The ATP Group

Responsibility 2024

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ESG reporting must focus on material issues

When ATP reports for the 2025 financial year a year from now, the sustainability reporting format will change. ATP will be covered by the new Sustainability Directive, CSRD, which will significantly change the playing field for CSRD reporting. As a result of this, sustainability reporting will become part of the ATP Group's annual report.

That is why ATP, like many other companies, is spending time and resources on getting ready to report in a completely new way with significantly more formal requirements for the process.

But for ATP, CSRD is not only about our own reporting, but just as much about the companies we invest in. This is because many of them are in the first wave of companies that need to report for the 2024 financial year. ATP has already been closely involved with companies' CSRD work. As a major investor, companies ask us for our opinions and preferences regarding their reporting.

STATUTORY REPORTING

The report is ATP's statutory report on responsibility and covers the period 1 January 2024 to 31 December 2024, cf. Section 23 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 24 of the Executive Order on Financial Reporting by the Danish Labour Market Supplementary Pension Fund (ATP) and Section 25 of the Diversity Policy.

The reports are part of the management's review in ATP's annual report for 2024.

ATP's sustainability-related information and information on the EU taxonomy for environmental sustainability is available (only available in Danish) at atp.dk

ATP's position in this context is clear. We welcome CSRD, because openness from companies about their impact on society, governance etc. is a good thing. However, a balanced approach must be employed.

Our message to companies is to focus on what matters to them in their reporting. It is not about chasing data points to fill in as much information as possible. On the contrary, we encourage companies to assess whether each data point brings value to shareholders and other stakeholders. The best approach to reporting is not necessarily to report as much information as possible.

In 2025, we will monitor companies' reporting closely to better understand which parts of CSRD create value.

When ATP reports for the 2025 financial year, we will adopt the same approach as we do with our portfolio companies. We need to report on the essentials, rather than over-reporting.

Our work with the double materiality analysis indicates that we, as a diversified investor, have a broad exposure to CSRD issues through our investments.
As a large payment and processing business, we also have broad contact with the citizens of Denmark, which is why the theme *Consumers and end users* is particularly important for this part of the business.

Therefore, all ten themes in CSRD will be essential for ATP, although not for all business areas. For many of the themes, it will only be significant for ATP Livslang Pension (Lifelong Pension), while reporting on our own workforce and responsible business behaviour will be significant for ATP as a group.

However, when it comes to the review of data points, our initial expectation is that many data points will not be material to ATP and our policies that guide our work will be the same across the ESRS themes. In this way, we can achieve a pragmatic implementation so that ATP can focus on the most important aspects of our business, just as we expect the companies to do.

Six ESG principles chart the course

ATP believes that the integration of ESG into our investment work can reduce risks and contribute to long-term value creation. Therefore, we are continually seeking to:

1. Distinguish financial materiality and societal materiality from each other and also continually attempt to understand the interaction between financial materiality and societal materiality.
2. Building strong processes for both ESG due diligence and ESG asset management across asset classes tailored to the specific investment processes.
3. Improve our ESG data basis with a focus on developing the companies' own reporting of data.
4. Developing ATP's general guidelines and specific expectations for companies' ESG practices.
5. Mapping the ESG characteristics of ATP's investment portfolios with a view to prioritising ESG initiatives.
6. Contributing to real improvements being made in individual companies, both for the benefit of ATP's investments and for society at large, based on a preference for active capital stewardship.

Business Model

ATP has optimised its business model in recent years. This is a result of ATP's objective to be an important contributor to the basic finances of Danes through stable, guaranteed lifelong pensions and to contribute to increasing the real value of pensions. The goal of the overall changes to the ATP Livslang Pension (Lifelong Pension) business model is to achieve both higher absolute pensions and a better opportunity to increase them and ensure the real value of them.

The changes in the business model consist of two parts. Life annuity with market exposure (LAWMA), introduced in 2022 (see Annual Report 2022) and a changed hedging strategy which began to be implemented in 2023.

The changed hedging strategy is based on ATP's existing interest rate hedging with the addition of long-term market risk to the hedging in the form of riskier assets in order to strengthen the possibility of increasing the real value of pensions.

The changed hedging strategy is based on two special features of the ATP scheme: The payments extend far into the future and the funds are only paid out to members as they retire. In this way, a share of the assets that will deliver the guaranteed pensions can be invested with a long-term focus where ATP assumes a higher investment risk than with pure interest rate hedging. The objective is to achieve a higher return over time as a supplement to the current interest rate hedging and at the same time maintain the high probability that ATP can honour the guaranteed benefit payments.

As a consequence of the illiquidity of the liabilities, ATP must - in accordance with international accounting standards (implementation of new standard IFRS17) - from 2023 recognise the value of the pension liabilities taking into account their illiquidity. Therefore, ATP includes an illiquidity spread to the discount curve for use in calculating the value of the guaranteed pensions, which are thus reduced by DKK 37bn at the beginning of 2023. ATP chooses to set aside the funds thus released in a Long-term Supplementary Provision (LSP), while establishing a Supplementary Hedging Portfolio with long-term risk-taking as part of the overall hedging. Over time, it is expected that the return on this Supplementary Hedging Portfolio can be transferred to the bonus potential and thus contribute to increasing the real value of the lifelong pensions. ATP must also calculate a supplement -a risk adjustment for non-financial risks - to the pension liabilities as a consequence of the implementation of the new international accounting standard IFRS17. The supplement amounts to DKK 1.0bn and represents the funds that ATP must reserve to assume non-financial risks.

Two new items are thus introduced under pension provisions: Long-term Supplementary Provision and risk adjustment.

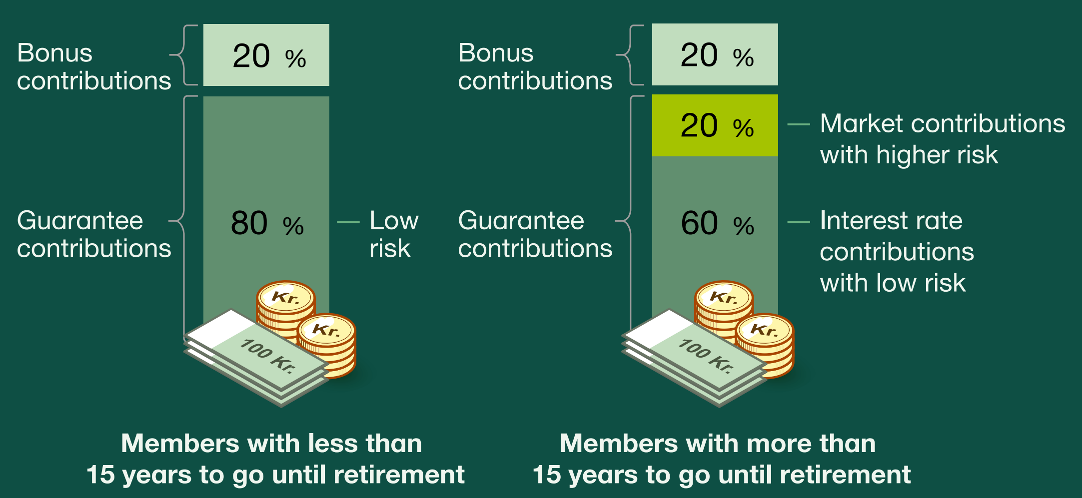
ATP's pension provisions then consist of pension liabilities and undistributed funds. Pension liabilities are distributed to members either as a guaranteed pension or life annuity with market exposure plus risk adjustment for non-financial risks.

ATP's undistributed funds constitute the remaining part of the pension provisions and consist of the bonus potential and the Long-term Supplementary Provision.

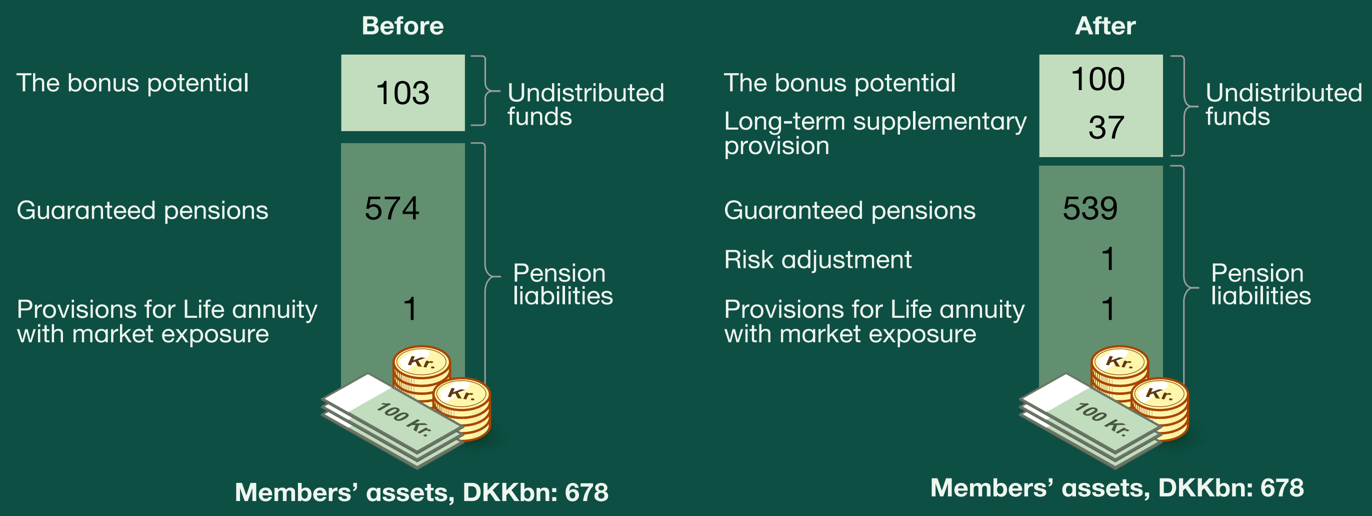
The new balance sheet items do not as a general rule change the value of the members' total assets. All ATP's assets belong to the members either as distributed or undistributed funds.

The purpose of the new accounting standard is to create transparency around companies' earnings. ATP has no profit from providing services, so ATP's profit will always be 0.

Implementation of Life annuity with market exposure in 2022



Pension provisions before and after changes at the beginning of 2023



ESG

Policies and governance

To ensure a management anchoring 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 Sustainability.

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 administration reports regularly to the Supervisory Board on the work with sustainability in investments.

ATP'S ESG POLICIES

Policy for Sustainability in Investments
ATP's Policy for Sustainability 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 rights, anti-corruption and management issues in its risk management and investment processes in line with other business conditions and risks.

In ATP's Policy for Sustainability 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 towards tax on investments. Our tax policy is aimed at making our investments more robust against tax-related risks and to ensure that we take a co-responsibility for strengthening the governance in this area.

IDENTIFYING RISKS AND DESIRED RISK PROFILE - EXTRACT FROM THE POLICY FOR SUSTAINABILITY IN INVESTMENTS

ATP views sustainability risks similarly to other investment-related risks, including market risks. We view sustainability risks the same as we view intangible assets such as goodwill, brands and intellectual property rights where the valuation is subjective.

