

The ATP Group

# 2021 Responsibility



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# Preface

2021 was a historic year for the ATP on a number of fronts. With a new business model, we have improved ATP Livslang Pension (Lifelong Pension) for the benefit of the younger members of the ATP in particular. The amendment to the ATP Act, which was adopted by the Danish Parliament, allows us to take on more risk in our investments and thus provide a greater return to those members who have more than 15 years to go until retirement.

At the same time, 2021 was also the year that ATP really committed itself to fight climate change by specifying or ambitions. By 2030, the ambition is for the ATP to have DKK 200bn invested in green assets. At the same time, we require that all companies in our portfolio, both listed and unlisted, report comprehensively on CO<sub>2</sub> emissions. We discuss our climate ambitions in greater detail in our report on the green transition.

The EU's work on sustainable finance has also left its mark on ATP over the year, as ATP has become subject to both the taxonomy and disclosure regulations. For ATP, it is quite natural that we must meet the same standards as the rest of the industry in Denmark and in Europe. Our reporting about the disclosure regulation is available on our website. In 2022, we are also continuing to work on the new requirements imposed by the legislation.

A focus area of the new legislation is sustainability risks and negative sustainability impacts - the so-called 'double materiality'. ATP has been working with this for a long time in our investments, and partly due to the new legislation, we have chosen to compile all of our ESG due diligence work in a report.

ESG data is also an area that just keeps growing and growing. A few years ago, ATP took the initiative to create an ESG questionnaire for illiquid investments, where historically there has been less transparency about ESG data. Based on the data,

we have set in motion a new ESG asset management process which allows us to benchmark companies against each other and in that way over time improve ESG issues in our illiquid portfolios - leading to both higher returns and social benefits.

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. On the next page, we provide an overview of where information can be found on specific parts of ATP's work on responsibility.

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 have 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 2021 to 31 December 2021, 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).

# How we invest now and in the future

The overall principles of ATP's business model will be preserved after 2022: 80 per cent of the members' ATP contributions will still be used to accrue pensions (the guarantee contribution). The remaining 20 per cent will still be invested in order to be able to increase members' pensions with a bonus (the bonus contribution). The 80 per cent is also (as today) guaranteed in terms of the projections for life expectancy.

From 2022, the 80 per cent will be divided into two portions for the members who have more than 15 years to go until retirement.

- 60 per cent will still be invested with a low risk profile - the interest contribution.
- 20 per cent will be invested with a higher risk profile - the market contribution.

The pension that is accrued from the market contribution will be based on the return generated by investing with a higher risk profile. The pensions accrued from these contributions will therefore fluctuate, depending on the returns achieved. The pensions accrued from the interest contribution will, as today, be based on a market rate with a high degree of security.

By investing part of the ATP contribution with a higher risk profile, it is expected that over time higher returns will be

generated. As the pension for this part of the ATP contribution is regulated in line with the generated returns on an ongoing basis, the change means that members will have more to live on when they reach the state retirement age.

When we invest with a higher risk profile, there is also the risk of us sometimes losing money on our investments. This may mean that the pension that has been accrued via the market contribution will be reduced. However, it does not necessarily have a major impact if ATP can recover the losses before the member is due to retire. This is also why the change only covers members who have more than 15 years to go until they reach the state retirement age.

In order to avoid a serious reduction of a pension shortly before retiring, the pension that has been accrued via market contributions will gradually be invested with a low risk profile as from the time when there is 15 years to go until retirement. Thus, the pension will be a known quantity, and it cannot be reduced from the point of reaching the state retirement age - but it can still be increased via bonuses.

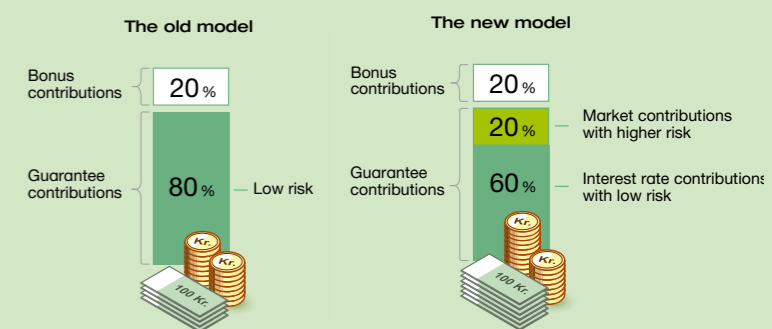
The change concerning future ATP contributions is the first part of the expected changes to ATP's business model. The changes to the hedging strategy are expected to be implemented from 2023.

## The old model

When a member makes contributions to ATP, that member begins to accrue a pension that can be paid out when they reach the state retirement age, and it will last for the rest of that member's lifetime. Today, ATP invests 80 per cent of the members' contributions in the ATP Livslang Pension (Lifelong Pension) at a low risk in order to be able to guarantee the pension we have promised. ATP invests the rest at a higher risk to be able to increase the pensions with bonuses on an ongoing basis.

## The new model

The overall principles are preserved as 80 per cent of the members' ATP contribution is still used to accrue pension (the guarantee contribution). The remaining 20 per cent will still be invested in order to be able to increase members' pensions with a bonus (the bonus contribution). The 80 per cent is also (as today) guaranteed in terms of the projections for life expectancy. Of the 80 per cent, in the future 60 per cent of the



contributions will be invested with a low risk profile and 20 per cent (the market contribution) will be invested with a higher risk profile in order to generate higher returns. From the point when there is 15 years to go until reaching the retirement age, ATP will, as today, invest 80 per cent of the contributions with a low risk profile. The remaining 20 per cent will, as today, be invested with the aim of generating returns to increase the pensions.

