

ATP Group

2020 Responsibility



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Preface

As the pension company of more than five million members and as one of the main providers of welfare benefits, ATP plays a significant role in Denmark. Having one of the largest pension asset holdings in Europe, ATP has a special obligation to invest responsibly and fulfil our responsibility to society.

Established by statute, ATP's aim is to provide good, stable pensions and basic financial security for its members by investing its pension assets sensibly and responsibly.

The preconditions for high future returns are long-term and sustainable business value creation. Therefore, it is also important to us that ATP and the companies in which we invest establish long-term goals and take responsibility for the societies they operate in. By acting responsibly, the companies maintain their legitimacy and license to operate, which is fundamental to continued growth and development.

The companies' long-term growth contributes directly to generating solid returns for the benefit of ATP's members. At the same time, experience shows that we make better investment decisions by integrating ESG information with knowledge of other business aspects into the decision-making basis.

ATP's five million members, Danish and international NGOs and other stakeholders have – often diverging – expectations with regard to how ATP should exercise responsibility. At the same time, institutional investors are faced with constant dilemmas in terms of responsibility in investments, including in their assessments of specific companies. ATP takes the responsibility of navigating in an area characterised by diverse expectations, dilemmas and complex issues very seriously.

We want our responsibility work to be characterised by consistency, predictability, seriousness and transparency and to be based on facts rather than subjective assessments.

ATP has worked with the integration of ESG for a number of years, and we have continuously intensified our efforts in terms of resources and scope. Along with this, the demands and expectations of the outside world for our responsibility reporting have increased significantly. ATP's statutory reporting is accordingly relatively concise and should be seen as an anthology that provides an overview of our efforts as well as information about ATP's internal CSR efforts relating to the environment and diversity.

We delve deeper into our work in separate thematic reports, which we encourage all interested parties to read in order to gain an in-depth introduction on ATP's ESG-related work.

In ATP's reports on our own efforts as an employer and company, we use ESG key figures and ratios developed by CFA Society Denmark, FSR - Danish Auditors and Nasdaq.

The report is ATP's statutory report on responsibility and covers the period 1 January 2020 to 31 December 2020, cf. Section 22 of the Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Fund (ATP). The report also includes ATP's statutory report on the status of compliance with the target figures set for the underrepresented gender, cf. Section 23 of the Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Fund (ATP).

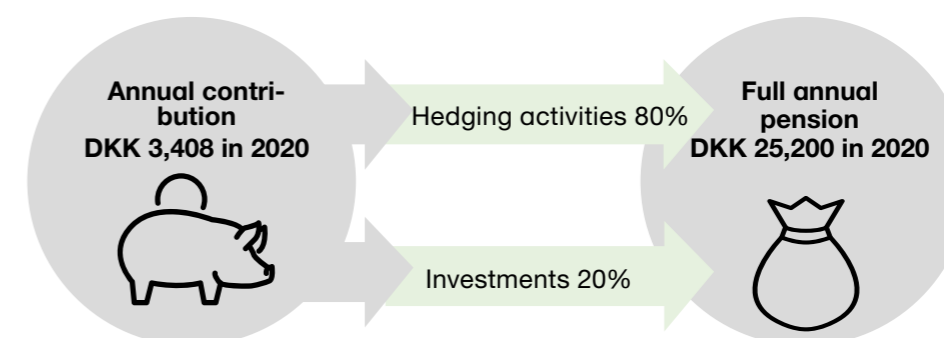
ATP's business model

For a typical wage earner, DKK 3,408 is paid into ATP per year, of which the employer pays two-thirds.

ATP is mandatory, members have to be certain that they will receive the guaranteed pension when they retire.

Most of the amount – 80 per cent – is placed in the pool designed to guarantee future pension payouts: the hedging portfolio. It is essential for ATP to be able to provide the pensions that members have been promised, since ATP is a statutory and guaranteed scheme. And exactly because

The rest of the payments to ATP – 20 per cent – is placed in the other pool: the investment portfolio, which is used either to increase life expectancy or to increase the pensions for ATP Lifelong Pension.



80%

The hedging portfolio

In order to ensure always having the funds required to pay out what we have guaranteed, we invest the majority of members' payments in securities such as bonds and interest swaps. In this way, we hedge the interest risk and ensure that we can keep our promise to members to pay them a specific pension, both now and many years into the future.

The value of the guaranteed pensions rose by DKK 56.8bn in 2020 (before interest yield curve effect), mainly due to falling interest rates. Compared to this, the hedging portfolio realised positive returns after tax of DKK 56.3bn. The value of the hedging portfolio therefore increased in step with the pension guarantees, and the hedging once more worked as intended, namely, as a protection for the guarantees.

20%

The investment portfolio

This involves riskier investments, such as in equities, real estate and other alternatives to create high returns. Historically speaking, it is the investment portfolio returns which have been high enough to enable ATP to build financial reserves to cover unforeseen expenses and pension increases. These reserves will also be used in future to cover unforeseen expenses and, for example, to ensure that ATP has sufficient funds if members live even longer than we already expect, and to allow the possibility of increasing payments to keep up with inflation.

In 2020, the portfolio realised a return of 23.3 per cent relative to the bonus potential. Especially Danish equities and government and mortgage bonds contributed to the positive investment result. The market value of the investment portfolio at the end of 2020 was DKK 390.8bn.

Overview of ATP's efforts relating to responsibility

Report on Stewardship

- Stewardship leads to better investments.
- Stewardship promotes value creation
- Enhanced ESG dialogue with Danish companies
- How ATP exercises its voting rights
- Boards of Directors need to take responsibility for their decisions
- ATP takes responsibility for its stewardship
- Dialogue produces the best results
- Complex compensation packages challenge ATP's policy

Report on ESG in illiquid assets

- ESG can unlock value in illiquid investments
- ESG due diligence exercise for direct investments and funds
- Focus on ESG and value creation during the ownership period
- Better ESG data to help drive progress for companies
- Smart use of data optimises real estate sustainability
- ATP as a member of a company's Board of Directors

Report on fact-finding

- The cornerstone of ATP's responsibility in investments
- Screening companies for violations of ATP's Policy of Responsibility
- Fact-finding as a method to uncover potential violations
- Risk-based screenings of ATP's universe
- Complex issues require a balanced approach
- Farewell to three mining companies

Climate report

- A green transition across the portfolio
- ATP's work with the Task Force on Climate Related Disclosures (TCFD)
- Mapping uncovers climate risks and focuses stewardship activities
- The industrial sector's CO₂ emissions
- The chemicals industry plays an important role in the green transition.
- Stricter requirements for electricity production
- Green bonds for DKK 29bn
- Saying farewell to a number of oil companies
- Carbon footprint are still a metric with some challenges
- We must not forget the carbon footprint of the illiquide portfolio

Tax report

- ATP wants clarity and transparency on tax payments
- How ATP incorporates tax into the investment process
- No thank you to aggressive tax planning
- Common tax principles to increase transparency and reduce aggressive tax planning
- Companies' tax policy should be company-specific
- Five questions for ATP's Tax Director

Report on Sustainable Development Goals

- 17 goals for the whole world
- The SDGs and value creation
- Developing countries need the most assistance with sustainable growth
- Danish companies operate with the SDGs in mind
- No way around sustainable plastic

Report on human capital

- Human capital is an important ingredient for companies to create value
- Dialogue on human capital requires information on exposure
- Human capital as a factor in the investment process
- Companies should ensure reasonable working
- Human capital in the boardroom

Transparency at atp.dk

- ATP's voting database
- List of company dialogues
- Information on ATP's holdings
- List of excluded companies
- Overview of green bonds
- Policy on Responsibility in Investments
- Policy for Stewardship
- Tax Policy on Unlisted Investments

Responsibility Report

- Resource consumption and diversity in ATP

Thematic reports

We want our responsibility work to be characterised by consistency, predictability, seriousness and transparency and to be based on facts rather than subjective assessments. We also want our new reporting format to reflect this.