ATP's work with sustainability risks indicates that the measurement methods, data, etc. used to assess the impact on the value of investments are not as developed as they are for traditional risk factors. Therefore, there can neither be identified or made a nuanced and specific assessment of how various sustainability risks materialise across investment types in the same way as can be done for traditional financial risks. For this reason, at present sustainability risks cannot be primary guidelines in the work with investments and risk management.

Therefore, the work involves a more general and holistic approach to the assessment of sustainability risks. As is the case with other investment risks, ATP strives to identify ESG related risk sources and assess to which degree ATP is compensated.

ATP is continually working on improving its opportunities for integrating sustainability risks by developing and testing new methods such as, for example, when working with climate data which ATP assesses is the area that has seen the most progress.

TWO ESG TRACKS IN ATP'S INTERNAL GOVERNANCE

Key decisions within the framework of ATP's Supervisory Board's Policy for Sustainability in Investments → Committee for Sustainability

The Committee for Sustainability discusses fundamental decisions in the ESG area and it is also in this forum that decisions related to ATP's Policy for Sustainability in Investments are made. These include decisions about company exclusions and other ESG matters. The Committee for Sustainability 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.

Guidelines for companies' climate and diversity efforts

A greener future with room for all talents - this is what ATP as a group wants to contribute to. We do this because, as a large societal institution, we want to take responsibility for contributing to a positive development. As an investor, our biggest impact is through the companies we invest in to generate good pensions for ATP's members.

That is why we specify guidelines for companies in relation to climate and diversity, so that we can continuously monitor whether they are on the right track or whether they need a push in the right direction. Specifically, we focus on companies' reduction of scope 1 and 2 emissions and gender diversity in management, where we want to see the companies improve their performance year on year.

We aim to use our influence to improve the companies, both for the benefit of returns and for the good of society at large. We also state this in our ESG principles, which guide our approach:

“Contributing to real improvements being made in individual companies, both for the benefit of ATP’s investments and for society at large, based on a preference for active capital stewardship.”

We focus on real development, because it by companies that emission reductions must be delivered. Looking only at the CO_2 reductions at a portfolio level, the data gives no immediate indication of whether things are progressing in the right or wrong direction. At a portfolio level, the most obvious thing to do is to divest ourselves of the worst companies. However, that does not ensure real improvements; it just means that a new investor owns the companies.

It also means that our guidelines focus on absolute reductions rather than intensity-based emissions. Intensity-based approaches can be an excellent tool, but when you relate emissions to something else, you risk misinterpreting the trend. For example, if you compare emissions to revenue, the relative emissions can decrease if a company has raised its prices due to inflation without having lowered its emissions.

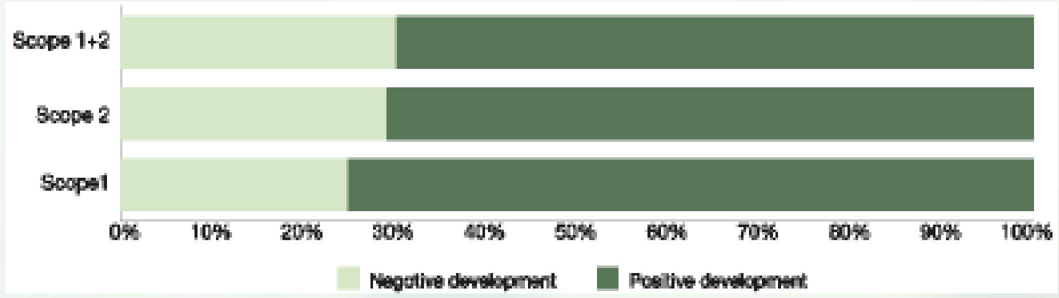
Also, keep in mind that our methodology focuses on the development - not the starting point. So if a company moves from, for example, no women on a 12-person board to one woman, our methodology will show this as a positive development, even though the percentage representation is still small. Conversely, a company can go from having many women on the board to having slightly fewer women, which in this model would be a negative development.

Our principle is that companies should be judged on their own merits - both for the best and the worst companies. Even if a company is far behind others, it is important to reward progress. Similarly, it is important to make sure that companies that are already far ahead do not suddenly end up moving in a negative direction.

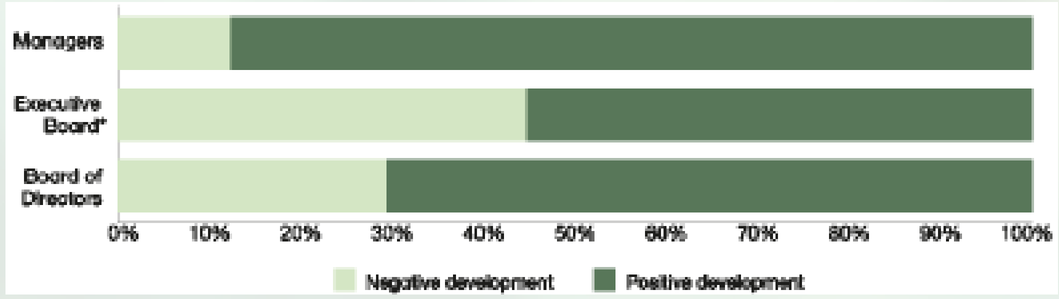
We enter into dialogue with companies that show negative development on our two guidelines, including companies that come from a good starting point. We do this because we need to understand why the trend is negative. In these dialogues, companies cite different reasons for their negative development.

For example, the company may have expanded its market share and thus increased its emissions, or perhaps more women have left the board. In 2025, ATP will analyse the responses so that we can be more robust when assessing the reasons given by the companies that have not had a positive development.

COMPANIES MUST REDUCE THEIR ABSOLUTE CO_2 EMISSIONS (SCOPE 1+2)



COMPANIES MUST INCREASE DIVERSITY IN THE MANAGEMENT TIERS



*ATP provides figures at the executive level, but as executive boards can be very small (1-2 people), it is not meaningful to use this method to monitor development. Therefore, ATP discloses the figures but does not enter into an annual dialogue with all companies regarding negative development. Negative development includes both declining and non-improving companies.

THE METHOD RELIES ON COMPANY-REPORTED DATA

If ATP wants to monitor development at a company level, it does not make sense to use estimated data on company emissions. Therefore, the graphs above only show companies for which ATP has data. ATP has processes in place for contacting companies that do not disclose carbon emissions or diversity figures, and encouraging them to report publicly on these issues.

This is especially true in areas with a low degree of transparency on ESG issues. Therefore, the figures above do not cover ATP's entire portfolio, just as we do not apply the method to fund investments (where data coverage is low).

Double materiality

CSRD should lead to knowledge, not over-reporting

The EU's new Sustainability Reporting Directive (CSRD) is on the agenda of many companies at the moment. The first wave will report for the 2024 financial year and the next wave will report for the 2025 financial year.

CSRD plays a major role in the sustainability landscape these days. For a large investor like ATP, this is particularly important because we have a dual role in CSRD. As an investor, ATP uses companies' sustainability data, which will increase significantly as a result of the CSRD. ATP must also report under the new rules, as CSRD will be written into the ATP Act with effect from 2025.

It is crucial to focus on the essentials

Although the first CSRD reports will not be published until the largest listed companies release their annual reports for 2024, ATP has already been closely involved with the companies' work with CSRD. As a major investor, companies ask us for our opinions and preferences regarding their reporting.

ATP's position is clear, as we have also expressed to the companies in our ongoing dialogues and in a letter we sent to the CFOs of the Danish portfolio companies.

This message is that ATP welcomes CSRD, but the approach must be balanced and companies must focus on what is important to them in their reporting. It is not about chasing data points to fill in as much as possible. On the contrary, it is necessary to consider each data point and assess whether it brings value to shareholders and other stakeholders. The best approach to reporting is not necessarily to report as much information as possible.

In the letter, we also gave an indication of ATP's expectations by pointing out that the three themes of climate change, own workforce and business conduct should be important to all companies. In the three ESRS, we have highlighted the data points that we believe will be relevant to companies across industries.

At ATP, we look forward to following the development of the CSRD and contributing to ensure that the CSRD is implemented in a pragmatic way that creates value for companies and is not just a paper tiger that increases expenses for companies.

Pragmatic implementation

When we do the report for ATP, we will follow the same approach as we do with our portfolio companies. Our work with the double materiality analysis indicates that, as a diversified investor, through our investments we have a broad exposure to all the topics covered by CSRD. As a large payment and processing business, we also have broad contact with the citizens of Denmark, which is why the themes in the ESRS of 'Consumers and end-users' are essential to ATP's business.

Regarding our investments, we also look at our history, e.g. in the form of our Policy for Sustainability in Investments, where ATP generally takes a broad approach to what topics fall under the scope of the policy. ATP will naturally closely examine a company that is accused of having a negative impact on, for example,environmental pollution or biodiversity, and the same applies to social themes.

If we look at ATP's list of excluded companies, ATP has, for example, excluded companies for issues such as biodiversity, labour rights and circumstances of indigenous people. It would therefore be difficult to say that they are not essential in a CSRD context.

All 10 ESRSs are expected to be material for ATP, although not for all business areas. However, when it comes to reviewing data, our immediate expectation is that many data points will not be material to ATP and that the policies that guide our work will be the same across the ESRS themes. In this way, we expect to achieve a pragmatic implementation so that ATP can focus on the most essential aspects of our business, just as we expect the companies to do.

> **"Companies need to ensure that they report on what matters, and that is not an easy task. If you have not reported on a data point before, you need to ask yourself if you are doing it because it is important or just because it is in the CSRD. As investors, we need the right data to be able to assess companies, but it's important to avoid drowning in an excess of information.**
>
> Martin Præstegaard CEO, ATP

TWO TYPES OF ESG MATERIALITY

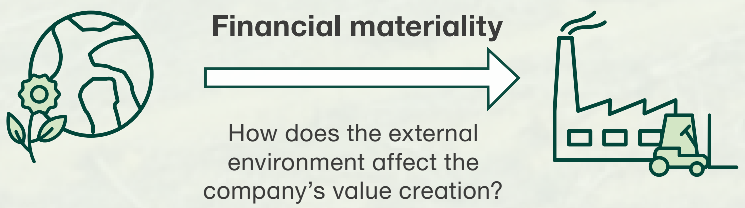
When working with ESG in investments, there are two main approaches. If you are looking to limit risks from ESG factors for your investments, this is called financial materiality or sustainability risks in the EU's Disclosure Regulation.

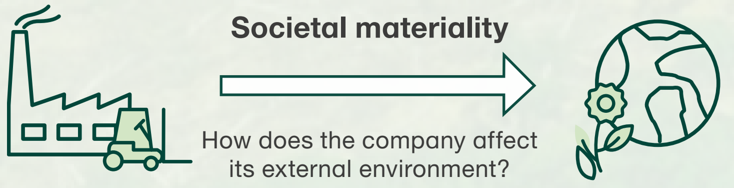
However, if you are planning to limit a company's environmental impact, for example, via limiting CO_2 emissions, this is called societal materiality or negative sustainability impacts.

ATP believes there is often a correlation between the two types of materiality. For example, a company that does not take its societal materiality seriously will also be at risk of suffering financially, and there is therefore an overlap.