# Overview of ATP's efforts relating to responsibility

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## Green Transition Report

- Climate ambitions must make a real difference
- Strong climate ambitions
- Five Questions for Bo Foged, CEO of ATP, about climate ambitions
- Corporations must know their climate impact
- Future-proofing ATP properties
- From green to sustainable bonds
- The transport industry is an important but complex part of the green transition
- Green bonds provide a more robust portfolio
- Dialogue provides knowledge and insight into biodiversity
- There is a major green potential and geothermal energy
- New topics are to spread the taxonomy out more
- ATP's carbon footprint from listed assets

## Report on Stewardship

- Shareholders are the guarantors of sustainable corporate governance
- Voting with convictions
- Stewardship requires deep knowledge of companies - particularly during times of crisis
- It requires insight to vote in a serious manner
- ESG data is required in order to take action
- Climate issues are on the agenda in board rooms
- Strong companies seek out diversity and fight discrimination
- Five questions about remuneration packages to Claus Wiinblad, Head of Domestic Equities at ATP

## ESG Due Diligence Report

- Due diligence is the cornerstone of ATP's work with ESG issues
- Systematic screening ensures the correct focus
- Serious charges require thorough investigations
- Thorough investment process with a strong ESG focus
- The right choices made during the planning process ensure sustainable buildings
- Significant improvements in capital funds' approaches to ESG issues
- Repeated breaches resulted in the exclusion of a cruise ship liner
- Green investment must also ensure social sustainability
- Five questions about due diligence to ATP's Head of ESG

## ESG Asset Management Report

- The goal is value creation - and ESG data are the means
- The ESG questionnaire is developed by ATP and the companies
- Asset management close to customers
- Solid policies promote strong business ethics
- Real energy savings require insight into the properties
- Five questions for Torben Vangstrup, Head of ATP Private Equity Partners
- EU requirements are a challenge for illiquid companies

## Tax report

- ATP wishes to be clear and transparent about tax payments
- No to aggressive tax planning
- How ATP incorporates tax considerations into the investment process
- New tax policy focusing on listed companies
- Dialogues about tax risks show that more transparency is needed
- Common tax principles must increase transparency and reduce aggressive tax planning
- Three tax dilemmas for investors

## 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 of responsibility in investments
- Policy for stewardship
- Tax policy for investments in the ATP Group
- Information pursuant to the disclosure regulation

## Responsibility Report

- Resource consumption and diversity
  - Diversity and Inclusion
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# 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 ESG reports are therefore based on the same reporting structure:

- **Basis**  
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.

This year we have made two major changes. We have gathered all processes for ESG due diligence into one report, so there is an easy overview of ATP's work in this core area. Similarly, we have renamed the Climate Report to the Green Transition Report to reflect the EU's sustainable investment taxonomy, which extends the expectations beyond just climate issues.

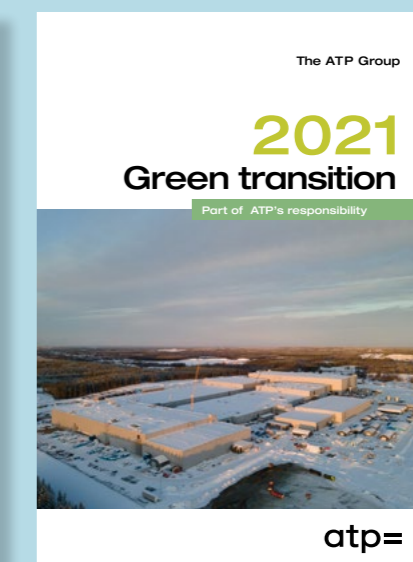
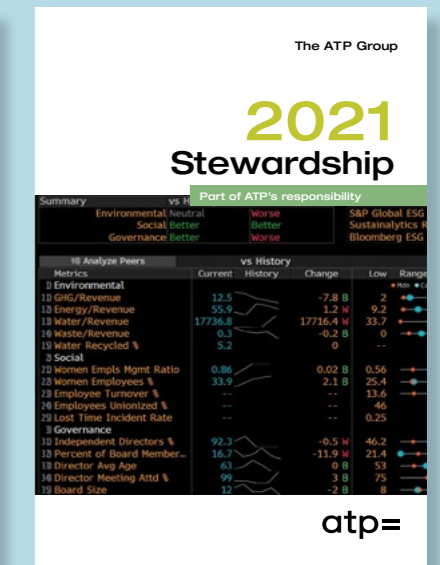
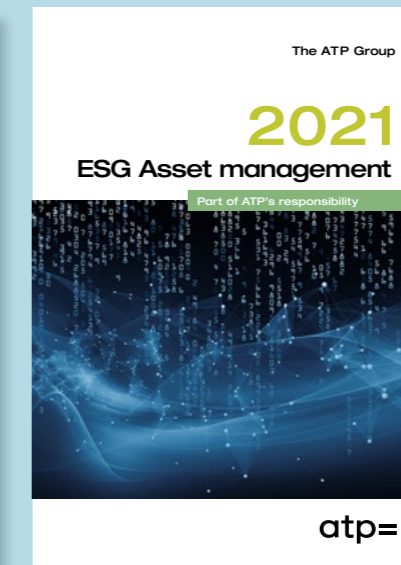
We believe that we consistently meet the provisions of the Danish ATP Act on the non-financial reporting on responsibility which focuses on policies, how such policies translate into practice and what results have been achieved.

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.

1. **ESG is an investment belief**  
At ATP, we believe that ESG is important for the long-term return on our investments.
2. **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.
3. **Actual integration requires internal ESG competences**  
To get the full benefits, the investment organisation must have its own ESG competencies.
4. **We believe in stewardship**  
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, for example, 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 2021 financial year, ATP has issued five thematic reports which deal with different aspects of ATP's responsibility work.

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

## ATP'S RESPONSIBILITY POLICIES

### Policy for 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 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.

### 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 for investments in the ATP Group

ATP's Tax policy for investments describes ATP's approach to tax in investments. We have decided to take it further than what is required by law in the tax area. We do so to ensure 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.

## 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.

## TWO ESG TRACKS IN ATP'S INTERNAL GOVERNANCE

Principled decisions within the framework of the ATP Supervisory Board's policy for responsibility.

Committee for Responsibility

The Committee for Responsibility discusses principle-based decisions for the ESG area, and it is also via this forum that decisions concerning ATP's Policy for Responsibility are made. These include decisions about company exclusions and other ESG matters. The Committee for Responsibility is chaired by ATP's CEO with the participation of the Chief Investment Officer, Chief Risk Officer, etc.

Specific investments

Investment Forum

ESG is an integral part of ATP's investment processes and therefore all ESG decisions on specific investments are pre-processed in the Investment Forum, after which ATP's Chief Investment Officer makes final investment decision. This ensures that ESG issues are part of the investment due diligence processes, just as the anchoring in the Investment Forum also ensures that specific ESG decisions are archived along with the rest of the investment's documentation so that follow-ups can be made during ATP's period of ownership. The final investment decision is made by ATP's Risk and Investment Committee.

