

ATP Pay Policy

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Chairman of the Supervisory Board and Chairman of the Board of Representatives

1 Purpose

ATP's Supervisory Board determines Pay Policy and is responsible for its implementation. The Pay Policy is approved by the Board of Representatives.

The overall purpose of the Pay Policy is to support ATP's vision of safeguarding the basic financial security for members in the longer term via, among other things, high returns and simple administration.

The Pay Policy also serves to support ATP's business model and commercial objectives, including making it possible, by means of a suitable remuneration structure, to attract and retain the best possible competences on competitive terms of employment, so that ATP's ambitious, long-term performance targets can be achieved.

The Pay Policy must be in accordance with and promote sound, effective risk management, secure a long-term commonality of interests between individual employees and ATP's members, and support ATP's ability to perform its obligations under the Danish ATP Act (ATP-loven).

The Pay Policy also ensures that the framework for pay at ATP, as determined by, among other things, the ATP Act, "Statutory order on pay policy and pay in Labour Market Supplementary Pension Scheme, Order No. 1216 of 10 October 2018" (the "Pay Order") and Recommendations on Corporate Governance are complied with, and that an appropriate level of control is exercised for the same.

2 Scope of application and entry into force of the Pay Policy

The Pay Policy applies to all employees at ATP, members of ATP's Board of Representatives and Supervisory Board. The Pay Policy does not apply to ATP's subsidiaries.

In the event that schemes involve variable pay components on the basis of collective agreement, the Pay Policy provisions regarding variable pay do not apply to employees covered by those agreements.

The Pay Policy was adopted by the Supervisory Board on 08 December 2020 and approved by the Board of Representatives on 10 February 2021.

The Pay Policy is valid from 1 January 2021.

3 Special regulations for the Board of Representatives, the Supervisory Board, and significant risk takers

According to the Executive Order on Pay, special regulations apply to members of the Board of Representatives, the Supervisory Board, the Supervisory Board committees, the CEO and other employees whose activities have a significant influence on ATP's risk profile ("significant risk takers"), cf. Section 7.

In accordance with section 2(1) of the Executive Order on Pay, ATP's Supervisory Board

specifies the persons in ATP who are significant risk takers. The assessment as to whether a person is a significant risk taker includes whether the person exercises significant direct or indirect influence on ATP's risk profile taking into account ATP's size and organisation and the scope and complexity of ATP's activities. The assessment includes the person's responsibilities, authorisations and position in the organisation. The persons defined as significant risk takers are described in Appendix 1.

4 General principles

Fees and remuneration are defined on the basis of the market level, both nationally and internationally, taking into account ATP's size and organisation, as well as the scope and complexity of ATP's activities.

Furthermore, remuneration and fees are defined on the basis of ATP's specific needs, including the need to guarantee ATP's ongoing ability to attract and retain the best possible members for the Supervisory Board and as managers and employees. Fees and remuneration also reflect relevant business experience and organisational responsibilities.

Where ATP uses variable pay, it is used as an active tool that supports commercial development by means of focus on target and performance management, and promotes behaviour that creates value. Variable pay also reflects sustainable and extraordinary results.

ATP offers a pension scheme which provides suitable security for employees in case of illness, disability and death and a suitable standard of living when the employee reaches retirement age. Contributions are made as a percentage of the fixed salary. The percentage cannot exceed the maximum contribution rate settled via collective negotiations.

ATP observes the prevailing remuneration rules under the Danish ATP Act and the Executive Order on Pay (Aflønningsbekendtgørelsen), as well as the prevailing principles on management remuneration set out in the Recommendations on Corporate Governance with the adjustments required according to ATP's special circumstances.

ATP places priority on openness and transparency regarding the Pay Policy remuneration types and pay levels for the Board of Representatives, the Supervisory Board and Group Directors. Information about this, including the financial implementation of the Pay Policy, is available via publication in ATP's annual report or at www.atp.dk.

5 Identification of risks and risk appetite

Failure to comply with regulations and principles related to pay, including related to variable remuneration of management and other employees with significant influence on ATP's risk appetite, can lead to excessively risky behaviour and thereby negative influence on ATP's risk-taking, risk management and reputation.