CSRD is also based on double materiality. Companies need to analyse which topics are essential to their business. A significant topic may regard either societal impact or financial impact. Or it may regard both.

In 2024, ATP conducted a double materiality analysis as part of our preparations to report on CSRD for the 2025 financial year. In our analysis, we used ESG data to analyse the impact of our investments on the topics defined by CSRD. The analysis clearly shows that a globally diversified investor comes into contact with virtually every topic.





Green ambitions

Difficult times for the green transition

One of ATP's climate ambitions is for our portfolio companies to report on their CO_2 emissions in 2025. They must report on both the emissions they are directly responsible for (scope 1 and 2) and also the emissions from their value chain (scope 3). Without knowledge of the companies' emissions, both ATP and the companies themselves are working blindfolded.

This ambition expires in 2025, and will partly be replaced by ATP's new focus on guidelines. CO_2 data is an important part of this, which is why we continue to engage in dialogues with a number of companies that do not publish CO_2 data.

ATP has created a model where we rank all companies based on their current level. The method is available at the end of the report. Every scope gets between 0-3 points, and the points are then added together to find the overall level of reporting. Nine points can be achieved if a company reports sufficiently on scope 1, 2 and 3 emissions. This allows us to monitor the developments in individual companies and we can also see the averages for different parts of the portfolio.

Danish equities

- Solid progress across the portfolio, with 21 companies (44 per cent) improving the quality of their reporting
- Three companies with a decline in quality due to weaker scope 3 reporting.

- The focus for 2025 is to get the last companies up and running and strengthen the quality of the companies that report very poorly.

Global equities

- Progress in the quality of reporting. Approx. 10 per cent of companies have improved their reporting to score between 7-9 points.
- European companies are good at reporting, while around 50 companies outside Europe lag behind.
- The focus for 2025 is on companies in the US and Canada that do not report and high-emission companies.

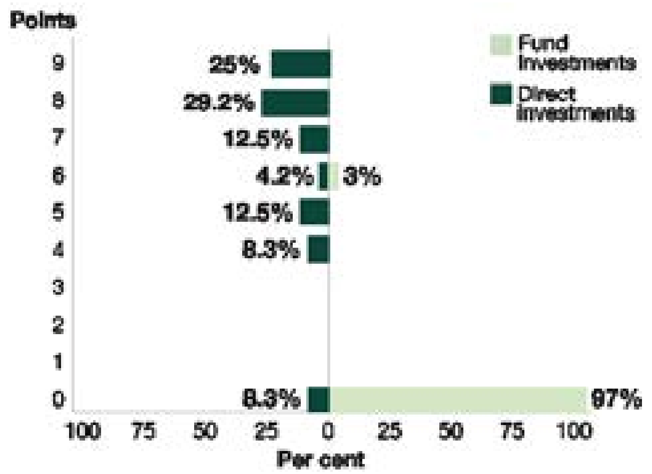
Direct investments

- In direct investments, virtually all of our investments report. The focus for 2025 will be on ATP's forestry investments, which are not currently reporting.
- In direct investments, the average score has increased from 3.5 points in 2021 to 5.6 points in 2023.

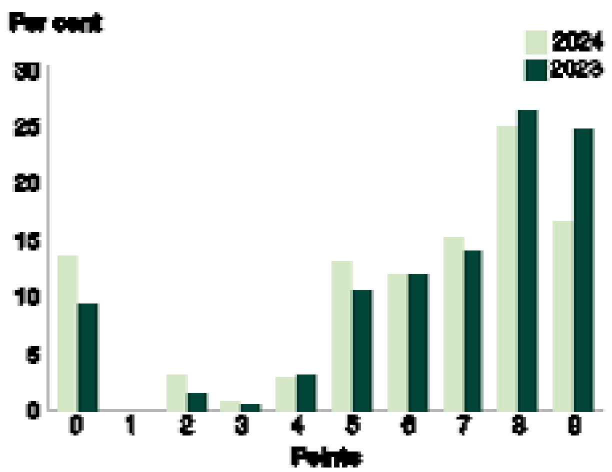
Funds

- There is still generally a very low level of reporting.
- Funds with a strong ESG focus remain among the best at driving reporting in portfolio companies

Distribution of unlisted companies by points



Distribution of listed companies based on points



Status of ATP's green investments

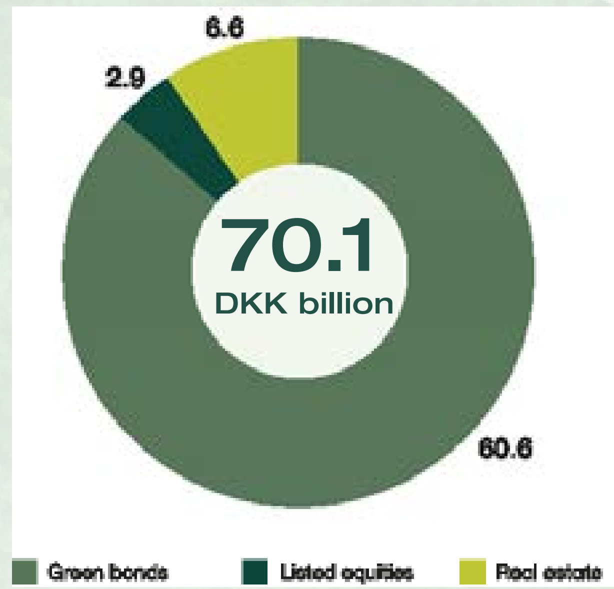
2024 proved to be a tough year for green transition investments, with rising interest rates and unpredictable market terms hitting a number of climate-friendly technology companies. ATP continues to believe that the green transition is a good investment, including in the long term.

In 2024, ATP's green investments decreased by DKK 4.6bn. Although the portfolio of green bonds has increased by DKK 2.7bn, losses on unlisted investments such as the battery manufacturer Northvolt and a new data provider for the calculation of equities have caused the total amount for 2024 to decrease.

This is partly due to a number of market challenges in the green sector. ATP's ambition for green investments is subject to a number of conditions, such as market and political circumstances, and also requires that the investments are made within the framework of ATP's regulatory requirements.

ATP has also chosen a new data provider with a more conservative approach to using estimates on non-European equities. ATP's calculation method and the assumptions behind the ambitions can be found in the methodology section of the report.

Distribution of ATP's green investments in 2024, DKK billion



Carbon accounting for investments

In 2021, ATP set an ambition of 70 per cent reduction of CO_2 emissions for listed equities and corporate bonds and 85 per cent for real estate in 2030 compared to emissions in 2018. With this ambition, we wanted to send a signal to our portfolio companies and the outside world that ATP supports Denmark's target of reducing greenhouse gas emissions by 70 per cent by 2030.

Overall, ATP's ambition is well on its way, as we have achieved a reduction in our equity portfolio of 54 per cent compared to 2018, and there is some justification for expecting ATP to reach the target before 2030. ATP has converted its corporate bond portfolio to green bonds, which is why it is not meaningful to compare.

However, ATP is generally reluctant to interpret the fulfilment of CO_2 reduction targets within the listed area as an expression of a corresponding reduction in actual emissions, as there are a number of methodological issues to consider.

ATP uses the metric carbon intensity, which is widely used in the financial sector. The metric is an expression of how much CO_2 ATP's portfolio companies use per krone of revenue.

This means that it is a relative measure where the metric can decrease even if emissions are constant if revenue is increasing. Thus, a decrease cannot necessarily be said to reflect a corresponding decrease in real CO_2 emissions. Similarly, the price increases of recent years will increase companies' revenue, which will increase relative to emissions without leading to real reductions.

Carbon accounting for illiquid investments

	Total emissions		Carbon Footprint		Carbon Intent.		WACI	
2024	Tonnes CO_2e	Developments from 2023	Tonnes CO_2e/	Developments from 2023	Tonnes CO_2e/	Developments from 2023	Tonnes CO_2e/	Developments from 2023
Total	137,529	(0.8%)	2.55	(3.6%)	8.83	(13.4%)	5.78	(16.1%)
Scope 1	100,983	(3.1%)	1.87	(5.8%)	6.48	(15.4%)	3.06	(9.5%)
Scope 2	36,546	6.0 per cent	0.68	3.0%	2.35	(7.5%)	2.71	(22.6%)
Number*	223		223		195		203	

* In total, 139 of ATP's illiquid companies report on all or part of their emissions. Companies with partial reporting or missing financial figures are not included.

REAL ESTATE INVESTMENTS

For property valuations, we set an ambition of 85 per cent by 2030. Here we are also well on our way with a reduction of 71 per cent. Energy renovations and changing consumption patterns have made a difference here, and in the long term, a greener electricity and heat supply in Denmark will help us achieve our ambition. You can read more about the work in ATP Ejendomme's ESG report.

DEVELOPMENTS IN 2024

ATP's equity portfolio has grown in 2024, which means that the total emissions from ATP's portfolio have increased. Similarly, better data coverage means that we can now include more companies, which has an impact on total emissions.

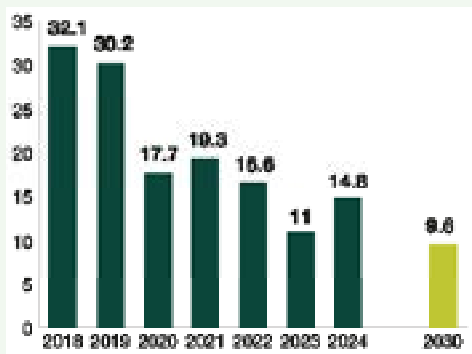
In 2023, the intensity of the Danish portfolio decreased as ATP had sold Maersk equities. In 2024, ATP has relatively more Maersk equities, which is why the intensity in that part of the portfolio has increased. The same is true in the international portfolio, where there are relatively more energy-intensive companies than in 2023.

