



CSR Report 2011

Statutory report on Corporate Social Responsibility, see Section 132 of Executive Order on Financial Reports for Insurance Companies and Lateral Pension Funds

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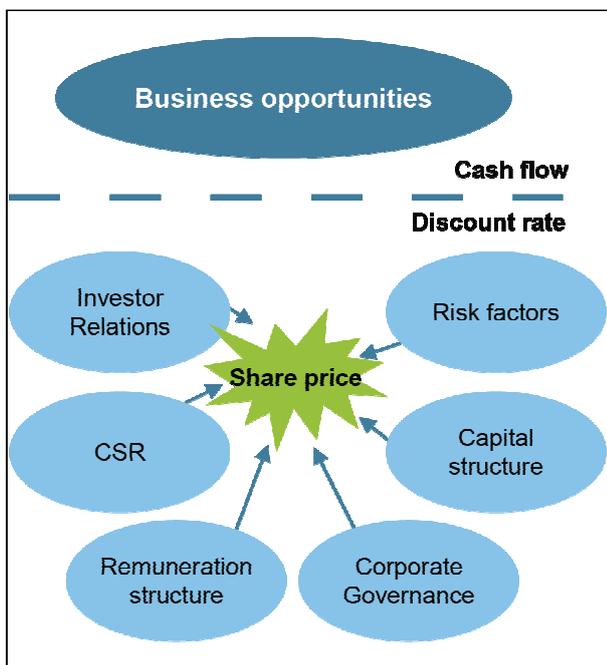
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This is Topdanmark's "Statutory report on Corporate Social Responsibility, see Section 132 of Executive Order on Financial Reports for Insurance Companies and Lateral Pension Funds". This report is an element of Management's review in the Annual Report and covers the 2011 financial year. Topdanmark also elaborate a report on progress for the UN Global Compact, which will be published on www.topdanmark.com later in 2012.

CSR is an element of Topdanmark's value creation model:



Topdanmark translates CSR into business responsibility and considers it to be management's responsibility to offer good insurance products at competitive prices in order to create welfare for customers, employees and shareholders. It is Topdanmark's responsibility to ensure security by minimising the adverse effects of insurable damage and accidents for customers and injured persons – and, accordingly, society. When the damage has arisen it is also a business responsibility to help the customer and make good the damage with consideration for the bottom line, society and the environment.

By operating an efficient business and generating a competitive profit Topdanmark also contributes considerably to the Danish state through its corporate tax payments and indirectly, among others, through its employees' income tax payments.

Goals and principles for social responsibility

The goal of Topdanmark's CSR efforts is to ensure that the Group behaves and is operated in a responsible manner thereby helping to minimise the risk premium of Topdanmark's shares.

In 2010 Topdanmark joined the UN Global Compact and in 2011 it submitted its first report on "Communication on Progress".

Topdanmark's social responsibility efforts are structured into four main categories: Products and services, employees, society and environment. In 2011 focus has been concentrated on the following initiatives.

Products and services	Employees	Society	Environment
Customer satisfaction	Job satisfaction	Tax payment	Refurbishment of head office
Accessibility	Health	Loss prevention	Energy optimisation of IT functions
	Diversity	Responsible investments	Digital Topdanmark
	Apprentices and trainees		

Organisationally, the corporate social responsibility efforts are held by a steering committee reporting to the Board of Management. Operationally, the corporate social responsibility activities are managed by a CSR manager who organisationally is located in the Communications Department and, together with a working group, ensures momentum and fulfilment of the goals for the various areas.

Products and services

Topdanmark wishes to attract and keep profitable customers by delivering a high level of customer service.

Customer satisfaction

Customer satisfaction is an important parameter to keep existing customers and attract new ones. In order to ensure a high level of quality and responsibility in Topdanmark's customer services, customer satisfaction surveys are carried out regularly. Furthermore Topdanmark has introduced an assessment and follow-up system which structures and reports customers' feedback on their experiences as customers. In 2011 business processes were improved allowing employees to more rapidly initiate a dialogue with customers, for example in case of a poor customer experience.

Topdanmark's customer satisfaction in Personal line improved to 73.7 in 2011 (2010: 72.5) according to EPSI – Dansk Kundeindex. The goal of the customer-oriented initiatives is intended to further improve customer satisfaction in 2012.