ATP's objective is to comply with relevant regulations for the remuneration area at all times and at the same time to attract and retain competent employees with a competitive pay in order that ATP can achieve the targets and results required to safeguard the basic financial security for members in the longer term.

6 Remuneration framework and conditions

6.1 Members of the Board of Representatives, the Supervisory Board and the Supervisory Board committees

Fees for the current year for members of ATP's Board of Representatives, the Supervisory Board and any Supervisory Board committees are determined by the Board of Representatives on the recommendation of the Supervisory Board.

Members of the Board of Representatives, the Supervisory Board and any Supervisory Board committees are paid a fixed annual fee.

No member of the Board of Representatives or the Supervisory Board is covered by any form of variable pay, pension agreements or severance pay agreements.

When determining the Supervisory Board's fixed annual fee (basic fee), consideration must be given not only to the common principles, but also to the number of Supervisory Board meetings as well as ATP's status as a statutory supplementary pension scheme and administrator.

In addition to the basic fee, members of the Executive Committee may receive a committee fee of up to 100 per cent of the Supervisory Board's basic fee.

The Chairman of the Supervisory Board may receive a fee of up to three times the total of the basic fee and the committee fee for the Executive Committee.

In addition to the above fees, members of the Audit Committee and the Risk Committee are paid a special committee fee for this function of up to 50 per cent – and on the Chairman's part of up to 100 per cent – of the Supervisory Board's basic fee.

Committee fees are determined according to the same principles as the basic fee.

The fee for a member of the Board of Representatives can be up to 15 per cent of a Supervisory Board member's basic fee and is determined according to the same principles as the basic fee.

ATP reimburses members of the Board of Representatives, the Supervisory Board and any Supervisory Board committees for any relevant, documented expenses in connection with meetings, including travel and accommodation expenses, training etc. Mileage allowance when driving own vehicle is paid in accordance with official government rates.

6.2 CEO and members of Group Management

Remuneration for the CEO is determined by ATP's Supervisory Board upon recommendation from the Remuneration Committee. Remuneration for other members of ATP's Group Management is determined by the Executive Committee on the recommendation of the CEO.

The CEO and members of Group Management receive fixed remuneration, pension contribution, severance pay in accordance with Section 8.1, any one-time allowance in accordance

with Section 9, and a range of employee benefits, cf. Section 10.

The CEO and members of the Group Management Board are not covered by any form of variable pay or incentive schemes, with the exception of the possibility of one-time allowances, cf. Section 9.

A mutual extension of the periods of notice may be contractually agreed. For the CEO and members of Group Management, such an extension may constitute a period of notice of up to two years on the part of ATP, including any period of notice applicable under the Danish Salaried Employees Act (Funktionærloven). Notice period and any severance pay cannot exceed a maximum of 24 months' pay.

6.3 The Chief Actuary, the Chief Auditor and key individuals responsible for the Actuary Function, the Risk Management Function, the Internal Audit Function and the Compliance Function

Remuneration for the Chief Actuary and the Chief Auditor is determined by ATP's Supervisory Board on the recommendation of the Remuneration Committee.

The Chief Actuary, the Chief Auditor and the key persons responsible for the Actuary Function, the Risk Management Function, the Internal Audit Function and the Compliance Function receive fixed remuneration, pension contribution, severance pay in accordance with Section 8.1, any potential one-time allowance, cf. Section 9, and a range of employee benefits, cf. Section 10. A mutual extension of up to one year on the part of ATP of the periods of notice set out in the Danish Salaried Employees Act may be contractually agreed, including the period of notice applicable under the Danish Salaried Employees Act.

6.4 Special regulations for employees in control functions etc.

For employees in control and audit functions, including those mentioned in Section 6.3 who work with compliance, risk management and internal audit, any variable pay components must not be dependent on the performance in the department or area where such employees carry out controls.

If an employee working as an actuary receives variable pay components, the variable pay components must be dependent on the employee's role only, and the variable pay components must not be dependent on the performance in the department.