Carbon accounting for listed investments

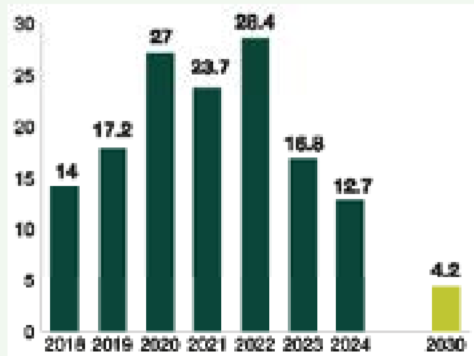
	Total emissions		Carbon Footprint		Carbon Intensity		WACI	
2024	Tonnes CO_2e	Developments from 2023	Tonnes CO_2e/ DKKm	Developments from 2023	Tonnes CO_2e/ DKKm	Developments from 2023	Tonnes CO_2e/ DKKm	Developments from 2023
Nordic equities								
Total, MB	189,652	56.97%	6.93	34.76%	14.10	44.27%	7.36	38.03%
Total, LB	198,001	54.73%	7.24	32.84%	14.72	42.22%	8.39	35.66%
Scope 1	180,354	59.91%	6.59	37.28%	13.40	46.97%	6.57	40.89%
Scope 2, MB	9,298	15.73%	0.34	(0.65%)	0.69	6.37%	0.80	18.31%
Scope 2, LB	17,647	16.27%	0.65	(0.18%)	1.31	6.87%	1.82	19.67%
International equities								
Total, MB	408,987	94.00%	8.81	23.93%	15.16	28.68%	14.46	27.00%
Total, LB	416,733	94.93%	8.98	24.52%	15.45	29.30%	14.83	27.36%
Scope 1	337,400	105.34%	7.27	31.17%	12.51	36.20%	11.47	30.26%
Scope 2, MB	71,588	53.96%	1.54	(1.65%)	2.65	2.12%	2.99	15.87%
Scope 2, LB	79,333	60.36%	1.71	2.44%	2.94	6.37%	3.36	18.36%
Equities overall								
Total, MB	598,640	80.51%	8.11	30.01%	14.81	35.10%	11.83	33.28%
Total, LB	614,734	79.88%	8.33	29.56%	15.21	34.63%	12.44	31.97%
Scope 1	517,754	86.85%	7.02	34.58%	12.81	39.84%	9.65	35.87%
Scope 2, MB	80,886	48.32%	1.10	6.83%	2.00	11.01%	2.18	22.91%
Scope 2, LB	96,979	50.01%	1.31	8.05%	2.40	12.27%	2.79	20.05%
Corporate bonds								
Total, MB	43,444	(39.34%)	9.46	(23.98%)	12.70	(24.06)	21.82	14.95%
Total, LB	43,325	(36.76%)	9.43	(20.74)	12.67	(20.82)	19.65	4.24%
Scope 1	35,046	(38.12%)	7.63	(22.44)	10.25	(22.52%)	10.44	(16.61)
Scope 2, MB	8,398	(43.98)	1.83	(29.78%)	2.46	(29.86%)	11.38	76.18%
Scope 2, LB	8,279	(30.28%)	1.80	(12.61%)	2.42	(12.71%)	9.208	45.52%

LB: Location based MB: Market based See the accounting policies for a more detailed explanation of the metrics.

ATP's 2030 ambition for equities



ATP's 2030 ambition for corporate bonds



Measured by carbon intensity - tonnes CO_2e/DKKm

Thorough preparation for long-term ownership

ATP has part of the portfolio allocated to direct investments. This means that we co-own real estate, forests, infrastructure and other assets. These are typically referred to as illiquid or unlisted investments, as we are unable to sell those assets on a stock exchange; instead, we would have to find a buyer outside the stock exchange, which entails higher transaction costs.

We also typically own a larger proportion of an individual company when making such investments, meaning that we have a greater responsibility to ensure that the company is not involved in violations of the OECD's guidelines for multinational enterprises.

Therefore, we are focused on discovering material ESG risks that would have an impact on our investment before we step in as co-owners. We look at both whether there are risks that are socially material or financially material. Both types of risks need to be uncovered, and in some cases action plans must be agreed on to remedy potential deficiencies when ATP steps in as an owner of an asset. The ESG due diligence work is an integrated part of our overall investment due diligence processes that are carried out via ATP's investment forum.

We have defined an ESG process for direct investments which are tailored to these kinds of assets specifically. As these are one-off investments, we can narrow down the relevant ESG areas in the specific situation in terms of geography, industry, etc. and concentrate our focus on these areas when analysing the ESG risk of the potential investment.

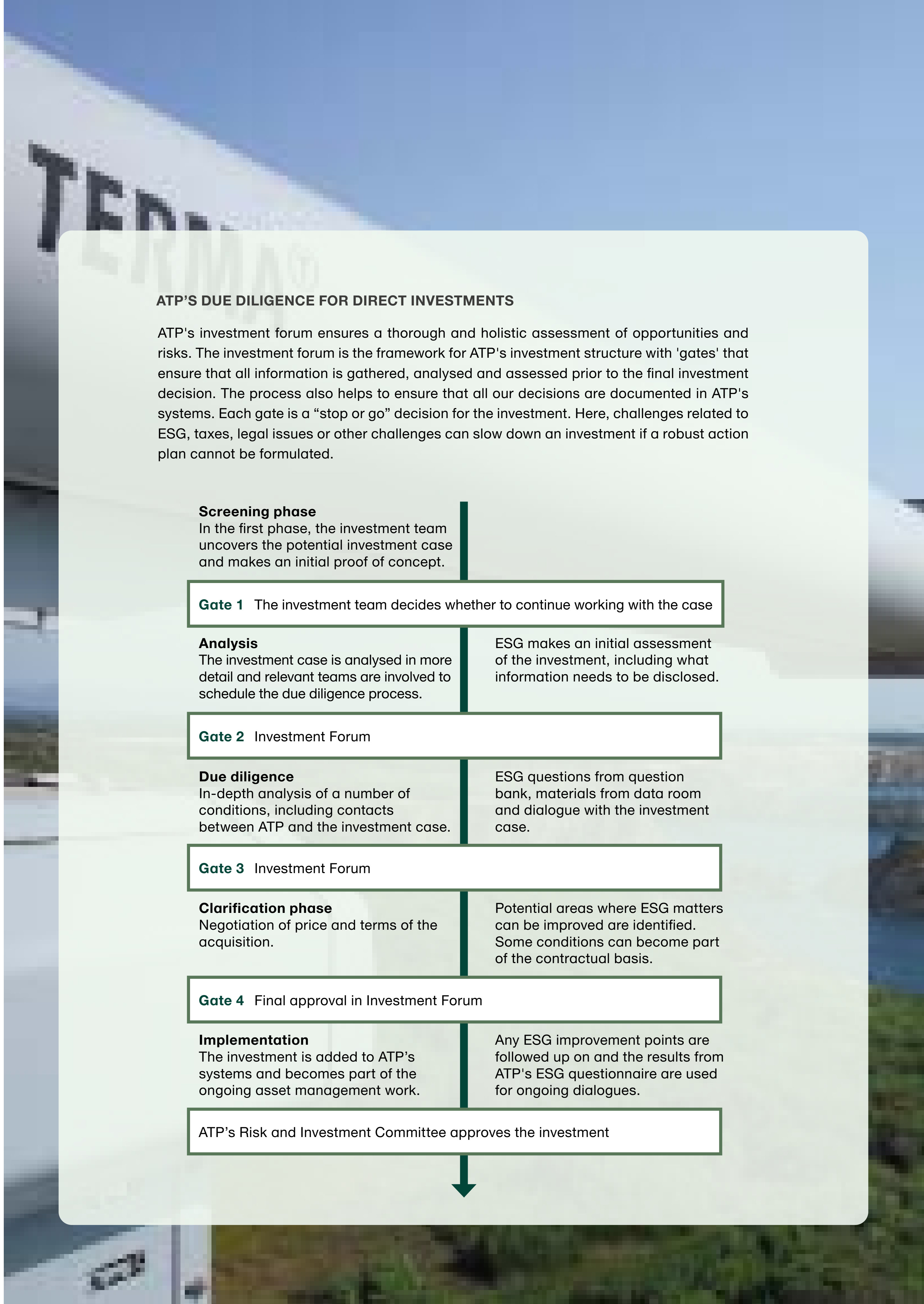
To assess the ESG conditions for each potential investment, we have, among other things, developed a question bank to target our research. The question bank is inspired by the American organisation SASB's materiality tool, which has identified the most financially material ESG issues in all industries. In the event that there might be a need for specialised technical expertise, we can also use external specialists to ensure that all aspects are covered.

In this way, we aim to ensure that we cover the most important aspects of all potential investments. We also assess the company's policies, processes and historical performance on ESG issues with a view to ensuring that the company meets our requirements and to identify potential opportunities for improvement.

ATP's investment in Terma

In 2024, ATP invested in the Danish company Terma through our ATP Long Term Danish Equity compartment, which invests in Danish companies or companies with strong ties to Denmark. Terma is the largest aerospace and defence company and one of the leading high-tech companies in Denmark, and with this investment ATP has seen an opportunity to both generate an attractive return for our members and support a company that creates Danish jobs and plays an important role in a period of instability in security policy.

ATP generally sets the same ESG requirements for all types of investments - companies must comply with ATP's minimum requirements and also manage the risks and opportunities that are material to them. For defence companies like Terma, ATP examines whether the company has robust processes for assessing its suppliers, business partners and, not least, the customers who will ultimately use the products. Issues such as human rights and anti-corruption work were therefore important themes in ATP's ESG due diligence in connection with the investment in Terma.



ATP'S DUE DILIGENCE 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 a "stop or go" decision for the investment. Here, challenges related to ESG, taxes, legal issues or other challenges can slow down an investment if a robust action plan cannot be formulated.

Screening phase
In the first phase, the investment team uncovers the potential investment case and makes an initial proof of concept.

Gate 1 The investment team decides whether to continue working with the case

Analysis
The investment case is analysed in more detail and relevant teams are involved to schedule the due diligence process.

ESG makes an initial assessment of the investment, including what information needs to be disclosed.

Gate 2 Investment Forum

Due diligence
In-depth analysis of a number of conditions, including contacts between ATP and the investment case.

ESG questions from question bank, materials from data room and dialogue with the investment case.

Gate 3 Investment Forum

Clarification phase
Negotiation of price and terms of the acquisition.

Potential areas where ESG matters can be improved are identified. Some conditions can become part of the contractual basis.

Gate 4 Final approval in Investment Forum

Implementation
The investment is added to ATP's systems and becomes part of the ongoing asset management work.

Any ESG improvement points are followed up on and the results from ATP's ESG questionnaire are used for ongoing dialogues.

ATP's Risk and Investment Committee approves the investment

Illiquid investments

An active owner in the unlisted market

When ATP invests in real estate, an infrastructure asset or other illiquid asset, we typically do so with the aim of keeping the asset in the portfolio for a number of years and seeking to increase its value during our ownership period. Our ESG-related stewardship focuses on supporting value creation in a given company by helping to identify and manage ESG-related risks for the company or society or by utilising ESG as a lever for business development or growth in the company.

For our portfolio of illiquid investments, we have developed a stewardship cycle built around two pillars. The first pillar is about creating an ESG data foundation that makes it possible to follow a company's development, benchmark it against similar companies and identify areas where the company can increase its efforts. In particular, we build this data through our ESG questionnaire for illiquid investments - both direct investments and fund investments - which we launched in 2020.

The second pillar is about developing a model to monitor all ATP's investments in illiquid companies on a continuous basis, bringing together the different competences and resources of the relevant teams in the investment department to assess and manage the ESG-related risks and opportunities that continuously arise for each investment.

We have seen a positive development in the number of companies responding to ATP's questionnaire - and also in the number of metrics that individual companies are able to provide data on. The increase in the number of responses is due to both a quadrupling in the number of ATP-owned companies responding to the questionnaire since 2020 and the fact that since 2022 we have invited other pension funds to also use the questionnaire for their illiquid investments.

The more companies that provide data, the better analyses we can make, and this allows companies to see if they meet the standards of similar companies and it also allows us to benchmark companies both within and across industries. In 2024, five more pension funds chose to participate, bringing the total number of responses to 603, almost nine times as many as in 2020.

The positive development in companies' response rates is partly due to the fact that some of the companies in ATP's portfolio that previously lagged behind are now answering a larger proportion of the questions.

The higher number of responses and the participation of the other pension funds has also meant that in 2023 and 2024 we have focused on strengthening our operational set-up to handle the questionnaire.