# ATP's green transition initiatives

As Denmark's largest investor, ATP plays a key role in the green transition — a role we take very seriously. The green transition offers both business risks and opportunities that we must consider in order to ensure optimum return to our members.

## Basis

ATP set out new climate ambitions in 2021, which laid the foundation for how ATP contributes to the green transition, while ensuring our members robust returns in the long term. Indeed, green transition and a good return can go hand in hand.

More specifically, our ambition is to spend at least DKK 100 billion on green investments by 2025, a figure that by 2030 must total DKK 200 billion. Until the EU's sustainable taxonomy is operational, we have made a fixed, defined calculation method for green investments, based on which we will publish

## Processes

As a result of our new climate ambitions, ATP has established new processes to continuously map the development of company reporting to show us where we need to step in to push the development.

Climate considerations are broadly integrated into ATP's investment processes and have been so for several years. The areas in which ATP continues to develop its practices relate to other environmental considerations, such as biodiversity, waste, etc. In this connection, data remains a challenge, but we are constantly exploring the possibilities of addressing the topics.

## Activities

Since 2018, ATP has made an effort to map high-emissions industries in the portfolio, and in 2021, we focused on the transport sector. Transport is a highly complex industry which affects all parts of the portfolio in many different types of companies.

We continued our work on biodiversity, and we engaged in a dialogue with a number of companies about challenges and opportunities relating to biodiversity. We also looked at risks

our progress every year. By the end of 2021, we had made DKK 61.4 billion worth of green investments.

At the same time, we demand that our portfolio companies start submitting accurate CO<sub>2</sub> data – in terms of scopes 1, 2 and 3. If we do not have accurate climate data, we will not be able to see whether ATP delivers on its ambition to reduce the carbon footprint of our equity and corporate bond portfolios by 70 percent by 2030. As for the real estate portfolio, the ambition is to reduce the carbon footprint by 85 percent per square metre by 2030.

In 2021, ATP took a number of steps with regard to green bonds. During the year, we reallocated our portfolio of corporate bonds, and it now consists of green bonds that we have screened ourselves.

In our real estate portfolio, in 2021 we focused on physical climate risks through a policy which sets out how ATP works to protect our buildings from, for example, storm surges and rising sea levels. Finally, we have mapped out how green transition in the transport sector might affect our portfolio.

relating to water scarcity and air pollution that with the last four taxonomy targets will get even more attention in the future.

ATP constantly gets more CO<sub>2</sub> data from the illiquid portfolio, increasing the ability to engage in a dialogue with companies about their carbon footprint. In the liquid portfolio, we have gone from using location-based to market-based data, which this year has produced a decline in several parameters in ATP's CO<sub>2</sub> reporting.

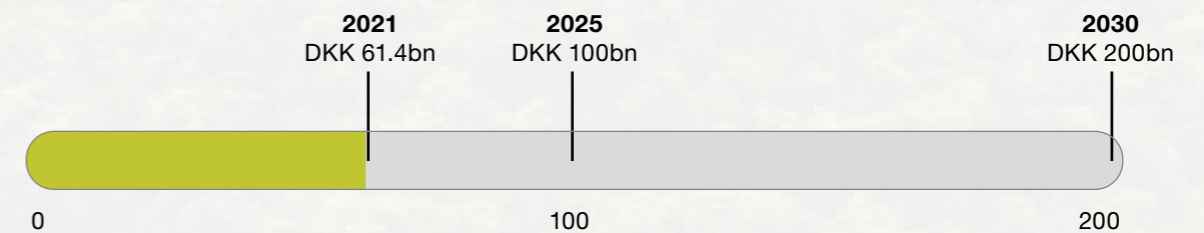
In our Green Transition Report, you can read more about our climate ambitions, which we published ahead of the COP26 climate summit in Glasgow.

## Strong climate ambitions

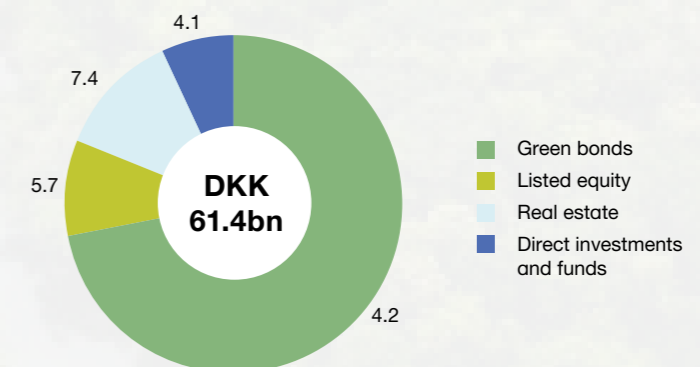
In the autumn of 2021, ATP made public a number of ambitions for our future efforts to address climate change. We will increasingly be making green investments and imposing requirements for our portfolio companies' work with the green transition.

In 2025, the ambition is for ATP to have at least DKK 100bn in green investments and in 2030, that figure is to have grown to DKK 200bn. Today, ATP has DKK 61.4bn in green investments. With the current trends on the market for green technology, we are convinced that we will be able to find investments that both benefit the climate and generate good returns for our members.

In addition to financial ambitions, ATP will also make demands on all the companies ATP invests in to report as early as 2025 on their CO<sub>2</sub> emissions. It needs to be measurable how much a company is impacting the climate so that it can be minimised. At the same time, this also allows ATP to measure the climate footprint from its portfolio in the context of its ambition to reduce emissions by 70 per cent in 2030 and being carbon neutral in 2050.



Distribution ATP's green investments in 2021, DKKbn



Ambition of having **DKK 200bn** in green investments in 2030

Ambition of being carbon neutral in **2050** as both an investor and workplace

**New portfolio** of green corporate bonds

A decrease of **6.3 per cent** in total emissions from the equity portfolio in 2021

Just under **DKK 900 million** in additional investments in sustainable batteries in 2021

**New guidelines** for physical climate risks in real estate



# 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.

## Basis

Stewardship is a way for investors to use their capital to influence and, in the end, ensure value-creating transformations in our investments. At ATP, we have worked with stewardship for many years, where we have focused on companies' financial, managerial and strategic aspects but also kept an eye on their sustainable development.