All seven reports are therefore built on the same reporting structure:

- **Foundation**
Provides information about ATP's policies, investment motives and external expectations for how ATP will act in the specific ESG area.
- **Processes**
Provides information about the fixed processes maintained by ATP on an ongoing basis in connection with the ESG activities.
- **Activities**
Provides information about activities and results of ATP's work within the past year.

Most reports are generally fixed in terms of structure and content, but ATP also releases reports on special themes on occasion. For example, because we have worked on human capital in 2020, we have released a special report this year focused on that area.

We believe that we consistently meet the provisions of the Danish ATP Act on the non-financial report on responsibility which focuses on policies, how such policies translate into practice and what results have been achieved.

In recent years, ATP's ESG activities have been based on four guiding principles which can be used in the day-to-day

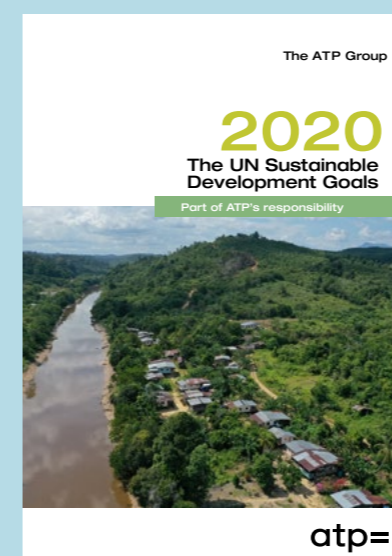
work in relation to the various small and large decisions made in the ESG area.

- **ESG is an investment belief**
At ATP, we believe that ESG is important for the long-term return on our investments.
- **We believe in effective ESG integration via customised processes**
We believe that effective integration of ESG is achieved through strong processes tailored to concrete investment processes.
- **Actual integration requires internal ESG competences**
The investment organisations must possess in-house ESG competences to reap the full benefits
- **We believe in capital stewardship - within limits**
We believe that it is better to influence companies by exercising our right to vote as active owners – to a certain limit.

The reports give an insight into how we follow our principles in practice in our ESG work related to investments.

On our website, we publish information on our stewardship-related work, e.g. how we vote at annual general meetings and our dialogue with companies.

This report also contains ATP's own ESG ratios, including target figures for the underrepresented gender.



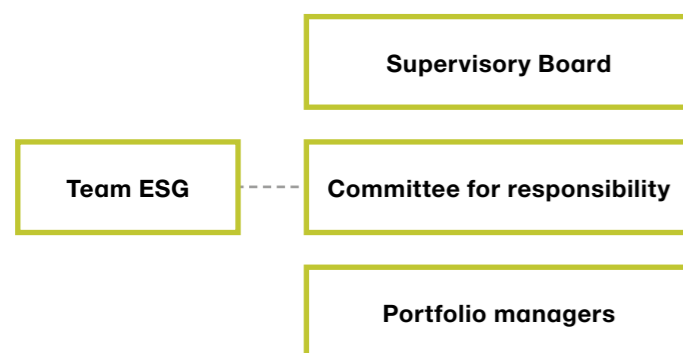
For the financial year 2020, ATP has issued seven thematic reports which deal with different aspects of ATP's responsibility work.

[The reports are available at atp.dk](http://atp.dk)

Governance and policies

To ensure management ownership of responsibility in ATP's investment decisions, ATP's Supervisory Board has decided that the responsibility efforts are to be coordinated by a Committee for Responsibility. The Committee is chaired by the CEO and other members are the CIO (Chief Investment Officer) and the CRO (Chief Risk Officer) as well as relevant managers within and outside the investment organisation. The Committee Secretariat is served by Team ESG, which is part of the Investment department. The Executive Board provides ongoing reporting on the responsibility work to the Supervisory Board.

Governance and responsibility



ATP'S RESPONSIBILITY POLICIES

Policy of responsibility in investments

ATP's Policy of Responsibility in Investments constitutes the overall framework for the work on responsibility across asset classes and investment methods.

The aim of the policy is to ensure that ATP also includes considerations for the environment, climate, human rights, labour and management issues in its risk management and investment processes in line with other business conditions and risks.

In ATP's Policy of Responsibility in Investments, the Supervisory Board sets out a number of basic principles and minimum criteria for the portfolio companies' conduct. Among other things, the policy states that ATP does not invest in companies that deliberately and repeatedly violate the rules and regula-

tions of the countries in which they operate. The policy also states that the portfolio companies must act in accordance with the standards that follow from the international conventions adopted by Denmark.

Policy for stewardship

ATP's Policy of Stewardship describes the principles and processes that guide ATP's stewardship work. As a responsible long-term investor, ATP has an interest in investors as owners of listed companies being able to understand and control the companies' overall actions, thereby promoting the companies' long-term value creation.

Tax Policy on Unlisted Investments

ATP's Tax Policy on Unlisted Investments describes ATP's approach to tax in relation to ATP's illiquid investments. We have decided to take it further than what is required by law in the tax area. We do so to make our investments more resilient to taxation risks and to take co-responsibility for strengthening governance in the area. We have high standards for ensuring that ATP pays the correct amount of tax – neither too much, nor too little.

MOST SIGNIFICANT ESG RISKS

ATP has a diversified investment strategy. As a result, ATP has investments in many different companies within various different industries. Therefore, ATP is exposed to a wide range of risks which are specific to the individual company and industry. ATP's work is organised with a view to managing and understanding such risks.

As an owner, ATP may on the one hand use dialogue with the company to create an understanding of the challenges facing companies and any company-specific risks. An understanding that ATP can use to make better and more informed investment decisions. On the other hand, ATP can work to minimise risks and promote the long-term value creation of companies by encouraging change.



ATP's stewardship activities

ATP manages its own stewardship, as we believe that this provides valuable inputs to our investment processes and ensures the highest quality and the greatest amount of credibility.

Foundation

Stewardship is a core responsibility of ours as an investor. As a large and significant institutional investor, ATP has a responsibility to contribute to the development and maintenance of good corporate governance both in Denmark and abroad.

Similarly, our stewardship activities can contribute to the long-term returns for our members by ensuring that ATP is investing in well-run companies focused on long-term value creation.

Our policy is based on principles, meaning that we do not take into account different market practices between countries. However, at the same time, the policy does allow for a certain amount of flexibility which allows us to make exceptions if a company is moving in the right direction.

Processes

ATP's stewardship activities are ongoing throughout the year, but the activities peak in spring where most companies hold their annual general meetings. Even though there is a lot of activity surrounding annual general meetings, the work with monitoring the companies we invest in continues throughout the year.

We both want to use stewardship and active ownership in our ongoing investment work and to contribute to the companies' value creation by being active and clear owners. This year,

we have been particularly focused on continuing to develop our dialogue with the Danish companies with a focus on ESG.