THE QUESTIONNAIRE SHOWS IMPROVEMENTS IN COMPANIES

Based on a company's response to the questionnaire, we formulate one or more action points that we encourage the company to focus on in the coming year. For example, a company may need to improve in terms of reporting more or in specific areas or implement a specific ESG policy or process. From the responses in 2024, we can see that companies have improved on 29 per cent of the action points we formulated in 2023 and that a further 13 per cent have been partially met. In other words, companies have improved fully or partially on almost half of our action points over a single year. The same was also true last year.

ESG ASSET MANAGEMENT IN DANISH EQUITIES

In our Danish equity portfolio, we gather information annually on specific themes to map companies' policies, processes and performance. ATP analyses the responses and uses the results as part of our stewardship work, for example, at general meetings if a company either deserves praise or is performing poorly. In 2024, the questionnaire focused on the upcoming CSRD regulation from the EU, including how companies assess and work with their most material ESG topics.

How we formulate ESG action points for companies

When selecting the action items we ask companies to work on, we look at their ESG maturity based on the questionnaire response. One group of companies needs to work on increasing their overall reporting ability and response rate. Another group provides good answers, but still needs to gain better control over key policies and processes. A third group has both reporting and policies/processes in place, but has shortcomings when it comes to reporting ESG performance figures. Finally, a fourth group can be said to have all the basics "under control", so here we go deeper analytically to identify action points that can add value to the company. For example, we review the policies that we ask companies to include in their responses and assess whether they appear up-to-date and adequate given the company's industry, geographical location and performance in the area.

In 2024, ATP had a portfolio company in group four that had a relatively high number of occupational accidents compared to comparable companies and whose health and safety policy could also use an update. ATP therefore urged the company to revisit their health and safety setup and update their policy. The company has subsequently responded that they have started updating the policy and expect to be ready for next year's reporting.

Investments in unlisted funds

With fund investments, ATP provides an ‘indication’ to the fund manager of being willing to invest a sum over a given period. In other words, the specific assets that co-onership will result in by investing in the fund are not known, but only the sectors, geography and approximate size of the companies that the fund plans to invest in.

ATP's ESG due diligence for fund investments therefore focuses on the fund manager itself. Firstly, the fund must comply with ATP’s fixed ESG requirements, for example, that ATP does not want to invest in the extraction of fossil fuels via illiquid funds. Secondly, we review the fund's ESG policy, which describes the fund's approach to ESG, and we send a questionnaire with ESG questions to the fund just as we do with direct investments. ATP also typically engages in dialogues with the fund to uncover the plans, processes and experiences that the fund has in relation to ESG. This also includes the context in which the fund operates, such as industries, countries and climate-related issues - all to ensure that the fund has the understanding and processes in place to manage ESG issues in their subsequent investments.

Green bonds

ATP strengthens its initiative for green bonds

As an owner of many European bonds, we want to use our influence to develop the green bond market. When we decided in 2017 to enter the market, we also developed our own approach aimed at ensuring that the green bonds we invest in comply with our investment and ESG requirements.

We have created our own standard based on ICMA's Green Bond Principles to assess green bond programmes before we invest in them. Our requirements include transparency regarding the projects financed through the bonds and the quality of reporting.

In 2023, ATP launched a new process for stewardship on green bonds. ATP has previously reviewed the companies' reporting in order to map ATP's total impact from investments in green bonds. However, this has proved to be a difficult task, as reporting practices vary significantly across different issuers and countries.

Therefore, ATP has chosen to rethink the entire process with the intention of creating the greatest possible value for both ATP as an investor and for the issuers we are invested in. The new process involves a detailed review of the issuers' frameworks and their allocation and impact reporting, etc. The aim is to ensure that the bond programmes still live up to ATP's own standard for green bonds and that the issuers in practice keep what they promise in their framework.

The review of issuers' reporting has shown great variation among both sovereign issuers and development banks. This applies to both the scope and depth of reporting, although the vast majority of issuers report at the project or expense level. The ability to track the projects financed by the green bonds also varies depending on whether the proceeds are managed at bond level or collectively for multiple bonds.

The vast majority of issuers have aligned their inclusion criteria with the EU taxonomy when selecting eligible projects or expenses. At ATP, we see the EU taxonomy as an important tool for investors to categorise green projects and create transparency.

Based on our review, we have been in dialogue with issuers about shortcomings and opportunities for improvement in their bond programmes. We have encouraged issuers to report with a high level of detail to increase transparency. This includes linking the bonds directly to specific projects to better track their impact.

EUROPEAN GREEN BOND STANDARD

In October 2023, the European Parliament adopted a regulation introducing a voluntary standard for green bonds in the EU. The regulation sets uniform requirements for issuers wishing to issue bonds labelled as European Green Bond Standard (EuGB).

For issuers of bonds labelled "EuGB", the primary requirement of the regulation is that they must use all proceeds for activities that fulfil the EU taxonomy. For activities where technical screening criteria have not yet been defined but where the other requirements of the EU taxonomy are met, a flexibility pocket has been introduced that allows issuers to allocate up to 15% of the proceeds to these activities.

In addition, the regulation imposes increased transparency requirements through the use of common standardised templates for reporting before and after the issuance of green bonds. It also introduces a registration system and a supervisory framework for external verifiers of European Green Bonds.

The standard came into force in 2024, so it will take some time before the market for EU green bonds is fully established.

Stewardship on green bonds

Selection of issuers
Every year, ATP selects a number of issuers of green bonds in which ATP is invested for review.

Review of bond programmes
Green Bond Framework, allocation and impact reporting, etc. are reviewed. For issues approved under previous ATP processes, it is checked whether the bond programme still meets ATP's stricter requirements.

Do issuers keep their promises?
Do issuers live up to the promises they make in their Green Bond Framework in terms of the selection of green projects and transparency, for instance?

Knowledge building and dialogues with issuers
ATP acquires knowledge about best practices and issuers' different approaches. In addition, ATP engages in dialogues with issuers about any potential questions or deficiencies.

Basic principles of good tax practices

ATP has a tax policy that is updated annually and adopted by ATP's Supervisory Board. In 2024, ATP's Tax Policy was updated and adjusted to reflect the latest legislative initiatives as well as trends for transparency and increased transparency in the tax area.

The updated policy is available on ATP's website and now contains three basic principles for good tax behaviour that serve as ATP's compass in the tax area:

ATP wants to ensure correct tax payments

ATP does not accept aggressive tax planning

ATP supports increased transparency in tax matters

These principles form the basis for formulating expectations for ATP's investments.

Although the direction is the same as in previous years' policies, there was a need to adjust ATP's expectations for the companies ATP invests in. In recent years, developments in legislation and practices have led to additional complexity in connection with companies' calculation of tax liabilities. Furthermore, new reporting requirements to the authorities have been introduced in most of the countries where ATP's investments are domiciled. ATP considers it a natural consequence of this development to set an explicit expectation that the investments' tax policy is anchored in the organisation and in governance documents and that the investments manage their tax risks. In ATP's view, this is necessary in order for companies to meet the new legal requirements and report consistently to the authorities and to the public.

It is still important for ATP that companies make their approach to tax visible in their communication with the outside world. ATP is aware that reporting and communication on tax matters can be difficult and time-consuming for both sender and receiver, as the tax position - and the challenges that come with it - are individual to the groups. Among other things, this means that group tax figures cannot be directly compared, even if they are in the same or related industries. ATP encourages a balanced approach so that tax communication maximises value while not compromising the group's other key tax areas, including ensuring that the correct amount of tax is paid and that tax risks are properly managed.

The update to the tax policy does not change the fact that tax is an integral part of ATP's processes in connection with investments in unlisted equity investments, stewardship and when disposing of investments.

Expectations for the companies (listed and unlisted) that ATP invests in

1. **Overall tax governance is a matter for boards of directors**
   There should be a board-adopted tax policy and it should be publicly available. The policy must be specific to the individual company and must address the company's specific business conditions. The policy should be evaluated with a fixed frequency, such as annually, and compliance should be reported on to the board of directors.

2. **Tax policy must be anchored in the organisation and in governance documents**
   The tax policy must be anchored in the organisation, taking into account the size and tax complexity of the company. The company must place responsibility for the tax area with professionally qualified personnel who, through governance documents, must ensure the concrete implementation of the tax policy, including ensuring due attention is given to the identification of tax risks so that they can be handled safely and/or escalated.

3. **Managing tax risks contributes to long-term value maximisation**
   Businesses should ensure that the correct amount of tax is paid - on time and in the right country - and reject the use of aggressive tax behaviour. Uncertainty in tax legislation should be resolved in the best possible way based on the wording of the law, the specific circumstances and relevant interpretations, including the legislator's intention. Ambiguities in legislation should not be exploited to gain unintended tax advantages and specific transactions should be supported by the reality of the business activities. ATP encourages companies' management teams to find the best way to clearly disclose significant transactions that are associated with uncertainty to the authorities.

4. **The approach to tax should be made visible in communication to the outside world**
   ATP encourages companies to be transparent about their tax matters. Tax communications should address the issues that are relevant for the recipient to assess the company's overall financial and reputational tax risk. ATP encourages companies to communicate their approach towards taxation in a relevant and meaningful way that is customised to the specific company's business activities. For example, you can communicate when explaining the effective tax rate via the global tax footprint or via country-by-country reporting. The figures should be supplemented with explanations that give the recipient an understanding of the connection between tax positions and business activities.

ATP uses its stewardship to follow up on tax policy

During 2024, ATP engaged in dialogues with several groups about their tax policy and tax conditions in general.

Unlisted investments - good, constructive dialogues with external managers and investments
Tax is a fixed agenda item in ATP's ongoing asset management process for unlisted investments. We monitor the unlisted investments closely and often have a good and constructive dialogues with both external managers and the investments directly.

It is generally well-received that ATP as an investor is involved when there is doubt as to whether a situation is an expression of aggressive tax planning. Often such involvement involves ATP gathering information to gain a thorough (and sufficient) understanding of the issue in question. The analysis is often complex, and it requires considerable competence and persistence for ATP to be confident that a given relationship complies with the tax policy.

In 2024, ATP experienced a more welcoming and positive response from external managers in private equity investments. ATP is seeing a big difference in the quality of the responses. In general, external managers with an internal tax function seem better equipped to respond to ATP's requests compared to those who only use external tax advisors. A focus on expense management from managers can play an important role in this regard, and a short an imprecise answer from an external manager does not necessarily mean that activities are being carried out that cannot be accommodated within ATP's tax policy.

Some external managers are still unsure - but curious - about why ATP is approaching them, which may indicate that random spot check investigations from investors are not yet widespread. ATP will continue to conduct spot checks to maintain a focus on responsible tax behaviour.

Listed investments - steadily increasing tax transparency
In connection with the spot checks in the listed portfolio, ATP's tax department reviews financial statements and any other publicly available material for the listed groups that have been selected. In such materials, ATP often finds an explanation for the low tax rate or presence in blacklisted countries. Thus, there is an increasing tendency for groups to give legitimate and business-related explanations for low tax rates (e.g. various types of tax incentive schemes) and turnover in blacklisted countries. In cases where foreign groups do not report on tax matters in publicly available material, ATP has reached out with specific questions and about half have returned with an answer.

