the proposal for this to **Velliv**, provided that the employee's possible health details can be approved by **Velliv**, see Section 12.4.

6 Contribution

6.1 Contribution made for employees that are not company owners

Employer will make the contributions along with the salary payment, however at least once per month. According to Special terms, the contribution will amount to

- the agreed percentage rate of the parts of the salary payment which has been agreed between **Employer** and employee and from which the pension contribution will be paid. However, pension contribution will have to be paid from the fixed salary, at least.
- any supplemental DKK amount if Special terms state that certain risk covers are paid by **Employer** besides the agreed percentage rate of the salary.

6.2 Contribution made for company owners

Regarding taxation, the pension scheme is established as a private pension scheme.

Velliv will collect contribution once per month. According to Special terms, the collection will amount to

- the agreed percentage rate of the pensionable salary.
- any supplemental DKK amount if Special terms state that certain risk covers are paid by **Employer** besides the agreed percentage rate of the salary.

6.3 General terms for contribution

The employee may enter into an agreement with **Employer** about extra contribution. Subsequently, the employee can agree with **Velliv** if the contribution may or may not contain entitlement to premium exemption.

The contribution must be made as stated in Appendix INDBET.

If the contribution is not sufficient to cover

- payment for insurance covers with other possible providers
- payment for insurance covers established in **Velliv**
- payment of administration fees and remuneration
- labour market contribution
- any other taxes and duties,

Velliv may demand that an agreement is made regarding an increase of contribution.

Velliv cannot be held liable for Employer's lack of compliance with the obligation of contribution.

Velliv will deduct and settle the labour market contribution and any other taxes and duties according to legislation applying.

7 Concepts of salary

Once per month **Employer** will report the *pensionable salary* for all employees comprised by this company pension agreement, see Section 8.3. If it is stated in Special terms that a separately fixed *beneficial salary*, this will be reported at the same time. If no separately fixed beneficial salary is used, this will be set to equal the pensionable salary.

The *pensionable salary* will amount to the fixed salary as agreed with the employee – however, for company owners it is the agreed disbursement on account.

If a separately fixed *beneficial salary* is used, this will have to express the employee's total, current earnings or a share of it. By current earnings is understood not the maximum, possible earnings but a realistically fixed earnings capacity.

For every employee group **Employer's** setting of the salary sizes will take place according to uniform guidelines, and **Employer** must be able to explain the guidelines applied if this is requested by **Velliv**.

8 Employer's obligations

8.1 Employer's responsibility

Employer is responsible for submission of correct and satisfactory information to **Velliv**. Claims raised by the employee or others due to **Employer's** lack of compliance with its obligations stated in the company pension agreement, including missing or too late registration or reporting of information, reporting of incorrect information, and missing or too late contribution made are of no concern to **Velliv**.

8.2 Registration of employees

The information must be submitted as stated in Appendix INDBET.

8.3 Contribution

According to Section **Error! Reference source not found.**, contribution made for every employee must be made to **Velliv** as stated in Appendix INDBET.

8.4 Annual reporting of pensionable salary and beneficial salary

Once per year at the adjustment date stated in Special terms, **Employer** must inform **Velliv** about every employee's pensionable, annual salary and possible beneficial, annual salary.

Insurance covers are solely calculated based on this reporting.

The information must be submitted as stated in Appendix INDBET.

8.5 Reporting of other information

The information must be submitted as stated in Appendix INDBET.

8.6 Reporting of information specific to business reg.no.

Employer must inform **Velliv** about:

- Change, addition or deletion of employee groups
- Change of connection to a labour market agreement, see Section **Error! Reference source not found.**
- Change of **Employer's** name, address, business reg.no., contact persons etc.
- Demerger, a situation where the **Employer** hives off part of the company along with its employees
- Merger. See Sections 12.2. and 8.2.
- Bankruptcy of **Employer**

9 Retirement age

The *retirement age* is stated in Special terms.