ATP has a Policy for Stewardship that specifies the framework for our stewardship activities in listed companies. One of the principles is that the companies should work for the shareholders' long-term interests.

In 2020 there was a proposal from the European Commission that could potentially reduce shareholders' influence without creating a necessary counterweight to the companies' Executive Board.

Therefore, we sent a hearing response that outlined our basic viewpoint: That there is no contradiction between the owners' interests and the company's long-term purpose, including sustainability issues.

## Processes

As active owners, we have a long-term view and therefore our work with stewardship is characterised by a number of permanent processes and a continuing engagement with the companies that we have ownership stakes in.

In 2021, we added another layer to our processes involving voting intentions by not only commenting on our voting, but also telling the companies what our expectations are for a number of factors that impact the companies.

During the corona pandemic, we have had to rely on our many years of knowledge about the companies we invest in and their management teams when shareholders have had to step in.

For example, we had to do this with B&O when there was a need for a share issuance at a critical time.

When ATP votes, we do so based on principles, which in practice means that particularly in the international companies we vote against a number of proposals submitted at annual general meetings. For example, the remuneration policies among companies based in the United States and when companies have inappropriate governance structures.

If a company for a long period of time fails to meet ATP's expectations, we have an escalation principle. For example, we will vote against the members of the board that we believe should have contributed to changing their company in terms of salary, climate and diversity policies.

## Activities

In 2021, we have put additional focus on the work involved with getting solid ESG data from our companies. ESG ratios are an important part of the valuation process, as ESG can both drive value creation and it can also amount to a political/financial risk if the company does not meet society's expectations. For example, the Danish companies in our portfolio are making good progress on climate reporting, but both Danish and international companies need to implement better reporting on scope 3 emissions.

As part of our focus on reporting, we are also focused on ensuring that the companies specify targets for their work. In this context, we have encouraged companies to specify ambi-

tious targets for their climate footprints. In 2021, we have also - as part of our ongoing dialogues with Danish companies - been focused on how the companies are prepared for the EU's coming green taxonomy.

Remuneration remains a topic that ATP focuses on at the annual general meetings. In the United States, we often see salaries that we believe are too high, and therefore we voted against 60 per cent of the remuneration policies that were submitted. In Denmark, salaries are at a more reasonable level, and therefore it is only in rare cases that we have to state our disapproval.

In our Stewardship Report, you can for example read about how we approach climate reporting in the food company Monster.

## ATP voted in favour of shareholder proposals regarding climate reporting at the American company, Monster.

With the American food company, Monster Beverage, we voted in favour of a shareholder proposal that would oblige the management team to report on the company's CO<sub>2</sub> emissions and climate plans on an annual basis. Unfortunately, the proposal did not get sufficient support from the rest of the shareholders.

### Excerpt from the proposal:

Climate-related decisions by a company have portfolio-wide and economy-wide implications. Disclosing reduction targets, detailing strategies for embedding climate change throughout a company's business models and services, and providing progress therein to shareholders, is an important means of assuring shareholders that management is taking seriously the risks associated with climate change. Shareholders believe that planning and reporting by Monster Beverage Corporation on its climate transition plans and strategies will benefit the company and its investors, as well as global climate change objectives. Monster currently has no reporting of its Scope 1, 2, or 3 greenhouse gas emissions, nor has it disclosed its climate transition planning, if any.

The annual corporate proxy statement shall include a proposal requesting an advisory vote by shareholders expressing non-binding advisory approval or disapproval of the Company's publicly available climate policies and strategies, in consideration of key climate benchmarks.

The Board of Directors is authorized to include in the Company's annual proxy statement, or publish elsewhere, a report that characterizes the scale and pace of its responsive measures associated with climate change, including referring, at Board discretion, to the Company's alignment with climate-related benchmarks.

ATP voted in companies across **24** countries at **633** annual general meetings on a total of **10,612** submitted proposals.

We voted against the recommendations of our voting advisor, ISS, in **18** per cent of the cases.

We voted in favour of **58 per cent** of shareholder proposals - an increase from **40 per cent** in 2020.

We voted against **60 per cent** of the remuneration proposals in companies based in the United States. For companies based in Europe, this figure was **19 per cent**.

We supported the proposals submitted by boards of directors in **78 per cent** of the cases.

We voted no on re-electing (or electing) **1,300** board members.

# ESG due diligence at ATP

We carry out ESG due diligence to ensure that we uncover the current and potential investments that are at risk of violating ATP's policy of responsibility in investments, and we also uncover potential sustainability risks that may have an impact on our returns.

## Basis

Due diligence is at the core of ATP's work with responsibility - this is where we ensure that ATP's investments comply with our Supervisory Board's policy for responsibility in investments which is based on international guidelines for responsible business behaviour and international conventions.

The policy specifies a number of standards for how our portfolio companies should behave. For example, ATP does not invest in companies that knowingly and repeatedly violate national laws and regulations.

ATP carries out its own due diligence work and does not outsource it to external business partners. We want to anchor

this work in our organisation so that we can apply the lessons learned internally. In the end, it is also ATP's responsibility to ensure proper due diligence processes, and therefore we want to manage the entire process ourselves from the analysis phase to the decision phase.

ATP's due diligence processes are based on the same policy regardless of which asset is being looked at. There is thus no differences in the requirements we impose, but we do have different processes for different asset classes which are intended to ensure that our due diligence work is as effective as possible.

## Processes

ATP's global equity portfolio is relatively dynamic, and we have tailored the screening processes for this to include risk-based screenings of the surrounding equity pool in addition to screenings of the current portfolio.

ATP is regularly invests in companies such as, for example, Copenhagen Airport or the battery manufacturer Northvolt. Prior to making such investments, we review the relevant ESG issues and enter into a dialogue with the company. We also ensure that there are clear agreements if our due diligence work shows that there are issues that need to be worked upon.

When it comes to our investments in capital funds, we are focused on ESG processes and policies, as there are no assets in the funds when we commit ourselves to investing in them. Since we really started focusing on ESG issues among capital funds in 2018, we have seen clear improvements made by the funds that we work with.