Some groups publish actual tax reports or publications on a voluntary basis (so-called "Tax Transparency Reports"), with information such as the group's global tax footprint and/or country-by-country reporting. In 2024, ATP has reviewed such publicly available tax reports in connection with the spot check investigations. To a large extent, the reports provided answers to ATP's questions. It is clear that groups have made an effort to present their tax positions in a way that is as easy to understand as possible. In this connection, ATP has conducted interviews with the tax managers of three groups (two Danish and one foreign) to gain a further understanding and have a dialogue about the groups' tax position, considerations regarding the creation of the tax reports and to provide feedback.

Based on the dialogues, ATP has noted that public reporting on tax matters also serves purposes other than satisfying investors' information needs.

In general, ATP experiences great willingness among the listed investments to talk openly about their tax matters.

The PRI collaboration has not resulted in dialogues in 2025.

Stewardship related to the tax area in 2024

As part of its stewardship, ATP continues to follow up on whether the investments live up to the expectations in ATP's tax policy. ATP's stewardship in the tax area is customised to ATP's portfolios and reflects ATP's influence in the investment and access to information.

During the year, ATP's tax department reviews a wide selection of investments and is in dialogue with a number of investments about their tax situation. ATP's implementation of stewardship in relation to the various portfolios and the activity level for 2024 is shown in the table below.

Stewardship activities in 2024

	Investment type	Putting stewardship into practice	Activity level in 2024
investments in listed companies	Direct investments and co-investments	- Ongoing dialogues, especially where ATP has a board or observer position - Tax asset management	Dialogues with approximately 25% of the 26 investments as a result of the annual review
	Fund investments on ATP's statement of financial position (Externally managed)	- Tax asset management	
	Investment via ATP Private Equity Partners (fund-of-funds) or ATP Ejendomme	- Spot check investigation - General assessment of the investments in ATP Ejendomme	Number of spot checks: 4. Dialogue with 3 of the 4.
investments in listed companies	Company/group is domiciled in DK	- Continuous dialogue (ongoing dialogue and voting at general meetings)	Meeting with 2 groups and dialogue based on their Tax Transparency Report
	Company/group is domiciled outside DK	- Spot check investigation - Dialogue via the general meeting	Number of spot checks: 21 Dialogue with 1 group based on their Tax Transparency Report

Tax Asset management: Asset management is the annual process in ATP where ATP follows up on the risk level in ATP's unlisted investments. The tax area is part of this process, and the investigation involves ATP's tax department revisiting the investment structure, any potential changes in the investment and in legislation and practice, etc. As part of this process, there may be dialogue directly with contact persons at the investment or external manager.

Ongoing dialogue: The ongoing dialogue in relation to unlisted equity investments is characterised by being beyond ATP's asset management process, and occurs especially with companies where ATP has a seat on the board of directors or as an observer or has significant influence due to the size of its ownership interest. The ongoing dialogue concerns the company's tax issues, e.g. tax policy, good governance in the tax area, tax considerations in connection with restructuring, changes in capital structure, etc,. and is often initiated by the company/external manager.

Spot check investigations: A spot check investigation means that ATP does not review all investments in the portfolio, but selects some investments for review based on a screening of risk parameters.

- For investments via ATP Private Equity Partners, these risk parameters in 2024 include 'domicile of the fund', 'domicile of the portfolio companies' and 'ATP's/fund's ownership share', as we expect ATP's impact to increase with the size of the ownership share.

- For investments in listed companies/groups domiciled abroad, these risk parameters are: "effective tax rate < 15 per cent" and "group turnover in countries on the EU list of non-cooperative jurisdictions". This can be - but is not always - a result of aggressive tax planning, which is why these investments need to be scrutinised.

Screening

Ongoing screening of the portfolio for policy breaches

For investments in listed assets such as equities and corporate bonds, ATP typically has ownership stakes in a large number of companies. In our global portfolio, we also have a dynamic equity strategy where the portfolio changes from month to month.

We have therefore developed some ESG due diligence processes that are adapted to our investment style. We are continually screening companies in our portfolio to examine if they are in violation of ATP’s Policy for Sustainability in Investments, and this allows us to spot incidents in both new and existing portfolio companies.

Screening is a good method for selecting listed companies, as there is quite a bit of data that describes how listed companies behave - for example, from sources such as media articles, NGOs, legal documents and the companies’ own reporting. This makes it possible to design systematic screening processes that are focused on sorting through the great deal of available information so that we can prioritise using our resources on investigating the most serious charges.

In this context, ATP works together with an external data supplier that monitor the behaviour of many thousands of Danish and international companies based on a long list of indicators. In addition, ATP can independently gain information from external sources, including from other trendsetting investors, about whether portfolio companies are potentially violating our Policy for Sustainability in Investments.

The topics covered in the screening work cover a broad spectrum of ESG topics from international conventions and the principles of the Global Compact. They cover environmental topics (such as biodiversity), human rights (such as the rights of indigenous peoples), labour rights (such as anti-discrimination and the right to collective bargaining) and corruption.

Screening the portfolio for such topics is a major part of ATP’s integration of the OECD’s Guidelines for Multinational Enterprises which specifically recommends that investors have risk-based due diligence processes to identify and prioritise cases where a portfolio company might be having a negative impact on society.

NEGATIVE SUSTAINABILITY IMPACTS

As part of the EU's Disclosure Regulation, ATP must annually publish data on 16 indicators on companies' emissions and biodiversity impacts, for instance, and explain what ATP is doing to minimise the negative sustainability impacts of our investments that the indicators show.

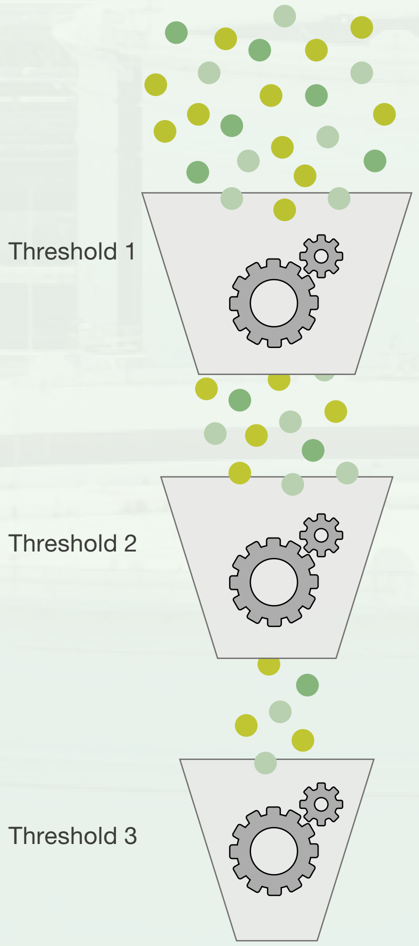
GOVERNMENT BONDS

ATP has separate processes for its investments in government bonds. ATP does not invest in government bonds from countries where the EU or UN has implemented targeted sanctions, and this is controlled on a daily basis via a control solution that is integrated into our trading system. We also use the OECD’s long-term country risk classification to ensure that ATP only invests in government bonds from countries where ATP assesses that the risk is in line with the expected returns.

RISK-BASED SCREENINGS OF ATP’S EQUITIES UNIVERSE

When ATP invests in global equities, we select them from a universe consisting of many thousands of companies. Because our portfolio is dynamic, we do not only screen our current investments, we also make risk-based screenings of the surrounding universe of equities. This allows us to identify the potential investments that should be investigated further before pursuing them. In a risk-based screening process, we base our approach on an issue that we want to know our potential exposure to and which, for example, is identified on the basis of previous fact-finding processes or a current media story.

THE SCREENING PROCESS



1. Screening

The first screening step identifies companies in the portfolio which may possibly be in violation of ATP‘s Policy for Sustainability in Investments. We have developed a system that makes it possible to automate the selection of the companies that are most likely to violate ATP's policy. These companies have recent and typically more substantiated or recurring allegations against them than other companies in the portfolio and therefore have a higher ESG risk score.

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 deemed valid – could also constitute a violation of ATP’s policy. This leads to the second step of the process. In this step, the charges are qualitatively assessed by ATP’s ESG analysts. Specifically, this is done by multiple analysts independently assessing the charges against each of these companies and then this is followed by a common selection procedure.

3. Fact-finding processes

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, 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 process.

Fact-finding

How we investigate ESG charges against companies

If one of ATP's screenings indicates that a company may have violated ATP's Policy for Sustainability in Investments, we start a fact-finding process. A fact-finding process is a flexible investigation where ATP can use various sources such as legal documents, NGO reports or corporate websites. The aim is to allow ATP's Committee for Sustainability to conclude whether ATP's policy has been violated or not.

In the fact finding process, ATP analyses the charges against the company to see if they are supported by facts. Often, there is also initiated a dialogue with the company to hear their version of events. If the study finds questionable behaviour, the company will have the opportunity to explain whether there has been launched organisational or operational initiatives to rectify matters and avoid future problems. A fact-finding process can therefore sometimes take several months.

It is the seriousness of the specific chare and not the size of our investment in the company that guides our work and conclusions. We thus take the same action whether an investment is small or large, and our prioritisation is based on the social materiality.

If a fact-finding process concludes that the company's behaviour does not violate ATP's policy, the process is concluded. However, if the fact-finding process shows that ATP's policy may have been violated, the analysts will present their results to the Committee for Sustainability and recommend that they start a targeted dialogue with the company or exclude it.

Once ATP's Committee for Sustainability has determined that a portfolio company has violated ATP's policy, we will decide whether to exclude the company or enter into a targeted dialogue with it. We will enter into a targeted dialogue with a company if there is reasonable cause to expect that ATP can influence the company to change its behaviour.

The purpose of the dialogue is to make the company correct the problem or, in the words of the OECD Guidelines, discontinue and mitigate its negative influence on society or rights owners. This also means that we will be patient in this process as long as we find that the company is has a constructive attitude and demonstrating progress.

If the company is unwilling to change its behaviour, then in the end we will decide to exclude it. ATP's Committee for Sustainability may also choose to exclude the company without first engaging in dialogue with it. Exclusion means that ATP divests itself of its investments in the company and that the company is removed from ATP's investment universe for an indeterminate period of time.

The exclusion applies to the equity investments in the company itself and all majority-owned subsidiaries and loans to the company and its subsidiaries. The current list of excluded companies can be found at atp.dk.

WHEN ADDITIONAL INVESTIGATIONS ARE UNNECESSARY

ATP prioritises the deployment of its resources on investigating companies that we are either invested in or considering investing in - in other words, where there is a real risk that ATP would be associated with a company's problematic behaviour. We do not generally take the initiative to investigate companies which are outside our equities universe and which we do not consider investing in. However, there are certain types of companies that ATP wants to be absolutely sure we are not associated with and where additional investigations are also not needed. Specifically, these kinds of companies are those that produce cluster bombs, landmines or nuclear weapons contrary to the non-proliferation treaty or companies that are subject to international sanctions and which ATP cannot invest in. ATP uses research from specialised external data suppliers with particular insights into either the production of weapons or sanctions.