In connection with the companies' annual general meetings, we prioritise being clear about our expectations. We do so by both being clear about our expectations for good corporate governance in the ongoing dialogues we have with the companies and by clearly communicating the reasons for doing so if we vote against a proposal from the company at the annual general meeting.

Activities

In 2020, we have decided to focus on complexity in salary packages. Our attitude is the compensation packages need to have a clear correlation with the company's long-term value creation, and it must be transparent how the compensation package creates this correlation. This is also the direction that the EU has put forth with the new Shareholder Rights Directive which became part of Danish law in 2020.

In addition, we have chosen to be stricter in our approach to voting on elections for Boards of Directors in a number of areas, particularly for foreign companies, as when it comes to issues such as salaries and climate, we have seen a number of Boards of Directors not responding as we would like.

Traditionally, ATP gives presentations at the annual general meetings of companies in our Danish portfolio, but due to the corona pandemic, the extent of activities has been smaller than usual.

All of ATP's presentations to annual general meetings and voting records can be seen at atp.dk/voting. This report is about data from 1H 2020, as the majority of the annual general meetings take place in the first six months of the year.



In 2020, ATP:

- voted in favour of the boards' proposals in **75%** of cases
- voted against the proxy advisor ISS' recommendations in **21%** of cases
- voted at **446** meetings
- voted in favour of **40%** of shareholder proposals
- voted against **62%** of salary packages in US companies

In the report on stewardship, you can read about our new ESG dialogue with large Danish companies.

CONCLUSIONS FROM ATP'S ESG DIALOGUES WITH LARGE DANISH COMPANIES

	Exceeded ATP's expectations	Did not meet ATP's expectations
Company 1	The amount of substance in the company's climate strategy was a positive surprise to us	The management of a critical ESG issue in one part of the business did not meet our expectations
Company 2	We were positively surprised at the upgrade of the company's approach to the entire ESG area	The company's processes involving responsible supplier management have room for improvement
Company 3	A compliance programme was strongly implemented across markets	The future overall strategy for this area can be strengthened. The level of transparency can be improved
Company 4	We were impressed at the level of detail and the implementation of the company's anti-corruption programme	The company's processes for responsible supplier management have room for improvement
Company 5	Exceeded our already high expectations in a number of areas	The future overall strategy can be strengthened
Company 6	Exceeded our expectations for processes related to responsible supplier management	The company's climate reporting did not meet our expectations

ATP's ESG Work in Illiquid Assets

Our goal is to contribute to long-term value creation in our portfolio companies. That is why ESG is a key parameter in our due diligence and asset management processes in relation to illiquid assets.

Foundation

ATP invests long-term with a view to generating the best possible risk-adjusted return for the benefit of our members, and we believe that effective integration of ESG is an important part of this. That is why both when we acquire and manage illiquid assets, our focus is on ensuring that ESG contributes to the asset's value creation.

We are continuously focused on improving our ability to measure progress on ESG indicators in our investments with a

view to ensuring that our efforts alongside those of our companies result in the intended outcomes. That is why a major focus in our work has been to collect data that can support our future efforts.

Finally, we have also been focused on ensuring that the conduct of our portfolio companies has a negative impact on their local communities.

Processes

ATP has a significant share of its investment portfolio placed in illiquid assets. We therefore have processes in place to ensure that we consider all relevant issues, including ESG, in the acquisition phase. Depending on whether it has to do with real estate, funds or direct investments, we have processes that account for the specific characteristics of each asset class.

For direct investments where we are familiar with the potential asset, we examine what ESG issues are relevant to the sector to which the asset belongs. This ensures that we take into account specific challenges and include relevant ESG criteria in the purchasing agreement.

For funds where the underlying assets are only purchased after the agreement has been signed, our focus is on ensuring

that the fund possesses the right competences to incorporate ESG into its role as an owner. In our real estate investments, we consider a number of parameters such as energy consumption and the possibility of sustainability certification.

In our asset management processes, our focus is on increasing the value creation in the assets by focusing on ESG-related opportunities as well as risks. We do so by being active owners and entering into dialogue with the companies' management and other owners.

In our real estate investments, we consider a number of parameters such as energy consumption and the possibility of sustainability certification.

Activities

Our top focus area in 2020 has been the collection of ESG data from our illiquid assets. We want our ESG work to be effective, which means we must employ data that allows us to track progress and draw comparisons. In general, illiquid investments are not covered by ESG data providers to the same extent as is the case for liquid investments, making data collection a challenge. At the same time, the EU has put forth a number of new requirements for investor transparency on ESG, which places new requirements on ATP.

In 2020, we developed our own ESG questionnaire for our illiquid investments, aimed at ensuring that we obtain relevant

and comparable data from them. The questionnaire is based on SASB, and the first responses have already shown that this can prove to be a robust tool for our future ESG-related work.

In our real estate portfolio, we have increased our focus on optimising the energy consumption of our properties, benefiting our tenants as well as our own bottom line. We are also working on incorporating technology into our asset management work in ATP's real estate portfolio.



In 2020, ATP:

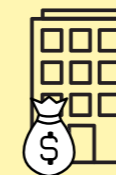
- **invested DKK 120 million in Danish entrepreneurship via a new venture capital fund**
- **invested DKK 150bn in illiquid assets such as real estate and infrastructure**
- **conducted ESG due diligence on 21 funds since 2018**
- **77 companies have thus far submitted their responses to ATP's ESG questionnaire**
- **Of those 77 companies, 75% have an IT Security Management System.**

In our report on illiquid assets, you can read more about how we incorporate ESG into our approach when we make new investments.

DIFFERENCES IN THE DUE DILIGENCE PROCESS

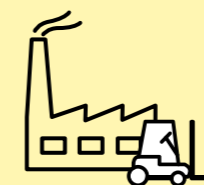
We employ different approaches to assessing investments in funds and investments in individual companies, as a fund invests multiple companies on behalf of ATP. With companies, we have the opportunity to specifically pose questions about their conditions, while with fund investments, we instead ask questions about the fund's ESG processes.

Fund



- Are there relevant policies and processes in place to manage ESG in the investment process? Who holds responsibility for ESG?
- Through which forums are ESG matters discussed, and what role does ESG play in the fund's assessment of potential investments?
- Does the fund have an ESG action plan for its portfolio companies once the investment has been made, and how is this plan enforced?
- How are ESG conditions monitored and reported on by the fund's portfolio companies?

Company



- Is there an overarching policy for ESG/Sustainability, and what kind of ESG governance exists in the company?
- Has the company considered which ESG factors are the most important? Who is involved in that?
- Does the company have a policy with clear ambitions and targets relating to climate and the environment?
- Is there an internal management system in place for monitoring and tracking climate and environmental targets? Who is responsible for that?
- Has the company considered and addressed its impact on its local community?

ATP's screening and fact-finding activities

ATP's screening and fact-finding activities are aimed at ensuring that we can identify the companies that are most at risk of violating ATP's Policy for Responsibility in Investments and we try to make companies correct their behaviour if they are in violation of our policy.

Foundation

The foundation of the screening and fact-finding activities is ATP's Policy of Responsibility in Investments which sets out a number of basic principles and minimum criteria for the portfolio companies' conduct.

Among other things, the policy states that we do not invest in companies that deliberately and repeatedly violate the rules and regulations of the countries in which they operate. The policy also states that the portfolio companies must act in accordance with the standards that follow from the international conventions adopted by Denmark.