For ATP's real estate investments, there are fixed processes which ensure that ESG issues are a top priority, whether it be for new construction projects or major renovation projects. Here, the end goal is for the real estate projects to be certified under a sustainability standard.

## Activities

The due diligence work is very heavy on processes and it continually demands a lot of resources even if it does not always result in an investment or an exclusion. Investments can be abandoned for other reasons, and when studying a company it may turn out that there are no violations of ATP's policy of responsibility.

In 2021, for example, ATP excluded a cruise liner company that we had previously been in dialogue, but at a certain point,

we decided that a red line had been crossed as the company had once again been in violation of a number of environmental regulations. In total, we have excluded 15 companies.

We have also participated in fund raising round for the Swedish battery manufacturer Northvolt, which we first invested in during 2019. In that context, we revisited our original due diligence work that was, among other things, focused on Northvolt's relationships to the local Sami tribes that used the area.

### ATP'S DUE DILIGENCE PROCESS FOR DIRECT INVESTMENTS

ATP's investment forum ensures a thorough and holistic assessment of opportunities and risks. The investment forum is the framework for ATP's investment structure with 'gates' that ensure that all information is gathered, analysed and assessed prior to the final investment decision. The process also helps to ensure that all our decisions are documented in ATP's systems. Each gate is also a "stop or go" decision for the investment. If there are problems related to ESG, tax, legal or other matters, these can halt an investment.



+160 concrete analytical assessments of charges against corporations

+20 in-depth fact-finding processes for charges made against corporations

15 companies excluded

17 due diligence processes with capital funds and co-investments

6 due diligence processes for direct investments

Screening of 120 issuers of green bonds



# ATP's work with ESG asset management

ATP influences our investments in the right direction for the benefit of ATP's members and the wider community. In our illiquid investments, we have a special focus on ESG data to ensure that we invest in the right place and that our efforts have an impact.

## Basis

When ATP becomes a co-owner of a company or a fund, it does so with the ambition that ATP will help to increase the value of the investment in collaboration with the other owners and the company's management.

Here, it is our belief that companies that have a convincing ESG performance over time will be more attractive, and thus also create a better return for the benefit of ATP's members.

ATP is therefore working to implement an ESG transformation during ATP's ownership period, which can improve the company's opportunities for being sustainable and limit ESG risks. We see this as a formula for value creation.

Companies that focus on improving their ESG performance also improve in relation to society's expectations, thereby strengthening their "license-to-operate".

## Processes

In 2021, ATP has launched a new process for ESG asset management, which ensures an annual ESG dialogue involving all of ATP's direct investments. This is based on ATP's questionnaire survey, which allows for a benchmarking of all companies.

This year, we have seen a doubling in the number of responses from our portfolio companies on our ESG questionnaire. We appreciate that as it gives us knowledge and several companies also tell us that the questionnaire has helped to focus their work. Thus, ATP's work with ESG data is a benefit for both

the companies and ourselves. The companies can benchmark themselves with other companies, and we as an investor can see where there is a need to make an extra effort.

ESG data also plays a major role in our real estate investments. Here we focus on incorporating sustainability in our ongoing work to maintain our properties and in the dialogues we have with our customers. In 2021, ATP has developed a tool for rating the properties on a number of the most important ESG parameters, which will be rolled out in 2022.

## Activities

In our work with asset management, the green transition plays a major role. In 2021, ATP has set new targets for our existing properties, which will reduce CO<sub>2</sub> emissions by 85 per cent per square metre in 2030. For new construction projects, we will set a target in 2022.

Based on an analysis of 85 companies business ethics policies and processes, we have formulated a number of expectations for our companies' Codes of Conduct, which we have subsequently used in our stewardship activities in the illiquid portfolio. Specifically, we have entered into dialogues with

companies which, on the basis of their responses to our ESG questionnaire, have spotted opportunities for improvement in relation to living up to our expectations.

In 2021, ATP has added questions to the questionnaire concerning issues that negatively impact sustainability and which match the requirements that ATP will presumably be subject to in the technical legislation related to the EU's disclosure regulation. The responses reveal that it will be challenging for many companies to provide the necessary data, particularly those companies outside of the EU.

In our ESG Asset Management report, you can read about our work with sustainability certificates for our real estate investments.

## Can property certification pay off?

In November 2021, the international commercial real estate broker CBRE published a report based on a review of 22,000 office leases from 12 European countries, including Denmark, in the 2016-2021 period.

The main conclusions from CBRE's analysis are:

- New lettings of certified properties have increased from 24 per cent to 31 per cent. Sustainable buildings make up 20 per cent. of the supply, but in terms of leases, they amount to 31 per cent of all the new leases on the market. This shows that customers' interest in renting certified office properties is higher than for non-certified ones.
- The vacancy rate in Copenhagen was 3.5 per cent for certified office properties, whereas it was 10 per cent for other office buildings. The same trend is seen in the rest of Europe.
- The rent level for certified properties was on average 21 per cent higher than the market average and what it was non-certified properties. At the European level, the spread was 13 per cent to 29 per cent, with Copenhagen as the city with the biggest difference.

ATP's certified properties	Certification	Total M2	ATP's part of M2
Axel Towers	DGNB Silver	40,114	13,238
Pier47	DGNB Gold	19,499	19,499
Turbinehuset, Adelgade 12	DGNB Gold	7,342	7,342
AC Meyers Vænge	DGN BIU	15,731	15,731
UN City	LEED	49,830	22,822
Portland Towers	BREEAM	12,753	4,247
North Galaxy, Brussels	BREEAM	121,803	109,623
RAI, Amsterdam	LEED	33,958	16,979

In 2021, ATP received responses to the ESG questionnaire from **133** unlisted companies. This is **65** more companies than in 2020.

The average response rate was **71 per cent** among companies who participated in the survey.

The average proportion of women in the labour force and management roles are, respectively, **36 per cent** and **23 per cent**.

**17 per cent** of companies have been hit by a cyber attack or experienced breaches of data security.

There are **117** questions in ATP's ESG questionnaire. They cover the following topics: General matters, Environmental matters, Social matters, Management and SFDR.

The companies that have responded to ATP's ESG questionnaire are distributed across **24** countries and **47** industries.

