

ATP’s Policy for responsibility in investments

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1. Purpose, scope of application and strategic targets

ATP acts as a responsible investor, and within this framework must invest its assets so as to best safeguard the interests of its members. The objective for investment of the assets is to maintain their real value.

Responsibility is usually the precondition for long-term, sound earnings – and thus for the preservation of the real value of the investments.

The aim of ATP's Policy for responsibility in investments is to protect the value of ATP's investments by focusing on and respecting its responsibility.

Another aim is for ATP's work with responsibility to ultimately benefit the affected employees, enterprises, and local communities, and to balance considerations regarding adverse impacts of ATP's investments on people and planet.

The handling of responsibility considerations is a central part of the tasks carried out by ATP on behalf of its members.

ATP's work with responsibility includes a broad range of socially relevant issues within environment and climate, social issues and governance – the so-called ESG themes (Environmental, Social and Governance Issues).

At ATP, our work with responsibility takes place in close interaction with the Policy for stewardship and the Tax policy on investments in the ATP Group.

With regard to the requirements in the EU's Sustainable Finance Disclosure Regulation (SFDR), this policy constitutes ATP's policy on the integration of sustainability risks in the investment decision-making process, as well as ATP's due diligence policy with respect to principal adverse impacts of investment decisions on sustainability factors. ATP publishes information pursuant and relating to the SFDR on its website.

2. Identification of risks and risk appetite

ATP views sustainability risks in line with other investment risks, including market risks. We understand sustainability risks in the same way as intangible assets such as goodwill, brand and intellectual property rights, where valuation has a subjective nature.

Based on ATP's work with sustainability risks, our experience is that measurement methods, data, etc., to assess the impact on the value of the investments have not been developed to the same level as traditional risk factors. Therefore, it is neither possible to identify nor make a nuanced and concrete assessment of how different sustainability risks apply across investment types in the same way as with traditional financial risks. Hence, sustainability risks cannot currently be the primary driving force in investment and risk assessments.

Instead, a more general and integrated approach is employed in our assessments of sustainability risks. As This document is a non-official translation of a duly approved Danish-language document, and is provided for informational purposes only.

is the case with other investment risks, ATP strives to identify ESG-related risk sources and assess the extent to which ATP is compensated.

ATP works continuously to improve the basis for integrating sustainability risks by developing and testing new methods, e.g., by working with climate data, which in ATP's assessment is the most developed area.

3. Preconditions

ATP's work with responsibility issues is based on a number of general considerations:

- ATP's work with responsibility must be characterized by consistency, predictability, seriousness and transparency and must be based on facts rather than subjective assessments.
- In its work, ATP recognises that conditions in other parts of the world may constitute a different framework for business conduct than what applies in Denmark and Western Europe.
- ATP's policy for responsibility is based on strict criteria as it refers to politically adopted structures in the form of national legislation and international agreements.

4. Implementation in the day-to-day investment practices

ATP makes an ongoing effort to integrate sustainability-related and broader responsibility considerations in the day-to-day investment processes in line with considerations for other business conditions and risks.

ATP considers the analysis of companies' ESG conditions to be an important and relevant element in ATP's risk management, and, in ATP's experience, it is also possible to identify investment opportunities based on these efforts.

ATP does not invest in companies that deliberately and repeatedly violate rules laid down by national authorities in the markets where the companies operate or by international organisations endorsed by Denmark. This relates, among other things, to rules regarding environmental, social and employee issues as well as rules regarding companies' respect for human rights, anti-corruption and anti-bribery matters, and the production or distribution of certain types of weapons.

ATP does not invest in specific securities, including government debt, that are subject to sanctions adopted by the EU or UN.

5. The Committee for responsibility

ATP's responsibility efforts are coordinated in a special internal committee for responsibility chaired by ATP's CEO. The committee for responsibility holds six ordinary meetings annually and additionally meets on a needs basis.

The committee is responsible for establishing processes which ensure compliance with the Policy for responsibility in investments. The committee must ensure that assessments with reference to responsibility are based on facts and that the assessments are as objective as possible. In its assessments, the committee for responsibility uses a number of authoritative sources of information such as the EU and UN conventions on human rights, the ILO's core conventions, the international anti-corruption conventions, the UN Paris Agreement, the UN Sustainable Development Goals, etc. The committee also looks to the OECD's own recommendations for how investors should comply with the OECD Guidelines (including the UN Guiding Principles on Business and Human Rights). As laid down in ATP Supervisory Board's Policy for

stewardship, the committee also acts as coordinator for ATP's work with stewardship activities and tax.