Processes

Screenings allow ATP to focus its resources on the most serious allegations and possible violations of ATP's Policy of Responsibility in Investments.

As the equity portfolio is relatively dynamic, we have tailored the screening processes to include risk-based screenings of the surrounding equity universe in addition to screenings of the current portfolio. This helps us identify potential investments that should be further investigated.

If a screening indicates that a company might be in breach of the policy, the investigation will change to fact-finding. Fact-

Activities

When we look into accusations made against portfolio companies, they often involve certain dilemmas. In 2020, for example, we have investigated and excluded Eletrobras and ElSewedy for operating hydropower plants in a way that is harmful to the environment and undermines their otherwise very positive climate profile.

We have also completed a fact-finding process on a company that is accused of operating with indefensible labour practices for the company's so-called content moderators who work with monitoring controversial content on a large social media platform. We have also investigated a company that is accused of demanding too high prices for an important medical oxygen product that the company supplies to a number of African countries.

The policy and its implementation in the investment processes are an important part of ATP's efforts to comply with the OECD Guidelines for Multinational Enterprises which set out expectations for companies' conduct and include topics such as human rights, environment and anti-corruption.

We have developed different processes for identifying potential violations depending on the asset type and method of investment. For liquid assets, we have developed screening processes which ensure that we continuously monitor whether companies in the portfolio violate the principles of ATP's Policy of Responsibility in Investments.

finding is a flexible investigation process which may include many different types of sources and whose purpose is to make it possible for ATP's Committee for Responsibility to conclude whether or not there has been a breach of ATP's policy.

If the Committee for Responsibility determines that a portfolio company has violated ATP's Policy for Responsibility in Investments, we will enter into a focused dialogue process with the company and ultimately exclude the company if it does not rectify its problematic issues.

In addition, we have also maintained our 2019 focus on issues in the mining sector and in that context excluded three companies after completing fact-finding processes: Rio Tinto, BHP Group and Vale. These companies have in recent years failed to meet their obligation to run safe mines, and this has resulted in enormous environmental damage, comprehensive loss of human life and other human rights violations.

Finally, as part of our increased focus on how the companies treat their human capital, we have excluded the French company Bolloré for taking part in plantation operations that are based on dangerous working conditions and the use of child labour.

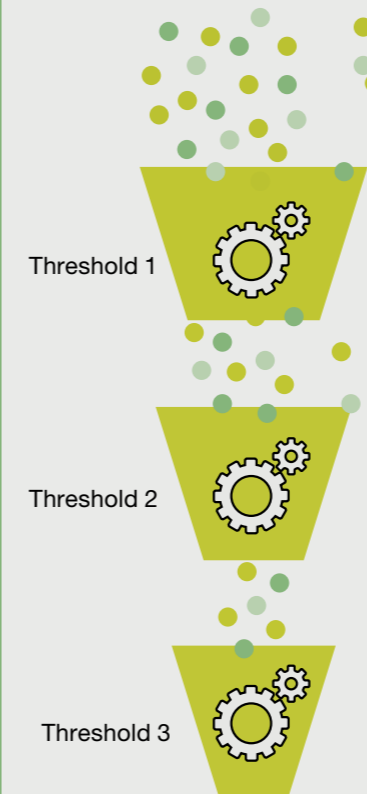


In 2020, ATP:

- screened over **1,100** companies for potential breaches of ATP's Policy of Responsibility in Investments
- completed **29** fact-finding processes
- excluded **9** companies after a fact-finding process
- worked with themes such as labour rights, environmental and human rights, anti-corruption and product safety.

In our report on fact-finding, we explain how we screen our portfolio for violations of our guidelines for responsibility.

SCREENING PROCESS



1. Screening

The first screening step identifies companies in the portfolio which may possibly be in violation of ATP's Policy of Responsibility in Investments. Based on the indicators selected, we have developed a system which enables us to automate the identification of companies most likely to be in violation of ATP's policy. These companies will have worse or better substantiated complaints against them than will other companies in the portfolio, and will therefore have significantly worse scores on the ESG indicators selected.

2. Prioritisation

When the scores obtained by a company do not meet our minimum requirements, it is investigated whether the complaints against the company – provided that they are valid – could also constitute a violation of ATP's Policy of Responsibility in Investments. This leads to the second step of the investigation. In this step, ATP's analysts perform a qualitative analysis of the complaints. The specific method used is that several ESG analysts perform independent assessments of the complaints against each of these companies, followed by a common selection procedure.

3. Fact-finding

Throughout the process, we focus on the requirements of and recommendations for companies that can be derived from the Global Compact principles and the OECD Guidelines. The OECD Guidelines, for example, include recommendations for what companies should specifically do, e.g., to avoid contributing to corruption.

In cases where it is our assessment that the complaints are serious and could constitute a violation of ATP's Policy of Responsibility in Investments, the company is made the subject of the third step of the investigation which is an in-depth investigation of the complaints and the company's actions – a so-called fact-finding.

ATP's work with climate issues

Climate change offers new investment opportunities, but may also lead to new types of risk. Therefore, we include climate considerations in our investment decisions and influence portfolio companies to pursue a green direction.

Foundation

Climate change is one of the greatest challenges we face today and it will have a massive impact on our society - and therefore also ATP's investments. We therefore want to support the transition to a green economy in Denmark and globally by being an active investor and providing capital for green projects.

Climate change has a strong impact on ATP's investments, since climate change has the potential to affect the long-term risk-adjusted return both positively and negatively. It is impossible to predict how exactly climate change will affect the

investment portfolio, and we therefore want to broadly incorporate climate-related considerations into our work across our portfolio.

ATP supports the recommendations from the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and uses them as an overall framework for verifying, challenging and developing our approach to and understanding of climate risks. In 2021, ATP will work in a targeted manner to integrate climate risks in our financial risk management.

Processes

In 2020, we continued our work with mapping carbon-related investments. We have repeated last year's mapping of investments in fossil fuel extraction companies, whose weighting in the portfolio has been decreased by 22 per cent last year based on market value, and in the equities portfolio investments in fossil fuels have decreased by 58 per cent.

In addition, we have also mapped investments in industries that emit a lot of CO₂ via their production and burning of fossil fuels. This particularly applies to cement, steel and petrochemical companies. For cement, the conclusion has been that ATP's investments are so small that there is no investment-related risk or ATP, but for both steel and petrochemicals there is a

basis for initiating stewardship initiatives aimed at encouraging our portfolio companies to launch CO₂-saving initiatives.

In the global equity portfolio, the selection of shares is based on a quantitative models. we have integrated climate data into these models, so that our selection process also takes into account the companies' plans for a green transition.

During the past years, ATP has amassed a portfolio of green bonds worth almost DKK 30bn. This is an area where we want to help develop the market for green bonds by engaging in a dialogue with the issuers of green bonds and setting requirements for transparency and reporting.

Activities

In 2020, we have created a new rating for oil companies to ensure that ATP does not invest in oil companies whose production processes are the least climate friendly. Even though ATP at present only has limited exposure to oil and gas companies, the rating helps to ensure that the ones we do invest in are not the ones with the highest negative impact on the climate.

Each year we calculate our liquid investments' carbon footprint based on TCFD's recommendations. However, ATP believes that there are a number of challenges associated with using CO₂ as a management tool in an investment portfolio.