# ATP's work with tax

It is important to our credibility and the long-term returns of ATP's members 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 and reporting.

## Basis

ATP plays a significant role in many areas in Danish society, and we are therefore also taking responsibility for tax practices for the benefit of both society and ATP.

When we invest, tax matters are an important parameter. We need to ensure that ATP is paying the correct taxes - neither

too little or too much - and we want to influence the companies we invest in to avoid aggressive tax planning.

This is why we have requirements for the tax area. It is not always that we can get everyone to fall in line, but by taking the lead, we believe that we can help to make a positive difference.

## Processes

ATP's tax policy was updated in 2021 to make it better able to address our approach to investments in listed companies. Among other things, the policy specifies that there should be a tax policy adopted by the board of directors and that the individual companies' approaches to taxes should, as a general rule, be highlighted in their communications with the outside world.

In our tax policy, we also encourage individual companies to investigate the opportunities for voluntarily (while taking due account of business secrets) publish country-by-country reports on taxes.

We have fixed processes for how we manage taxes in our unlisted investments. Before we invest, we use the due diligence process to map and uncover the tax-related risks of the investment, including determining whether the investment complies with our tax policy. And once we have invested, we follow up on an ongoing basis to ensure that things are moving forward as expected.

## Activities

As part of our stewardship activities, in 2021 we continued our dialogues with listed companies about their tax affairs. Among other things, the focus has been on investigating how certain foreign listed companies view effective tax rates and how they feel about doing business in countries blacklisted by the EU. The dialogues confirmed our view that many companies have taken a stance on whether or not they want to work with blacklisted countries but they also confirmed - and this particularly applies to the explanation given by companies

for their effective tax rates - that these are areas where more transparency is still needed.

In 2021, ATP has also worked on spreading awareness about the Tax Codex which states what expectations ATP and a number of other institutional investors have for external asset managers.

In our tax report, you can read about how we have expanded our tax policy to now also involve listed investments.

## 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 risks

ATP seeks to apply robust and functional investment structures with a view to reducing tax risks which may negatively affect the investment return in the long term, and to minimise risk of structures and transactions being challenged by tax authorities.

### 3. To formulate clear expectations for external managers, co-investors and companies

ATP wants to communicate clearly about what tax behaviour ATP accepts and does not accept, and ATP seeks to influence the external managers, co-investors and companies in which ATP invests to act accordingly.

### 4. To support increased transparency on tax matters

ATP supports the efforts to have more transparency about taxes and it supports the OECD and EU initiatives aimed at this. At the same time, ATP wants to be transparent about its own tax affairs and, in addition, to contribute in general to a broader understanding of the complex tax conditions that investors and global companies navigate through.

ATP has paid (net) **DKK 22.7bn** to the Danish state in 2021, which includes own taxes, retained taxes and levies.

The pension yield taxes of the past 10 years amount to **DKK 74.6bn**. In 2021, ATP's pension yield tax basis was negative due to rising interest rates.

**17** investors have signed up for the Tax Codex

**4** spot check performed on external managers of unlisted investments

Tax conditions in **21** of our existing unlisted investments have been reviewed during 2021

ATP's **tax policy has been updated** so that it now also sets out our approach for listed investments

# Resource consumption and diversity

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

## CSR IN THE ATP GROUP

In 2021, the ATP Group had a total of 3,044 full-time employees (on average), and they were mainly distributed across the units in Vordingborg, Holstebro, Haderslev, Allerød, 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 as a large workplace, it 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 CO<sub>2</sub> emissions, electricity, heat and water consumption in ATP's Danish offices in Haderslev, Holstebro, Vordingborg, Frederikshavn, Hillerød, Allerød and the offices of ATP's subsidiaries in Copenhagen and Aarhus.

Once again, the consumption figures for 2021 have been significantly impacted by COVID-19 and the consumption is, as in 2020, generally on a lower level than previous years. Even though continuing energy-saving initiatives have had an impact on consumption, the generally lower levels are more attributed to sending employees home and more working from home due to the pandemic. It is expected that the consumption will increase in the future as the COVID-19 restrictions are lifted and the level of activity at Group locations begins returning to normal.

There has only been minor variations in the Group's consumption of electricity and water in 2021, where electricity consumption increased and water consumption decreased when compared to 2020. The consumption of heating is noticeably higher than in 2020, but this should be seen in the light of the

relatively cold winter months of 2021, which has resulted in more demand for heating at various locations.

The fluctuations in the KPIs generally show a downward trend when measured per employee and a rising trend when measured per square metre. The development is very much a reflection of an increase in the average number of employees in 2021 due to the contact tracing task and a smaller number of square metres due to the closure of the Group's offices in Lillerød.

The total estimated CO<sub>2</sub> emissions from the Group's activities ended up at 1,451 tonnes in 2021, which is lower than in 2020, where the estimated emissions were 1,588 tonnes. The development can be attributed to fewer emissions from transport, particularly from trips by plane, which are significantly lower since 2020 as travel activities in the first months of 2020 were not restricted due to the pandemic. It is to be expected that there will be more trips by plane in the coming years as the COVID-19 restrictions are lifted.

In 2022, ATP will be focusing on measuring its scope 3 emissions. ATP will also in 2022 address Insurance & Pension Denmark's industry recommendation for climate reporting.

### Initiatives in 2021

Sustainability is a major focus area for ATP and this is reflected in our activities. It is continuously being assessed how initiatives related to purchasing processes and other initiatives can reduce our carbon footprint as far as possible.

#### Solar panels on the roof

One of the most important initiatives in 2021 was installing 1,200 m<sup>2</sup> of solar panels on the roof of ATP's head office in Hillerød. This is intended to provide as much green electricity as possible to the building on Kongens Vænge.