If the public retirement age has been stated as the retirement age, it will thus be the currently applying public retirement age that is the retirement age of the individual employee. If the public retirement age is changed, the retirement age will change similarly on the first day in the month following the change of public retirement age. If the employee is entitled to disability pension and/or premium exemption, the formerly applying retirement age will be kept as an individually fixed retirement age.

Employees whose age exceeds the retirement age are not mandatorily comprised by the company pension agreement, but they may choose to be comprised on a voluntary basis. Insurance covers will not be possible, unless stated in Special terms.

10 Beneficiary designation

At the death of the employee, disbursement will be made to the beneficiary/beneficiaries registered in the pension scheme by **Velliv**. This does not apply for spouse pension and children's pension. The employee can only choose to designate beneficiaries that are possible according to the form of taxation given.

As preselection, the *next of kin* is the beneficiary. This may be changed after written notification from the employee to **Velliv**.

11 Insurance covers

In Special terms, the company pension agreement describes the agreed *insurance covers* with statement of pre-selected covers, minimum and maximum covers. Minimum and maximum covers outline the span for the employee's options. The individual *insurance covers* have been explained further in the undersection below.

The insurance covers will terminate when the retirement age is reached.

Special terms may contain rules allowing an employee of a given age to deselect a specific insurance cover.

The insurance covers are calculated from the beneficial salary reported and applying at all times, however for premium exemption it is the pensionable salary.

The insurance terms are stated in Appendix FB0704 "General insurance terms – General terms and Special terms" and in separate insurance terms of the individual insurance cover.

A referral is made to Appendix SKAFO for an explanation of the forms of taxation listed.

11.1 Lump sum at Certain Critical Illnesses

Disbursement will be made to the employee if the employee contracts an illness entitled to cover.

The insurance terms are stated in Appendix KS0020 "General insurance terms – Certain critical illnesses with cover in terminal phase".

The cover is established as a life insurance without tax relief (tax treatment 5 (group life/group scheme)). The disbursement is free of tax.

11.2 Lump sum at Certain Critical Illnesses for children

Disbursement will be made to the employee if the employee's child contracts an illness entitled to cover. The definition of which children are covered will be stated in the insurance terms. The possibility of disbursement will lapse on the first date in the month after the child has achieved the age stated in the insurance terms.

The insurance terms are stated in Appendix KS0020 "General insurance terms – Certain critical illnesses with cover in terminal phase".

The cover is established as a life insurance without tax relief (tax treatment 5). The disbursement is free of tax.

11.3 Disability lump sum

Disbursement will be made to the employee if the employee's ability to work for a continuous period of 12 months has been reduced permanently to half or less than half of the full ability to work.

The insurance terms are stated in Appendix TA0010 "General insurance terms with reduced ability to work as per 1 February 2016".

The cover is established as a life insurance without tax relief (tax treatment 5). The disbursement is free of tax.

11.4 Disability pension

The disbursement will be made to the employee if the employee's ability to work has been reduced to half or less than half of the full ability to work, and if the employee has suffered a loss of income entitling to disbursement.

Disbursement will start at the earliest on the first date in the month after the employee's ability to work has been reduced to half or less than half for a continuous period of three months.

The disbursement will amount to the *degree of compensation* of the loss of income as stated in Special terms, however a maximum of the agreed disbursement.

The disbursement continues for as long as the employee's ability to work is reduced as stated, and the employee continues to suffer a loss of income as stated, however at the longest until the agreed retirement age or before this the possible death of the employee.

The insurance terms are stated in Appendix TA0010 "General insurance terms at reduced ability to work".

The cover will be established as

- a life insurance with tax relief (tax treatment 1) if Special terms state that taxable disbursement is pre-selected.
- a life insurance without tax relief (tax treatment 5) if Special terms state that tax-free disbursement is pre-selected.

The form of taxation can be changed according to written notice between the employee and **Velliv** if this option is stated in Special terms.