For the first time this year, ATP has begun collecting data on our illiquid investments and therefore we are now able to give an insight into the carbon footprint of parts of our illiquid investments. For example, our data shows that the majority of the illiquid portfolio's carbon footprint comes from a single company, but as the company's waste management activities help to reduce the carbon footprints of other companies, we view this as somewhat compensating for this, though we would like to see the carbon footprint fall further.



In 2020, ATP:

- invested **DKK 29bn** in green bonds
- declined to invest in construction of new coal power plants by utility companies
- excluded **25** oil and gas companies due to ATP's new oil rating system
- published the carbon footprint of the illiquid portfolio for the first time
- mapped investments in fossil fuel extraction, cement, steel and petrochemical sectors.

In our climate report, you can read about our expectations for various issuers of green bonds.

What we investigate	Development banks	Government bonds
The framework	Does the bond issuer describe its strategy and how the projects fit into this strategy?	Does the bond issuer describe how the green bonds contribute to national targets as per the Paris Agreement?
Selecting projects	Does the bond issuer describe the process for selecting projects? Does the bond issuer describe what specific requirements there are for the project in the selection process?	Does the bond issuer describe what types of public expenses can be financed via the bond issue? Has there been taken precautions to avoid double counting of green projects? (For example: projects in state-owned companies that issue their own green bonds)
Managing the proceeds	Does the bond issuer track the proceeds until full allocation has been achieved? When are the proceeds expected to be fully allocated to projects?	Does the bond issuer describe what budget periods are financed by the bond issue?
Reporting	Does the bond issuer report on the project level?	Does the bond issuer report on what proportion of the proceeds have gone to either projects or state expenses? (For example, subsidies and tax incentives)

ATP's work with taxes

It is important to our credibility and the ATP members' long term return that we pay the correct amount of tax while supporting sound tax practices in our investments to manage potential risks. Accordingly we focus on transparency and clarity in our policy and processes for paying taxes.

Foundation

ATP has decided to go beyond the minimum statutory requirements in the area of taxes. We do so to ensure that our investments are more resilient to taxation risks and to assume co-responsibility for strengthening governance in the area. We have high standards for ensuring that ATP pays the correct amount of tax, which means neither too much, nor too little. We also want to exert our influence in the fight against aggressive tax planning, while also retaining some degree of pragmatism, since we do not always have the casting vote. We cannot

force external asset managers and co-investors to follow our tax policy, and we cannot control how they act in relation to investments ATP is not involved in. We cannot change the world on our own, but as a major investor we are willing to assume part of the responsibility. Eliminating aggressive tax planning entirely requires enhanced international cooperation. We believe that transparency and clarity about our policy and processes for paying taxes are part of ATP's corporate responsibility.

Processes

ATP has fixed processes in place to incorporate tax-related considerations into our new investments. This ensures that our tax practices are appropriate in relation to our investments and that we minimise taxation risks when, for example, we take an ownership stake in a company. We also ensure that the tax structure of the investment is in accordance with our tax policy. The purpose of the due diligence phase is to map out and uncover any taxation risks in our investments, including

whether the investments comply with our tax policy. ATP has its own tax experts who ensure that we can act swiftly and thoroughly when investment opportunities are identified. If the investments do not comply with ATP's tax policy, we look into whether we can adapt the investment or the contractual basis. This is often possible, but sometimes we have to turn down an investment opportunity

Activities

In cooperation with a group of Danish pension funds, ATP developed a common Tax Code of Conduct for unlisted investments in 2019 which lays down a number of requirements and expectations for the tax practices of external asset managers. If enough investors set standards for responsible tax practices, it will limit the possibilities of the market players who do not want to align their tax practices to match the expectations of ATP and other responsible investors. In 2020, the number of signatories to the Tax Code of Conduct expanded to number 11 pension funds and 6 foundations and associations.

investments live up to our tax policy, and we maintain ongoing dialogues on tax-related matters with external asset managers and companies we have invested in. Over the course of 2020, we have had 9 focused tax dialogues. In two of those cases, our dialogues contributed to tax policies being adopted by companies that previously had none.

In 2020, ATP held a series of dialogues on tax policy and tax-related risk management with Danish listed companies. The companies were responsive and provided satisfactory answers to how they approach tax issues.

As part of ATP's efforts in the area of responsible tax practices, we perform annual random checks to ensure that our



In 2020, ATP:

- paid **DKK 14.6bn** in taxes. **DKK 51bn** over the past 5 years
- had **9** focused tax dialogues with companies in the unlisted portfolio
- was joined by an additional **11** pension funds as well as **6** foundations and associations that adopted the Tax Code of Conduct for unlisted investments.

In our report on tax, we elaborate on our expectations regarding sound tax practices for us and our business partners.

ATP's tax policy has four purposes

1. To ensure the correct payment of taxes

ATP wishes to pay the correct tax – not too little, not too much – and comply with current tax legislation and practice.

2. To reduce tax risk

ATP seeks to employ robust and functional tax structures with a view to reducing tax risks which may negatively impact long-term investment returns and to minimise the risk of structures and transactions being challenged or overturned by tax authorities.

3. To set clear expectations for external asset managers, co-investors and companies

We wish to communicate what forms of tax practices are acceptable and not acceptable to us, and we expect ATP's external managers and companies in which we invest to act accordingly. ATP works to ensure that co-investors in shared investments with ATP are bound by agreements which reflect ATP's tax policy.

4. To support increased transparency on tax matters

ATP generally supports increased transparency on tax matters and we also support the vast majority of international initiatives related to this issue.

ATP's work with the Sustainable Development Goals

As a long-term investor, ATP has an inherent interest in a sustainable development of the global economy. That is why we incorporate the SDGs into our investment processes.

Foundation

ATP fully supports the UN's 17 Sustainable Development Goals. As a long-term investor whose purpose is to provide good pensions to our members, ATP has a strong interest in a sustainable social and environmental development of the planet and the economy. If the global economy does not develop sustainably and if the international community fails to achieve its goals, there is a risk of rising turbulence, conflicts and increased global warming, and therefore also more uncertain conditions for growth and future returns in the investment portfolio. We therefore have a responsibility and inherent interest in using our investment processes to support

companies' long-term value creation and thereby contribute to sustainable development and growth.

We work with stewardship and ESG integration to strengthen the focus on long-term value creation among the companies in our portfolio, influence them to minimise any negative social or global impact they may have and work towards more sustainable business development. The 17 SDGs set a very ambitious agenda for global development towards 2030. Achieving the goals requires the commitment of a wide range of stakeholders in society, including the corporate sector and investors.

Processes

Our goal is for our investments to make a positive contribution to the achievement of the SDGs, but we are careful not to take credit for the potential impact of our investments, as the factors contributing to the societal impact of an investment are often complex.

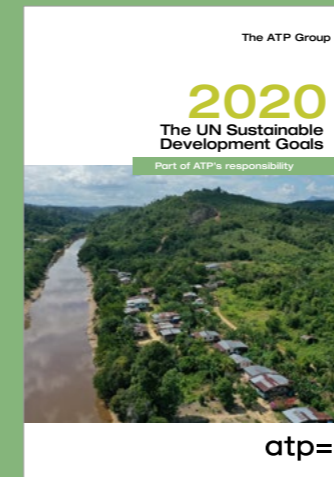
Multinational Enterprises helps move the world closer towards achieving the SDGs. ATP complies with the OECD Guidelines for Multinational Enterprises through our fact-finding, thematic engagement and ESG due diligence. In 2020, we have focused in particular on identifying which SDGs are most relevant to the value creation of companies in our portfolio.