6.5 Managers and other employees

Managers and other employees are paid fixed remuneration, pension contribution, possible severance pay in accordance with Section 8.1, potential one-time allowance in accordance with Section 9, and a range of employee benefits, cf. Section 10.

A mutual extension of up to one year on the part of ATP of the periods of notice set out in the Danish Salaried Employees Act may be contractually agreed for deputy directors, including the periods of notice applicable under the Danish Salaried Employees Act. For other employees, the extension may be for six months in addition to the periods of notice applicable under

the Danish Salaried Employees Act.

7 Variable pay, including incentive schemes

7.1 Significant risk takers

The Supervisory Board must identify the significant risk takers. The persons concerned are listed in Appendix 1. ATP's Supervisory Board must additionally define a suitable cap on variable pay components for significant risk takers to ensure a suitable balance between fixed and variable pay components. This may vary, depending on the recipient's function and ATP's circumstances in general, and it must be set in such a way that the fixed pay component constitutes a sufficiently high proportion of the overall pay so that ATP can apply a flexible pay policy with regard to the use of variable pay.

The variable pay earned by significant risk takers must not exceed 100 per cent of the basic pay including pension contributions per annum.

Pay agreements with significant risk takers must ensure that the agreements satisfy the requirements set out in sections 10-12 of the Executive Order on Pay in respect of pay. Agreements on variable pay for significant risk takers must, as a minimum, include the following terms:

- When paying variable pay, at least 40 per cent of the variable pay, and at least 60 per cent in the case of larger amounts, must be paid over a period of at least three years, starting one year after the calculation date, with an equal distribution over the years or with an increasing proportion at the end of the period.
- That ATP may withhold payment of variable pay if ATP is unable to meet its obligations to its members on the payment date.
- That the individual has a duty to repay (clawback) any variable pay received if the variable pay has been paid on the basis of information about performance that can be documented to be incorrect and if the recipients have acted in bad faith.

Variable pay also includes one-time allowances. Calculated variable pay earned for a year of income may – under the prevailing rules on minimum limits – be paid in full to the individual employee without any deferral as described above.

7.2 Incentive schemes for employees in Investments

Employees in Investments may, in addition to pay as described in Section 6.5, be allocated variable pay in the shape of a traditional cash bonus scheme pursuant to the principles of this section.

When awarding variable pay, the agreement with the individual employee must ensure that the principles set out in Section 7.1 on deferral, payment limits and repayment (clawback) are observed. Allocation of variable pay will be in relation to the employee's portfolio responsibility, including decision-making power relative to individual investments.

It must be ensured in the variable pay schemes that there is a long-term commonality of interest between the incentives of the employee and ATP's members.

The variable pay component in the schemes must as a minimum be defined on the basis of the following three components:

- ATP's investment and hedging activity results
- The performance in the individual's department in the form of, for example, returns, investment processes etc. or combinations of these
- The individual's own performance in the form of, for example, the individual's contribution to returns, investment processes, teamwork etc. or combinations of these.

These three components may be applied with different weighting in an individual department's scheme, but the scheme must contain all three components. Both financial and non-financial criteria are included in assessing the components.

The schemes must set a cap on the individual's variable pay for the individual year, see also section 7.1 on caps for significant risk takers.

The scheme must set a cap on the expected value of the scheme per annum in the long term in relation to the individual employee's annual basic pay.

The actual implementation of the limits defined in this Pay Policy or by the Supervisory Board in accordance with Section 7.1 and Section 11.3 is established by the CEO and CIO. The most significant elements are: (i) the actual employees in Investments covered by the scheme, (ii) definition of the minimum investment results that ATP is to achieve in each of the schemes before bonus starts to be earned, and (iii) the weighting of the individual components of the scheme.

The CEO ensures that (i) a comprehensive data basis for use in the annual statement of bonus earnings is available at all times, (ii) there is documentation of the data basis and the calculation formulas applied, (iii) the adopted procedures and checks are reflected in ATP's business procedures at all times, and (iv) business procedures are reviewed and, if necessary, revised on an annual basis and are updated in connection with changes in schemes etc.