Accessibility

Quick access to competent advice and services is important for customers – particularly in a claims situation. It is Topdanmark's strategy to be present for customers wherever they want them to be. As many customers prefer to use the phone, Topdanmark's claim lines are open 24 hours with its advice and service lines open until 8 pm. Topdanmark continuously monitors whether customers have to wait on the phone. Accessibility in the personal market increased to 93% in 2011 (2010: 90%).

Topdanmark has a finely meshed team of certified insurance sales representatives who typically meet customers on-site. For those customers who prefer self-service on the internet Topdanmark has created a personal customer file on www.topdanmark.dk where it is also possible to notify most typical claims. In 2012 Topdanmark introduced a smart-phone application which enables customers to use their mobile phones to get a list

of what to do in a claims situation, notify a claim or they can use the app to request a phone call. In 2011 Topdanmark also joined Face book and it has therefore opened a further communication platform.

Employees

Topdanmark wishes to attract and retain committed and qualified employees. Therefore it focuses on: high job satisfaction, health, diversity and apprentices and trainees.

Job satisfaction

Every second year Topdanmark conducts a job satisfaction survey among all its employees. The survey in 2011, carried out by Ennova, indicated that Topdanmark is a workplace with high job satisfaction. In spite of a small decline to 73 points in 2011 from 76 in 2009, job satisfaction was above that of the rest of the Danish labour market. This decline reflects a general trend in the labour market. To reach the goal of continued high job satisfaction Topdanmark has increased its requirements on the follow-up and reporting of forward-looking initiatives in local units.

Health

Topdanmark has a job satisfaction committee who regularly assesses various initiatives for employees' job satisfaction in general. One of the focus areas in 2011 was health because it recognised this helps to improve employees' job satisfaction.

All employees are offered an annual health check. In 2011 32% (2010: 28%) accepted the offer for a health check.

Topdanmark offers its employees health insurance, access to a fitness centre and a canteen service with food prepared in compliance with the recommendations of the Danish Nutrition Council. In 2011 it focused on suggestions and initiatives showing employees how to optimise their work-life balance. It is Topdanmark's goal to inspire its employees to develop healthy habits which prevent lifestyle illnesses and stress and ensure they have the energy for both work and leisure.

Employees have also been offered courses to give up smoking. 71 have attended the courses and 88% of these have remained non-smokers.

During the year nutritionists and health experts made 15 presentations on how a few good habits will ensure energy for the entire day, prevent stress and keep both

body and mind fit. Special presentations have been made for those specific employees – loss adjusters and certified insurance sales representatives – who spend much time of their time in their cars and therefore have no access to a healthy canteen service. These presentations will continue in 2012.

Employees have been offered appointments with a stress consultant and executives have been offered sparring to prevent stress among employees. 16 employees have asked for a consultation on how to deal with their own stresses, four for a consultation on prevention and six executives have been advised on how to handle employees suffering from stress. Topdanmark will continue to work on stress handling in 2012. For example, executives are offered to attend a workshop on stress prevention in their departments, and after hours meetings on stress handling are held for all employees.

Diversity

Topdanmark believes that diversity provides business value and that it is important that employees, irrespective of gender, nationality, religion or other characteristic, have equal access to executive positions at all levels.

Topdanmark has no wish to favour women over men and therefore it has not imposed quotas. Instead it has defined initiatives and policies for diversity which it aims to meet.

In 2011 Topdanmark focused on, among other things, women in management and joined the Danish Ministry of Gender's "Operation Chain" which is an alternative to quotas for female executives. The implementation of a number of specific initiatives has been planned for 2011/2012 including a questionnaire survey among Topdanmark's executives, for example whether specific initiatives are needed to motivate women to apply for top executive positions. Topdanmark has held an after-hours meeting for employees intended to inspire women to apply for executive positions and established an internal website allowing employees to discuss gender questions and get helpful advice from female executives. Furthermore, it is Topdanmark's ambition to invite at least one female candidate for a job interview when an executive vacancy is to be filled. This goal has been met in all situations except for one executive position where there were no female applicants.