At the change of form of taxation, the cover amounts are recalculated in relation to the specified minimum covers as stated in Special terms regarding the two forms of taxation in respect of the health rules and health limits, see Appendix HELBRED.

In Special terms, if a "Yes" has been ticked off at the "Disbursement to **Employer**" it means that **Employer** has made reservations so that disbursement of disability pension will take place to **Employer**:

For as long as the employee receives the usual salary from **Employer**, the disbursement will be made to **Employer** if the employee's ability to work has been reduced to half or less than half for a period of three months without interruption and if the employee's salary exceeds **Employer's** receipt of benefit reimbursement due to employee's sickness etc. from the public sector.

The disbursement will correspond to the employee's salary with a deduction from the **Employer's** receipt of benefit reimbursement due to employee's sickness etc. from the public sector. The disbursement has been maximised by the pre-selected cover as well as the cover applying for the pension scheme.

Disbursement to **Employer** can be made for up to 12 months, provided that the employee's ability to work continues to be reduced in a sufficient degree. The period of disbursement can be prolonged with up to 12 months during which it is clarified if the employee is qualified for a flex job or if **Velliv** finds it advisable to continue the disbursement. Prolongation cannot take place when **Velliv** finds it inadvisable to carry out any action with a view to a job on special conditions.

11.5 Premium exemption

The employee is entitled to premium exemption when the employee's ability to work has been reduced to half or less than half and the employee has suffered a loss of income entitling to disbursement of disability pension. The premium exemption will lapse if the disbursement of disability pension is terminated. If the pension scheme does not contain disability pension, the premium exemption is conditional on a loss of ability to work that would have entitled to disbursement of disability pension. However, this does not apply if the disbursements terminate due to changes in the earnings forming the basis of the calculation of loss of income while the employee's ability to work continues to be reduced to half or less than half.

Insurance covers with entitlement to premium exemption are maintained in case of grant of premium exemption as covers without contribution. The savings covers with entitlement to premium exemption will continue in case of grant of premium exemption, thus **Velliv** will make monthly contributions to savings cover.

In case of agreed increases in contributions made, there is no premium exemption for these increases.

The insurance terms are stated in Appendix TA0010 "General insurance terms at reduced ability to work".

In Special terms, if a "Yes" has been ticked off at the "Disbursement to **Employer**", it means that **Employer** has made reservations so that disbursement of disability pension will take place to **Employer**:

The employee is entitled to premium exemption in the same period of time that **Employer** receives disbursement. If the pension scheme is not established with entitlement to disability pension, the employer is entitled to premium exemption in the same period of time that **Velliv** would have disbursed disability pension to **Employer**, had the pension scheme been established with entitlement to disability pension.

11.6 Cover at death

Disbursement will be made at the death of the employee to the beneficiary/beneficiaries, **see Section Error! Reference source not found.** The beneficiary/beneficiaries may choose to have the cover disbursed in monthly installments over the number of years as stated in Special terms or to have the cover disbursed as a lump sum.

The insurance terms consist of Appendix FB0704 "General insurance terms – General terms and Special terms".

The cover is established as a life insurance without tax relief (tax treatment 5) if it has been stated in Special terms that tax-free disbursement is pre-selected and as a life insurance with tax relief (tax treatment 2) if it has been stated in Special terms that taxable disbursement is pre-selected.

The form of taxation can be changed according to written agreement between the employee and **Velliv** if this option has been stated in Special terms.

At change of form of taxation, the cover amounts are recalculated in relation to the specified covers as stated in Special terms regarding the two forms of taxation in respect of health rules and health limit, see Appendix HELBRED.

11.7 Children's pension

At the employee's death, disbursement will be made to every single one of the employee's children below the age stated in Special terms. The definition of which children are covered will be specified in the insurance terms.

The insurance terms consist of Appendix FB0704 "General insurance terms – General terms and Special terms".

Disbursement will start on the first date in the month after the employee's death and it will terminate when the child achieves the age specified in Special terms. The disbursement will terminate if the child dies before achieving the specified age.