If an employee changes to a different function in Investments during a calendar year and this means that the employee is to be transferred to a different bonus scheme, the CIO is authorised to negotiate the specific transfer on the basis of the principles of Section 17(a) of the Danish Salaried Employees Act.

8 Severance pay and other special allowances

8.1 Severance pay

When an employment relationship commences, agreement may be reached on a severance scheme under which severance pay may be triggered if ATP terminates the employment.

Severance pay for the CEO and CIO may constitute up to one year's remuneration, and in the

CEO's case, it may also be agreed that this applies in connection with retirement. Notice period and any severance pay cannot exceed a maximum of 24 months' pay.

For other members of Group Management, the Chief Actuary, the Chief Auditor, the persons with key positions in the Actuary Function, the Risk Management Function, the Internal Audit Function and the Compliance Function, Deputy Directors, General Managers and Department Heads, the severance pay cannot exceed 9 months remuneration in total. The agreed severance pay includes severance pay based on seniority, which replaces the severance pay described in Section 2a of the Danish Salaried Employees Act. Notice period and any severance pay cannot exceed a maximum of 24 months' pay.

For other managers and employees, severance pay may constitute a total of up to six months' remuneration including severance pay based on seniority; this replaces the severance pay described in Section 2a of the Danish Salaried Employees Act.

In connection with actual redundancy situations, the agreed severance pay may in extraordinary circumstances be supplemented by special severance pay, which may constitute up to 50 per cent of the agreed severance pay. If the total value of the severance pay subsequently exceeds one year's total remuneration including pension, the agreement must, as far as the part of the severance pay exceeding one year's remuneration including pension is concerned, meet the requirements set out in Section 10 of the Executive Order on Pay, and this part of the severance pay must reflect the results achieved by managing the position concerned for a period of time and must not reward lack of results or negligence. Severance pay (both ordinary and extraordinary) may be fully or partly converted into an extended period of notice in addition to the period of notice set out in the Pay Policy.

8.2 Other special allowances

A sign-on fee can be applied in special cases and must be approved by the CEO.

Employees who are intended to be included in a bonus scheme in accordance with Section 7 from the start of the following year can, in special cases, be allocated a bonus loss allowance by the CIO for the time until inclusion in the scheme.

Sign-on fee and bonus loss allowance can only be allocated if this is agreed in connection with concluding the agreement to occupy the position, the allowance is limited to the first year of employment and ATP is able to satisfy its obligations to the members at the time of allocation.

9 One-time allowance

Managers and other employees can be allocated one-time allowances for extraordinary performance, i.e. performance in excess of that which is required or expected or in connection with project work. One-time allowances cannot exceed 4 months' salary including pension contribution.

For significant risk takers, please see the requirements in Section 7 regarding variable pay, including requirements regarding deferral and the possibility for repayment.

The allocation of one-time allowances can only take place after recommendation from the employees area director and approval from HR. The recommendation must be justified and the recommendation and approval must be documented.

10 Employee benefits

Basic pay is accompanied by a pay package with flexible employee benefits. Based on allocated payroll costs, the individual employee can opt in and out of priced benefits, depending on the individual employee's situation.

The CEO, other members of ATP's Group Management and deputy directors may be awarded a range of work-related employee benefits, including a company car, business-related journal etc. The scope/size of the individual employee benefits is decided by the Remuneration Committee or the CEO by agreement with the individual in question.

11 Governance and reporting etc.

11.1 Remuneration Committee

ATP's Supervisory Board appoints a Remuneration Committee, the tasks of which are performed by ATP's Executive Committee. The Remuneration Committee is composed in accordance with section 17(2) of the Executive Order on Pay. The Remuneration Committee prepares Supervisory Board decisions and in some instances decides, based on delegated authority, regarding remuneration, including the Pay Policy and other decisions in this regard which may influence ATP's risk management. The specific tasks of the Remuneration Committee are indicated in Section 4 of the Rules of Procedure for ATP's Executive Committee.

11.2 Annual control of the Pay Policy

At least once a year, the Remuneration Committee must check whether the Pay Policy is complied with and report the results to the Supervisory Board.