At the same time, the committee is the central coordinating forum for ATP's internal discussions on developments in the area of responsibility in investments and with regard to ATP's practice in individual areas, including, for example, ATP's integration of climate considerations in the investment process.

Finally, the committee is the coordinator for ATP's ongoing work with strengthening its efforts in this area. This applies, for example, to decisions on further analyses of individual companies or special areas of concern, approval of new processes to ensure compliance with the Supervisory Board's policy as well as decisions on investigating alternative methods and new focus areas.

6. Cooperation

Issues concerning responsibility often cross national boundaries. International cooperation is therefore of great importance for how this area develops. ATP continuously seeks to contribute to the development in this area by participating in relevant organisations, cooperating with other investors and contributing to and monitoring the development of new, relevant standards.

7. Transparency and information

ATP wants to ensure a high degree of transparency around its responsibility activities. Therefore, ATP makes an ongoing effort to increase its transparency so that members can see how ATP is working with responsibility issues.

ATP publishes theme-based reports on its work with responsibility in its investments on an ongoing basis, and each year, ATP's Supervisory Board approves a report on responsibility that describes ATP's work and processes in this area. The report is published alongside ATP's annual report. ATP also participates in the public dialogue on relevant issues in the area, and ATP provides information on its work on ATP's website.

8. Due Diligence in connection with new investments

Prior to the completion of new illiquid investments, a due diligence process is carried out that includes (i) sustainability risks which could have a significant negative impact on the financial return of an investment and (ii) the principal adverse impacts on sustainability factors which the investment decision could entail. Sustainability risks mean an environmental, social or governance event or condition which, if it occurs, could cause an actual or potential material negative impact on the value of an investment. Sustainability factors mean environmental, social and employee matters as well as issues relating to respect for human rights and anti-corruption and anti-bribery matters. The result of the due diligence process carried out is included in the final investment recommendation. The completed ESG due diligence process forms an important part of ATP's ESG integration, cf. point 4 of this policy.

ATP's actual due diligence processes are described annually in ATP's thematic report on ESG processes.

9. Dialogues with companies

ATP has ongoing dialogues with a number of companies in which ATP has invested. As part of these dialogues, responsibility issues are addressed, including the need for adequate reporting in this area.

10. Exclusion

If there are indications that a company is violating (or is suspected of having violated) ATP's policy, an engagement process will be initiated. In this process, ATP examines the relevant allegations more closely and, if violations are confirmed, a dialogue is initiated with the company on how the conditions criticised may be remedied or significantly improved.

Engagement and dialogue focusing on improvements are ATP's preferred tools in connection with responsibility issues, while exclusion is seen as a tool to be used when all other alternatives have been exhausted.

ATP updates its exclusion list on ATP's website twice a year. ATP does not regularly maintain information on companies in which ATP does not invest or which ATP has excluded. This means that ATP is not able to publish a complete and comprehensive exclusion list.

In principle, there is nothing to prevent ATP from investing in a company that it has previously excluded. However, this would require renewed analysis.

11. General management

ATP's Policy for responsibility in investments is laid down by ATP's Supervisory Board.

ATP's executive management is responsible for ATP's investments within this framework and, together with the Committee for responsibility, for observance of the framework.

12. Recommendations for achieving targets

Each year, ATP's Supervisory Board adopts an ESG-strategy for the coming year.

13. Environmental and social characteristics

On the basis of ATP's established practice and ambitions for ESG, it is ATP's assessment that, according to the EU disclosure regulation, ATP Livslang Pension is an Article 8 product which promotes environmental and social characteristics. Thus, ATP regularly reports on this on its website and in connection with the annual report.

14. Reporting

Ongoing reporting is made to ATP's Supervisory Board on the work with responsibility issues.

15. Exemption possibilities

Questions concerning the policy which the CEO believes give rise to doubt, are presented to ATP's Executive Committee, and any deviations from or interpretations of the policy are approved by ATP's Supervisory Board.

16. Updating

This policy must be presented to the Supervisory Board at least once a year for the purpose of assessing whether it is still prudent, including with reporting on compliance. In case of material changes to the assumptions that form the basis of the policy, it must be adapted.