Particularly gentle rules apply for submission of health details in the case of optional choice and increase of children's pension cover, see Appendix HELBRED.

The cover will be established as a life insurance with tax relief (tax treatment 1). The disbursement is taxable.

11.8 Children's lump sum

At the employee's death, disbursement will be made to every single one of the employee's children below the age as stated in the relevant labour market agreement. The definition of which children are covered will be specified in the insurance terms.

The insurance terms consist of Appendix FB0704 "General insurance terms – General terms and Special terms".

The cover will be established as a life insurance without tax relief (tax treatment 5). The disbursement is free of tax.

12 Health details

12.1 At change of provider

At change of provider, the rules about health details and covers apply as stated in Appendix LEVSKIFT.

12.2 At registration of groups of employees

If a group of employees is to be registered – from a merger or if the group of comprised employees is expanded – a specific agreement will be made regarding the terms for this, including the extent of health details.

12.3 More about registration of employees

The pension scheme is established without submission of personal health details. The pension scheme contains however a reservation making insurance cover conditional on the fact that the employee at the time of establishment has not applied for nor been granted public benefits due to reduced ability to work. If **Velliv** receives a notification from the employee about the employee having applied for or been granted public benefits, or a notification from **Employer** about the employee working in a flex job or light job etc, the pension scheme will be changed to a special pension scheme without or with reduced insurance covers.

Within a period of six months from the first time of commencement, the employee may increase the insurance cover once and make an extra contribution with entitlement to premium exemption only against having the pension scheme issued with a new reservation, see Appendix HELBRED. By the first date of commencement is understood the first period in time when the employee is comprised by a company pension agreement between **Employer** and **Velliv**.

If it is not possible to enter into agreement about the pension scheme with the employee regarding the requested covers, **Velliv** offers covers instead that are as close to the employee's requests as possible.

12.4 Change of the employee's pension scheme

It is possible for the employee to change the pension scheme within the framework of the company pension scheme after written agreement with **Velliv**. A change with increased risk cover is conditional on the fact that the employee submits further health details to be approved by **Velliv**, see Appendix HELBRED.

12.5 Change of existing company pension agreement

In case of an increase in the insurance risk, an *Employer declaration* must be submitted, due to further agreement.

12.6 About health details in general

In connection with establishment of pension scheme, salary adjustment or change of pension scheme, if the size of the insurance risk exceeds the health limits applying at all times, the employee must submit further health details, see Appendix HELBRED. However, special rules apply in case of change of provider, see Appendix LEVSKIFT.

If the pensionable salary rises more than stated in Appendix HELBRED, the employee must submit further health details.

Velliv will pay any fees to medical doctors in connection with collection of health details requested by **Velliv**.

13 Health insurance

A health insurance may be connected to the company pension agreement if this is stated in the Special conditions. It will also be stated if it is voluntary or mandatory for the employees. If so, a referral is made to separate agreement with a *health provider*.

Moreover, a health insurance may be connected to the company pension agreement if **Velliv** guarantees this in connection with a labour market agreement. If so, the health insurance is mandatory for the employees comprised. For this purpose, **Velliv** has entered into an agreement with a health provider selected by **Velliv**.

There is no entitlement for premium exemption for the health insurance premium.

Velliv will function as provider and will receive normal remuneration for this from the health provider.

By signing the company pension agreement **Employer** authorises **Velliv** to pass on information to the health provider regarding the employee's civil reg.no., name and address to be used for establishment of health insurance with the health provider

Velliv will receive information regularly from the health provider about the size of the health insurance premium, including the size of any taxable part.

14 Velliv reports taxable parts of the health insurance premium as B-income. Savings covers

The following *savings covers* may be a part of the pension scheme

1. Rateopsparing (transl. annuity savings)
2. Livrente+ (transl. life annuity pension)
3. Aldersopsparing (transl. retirement savings)
4. Kapitalopsparing (transl. capital savings)

It is stated in Special terms which pre-selected *savings covers* are established, and which savings covers and order of priority the employee may choose among.