Resource consumption, social matters and governance in ATP as a company

To promote a sustainable and responsible society, ATP focuses on delivering real sustainable development across the wide range of roles that ATP plays. As a large workplace with 2,807 full-time employees (avg.) in 2024 spread across a number of locations in Denmark, the ATP Group makes an impact on the society around it, including the environment, the climate and through its relationships with its employees. We are conscious of this responsibility and therefore work continuously to encourage development in a more sustainable direction, economically, socially and environmentally.

RATIOS FOR ENVIRONMENT IMPACTS

Reducing our own carbon footprint
Since 2018, the ATP Group has worked in a targeted manner to reduce greenhouse gas emissions from our operations. At ATP, we have an ambition to reduce the carbon footprint of our office locations and travel by 30 per cent by 2025 and 70 per cent by 2030. The goal is to achieve carbon neutrality by 2050 (baseline 2018). By 2024, the calculated carbon footprint was reduced by 44 per cent compared to 2018. This reduction is partly due to energy optimisation of our buildings and technical installations, installation of solar panels and a reduction in air travel. A significant part of the reduction can also be attributed to decreasing emission factors over the years, reflecting an increased share of renewable energy in Denmark's overall energy supply.

In the table on the next page, ATP accounts for its environmental impacts, for instance through CO_2 emissions, electricity, heat and water consumption in ATP's Danish offices in Aarhus, Haderslev, Holstebro, Vordingborg, Frederikshavn, Hillerød, Allerød and the offices of ATP's subsidiaries in Copenhagen and Aarhus.

Responsible operations
In 2024, an increase in electricity and heat consumption was registered compared to 2023. Despite this, the total scope 1 and 2 emissions included in our CO_2 ambition have only increased marginally compared to 2023. The marginal increase in CO_2 emissions is due to the installation of solar panels at our centres in Vordingborg, Haderslev, Holstebro and Frederikshavn, which will help us cover a larger share of our electricity consumption with self-generated power by 2024. In 2024, solar power covered about 15 per cent of our total power consumption, compared to about 8 per cent in 2023.

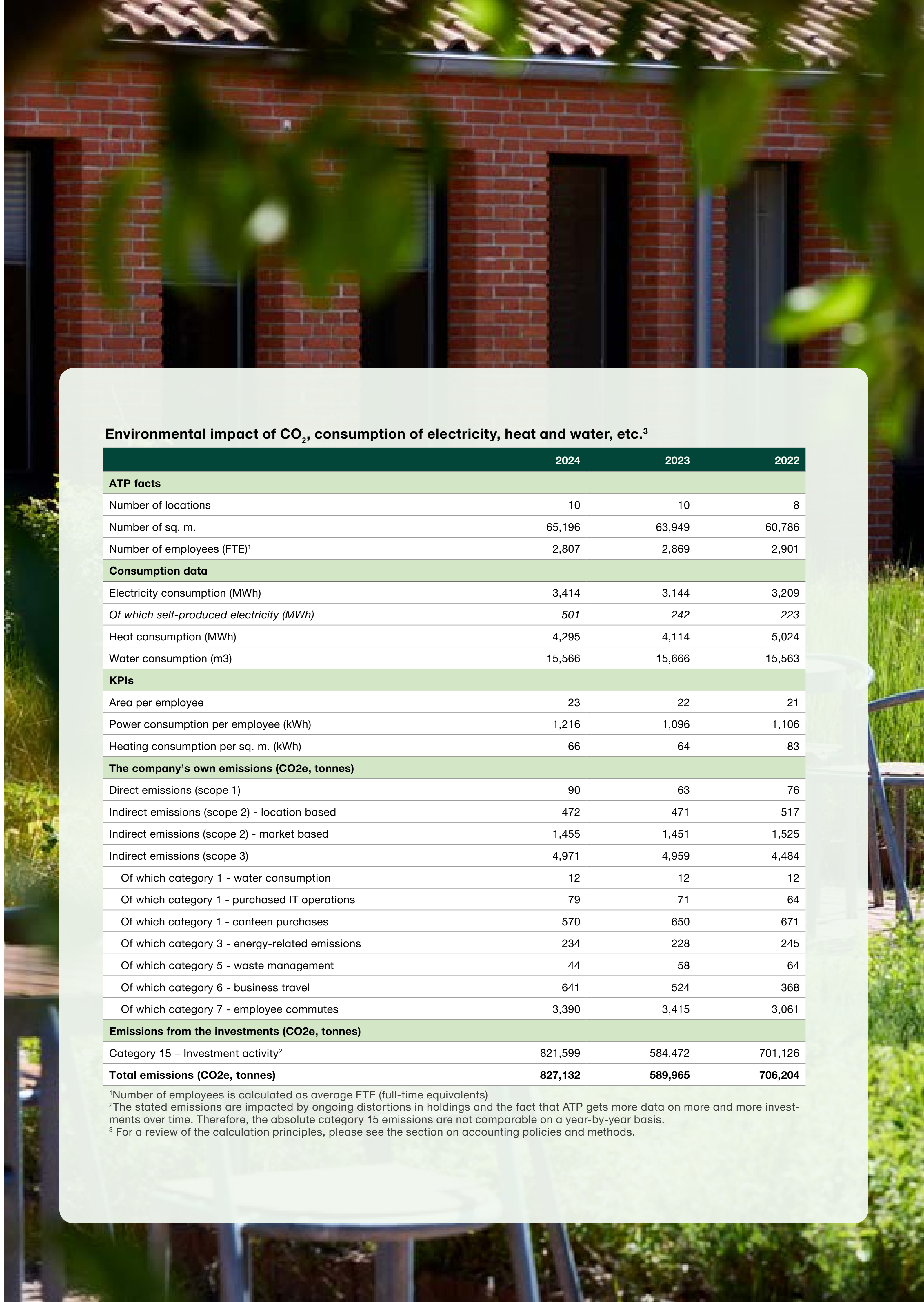
The CO_2 emissions from business travel are also included in our CO_2 ambition. These emissions have increased compared to 2023, which is in line with the development in recent years where travel activity has gradually increased after being very low during corona. Emissions are still somewhat below pre-corona levels and are expected to remain at a lower level.

The calculated CO_2 reduction in 2024 was 44 per cent compared to 50 per cent in 2023, corresponding to an increase in emitted CO_2 of 150 tonnes. The increase in emitted CO_2 can mainly be attributed to the increase in travelling.

The carbon footprints from ATP's investments are significantly higher than the carbon footprint of ATP as a company. ATP's investment activity is reported on separately on pages 16-17.

Following up on the CO_2 ambition for ATP as a company

	2024	2023	2022	2021	2020
CO_2e baseline 2018 (2,585 tonnes)	1,449	1,299	1,218	1,094	1,223
$_{\text{CO}}$2e reduction compared to 2018 baseline	44%	50 per cent	53per cent	58 per cent	53per cent



Environmental impact of CO_2, consumption of electricity, heat and water, etc.[3]

	2024	2023	2022
ATP facts			
Number of locations	10	10	8
Number of sq. m.	65,196	63,949	60,786
Number of employees (FTE)[1]	2,807	2,869	2,901
Consumption data			
Electricity consumption (MWh)	3,414	3,144	3,209
Of which self-produced electricity (MWh)	*501*	*242*	*223*
Heat consumption (MWh)	4,295	4,114	5,024
Water consumption (m3)	15,566	15,666	15,563
KPIs			
Area per employee	23	22	21
Power consumption per employee (kWh)	1,216	1,096	1,106
Heating consumption per sq. m. (kWh)	66	64	83
The company's own emissions (CO2e, tonnes)			
Direct emissions (scope 1)	90	63	76
Indirect emissions (scope 2) - location based	472	471	517
Indirect emissions (scope 2) - market based	1,455	1,451	1,525
Indirect emissions (scope 3)	4,971	4,959	4,484
Of which category 1 - water consumption	12	12	12
Of which category 1 - purchased IT operations	79	71	64
Of which category 1 - canteen purchases	570	650	671
Of which category 3 - energy-related emissions	234	228	245
Of which category 5 - waste management	44	58	64
Of which category 6 - business travel	641	524	368
Of which category 7 - employee commutes	3,390	3,415	3,061
Emissions from the investments (CO2e, tonnes)			
Category 15 – Investment activity[2]	821,599	584,472	701,126
Total emissions (CO2e, tonnes)	**827,132**	**589,965**	**706,204**

[1]Number of employees is calculated as average FTE (full-time equivalents)
[2]The stated emissions are impacted by ongoing distortions in holdings and the fact that ATP gets more data on more and more investments over time. Therefore, the absolute category 15 emissions are not comparable on a year-by-year basis.
[3] For a review of the calculation principles, please see the section on accounting policies and methods.

SOCIAL RATIOS

Employee engagement surveys

As in previous years, ATP has conducted an employee satisfaction survey that examines employee engagement. The response rate was 93 per cent, and ATP achieved a total engagement score of 83 per cent, which is regarded as satisfactory. The survey shows a high level of engagement in ATP as a workplace and a desire to speak out. At the same time, the survey shows that leadership is a strength in ATP, both in terms of being supportive and goal-orientated. In addition, there is a good climate of co-operation, where internal collaboration in the units is rated especially highly. The ability to influence one's daily work, especially flexibility, is also rated highly.

Employee turnover rate

ATP's employee turnover rate in 2024 was 13.7 per cent, which is 2.6 percentage points below the level in 2023. The reduction is entirely related to voluntary staff turnover, which dropped significantly from 10.1% to 7.6%. Both involuntary employee turnover and turnover due to retirement are largely unchanged.

Sickness absence

Following up on sickness absence for ATP's employees reveals that the average number of sick days per year for full-time employees is 8.0, which is an increase of 0.7 (9 per cent) sick days compared to 2023. The reduction is very satisfactory and fulfils the target of 8.1 sick days.

Remodelling with DGNB Gold certification

In 2024, ATP began the remodelling of its head office in Hillerød and two new extensions were inaugurated in November and December. The new construction earned a DGNB Gold certification. The purpose of the remodelling is, among other things, to create more office space at the location, which will eventually allow ATP employees who currently work from other locations to work together.

Climate awareness campaign

Through an internal campaign with information, quizzes and leadership materials, in 2024 we raised employee awareness of climate footprint, resource consumption and biodiversity. The goal was to increase knowledge, clarify employees' role in ATP's climate ambitions and inspire sustainable habits.

Solar panels provide power to all ATP's locations

In 2024, ATP completed the installation of solar panels at our locations in Frederikshavn, Holstebro, Haderslev, Hillerød and Vordingborg. The solar panels cover a total area of more than 3,000 m2. The installed solar panels are expected to provide an annual reduction in emitted CO_2 of approximately 38 tonnes. By 2024, around 15 per cent of our electricity came from solar power.

Ongoing energy optimisation

In 2024, as in previous years, we have worked on the energy optimisation of our headquarters in Hillerød. The 28,000 square metre building dates back to 1964, so there is an ongoing need for us to consider new, greener solutions. We have replaced heat exchangers, hot water tanks and windows with more energy-efficient models. In the coming years, we will be looking at several concrete options for energy optimisation, such as attic insulation and replacing radiators.