According to the Danish Business Authority's Guide to Responsible Investment, compliance with the OECD Guidelines for

Activities

In addition to ongoing efforts related to the SDGs in the form of fact-finding, thematic engagement and ESG due diligence, ATP has continued its work on analysing the SDG reporting of Danish companies in particular, with a particular focus in 2020 on how the SDG's are linked to the companies' value creation.

We have also continued to focus on plastic, which relates to multiple SDGs. Finally, we have examined financing needs in relation to achieving the SDGs, where especially the developing countries face great challenges.



In 2020, ATP:

- examined the links between the companies' value creation and SDGs, based on a new dataset from SASB. We found that
- SDG 8, 9 and 12 are linked to most companies within ATP's liquid portfolio's value creation
- Danish companies primarily report on SDG 8, 12 and 13
- 30 SDG indicators within nine of the SDGs can be linked to plastic and the companies' value creation.

Our report on the Sustainable Development Goals contains an analysis of which of the SDGs that are most financially important to our portfolio companies.

Sustainable Development Goals	Per cent of ATP's liquid portfolio	No. companies	Sustainable Development Goals	Per cent of ATP's liquid portfolio	No. companies
8 DECENT WORK AND ECONOMIC GROWTH	99	1,235	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	97	1,192
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	86	1,114	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	71	883
3 GOOD HEALTH AND WELL-BEING	62	731	7 AFFORDABLE AND CLEAN ENERGY	59	793
1 NO POVERTY	58	725	10 REDUCED INEQUALITIES	55	644
6 CLEAN WATER AND SANITATION	49	628	13 CLIMATE ACTION	40	627

ATP's work with human capital

We believe that companies that treat their employees as a valuable resource and comply with workers' rights will also deliver a better return in the long run.

Foundation

In ATP, social issues have always been an integrated component of our responsible investing approach. With a view to further refining this approach, we have carried out a number of initiatives in 2020 focused on our portfolio companies' work with their so-called human capital.

The international guidelines for responsible business conduct laid down by the OECD prescribe that companies should not

only focus on fundamental workers' rights but also make serious efforts relating to working environments and employee involvement.

ATP's view, based on existing research, is that companies with better management of their human capital are more productive and innovative, which ultimately results in higher returns.

Processes

In 2020, we identified the industries in which companies' work with human capital can be argued to be particularly important. We also conducted mapping across asset classes with a view to determining how large a share of ATP's portfolio companies operate within these industries.

Our conclusion is that ATP has a rather high level of exposure towards human capital-intensive industries. In particular, ATP

is exposed to industries in which companies are dependent on highly qualified labour. Accordingly, they compete against each other to attract, motivate and retain these high skilled employees. On the other hand, the portfolio has a rather low level of exposure towards industries with many, but less specialised workers.

Activities

In we 2020, examined the potential impact of expanding our stock selection model so that we could increasingly select portfolio companies according to their ability to professionally manage their human capital. The analysis found that it was likely that ATP could increase its return by incorporating human capital as a factor in stock selection. However, the results are not statistically significant, and we will therefore revisit the analysis once sufficient progress has been made on the data front to allow for more robust conclusions to be drawn.

As part of the current development of our voting practice, we have incorporated human capital considerations into our stewardship at companies' annual general meetings; for example,

we now consider companies' so-called CEO/employee pay ratio in relation to voting items on salaries remuneration. In 2020, this has been a contributing factor to our voting against a company's pay policy in 22 cases.

Based on a major survey of companies' exposure to countries with generally poor labour conditions, we identified three companies that did not appear to meet our requirements for conduct in such countries. Following dialogue with all three companies, ATP's Committee for Responsibility concluded that this was indeed the case for one of the companies, which has accordingly been excluded from ATP's investment portfolios.



In 2020, ATP:

- discovered that **22%** of our portfolio companies operate in industries where human capital plays an crucial role.
- conducted investigations on **3** companies with a view to identifying controversial working conditions and excluded one of these for breaching ATP's policy on responsibility in investments.
- voted against **22** companies' pay packages on the basis of human capital-related issues, among other reasons
- participated in an international working group to increase the integration of human capital factors into global sustainability standards
- engaged in dialogue on human capital with a total of **29** companies.

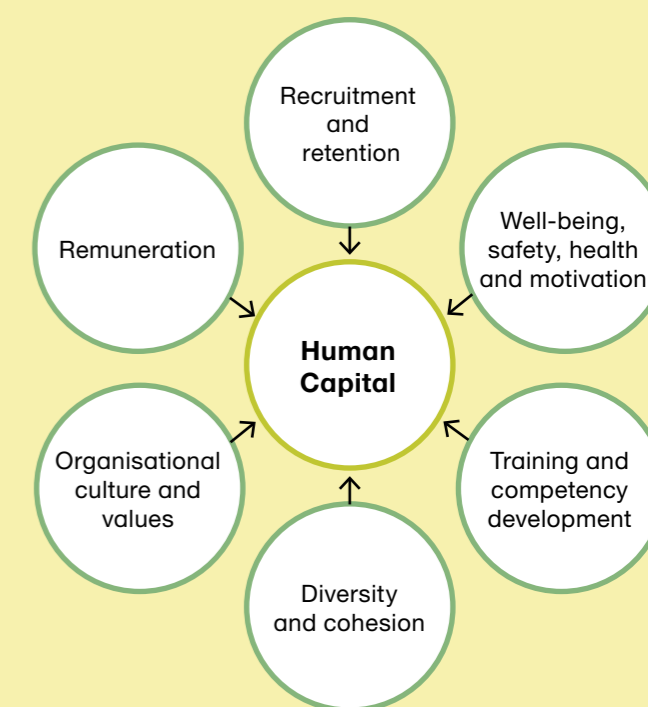
In our report on human capital, we look at the role that human capital can play in our investment processes.

WHAT IS HUMAN CAPITAL?

The logic behind human capital in the context of corporate management is based on the fact that employees play a value-creating role in the exact same way as financial and physical capital does. This way of thinking rejects older preconceptions of labour as an expense and instead considers it as an asset. In rather simplistic terms, a company's human capital can therefore be defined as the value-creation potential of the company's workforce.

Specifically, a company's human capital consists of the employees' collective competencies and productivity, including their education and experience as well as their level of motivation and well-being.

This means that a company has the ability to affect its human capital both positively, e.g. through training, workplace improvement initiatives or a strong organisational culture, and negatively, such as by treating its staff poorly and thereby harming their motivation and productivity.



Resource consumption and diversity

Follow-up on ATP's own environmental, social and governance key figures.

EMPLOYEES IN THE ATP GROUP

In 2020, the ATP Group had a total of 2,729 full-time employees (on average), who were mainly based in Vordingborg, Holstebro, Haderslev, Allerød, Lillerød, Frederikshavn, Copenhagen and the headquarters in Hillerød.

As a large employer with many offices, the ATP Group leaves its 'footprint' on society, for example in the form of environmental, climate and employee impacts.

ATP plays a significant role in society and has a social responsibility. We are conscious of this responsibility and work continuously to encourage development in a more sustainable direction, economically, socially and environmentally.