Individually from each other, the savings covers may be disbursed from the *retirement disbursement age*. Disbursement before the retirement age may be possible however if the employee resigns from the position or the employment is changed in such a way that the employee is no longer comprised by the company pension agreement.

It applies for savings covers with regular disbursements that the size of the regular disbursement is fixed at the time of retirement by applying the technical foundations in force at the time and reported to the Danish Financial Supervisory Authority.

14.1 Rateopsparing

The balance of Rateopsparing will be disbursed in monthly installments over the number of years as stated in Special terms. The employee may choose an alternative number of years, however at least 10 years.

Rateopsparing will be disbursed monthly in advance. At the following death of the employee, the remaining installments will be disbursed to the beneficiary/beneficiaries. The beneficiary/beneficiaries may choose to have the remaining installments recalculated into a lump sum disbursement.

In case of the death of the employee before the agreed retirement age, the current balance of the Rateopsparing will be disbursed over the number of years as stated in Special terms. The beneficiary/beneficiaries may choose to have the current balance of Rateopsparing disbursed as a lump sum disbursement.

If the contribution made into Rateopsparing exceeds the maximum amount determined in the legislation, the remaining sum will be applied for other savings covers in accordance to the order of priority made by the employee, see Special terms.

Velliv will only take into consideration contributions made to other Rateopsparing products and temporary life annuity if these have been stated.

For employees comprised by change of provider to **Velliv**, **Velliv** will determine the amount expected to have already been applied to Rateopsparing in the ceding company during the year when the change of provider takes place. The amount is determined from the the agreed contribution made on the registration date and will then be used in the calculation of the amount which the employee can contribute into a Rateopsparing as a maximum in the year of the transfer.

If **Velliv** receives information about actually applied amount for Rateopsparing from ceding company – before the pension scheme is established in **Velliv** – this information will be used instead.

The Rateopsparing will be established as life insurance with tax relief (tax treatment 2). The disbursement is taxable.

14.2 Livrente+

The monthly disbursement is based on the balance of the Livrente+ savings at the time of disbursement. Disbursement will be made for as long as the employee is alive. Without demand for submission of health details and at the start of disbursement, the employee may choose to connect a spouse/co-habitor and/or guaranteed benefit against adjustment of the disbursement.

At the death of the employee before the agreed retirement age, the savings protection will be disbursed at the current balance of the Livrente+ savings in the following way:

a. Spouse pension

The pension will be disbursed to a spouse, however at the longest for the number of years as registered by **Velliv** in the employee's pension scheme. By spouse is understood a spouse or registered partner that is not separated or divorced from the employee. A separated or divorced spouse or registered partner may uphold the entitlement to spouse pension according to legislation.

b. Guaranteed benefit

If there is no spouse or if the spouse dies before the expiry of number of years as registered in the employee's pension scheme by **Velliv**, the pension will be disbursed to the beneficiary.

Savings protection may be disbursed as a lump sum disbursement.

The whole-life annuity and savings protection will be established as life insurance with tax relief (tax treatment 1). The disbursement is taxable.

14.3 Aldersopsparring

The Aldersopsparring will be disbursed as a lump sum disbursement.

In case of the death of the employee before the agreed retirement age, the current balance will be disbursed to the beneficiary/beneficiaries.

If the disbursement to Aldersopsparing exceeds the maximum amount as determined in the legislation, the remaining amount will be applied to other savings covers in accordance with the order of priority applying for the employee.

Aldersopsparing will be established as a life insurance without tax relief (tax treatment 33). The disbursement is free of tax.

14.4 Kapitalopsparing

Kapitalopsparing will be disbursed as a lump sum disbursement.

In case of the death of the employee before the agreed retirement age, the current balance will be disbursed to the beneficiary/beneficiaries.

No contribution can be made to Kapitalopsparing – it can only be done by transfer from another pension scheme.