This control also includes remuneration of the management in the part of the organisation that controls compliance with risk-taking limits as well as the management of the part of the organisation that carries out other controls, including the Internal Chief Auditor and Chief of Compliance.

The Supervisory Board determines the guidelines for the control.

11.3 Determination of, control with and information about bonus schemes

Within the framework of the Pay Policy, ATP's Supervisory Board defines supplementary, overall frameworks for the variable pay schemes in ATP, including:

- Groups of employees who are included;
- Types of variable pay schemes
- The expected value of the schemes at the time of allotment
- The timeframe over which the various schemes are calculated
- The maximum annual bonus for the various groups of employees.

The CEO ensures that the schemes are implemented in accordance with the guidelines set out in the Pay Policy and in accordance with the decisions of the Supervisory Board.

Before a variable pay scheme is initiated, ATP's external auditor must make a statement to the Supervisory Board about the model in respect of (i) whether the value of the proposed schemes is reasonable in relation to the market standard; (ii) whether the same people are involved in several schemes; (iii) to what extent chains might be formed, so that success in one place automatically triggers variable pay in another; (iv) whether the model is based on a clear governance structure; (v) whether implementation takes place in accordance with the framework adopted by the Supervisory Board; (vi) whether the necessary processes and business procedures are present in the administration of the bonus schemes and, finally; (vii) the auditor must verify the calculation of the value of the bonus schemes.

Once a variable pay scheme has been implemented, the auditor must make a statement once a year on the same conditions as described above. The annual statement must focus on any changes that may have occurred during the period. ATP's auditor must also check whether the schemes are reasonable and are managed in accordance with the agreed limits, and whether the annual calculation of earned and paid bonus is based on the conditions agreed.

The result of the external auditor's control must be presented to the Supervisory Board after having been considered by the Remuneration Committee.

Once a year, the Supervisory Board receives a report from the Remuneration Committee on the implementation of the individual variable pay schemes.

11.4 Statement regarding remuneration of the Board of Representatives and the Supervisory Board.

Once a year, the Supervisory Board reports to the Board of Representatives and the Minister for Employment on the remuneration of the Board of Representatives and the Supervisory Board. The report must include information about the remuneration in the previous financial year and about the expected remuneration for the current and next financial years.

12 Options for dispensation

The policy does not include any provisions for dispensation.

13 Publication and reporting to the Danish Financial Supervisory Authority

The Pay Policy is published at www.atp.dk.

An annual report on remuneration in ATP is published no later than 1 May at www.atp.dk in accordance with the current disclosure requirements under section 19 of the Executive Order on Pay. The report must be submitted to the Danish Financial Supervisory Authority simultaneously with publication on the website. The ATP Group's annual report must specify where this information may be found.

The ATP Group's annual report describes the fees for each individual member of the Board of Representatives, the Supervisory Board and the Supervisory Board committees. Details of the CEO's remuneration, pension schemes and severance schemes are also published in the annual report.

Details of the remuneration of significant risk takers in accordance with the current rules are also published. Publication must comply with the current rules and with the 'Recommendations on Corporate Governance' with the adjustments required according to ATP's special circumstances.

14 Updating

ATP's Supervisory Board reviews the Pay Policy at least once a year with a view to adapting it to ATP's performance. The Pay Policy is approved by the Board of Representatives.

Significant risk takers at ATP – valid from 1 January 2021

As of 1 January 2021, the Supervisory Board has decided that the following employees are significant risk takers:

- Members of ATP's Group Management
- The Chief Actuary (and key employee of the actuarial function)
- The Chief Auditor (and key employee of the internal audit function)
- The Chief Risk Officer (and key employee of the risk management function)
- The Chief Compliance Officer (and key employee of the compliance function)
- Chief Operating Officer in P&I
- Head of Risk and Valuation Models
- The manager of the unit in Pensions & Investments who performs controls of compliance with risk-taking limits
- Employees in Investments who have the authority to place individual investments or who have deciding influence on strategic investment decisions.

The CEO ensures that the specific employees covered by the stated categories are identified.