KEY FIGURES FOR ENVIRONMENTAL IMPACT

In the table on the next page, ATP accounts for its environmental impacts, for instance through CO₂ emissions, electricity, heat and water consumption in ATP's Danish offices in Haderslev, Holstebro, Vordingborg, Frederikshavn, Hillerød, Allerød, Lillerød and the offices of ATP's subsidiaries in Copenhagen.

Consumption figures for 2020 have in general been significantly affected by Covid-19. In 2020, ATP's CO₂ emissions per employee totalled 0.6 tonnes. The collective electricity, water and heat consumption changed for the better, declining in comparison to 2019 consumption levels. See the overview on the next page.

The changes in consumption figures can be attributed in part to new energy consumption reduction initiatives, but mainly to ATP requiring employees to work from home due to the Covid-19 pandemic, resulting in generally less consumption at all of ATP's workplaces.

A similarly declining trend can be seen in the KPIs, both in relation to employees and square metres, which reflect lower consumption levels. The total CO₂ emissions for 2020 ended at 1,588 tonnes from electricity, water and heat consumption as well as emissions from transport. Requiring employees to work from home has entailed a generally lower level of consumption across all of ATP's workplaces, as the consumption levels for 2020 clearly reflect.

Accordingly, neither the same rate of change nor consumption level is to be expected going forward.

Initiatives in 2020

Sustainability is a major focus area for ATP as reflected in our activities. We continuously consider how we can keep our carbon footprint at a minimum through procurement and other initiatives.

Savings where possible

One of ATP's initiatives in 2020 was to install LED lighting in the head office in Hillerød. The old light fittings had to be replaced for work environment reasons, and there was a good business case for changing to energy-saving LED fittings: After a one-off investment of DKK 3.2 million for the new fittings, we achieved a reduction from 2019 to 2020 of DKK 0.5 million and a decrease of approx. 250 MWh per year in electricity consumption for lighting. This equates to a reduction of approx. 50 tonnes of CO₂, corresponding to approx. 73 per cent of the total CO₂ emissions related to electric lighting. The investment will have paid for itself after approx. five years, meaning that we have made permanent cost reductions. Since the expected lifetime of the new LED bulbs is expected to be up to 15 years, future operating expenses related to replacement will be minimal.

Committed employees

A decisive element in ATP's work with CSR and climate improving initiatives is the support and commitment from employees.

This was most clearly expressed when the canteen decided to phase out disposable packaging in 2020. The initiative was launched on our internal employee site, where we also requested good ideas for environment and climate improving measures. They came flowing in immediately, and one of the suggestions was about waste sorting. In the past, each employee had their own waste bin with only two sorting options. Today, the waste collection areas are larger and located in places that we all pass by.

This makes it possible to sort into more categories, increasing the amount of waste going to recycling. And rather than paying extra to have unsorted waste collected, we are now getting paid to sort into plastics, paper, etc. The result is that ATP has reduced its waste amount from 396 tonnes in 2019

Environmental impact of CO₂, consumption of electricity, heat and water, etc.

	2020	2019	2018
ATP facts			
Number of locations	9	9	10
Number of sq. m.	63,435	63,435	76,654
Number of employees (FTE) ¹	2,729	2,747	2,948
Consumption data			
Electricity consumption (MWh)	2,922	4,288	4,342
Heat consumption (MWh)	4,765	5,879	6,355
Heating degree day-adjusted heat consumption (MWh)	5,691	6,438	7,516
Water consumption (m ³)	14,426	20,301	18,747
KPIs			
Area per employee	23	24	27
Electricity consumption per employee (kWh)	1,071	1,605	1,540
Electricity consumption per sq. m. (kWh)	46	68	57
Heating degree day-adjusted heat consumption per employee (kWh)	2,086	2,410	2,665
Heating degree day-adjusted heat consumption per sq. m. (kWh)	90	101	98
Water consumption per employee (m ³)	5.4	8.1	6.8
Water consumption per sq. m. (m ³)	0.24	0.33	0.25
CO₂ emission²			
CO ₂ emission, heat consumption (tonnes)	575	682	1,076
CO ₂ emission, electricity consumption (tonnes)	554	813	982
CO ₂ emission, water consumption (tonnes) ³	11	16	-
CO ₂ emission, transport (own vehicles, taxis and air travel) (tonnes) ⁴	448	1,081	-
CO ₂ Scope 1 (tonnes)	103	107	133
CO ₂ Scope 2 (tonnes)	805	1,091	1,930
Total CO ₂ emission (tonnes)	1,588	2,592	-
CO ₂ emission per employee (tonnes per FTE)	0.6	1.0	-

¹ Number of employees is stated as the average number of full-time employees.

² CO₂ emissions for 2020 were calculated with the help of the Danish Business Authority's CO₂ calculator. In order to ensure comparability between one year and another, 2019 consumption has also been calculated in the CO₂ calculator. The 2018 calculation was performed using "Klimakompasnet.dk"

³ CO₂ emissions stemming from water consumption was only possible to calculate with the help of the CO₂ calculator, which is why there are no corresponding 2018 figures to compare with.

⁴ No reference figures have been indicated for 2018 due to the air travel provider's revised calculation methodology.

to 281 tonnes in 2020. CO₂ emissions for the waste removed was also reduced by approx. 33 per cent. Working from home due to Covid-19 has also had an effect on the year's result, and the same reduction or level is not expected in the future.

The boring stuff makes a difference too

Sustainable solutions do not always equal fancy initiatives that make for a great photo. But that shouldn't decide whether they're worthwhile. As an example, the old ventilation system from 1964 was overhauled in 2020. New, energy-friendly ventilators have not only provided an annual CO₂ reduction of approx. 49 tonnes. The finances look good, too, as the DKK 2.2 million investment will have paid for itself within approx. 5 years, since this is another area where we will be saving electricity. Implementation has also resulted in greater air change in certain areas, which has improved the indoor climate.

And finally, ATP's car policy has also been updated in 2020. While our car fleet is rather modest in size, we nevertheless took the decision to only use electrical and hybrid cars in ATP's car fleet starting from 2023.

SOCIAL KEY FIGURES

Diversity and inclusion

ATP has a strong trackrecord of commitment to diversity and inclusion, and back in 2010, this led to the establishment of the FASE+ department. One thing all FASE+ employees have in common is that, for various reasons, they need support in order to facilitate their return to the labour market. The employees currently associated with FASE+ include non-Western men and women, vulnerable youths and employees with mental disorders. The aim of FASE+ is to help the employees become self-supporting and thus able to manage a job or education on normal or special conditions. In return, the FASE+ employees carry out a number of ATP's service and administrative tasks, relieving other employees of some of their workload. The department had its 10th-year anniversary in 2020 and continues to be a success, with a total of 50 employees who are or have been associated with FASE+ in 2020. At the end of 2020, 24 employees who were formerly associated with FASE+ were working for ATP on general or special conditions.

Employee satisfaction surveys

In 2020, we had reason to delight in the annual employee satisfaction survey. We believe that happy employees

create value, but in light of the many Covid-19 related challenges, the result was anticipated with some apprehension. In spite of all the working from home, online meetings, the lack of social contact with colleagues, very few social and professional highlights and shared experiences, satisfaction among ATP employees is very high. With a response rate of 92 per cent, the conclusion is that both work satisfaction and loyalty have increased among employees. This year, employees were also asked whether management has demonstrated appropriate care and attention in relation to Covid-19, whether management has handled the Covid-19 situation well, and whether they have received sufficient, timely, and relevant information related to Covid-19. The answer was a resounding 'yes' to all three questions.