Four of the nine Board members are women, one of them elected by the AGM and three by Topdanmark's employees. The proportion of female board members elected by the AGM has been stable since 2004. In 2011 the number of female board members elected by employees increased from one to three.

Apprentices and trainees

Each year Topdanmark employs a number of financial apprentices. As a significant company in the industry and co-owner of the Danish Insurance Academy Topdanmark considers it has an obligation to train apprentices in insurance. It is vital to Topdanmark to secure the training of apprentices in order that the labour market for insurance and pensions has a highly skilled workforce. To support this there has been an increase in the number of Topdanmark's finance apprentices. In 2010 and 2011, 15 and 20 (respectively) finance apprentices were employed and in 2012 the number is expected to be 25.

Topdanmark also has a work placement programme for finance economists and finance bachelors. In 2011 a total of 14 finance economists and bachelors worked as trainees and this level will continue in 2012. Several of Topdanmark's employees teach at the Danish Insurance Academy.

Society

Topdanmark wishes to operate an efficient insurance business in order to generate a competitive profit. Consequently it pays a significant amount of direct and indirect taxes and duties to the Danish state. Furthermore, Topdanmark considers it to be its social responsibility to ensure that customers and injured persons suffer as few negative consequences of insurable events as possible. One element of this is Topdanmark's focus on loss prevention. In 2011 Topdanmark also focused on responsible investments.

Tax payment

Topdanmark contributes a relatively significant amount to Danish national funds by paying direct corporation taxes and indirect taxes such as payroll tax. Topdanmark is also tax collector of direct and indirect taxes to the Danish state, primarily PAYE tax and labour-market contribution for the Group's employees and non-life insurance customers and pension return tax for its life insurance customers. Topdanmark's most significant tax payments, primarily paid to the Danish state, are disclosed in the following table:

Topdanmark Group – taxes and duties 2011 (DKKm)

Topdanmark pays		Topdanmark as tax collector	
Direct taxes:		PAYE tax	776
Corporation tax	326	Labour-market contribution	271
			1.047
Indirect taxes:		Selected indirect taxes:	
		Pension return	138
Payroll tax	164	Stamp duty	44
		Liability duty	372
		Property tax	30
		Flood	20
		Government tax	200
			804
Total DKKm	490		1,851

Topdanmark's payment of corporation and income tax

	2010	2011
Corporation tax (DKKm)	338	326
Share of overall corporation tax payment in Denmark	1.1%	1.1%
Income tax (DKKm)	721	776
Share of overall income tax payment in Denmark	0.2%	0.2%

As is seen in the table, Topdanmark's share of overall tax payments to the Danish state was 1.1% in 2011. By way of comparison, the number of employees of Topdanmark represented 0.1% of the total number of employees in the private sector in Denmark.

Loss prevention

Rather than only focusing on financial cover after the occurrence of an injury or damage, Topdanmark also focuses on loss prevention, the goal of which is to help the injury or damage from occurring or minimising the consequences when it does, for the benefit of both customers, shareholders and society.

Topdanmark's loss prevention efforts are based in a co-ordinating secretariat. A number of initiatives were taken in 2011, for example:

Safe Agriculture is an advice tool which collects advice on loss preventing initiatives for agricultural customers. In cooperation with the Danish Construction Association and the Danish Building Research Institute, Topdanmark held two seminars for contractors and other professionals dealing with stable and hall construction to focus on eliminating building and design faults which may cause the collapse of roofs due to snow loading. Topdanmark also implemented inspections of those customers' halls and roofs with a truss construction to see if there were any defects and deficiencies, offering them a grant to mend them if there were any.

Following the significant rainstorm claims this summer Topdanmark has focused particularly on prevention and limitation of rainstorm damage in order to limit any similar future event by providing advice on prevention of rainstorm damage, rebuilding afterwards and making arrangements to minimise the size of the damage.

Examples of specific activities:

- Advice on using non-organic material and placing of objects in basements as well as installation of anti-flooding valves
- Rainstorm alert by text message
- Improved service and capacity from Topdanmark's claims service suppliers such as the provision of self-help kits with a dehumidifier etc. for prompt assistance

In 2012 Topdanmark will implement a number of profitability promoting initiatives for less profitable customers where loss prevention will be a key feature. Loss prevention initiatives in 2012 include:

- Protection against burglaries where customers are advised on protection in their home and businesses
- Advice particularly for SME customers on the prevention of rainstorm damage
- Quicker investigation and injury control in personal injury claims intended to reduce the customer's risk and level of disability

Responsible investments

Topdanmark wishes to maximise its investment return taking into account primarily risk but also social and environmental factors.