Just as we have requirements for the companies we invest in, we must also set requirements for ourselves. ATP has an objective of being carbon neutral as a company in 2050, and here the solar panels both help to limit our CO<sub>2</sub> emissions and help us save money on our electricity bills. The solar panels will cover part of the electricity consumption at ATP's headquarter-

## Environmental impact of CO<sub>2</sub>, consumption of electricity, heat and water, etc.

	2021	2020	2019
<b>ATP facts</b>			
Number of locations	8	9	9
Number of sq. m.	60,786	63,435	63,435
Number of employees (FTE) <sup>1</sup>	3,044	2,729	2,747
<b>Consumption data</b>			
Electricity consumption (MWh)	3,109	2,922	4,288
Heat consumption (MWh)	5,385	4,765	5,879
Heating degree day-adjusted heat consumption (MWh) <sup>3</sup>	4,960	5,090	6,006
Water consumption (m <sup>3</sup> )	13,667	14,426	20,301
<b>KPIs</b>			
Area per employee	20	23	24
Power consumption per employee (kWh)	1,021	1,071	1,605
Power consumption per sq. m. (kWh)	51	46	68
Heating degree day-adjusted heat consumption per employee (kWh)	1,630	1,865	2,248
Heating degree day-adjusted heat consumption per sq. m. (kWh)	82	80	95
Water consumption per employee (m <sup>3</sup> )	4.5	5.4	8.1
Water consumption per sq. m. (m <sup>3</sup> )	0.22	0.24	0.33
<b>CO<sub>2</sub> emission<sup>2</sup></b>			
CO <sub>2</sub> emission, heat consumption (tonnes)	645	575	691
CO <sub>2</sub> emission, electricity consumption (tonnes)	590	554	813
CO <sub>2</sub> emission, water consumption (tonnes) <sup>3</sup>	10	11	16
CO <sub>2</sub> emission, transport (own vehicles, taxis and air travel) (tonnes)	206	448	1,083
Total CO <sub>2</sub> emission (tonnes)	1,451	1,588	2,602
Of which CO <sub>2</sub> Scope 1 (tonnes)	119	103	107
Of which CO <sub>2</sub> Scope 2 (tonnes)	874	805	1,098
CO <sub>2</sub> emission per employee (tonnes per FTE)	0.5	0.6	1.0

<sup>1</sup> Number of employees is stated as the average number of full-time employees.

<sup>2</sup> CO<sub>2</sub> emissions for 2021 have been calculated using the Danish Business Authority's new "Climate Compass" model which replaces the former "CO<sub>2</sub> Calculator" model. The transition to using the new model has no impact on the calculated CO<sub>2</sub> values.

<sup>3</sup> In 2021 there has been used a new value for degree days/normal year. Comparative figures for 2019 and 2020 have been recalculated to ensure comparability across the years.



ters and will result in an estimated 47 tonnes of CO<sub>2</sub> savings per year. The solar panels are expected to be operational at the start of 2022 and therefore the investment will only be seen in the 2022 consumption figures.

#### Partnership for green public sector purchases

ATP has become a member of the Partnership for Green Public Sector Purchases (Partnerskab af Offentlige Grønne Indkøb, or POGI in Danish). POGI includes a number of public sector organisations that want to do their part for the environment via green purchases and the development of shared purchasing goals.

Membership is free, but comes with binding commitments. This means that ATP must follow the common purchasing goals and have a publicly available purchasing policy where environmental considerations are a significant parameter for ATP's purchases. The partnership is part of our internal work on developing ATP into an even more sustainable company.

”  
In ATP, we need to take our own medicine. For example, we are reducing our CO<sub>2</sub> emissions by optimising our consumption of water, heating and electricity and by focusing on our consumption of raw materials in our canteen and by becoming better at sorting waste.

Marie Foltmann,  
Communications Director at ATP

#### Ride sharing app - an easy way to get to work by carpooling

In 2021, we also made it easier for our employees to get to work in a way that reduces their climate footprint. In a collaboration with FDM, we have launched a ride sharing app which is an initiative that can both reduce congestion on roads, reduce CO<sub>2</sub> emissions and help our employees save money on transportation. The app is called “Ta Med” (“Ride along” in English) and makes it easier to offer or receive a lift to and from ATP's locations.

The desire to reduce CO<sub>2</sub> emissions while travelling to and from ATP as a workplace goes hand in hand with the stricter requirements we have for the companies we invest in.

### SOCIAL KEY FIGURES

#### Employee satisfaction surveys

In 2021, we once again 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. Despite a lot of working from home, online meetings, lack of contact with colleagues and limited social events, the satisfaction levels of ATP employees remains very high. With a response rate of 93 per cent, the conclusion is that both levels of job satisfaction and loyalty are high among employees. This year, employees were asked whether the top and closest management tiers managed the challenges associated with the coronavirus pandemic well and whether we have been good at learning from this situation in terms of finding ways to work together, holding meetings and addressing digital competencies. All these questions have been answered with a very clear ‘Yes’.

#### Employee turnover rate

In 2021, ATP's employee turnover rate was 14 per cent, which is 2 percentage points higher than in 2020, where the employee turnover rate was 12 per cent. The level remains lower than the last year before the corona pandemic, 2019, where the figure was 16 per cent (which was considered to be relatively high by ATP). The increase in 2021 is mainly due to voluntary staff turnover, which is to some extent attributed to a tight labour market.

#### Follow-up on social key figures

	2021	2020	2019	
Number of employees (FTE)	3,044	2,729	2,747	
Gender distribution among all employees	Women	63%	63%	64%
	Men	37%	37%	36%
Gender distribution among managers, including CEOs	Women	52%	51%	50%
	Men	48%	49%	50%
Employee turnover rate <sup>1</sup>	14 per cent	12%	16%	
Sickness absence rate (average number of days per FTE)	7.6	6.3	8.3	
<b>Pay difference between genders</b>				
All employees <sup>2,3</sup>	1.4	1.4	1.4	
Customer advisors, occupational injury case handlers and head of section employees in Customer Servicet	1.0	1.0	1.0	

<sup>1</sup> Employee turnover rate is calculated on the basis of all ordinary employees.

<sup>2</sup> 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

Following up on sickness absence for ATP's employees reveals that the average number of sick days per year is 7.6, which is an increase of 1.3 sick days compared to 2020. The level remains lower than in 2019, where employees on average took 8.3 sick days per year. The sickness absence at ATP was reduced by 25 per cent from 2019 to 2020. The decrease is mainly due to less short-term absences related to workers being sent home in connection with COVID-19. It has not been possible to maintain all of this major reduction in 2021, where the patterns for absences has been less predictable.