Kapitalopsparing will be established as a life insurance (tax treatment 3) for receipt of a capital pension from another pension provider. The disbursement is taxable.

15 Forms of investment

Velliv offers the following forms of investment into which the employee may place the savings covers:

1. VækstPension (transl. GrowthPension)
2. LinkPension
3. HøjrentePension (transl. HighInterestPension)

Always applying is that the savings part of the contribution will be used for a specified percentage distribution among the forms of investment.

It is stated in Special terms which percentage distribution between the forms of investment is applying as preselection as well as which investment profile in VækstPension applies as preselection. Moreover, it is stated which percentage distributions and forms of investments the employee may choose among.

15.1 VækstPension

The savings will be placed in investment funds composed by **Velliv** in accordance with the employee's choice among a number of investment profiles with various investment risk.

The interest rate of the savings which the employee has chosen to place in VækstPension will depend of the return in the investment funds.

The composition of investment funds will vary with the employee's age in such a way that the investment risk will be gradually reduced depending of the retirement age. The employee may chose another retirement age as the expected retirement age than the one of the company pension agreement and thus influence the gradual reduction.

The employee may choose to connect an investment guarantee to ensure that the disbursement at the retirement age of the company pension agreement or at the death before this will at least amount to the disbursement that can be calculated based on the guaranteed balance. The guaranteed balance consists of the contribution's total sum with a deduction of the sum of disbursements, administration fees, remunerations and payments for

any insurance covers. In case of investment guarantee connected shortly before the retirement age, the guaranteed balance will be reduced by a percentage rate that will depend on the remaining period. There is no deduction for the payment of investment guarantee

The terms for savings in VækstPension are stated in Appendix IB0010, "Investment terms for VækstPension and LinkPension".

15.2 LinkPension

The savings will be placed according to the employee's choice in the investment funds offered by **Velliv** at all times. **Velliv** may set general limits for the choice.

The interest rate of the savings which the employee has chosen to place in LinkPension will depend on the return in the chosen investment funds.

The terms for savings in LinkPension are stated in Appendix IB0010, "Investment terms for VækstPension and LinkPension".

15.3 HøjrentePension

The savings will be placed by **Velliv**.

The general interest rate of the savings which the employee has chosen to place in HøjrentePension will be at a rate of interest determined monthly in advance by **Velliv**.

Based on previous contribution and expected future contribution, HøjrentePension will ensure a specific savings balance at retirement to be used for regular disbursements. The savings balance at retirement is conditional on no change occurring to legislation or the like, as described in the insurance terms.

Solely, contributions can be made to Rateopsparing and Livrente+ in HøjrentePension. By choosing HøjrentePension, if employees have then chosen to contribute to Aldersopsparing, the contribution to this will be used for the pre-selected investment profile in VækstPension as well as the one selected by the employee.

The terms for savings in HøjrentePension are stated in Appendix FB0704 "General insurance terms – General terms and Special terms".

16 DinKapital

The application of DinKapital entails that a minor, fixed percentage of the contribution into your savings will be placed in the special savings environment DinKapital.

It will appear from the Specific terms if DinKapital can be applied. If it has been indicated that DinKapital can be applied, it will also have been indicated if DinKapital has been pre-selected or not.

The employee will then be able to select or deselect the contribution for DinKapital.

Here are the terms in outline applying for DinKapital:

DinKapital is a supplement to the capital base element and has been approved by the Danish Financial Supervisory Authority. It has been attached to the employee's savings in the chosen savings environment(s): VækstPension, LinkPension and HøjrentePension as well as the chosen form of disbursement – lump sum, annuity and/or life annuity. The company will build DinKapital from the pension scheme's share of the actual result attached to the employee's savings.

DinKapital will enter on equal terms with a possible subordinated loan capital, which is the capital that will have to cover any loss in the company after the equity has covered the loss. Therefore your DinKapital may be reduced in case of cover of loss in the company. In the event that DinKapital may have to cover losses, the savings belonging to your DinKapital will be seized entirely or partially.