In order to include social and environmental considerations in its investment policy, Topdanmark has established a partnership with the screening agency Ethix. In 2011 all of the ISIN codes of Topdanmark's equity portfolio were screened which caused no changes in its investment strategy or disposal of specific investment activities. Future screening will be made on a regular basis. Organisationally, Topdanmark has set up a Social Responsible Investment Committee comprising the management of Topdanmark Kapitalforvaltning (asset management), the management of the Communications and IR department and the CSR manager.

Environment

Topdanmark wishes to reduce its environmental footprint. In 2011 focus has been on the following projects: refurbishment of the head office, energy optimisation of IT functions and "Digital Topdanmark".

Refurbishment of head office

Together with a major refurbishment of Topdanmark's head office in 2011/2012 a new lighting and ventilation system will be installed. At the same time the consumption of energy will be optimised significantly resulting in a reduction in carbon dioxide emission corresponding to around 500 tonnes annually when the exercise has been completed by the end of 2012. Besides the savings due to updated technology, the grouping of all head office employees at the same address will result in energy savings expected to further reduce carbon dioxide emission by 80 tonnes annually when fully implemented.

In 2012 Topdanmark will build Denmark's largest solar cell system on the roof of the head office. It has a capacity of 750 kWp and will contribute a significant

proportion of electricity used for head office operations. The installation of the solar cell system will be based on experience from a similar system on the roof of one of Topdanmark's rental properties. It is expected that annual energy savings will be around 425 tonnes of carbon dioxide emission.

Energy optimisation of IT functions

In 2011 Topdanmark reviewed the entire IT platform in order to, among others, optimise its energy consumption. Focus has been on:

- Improved efficiency of data centre / server room by reducing the energy consumption needed for cooling
- Reduction in the number of physical servers and replacement by more energy efficient units
- Replacement of stationary PCs, notebooks and screens by more energy efficient units

These initiatives have reduced the annual IT consumption by carbon dioxide emissions of 142 tonnes.

Carbon emissions accounts

Since 2009 Topdanmark has reported its carbon emissions to the Carbon Disclosure Project (CDP). In 2011 it scored 69 points in the CDP point system (2010: 62 points).

The carbon emission accounts are prepared in accordance with the guidelines of the Climate Compass, an application developed by the Danish Commerce and Companies Agency to calculate carbon dioxide emissions.

In 2011 Topdanmark reduced its carbon dioxide emissions by 5% due to a reduction in the consumption of heat and electricity, achieved in spite of the impact of refurbishment of the head office which required extraordinary energy consumption. Refurbishment of the head office will continue in 2012 but a minor reduction in carbon dioxide emissions is expected due to current activities.

Digital Topdanmark

As part of the project "Digital Topdanmark" greater focus has been on the increased use of electronic communication. In 2010, as the first Danish insurance company, Topdanmark started sending policies and insurance conditions to customers by the Danish e-Boks system. Subsequently other paper-intensive mailings, such as overviews of insurance and pension benefits, have been sent digitally to customers.

In 2011 the number of customers registered for electronic communication by e-Boks increased from 240,000 to 325,000 and the goal is to reach 400,000 customers in 2012. "Digital Topdanmark" has helped reduce Topdanmark's overall paper consumption by 36% to 184 tonnes in 2011 (2010: 287 tonnes).

List of overall carbon dioxide emissions 2007-2011

	2007	2008	2009	2010	2011
Heating – tonnes Carbon dioxide	1,204	1,328	1,173	1,367	1,286
Electricity – tonnes Carbon dioxide	3,623	3,673	3,934	3,938	3,644
Driving – tonnes Carbon dioxide	2,718	2,706	2,790	2,699	2,692
Air travel – tonnes Carbon dioxide	260	266	241	195	190
Total – tonnes Carbon dioxide	7,805	7,973	8,138	8,199	7,812