#### Gender balance in management

ATP makes every effort to ensure a balanced distribution between men and women in the Group's management tiers, which in practice means a 60/40 distribution. This target was met for 2021, as 52 per cent of managers including CEOs were women and 48 per cent were men. There is a variation in the gender composition of management roles depending on the management tier and work area. In 2021, there was an over-representation of women in general when looking at all employees in the Group as a whole.

ATP is continually focused on increasing the proportion of women in management in the areas where there is an over-representation of men. 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

#### 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.

### = a helping hand

Fase+ is a small department of ATP in which employees need a helping hand to enter the labour market. Participants in the scheme are men and women of a non-western background, vulnerable young people and mentally ill persons who are all associated with the scheme for two years. From its early beginnings in 2010 until 2021, a total of 262 people have been employed under Fase+, and of all those participants 65 per cent have either moved on to employment or education in or outside of ATP.

### = graduates

In 2021, ATP's 8th graduate team started. This year's team comes from seven different universities and their academic backgrounds range from law, engineering, IT and social sciences to psychology, communication and management.

### = ambassadors

When you want to call attention to yourself but have no marketing budget, it is good to have committed employees who are happy to act as ambassadors for their place of work. Our internal ambassador network consists of more than 150 colleagues from all parts of the business and they are there to spread ATP's messages to the world. Thanks to them, our stories about results, our responsibility and our good place to work have reached all corners of LinkedIn and Facebook.

### = taking a job during your sabbatical

It is important to ATP to also have an eye out for young talent and for the responsibility involved in training and developing them. One of the entry points to ATP is the traineeship. In 2021, ATP had a total of 28 trainees employed. Another way is to spend a sabbatical year at ATP. For this purpose, we have set up a special service team as part of our customer service, consisting of employees who have completed their secondary education and need a break before progressing in the education system. In total, we have had 220 people employed on short or long-term contracts this year.

### = manager and employee development

There has been focus on manager and employee development in 2021. Due to COVID-19, ATP's HR department has focused on creating a relevant online program. This has been a success, and during the year a range of online modules have been offered with a focus on feedback, returning to the office, hybrid management and the manager's role in developing their employees. In addition, a number of internal management networks have also been launched in order to allow the managers to have a space for friendly sparring and to ensure that the entire organisation is cohesive.

### = young professionals

In 2021, our Young Professionals network - which is a professional and social community for our young employees - was expanded further. All participants are under the age of 35. In total, there are more than 100 employees who are active in these networks and typically 3-4 events are held per year.

### = senior scheme

In 2021, approximately 300 employees made use of the option of 5 annual days off for seniors paid for by the company. Days off for seniors are reserved for colleagues who have turned 59.

### = career development for women

The results of the "Accelerate" career development programme for women in ATP's Pensions & Investments business are already noticeable - both for the participants and ATP. The programme has contributed to a more equitable gender distribution in the management group where two new female managers have joined and it has also accelerated the process of focusing more on diversity and the need for female role models in the Pensions & Investments business. The evaluation of this programme has been positive across the board, as the participants have strengthened their strategic imprints, more have wanted management responsibilities and, finally, the participants have also been motivated to be more clear about their ambitions.

### = working environment certification

The working environment is a top priority for ATP. In 2021, ATP's working environment was re-certified by an external auditor, this time based on a new international standard called ISO. ATP is the only financial company that is ISO-certified and it has been given the Danish Working Environment Authority's crowned smiley as a certificate for making extraordinary efforts to ensure a good working environment. The new standard has a particular focus on ensuring that the senior management team thinks about working environment issues in their strategic work and that the working environment and core tasks go hand in hand.



# Diversity & inclusion

ATP strives to be a company that is diverse and inclusive, both when it comes to competencies, gender, background, education and age.

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. Three employees groups, consisting of customer advisors (approx. 1,000 employees), industrial injury claims processors (approx. 160 employees) and Head of Section employees at Customer Service (approx. 60 employees) and which in 2021 comprised about 1/3 of the employees in the Group are assessed as being large enough and homogeneous enough to allow for a comparison of salary levels by gender. The salary difference between each of these employee groups is 1.0, meaning that men and women are receiving the same pay.

For the ATP Group as a whole, the salary difference between men and women is at 1.4, meaning that there is a 40 per cent difference between the salaries of men and women across the entire Group. The difference only reflects different job roles between the genders and not pay differences.

#### GOVERNANCE KEY FIGURES

##### Pay difference CEO and employees

##### Follow-up on governance key figures

		2021	2020	2019
Gender distribution on the Supervisory Board <sup>1</sup>	Women	33%	31%	31%
	Men	67%	69%	69%
Gender distribution on the Board of Representatives <sup>1</sup>	Women	40%	35%	35%
	Men	60%	65%	65%
Attendance at Supervisory Board meetings		94%	90%	90%
Pay difference between CEO and all employees		12	11	11
Pay difference between CEO and employees, isolated for ATP Livslang Pension (Lifelong Pension)		8	8	8

<sup>1</sup>As at 31 December 2021 when the figures were compiled, there is one vacant spot on both the Supervisory Board and the Board of Representatives.

#### 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.

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 12 for 2021, meaning that the remuneration of the CEO corresponds to 12 times the average pay of all employees in ATP. This includes employees carrying out administrative tasks for external parties. The increase compared to 2020 is due to the hiring of new temporary employees to manage the contact tracing work, which has pulled the Group's average salary figure down. It is expected that this ratio will return to what it was in 2020 again in 2022.

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. The ratios are similar to 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 has been met, as on the balance sheet day, there were 12 women (40 per cent), 18 men and one vacant seat on the board. The target for the Supervisory Board was also met, as there were four women (33 per cent), eight men and one vacant seat on the board.

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.

There is continually being worked on ensuring that the objective of having an equal gender distribution is met. The replacements made in 2021 have not altered the balance on the Supervisory Board, as the individual organisations decided 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 boards of directors of some of ATP's subsidiaries are also subject to the gender composition objective, which means in practice that the underrepresented gender should be at least a third of the members, the same as the target for ATP's Supervisory Board and within the same timeframe. In the subsidiaries covered by the legislation, the target has not been met. 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. This is primarily due to the fact that the Supervisory Boards of ATP's subsidiaries are made up of members of ATP's Group Management and that those with

#### 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.

special skills in investment subsidiaries are male members of the Group Management.

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.