DinKapital will carry interest on a regular basis, fixed by market terms and corresponding to subordinated loan capital. The interest rate will be fixed one month in advance.

DinKapital will be disbursed at the same time as the disbursement of the belonging part of the savings.

The insurance terms applying for savings in DinKapital are stated in Appendix DK0010 "Insurance terms for DinKapital".

17 Leave

During *leave* the insurance covers will be maintained in **Velliv** for as long as the employee is employed.

If the contribution ceases to be made entirely during leave, the pension scheme will be handled in the following way:

- For deductible insurance covers, the payment for maintenance of the insurance cover occurs by deducting the price for the insurance covers instead from the employee's pension savings to the extent that the total savings can cover this price and that it is possible in terms of tax.
- For insurance covers without tax relief, grace will be granted until the expiry of the leave. The missing payment for the period of grace will be covered in advance by the contributions when the contributions are restarted after the end of leave.

The contribution to the insurance covers must be restarted 12 months after the time of stop of contributions, unless otherwise agreed separately with **Velliv**.

During leave and for a period after the end of leave, it will not be possible for the employee to change the form of taxation of the insurance covers.

18 Secondment of employees

Employees under secondment are characterised by limited tax obligations to Denmark.

Employees under secondment are comprised by the company pension agreement at the same terms as other employees.

If **Velliv** is notified about an employment of an employee with limited tax obligations or that an employee will pass from full to limited tax obligations, **Velliv** will offer advice services regarding Danish tax law and offer a pension scheme with insurance covers and savings covers with tax-free disbursements.

In case of transfer between tax-free and taxable insurance cover, no recalculation of the cover amounts will take place.

If **Velliv** is notified about an employee passing from limited to full tax obligations, **Velliv** will offer a pension scheme with taxable insurance covers and taxable savings.

See Appendix UDSTAT for further guidance.

19 Employee's right of disposal

For as long as the employee is comprised by a company pension agreement in force and the employee has not yet achieved the retirement age, the employee cannot have the pension scheme at full disposal in case of surrender, transfer, collateralisation, handover, disposition with obligation of duty or any other way not stated in the company pension agreement. See Appendix UDSTAT for separate possibilities at the return of the employees under secondment.

When the employee is no longer comprised by the company pension agreement, the employee may have of the pension scheme at full disposal, see Appendix GB0010. **Velliv** may collect a fee if the employee makes use of the right of disposal. The access to surrender may be restricted by a third party.

20 Employee's rights in case of resignation

If an employee resigns from the employment or the employment is changed in such a way that the employee is no longer comprised by the company pension agreement, the following insurance covers will lapse from the date of resignation/change:

- Health insurance
- Insurance covers, solely established in accordance to a labour market agreement
- Insurance covers lapsing in case of resignation as stated in Special terms

Unless otherwise agreed with the employee, the other insurance covers will be maintained for three months after the resignation. Payment for maintenance of the insurance cover will occur by deducting the price for deductible insurance covers from the employee's pension savings instead. If the employee has insurance covers without tax relief, the payment will be made to here through the latest made contribution.

During the period of time with maintained insurance cover, the company pension agreement will continue to apply with regard to risk prices, administration fees and remuneration.

After the expiry of the period of time with maintained insurance cover, the pension scheme will be changed if it has a minimum value to a pension scheme without contribution and without insurance covers. The pension scheme will be surrendered if the value of the pension scheme is below the minimum value reported to the Danish Financial Supervisory Authority by **Velliv**.

For three months after the resignation, the employee has the following alternative possibilities:

- The pension scheme may be changed to a pension scheme without contribution and without insurance covers from an earlier point in time.
- The pension scheme may continue with the insurance covers which may be established on individual terms at the time of resignation. The continuation will take place on the terms, with the covers and at the price applying for continued pension schemes at the time of resignation.
- The pension schemes may be surrendered or transferred, see Section 19.