Employee turnover rate

ATP's employee turnover rate for 2020 was 12 per cent, which was a positive development compared to 2019, where the employee turnover rate was 16 per cent. The organisation is undergoing major development with the management of many new tasks and projects that require a diverse range of qualifications. Some of the employee turnover can be ascribed to relocations and organisational changes.

ATP'S POLICY OF DIVERSITY

ATP strengthens our working environment through diversity. Diversity provides for a more dynamic, vibrant and inspirational working environment. In other words, diversity among managers and employees is the basis for continuous innovation and competitiveness. Diversity expands ATP's recruitment potential and ensures a wide range of skills in managers and employees. We expect both managers and employees to help to ensure that diversity flourishes and thrives in the workplace.

Follow-up on social key figures

	2020	2019	2018	
Number of employees (FTE)	2,729	2,747	2,948	
Gender distribution among all employees	Women	63%	64%	64%
	Men	37%	36%	36%
Gender distribution among managers, including CEOs	Women	51%	50%	51%
	Men	49%	50%	49%
Employee turnover rate ¹	12%	16%	16%	
Sickness absence rate (average number of days per FTE)	6.3	8.3	8.2	
Pay difference between genders				
All employees ²	1.3	1.4	1.4	
Customer advisors	1.0	0.9	0.9	

¹ Employee turnover rate is calculated on the basis of all ordinary employees.

² The calculation does not include trainees, people employed under the flexjob scheme, employments of less than six months, members of the Group Management, CEOs of the subsidiaries and civil servants.

Sickness absence

A follow-up on sickness absence for ATP's employees shows a level of just over 6 sickness days per year, which is a decline of 2 sickness days compared to 2019. This decline is mainly due to a decline in short-term absence, which may be related to sending employees home in connection with Covid-19. ATP pays attention to sickness absence and has most recently included questions about stress in the annual employee satisfaction survey. In the management of stress, focus has been on helping people suffering from stress back to work after a period of absence.

Gender balance in management

At the Group's management levels, ATP aims for a 60/40 per cent split which meets the gender balance requirements set out in the Danish Act on Gender Equality. For 2020, this aim was met as 50 per cent of managers, incl. CEOs, were women. In 2020, all areas had an overrepresentation of women across all employee groups.

ATP is constantly focusing on increasing the share of women in management, and the gender targets are part of ATP's Diversity Policy. Part of ATP's strategy is to increase the focus and emphasis on diversity in connection with the recruitment of new employees, and a targeted effort is

made to recruit a wide range of candidates for the management and development of in-house talent in ATP's talent programme in order to also get more women into senior management. In large departments with a below-average proportion of female managers, a tailored programme has been implemented with the specific aim to give talented women the opportunity and backing to realise their ambitions and potential.

Pay difference between genders

ATP is an organisation with great variation in tasks and job types that requires diversity in skills and specialists within many different areas. The pay difference between men and women of 1.3 means that there is a pay difference of 30 per cent between men and women across the entire Group. The difference reflects the variation in tasks and the diversity in the composition of employees across the Group. The largest employee group, customer advisors, which in 2020 counted a total of 1,007 employees, equal to more than 1/3rd of all Group employees, is considered sufficiently homogenous to be able to perform a comparison of salary levels across the organisation relative to gender. The pay difference is a factor 1.0, meaning that men and women within ATP's customer service receive similar salaries.

Follow-up on governance key figures

		2020	2019	2018
Gender distribution on the Supervisory Board	Women	31%	31%	31%
	Men	69%	69%	69%
Gender distribution on the Board of Representatives	Women	35%	35%	32%
	Men	65%	65%	68%
Attendance at Supervisory Board meetings ¹		90%	90%	92%
Pay difference between CEO and all employees		11	11	13
Pay difference between CEO and employees, isolated for ATP Livslang Pension (Lifelong Pension)		8	8	9

¹ Attendance at Supervisory Board meetings was not calculated in 2017

GOVERNANCE KEY FIGURES

Pay difference CEO and employees

The purpose of the key figure CEO-Worker pay ratio is to show the pay ratio between CEO and employees and to show the development in pay for the CEO compared to the employees.

In ATP, the key figure is a factor 11 for 2020, meaning that the remuneration of the CEO corresponds to 11 times the average pay of all employees in ATP. This includes employees carrying out administrative tasks for external parties.

When considering ATP Livslang Pension (Lifelong Pension) and the associated employees in isolation, and in order for the key figures to be comparable to other pension funds, the key figure is a factor 8, meaning that the remuneration of the CEO corresponds to 8 times the average pay of employees. This key figure is on par with last year.

ATP's report on the status of compliance with the target figures set for the underrepresented gender

ATP's Policy of Diversity has been adopted by the Supervisory Board.

In terms of the gender composition of ATP's Board of Representatives and Supervisory Board, there is a requirement for a balanced composition which in practice means an absolutely requirement of having at least one third of members being from the under-represented gender. In terms of the gender composition on other management layers in the entire ATP

Group, the objective is to have an equal distribution, which in practice means at least a 60/40 split.

The target for the Board of Representatives was met as 12 women served on the Board of Representatives in 2020 (39 per cent). The target for the Supervisory Board was not met, as 4 women still served on the Supervisory Board in 2020 (31 per cent).

The members of ATP's Board of Representatives and Supervisory Board are appointed by the individual organisations. The appointment period for the Board of Representatives and the Supervisory Board is three years, meaning that one third of the members are appointed each year.

We are still working towards the gender balance target. The replacements made in 2020 have not altered the balance on the Supervisory Board, as the individual organisations decided

TARGET FIGURES FOR THE UNDERREPRESENTED GENDER

ATP's executive order on accounting stipulates that ATP is to account for the status of compliance with the target figures set for the underrepresented gender on the Supervisory Board, including why ATP has not achieved the target set, if this is the case.

that the most qualified candidates for the open vacancies were men. When filling posts, the organisations are aware of the need for ensuring a gender-balanced Board of Representatives and Supervisory Board.

The gender balance target also applies to the Supervisory Boards of some of ATP's subsidiaries. This means that the underrepresented gender should make up at least one third of the Board, the same as the target for ATP's Supervisory Board and within the same timeframe. Given the complete absence of women on the boards of the subsidiaries covered by the legislation, this target was not achieved in 2020. This is the case for the companies ATP Timberland Invest K/S, ATP Real Estate Partners I K/S, ATP Ejendomme A/S, ATP Private Equity K/S and the companies ATP Private Equity Partners I-VI K/S. The reason is that it is primarily members of ATP Group Management who are appointed to the boards of subsidiaries, and that in Group Management the specialist competencies related to investment subsidiaries are held by men.

As previously mentioned, there is no gender underrepresentation at other management levels in the ATP Group. Overall, for all management levels, including CEOs, the distribution is balanced. The gender balance in management varies according to management level and area.

FOCUS ON SUSTAINABILITY IN THE GROUP STRATEGY

Sustainability is an integrated component of the Group's 2020-2023 strategy. ATP has been entrusted with important responsibilities by Danish society. As the communal pension fund for all Danish citizens, the manager of one of Europe's largest pension funds and administrator of a substantial proportion of public benefits in Denmark, ATP holds great responsibility. In order to live up to that responsibility and maintain the public's trust in ATP, it is necessary to regularly make balanced, long-term decisions that result in future value creation.