21 Employee's rights at termination of company pension agreement

Change of pension provider

If the pension scheme is transferred to another pension provider, the risk covers for death, disability and certain critical illnesses will lapse at the time of changing pension provider. The employee cannot continue any of the risk covers from the pension scheme.

Flex job working employees with a cover for reduced ability to work will be granted the option of continuing the pension scheme at Velliv with the insurance covers maintainable at the time of changing pension provider. The continuation will take place on the terms, with the covers and at the price applying for continued pension schemes after a change of provider.

The above will also apply for employees whose ability to work has been reduced by 50% or more. When the employee has recovered the ability to work and has worked for six consecutive months in the same scale (number of hours) as done before the sick leave, the employee will be transferred to the relevant pension provider.

However, special rules apply for employees subject to an agreement.

Reporting of an insurance event that has occurred before the time of changing pension provider must be made as quickly as possible. Claims for disbursement of disability pension and/or premium exemption not reported within 12 months after the time of changing pension provider will lapse after the expiry of the deadline.

Termination due to bankruptcy and other causes

If the company pension agreement terminates due to bankruptcy of **Employer**, the employees are in a position similar to that of resignation, see Section 20.

If the company pension agreement terminates regardless of cause, all insurance covers will lapse without notice for the employees comprised at the time of termination. The employee cannot continue any of the pension scheme's insurance covers.

Reporting of an insurance event that has occurred before the termination of the company pension agreement must be made as quickly as possible. Claims for disbursement of disability pension and/or premium exemption not reported within six months after the termination of the company pension agreement will lapse after the expiry of the deadline.

If a group of employees is hived off in case of demerger, the terms of this section will apply for this group, unless otherwise agreed.

General rules

Against a fee, the employee may transfer the savings to another pension provider.

Employees entitled at the time of the termination of the company pension agreement to a regular disbursement and/or premium exemption due to loss of ability to work will however continue in **Velliv** with the insurance covers disburseable and/or attached to premium exemption. When the employee no longer can meet the terms for regular disbursement and/or premium exemption, the following will happen:

- If the employee continues employment with **Employer**, all insurance covers will lapse; the employee will be transferred to another pension provider when the

- employee has recovered the ability to work and has worked for six consecutive months in the same scale (number of hours) as done before the sick leave.
- If the employee is no longer employed with **Employer**, the employee is entitled to same type of continuation as is granted for resignation, see Section 20.

22 Administration fee and remuneration

22.1 Administration fee

The size of the administration fees is determined in accordance to the rules reported to the Danish Financial Supervisory Authority by **Velliv**.

The rates of administration fees will depend on sales channel, number of employees registered to the company pension agreement and the average contribution subject to the company pension agreement.

Any changes to the administration fees will occur in accordance with the rules applying at any time and reported to the Danish Financial Supervisory Authority.

22.2 Remuneration

The size of remuneration to any external sales channel will be stated in a separate agreement with the sales channel concerned.

23 Adjustment of solidary prices

For all insurance covers in **Velliv**, the payment is based on *solidary prices*.

At the start of every insurance year as per 1 January, **Velliv** will calculate solidary prices for a given group of company pension agreements. The group has been stated in Special terms.

Calculation and adjustment of prices are part of the rules applying at all times and reported to the Danish Financial Supervisory Authority.

If price-increasing conditions are given at the health acceptance, the solidary price is raised for the risk covers concerned.

24 Bonus

HøjrentePension in **Velliv** will participate in the bonus distribution in accordance with the rules applying at all times and reported to the Danish Financial Supervisory Authority.

The applying bonus conditions have been enclosed as BB0010.

25 Communication

Velliv aspires to constantly use the most effective types of communication with employers and employees. Therefore **Velliv** reserves the right to use existing and future, electronic communications technology as its development improves – and of course continuously complying with the rules for secure communication and protection of personal data. Presently, communication may be conducted via e-Boks.

26 Change and termination of company pension agreement

The terms for this have been described in Special terms.