ATP systematically follows up on absences, which includes increasing the completion rate of sickness interviews and following up on them. We work continuously to ensure a good working environment and high levels of well-being. There are several specific initiatives that, viewed across the Group as a whole, should help to further reduce sickness absence so that sickness rates among ATP employees are lower compared to similar groups.

Gender balance in management

ATP makes every effort to ensure a balanced distribution between men and women in the Group's top management tiers (to be understood here as the two top management tiers under the Supervisory Board) which in practice means a 60/40 distribution. All of ATP's business areas with gender imbalances are working to achieve a more equal gender distribution in the context of the business area they operate in.

The target was achieved for 2024, as 42 per cent of managers in the top management tiers were women and 58 per cent were men.

There is a variation in the gender composition of management roles depending on the management tier and business area. In 2023, there was an overrepresentation of women in general when looking at all employees in the Group.

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.

Pay difference between genders

ATP is an organisation with a wide variety of tasks and job types, which calls for a diversity of skills and specialists in many different areas. Three job functions - customer advisors (approximately 890 employees), workers' compensation case handlers (approximately 240 employees) and Heads of Section in Customer Service (approximately 60 employees) - together accounted for approximately 43 per cent of all employees in the Group in 2024. These job functions are considered to be large and homogeneous enough to allow a comparison of salary levels in relation to gender. The pay gap within these job functions in ATP has a ratio of around 1.0, which means that men and women are at the same pay level.

Follow-up on social key figures

		2024	2023	2022
Number of employees (FTE)		2,807	2,869	2,901
Gender distribution among all employees[1]	Women	64%	64%	63 per cent
	Men	36%	36%	37 per cent
Gender distribution among top management tiers (executives and CEO)[1]	Women	42 per cent	47%	41 per cent
	Men	58 per cent	53per cent	59 per cent
Gender distribution among all management, including CEOs[1]	Women	51 per cent	53per cent	52 per cent
	Men	49 per cent	47%	48 per cent
Employee turnover rate[2]		14 per cent	16%	14%
Sickness absence rate (average number of days per FTE)		8.0	8.7	10.7
Pay difference between genders				
All employees3(unadjusted salary difference)		1.4	1.5	1.5
Customer advisors, occupational injury case handlers and head of section employees in Customer Service		1.0	1.0	1.0

[1] The ratio for gender distribution is calculated based on average FTE
[2] The employee turnover rate is calculated on the basis of all permanent employees.
[3] The calculation does not include trainees, people employed under the flexjob scheme, temporary employments, members of the Group Management, CEOs of the subsidiaries and civil servants.

For the ATP Group as a whole, the ratio is 1.4, meaning that men earn 0.4 times more than women. It is important to note that this is the unadjusted gender pay gap, and the majority of the total gender pay gap can be explained by differences in job functions. Women are overrepresented in jobs such as customer advisors and case handlers, while men are over-represented in jobs in investment and IT where the average salary is higher.

ATP is working on a new job architecture to ensure high pay transparency and identification of any gender pay gaps.

ATP'S POLICY FOR DIVERSITY AND INCLUSION

ATP wants to be a competitive and attractive workplace that is able to attract, develop and retain skilled employees - now and in the future. At the same time, we want to be an equal opportunity organisation that recognises and embraces the potential of diversity.

The policy supports ATP's strategic goal of contributing to the development of a sustainable society by continuously working for equal opportunities and inclusion (DE&I) at ATP as a workplace.

In addition, the policy and related activities also focus on improving opportunities for the underrepresented gender, striving to ensure that there is equal at senior management levels.

The Policy for Diversity and Inclusion, as well as targets and status for gender in management are approved annually by ATP's Supervisory Board. This policy replaces a diversity policy, which is formally required in ATP's Executive Order on Accounting.

The policy can also be found at atp.dk

GOVERNANCE RATIOS

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 ratio is a factor 11 for 2023, 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. The ratios are similar to last year

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

The composition of the Supervisory Board is specified in the ATP Act, where it is also stated that the Board of Representatives and the Supervisory Board should as far as possible have a balanced gender distribution between men and women. The Supervisory Board reports on its composition, competencies (including those of individual members), and other directorships in the supplementary information to the annual report "Other directorships held by members of the Supervisory Board". The Supervisory Board discusses its overall competencies in connection with the annual self-assessment. The Supervisory Board has a number of members with expertise and operational experience from financial companies as well as accounting, investment and pension issues.

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 a requirement of having at least one third of members being from the under-represented gender. The target for the Board of Representatives was met, as on the balance sheet date there were

Follow-up on governance ratios

		2024	2023	2022
Gender distribution on the Supervisory Board	Women	31 per cent	38%	46 per cent
	Men	69 per cent	62 per cent	54 per cent
Gender distribution on the Board of Representatives	Women	39 per cent	39 per cent	42 per cent
	Men	61 per cent	61 per cent	58 per cent
Attendance at Supervisory Board meetings		87 per cent	96 per cent	86 per cent
Pay difference between CEO and all employees		11	11	12
Pay difference between CEO and employees, isolated for ATP Livslang Pension (Lifelong Pension)		8	8	8

12 women (39 per cent) and 19 men serving on this board. The target for the Supervisory Board is no longer met, as with the latest appointment in August 2024, the board now consists of 4 women (31%) and 9 men. ATP's Supervisory Board has therefore set a target of at least 5 members of the underrepresented gender (corresponding to 38 per cent) by the end of 2028.

It is the individual organisations that recommend members to ATP's Board of Representatives and the Supervisory Board and the Danish Minister for Employment appoints the members. 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. The nominating organisations will take the unbalanced composition of men and women in ATP's Supervisory Board into account in future nominations.

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.

ATP's other management levels are subject to a gender balance requirement, corresponding to 40/60 per cent. This requirement has been met. Some of ATP's subsidiaries are also covered by legislation on gender balance in the supreme governing body and at other management levels. In the legal sense, this requires a 40/60 per cent distribution, which requires the presence of at least 3 people. On 1 September 2024, ATP Ejendomme A/S introduced an organisational change which meant that there is no longer an equal gender composition at the other management levels. The company has therefore set targets for the proportion of the underrepresented gender at the other management levels and drawn up a policy to increase the proportion of the underrepresented gender. The policy contains initiatives and measures to promote gender balance, including in relation to recruitment and career development.

In the other covered subsidiaries, there is an equal gender composition at the obligated management levels, and these companies are therefore not required to set targets or develop a policy to increase the proportion of the underrepresented gender.

Methodology and notes

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ATP'S POINT SYSTEM FOR COMPANIES' CO_2 REPORTING
ATP has created a model where we rank all companies based on their current level. Every scope gets between 0-3 points, and the points are then added together to find the overall level of reporting. Nine points can be achieved if a company reports sufficiently on scope 1, 2 and 3 emissions.

The goal here is for companies to work on improving their reporting based on their current status, but there is also an expectation that everyone keeps improving. The ambition only applies to funds where the investment is made and the ambition is published in October 2021.

	Assessment of scope 1	Assessment of scope 2	Assessment of scope 3
0 points	No reporting	No reporting	No reporting
1 point	Only reporting on a single figure for Scope 1+2	Only reporting on a single figure for Scope 1+2 Does not specify whether scope 2 reporting is market-based or location-based	Only reporting on a single figure for scope 3 (without specifying the distribution between the various subcategories)
2 points	Does not report on a company-wide basis	Does not report on a company-wide basis Is only reporting on one of the figures: Market-based or location-based	Is reporting on some, but not all, relevant scope 3 categories
3 points	Is reporting on a single company-wide scope 1 figure	Is reporting on both company-wide, market-based and location-based figures	Is reporting on all relevant scope 3 categories and, if not needed, states which subcategories are not applicable

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HOW ATP MEASURES ITS GREEN INVESTMENTS
The EU's work on creating a green taxonomy is still ongoing, but ATP has still chosen to use the preliminary taxonomy as inspiration in order to ensure that our green investments can be measured in a way that adds as much credibility to our ambitions as possible.

Green bonds: Calculated as the green bonds that fulfil ICMA's Green Bond Principles.

Real estate: Measured as the real estate that is certified based on the internationally recognised standards: DNGB, LEED and BREEAM.

Listed equities: Measured based on reported data on company taxonomy alignment from a recognised data provider (Bloomberg).

Direct investments and funds: ATP's Chief Investment Officer designates green assets that would presumably be covered by the EU's taxonomy for sustainable investments. ATP only includes these investments if their likely degree of compatibility with the EU's taxonomy for sustainable activities is verified by an external consultant.

The ambitions are subject to a number of preconditions, including political and economic developments, and these are available on ATP's website. ATP publishes a combined figure for the green investments and separate figures for the individual categories. Due to market considerations, we do not publish details about companies.

The work on fulfilling the climate ambitions takes place within the framework of the prudent person principle and the requirement that ATP must invest its assets in a way that best serves the interests of its members.

CONDITIONS FOR CLIMATE PLEDGES
ATP's climate ambitions are specified under the same overall framework as the commitments the insurance and pension sector are made under.

The insurance and pension sector terms are as follows:
"The commitments made in the Danish insurance and pension sector are conditional and based on an expectation of the market situation towards 2030. The commitments are conditional on the following:

- Market conditions (that there are enough green investments available and that they provide a reasonable return)
- Company-specific circumstances (that pension contributions continue to develop as expected and that the guaranteed pension products do not force companies to change their investment allocation)
- Political circumstances (that framework conditions and regulation support the green transition and make green investments relatively attractive and ideally less risky)

If one or more of these conditions deviate significantly from what is expected, it can have an impact on investments in green assets. This is in line with the primary purpose and duty of pension companies, which is to promote the financial security of Danes in retirement."

Additional conditions related specifically to ATP:
The proposed climate ambitions do not change the business model of ATP Livslang Pension (Lifelong Pension) or the fundamental strategy for the hedging and investment portfolio.

The work on fulfilling the climate ambitions takes place within the framework of the prudent person principle and the requirement that ATP must invest its assets in a way that best serves the interests of its members.

Changes in, for example, market conditions, including interest rate fluctuations, may give rise to a reassessment of ATP's climate ambitions
The ambition for green investments is subject to uncertainty, partly because the size of ATP's balance sheet is sensitive to changes in interest rates.

Continued on next page

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CO_2 METRICS
CO_2 figures are calculated based on the following formulas:

Total carbon emissions

$$\sum_i^n \left(\frac{Value\ of\ Investment_i}{Issuer's\ EVIC_i} \times Issuer's\ Scope\ 1\ and\ Scope\ 2\ GHG\ emissions_i\right)$$

Total carbon emissions are the emissions that correspond to ATP's ownership stake

Carbon Footprint

$$\frac{\sum_i^n \left(\frac{Value\ of\ Investment_i}{Issuer's\ EVIC_i} \times Issuer's\ Scope\ 1\ and\ Scope\ 2\ GHG\ emissions_i\right)}{Total\ Portfolio\ Value}$$

The carbon footprint statement is normalised based on the total size of the portfolio.

Carbon Intensity

$$\frac{\sum_i^n \left(\frac{Value\ of\ Investment_i}{Issuer's\ EVIC_i} \times Issuer's\ Scope\ 1\ and\ Scope\ 2\ GHG\ emissions_i\right)}{\sum_n^n \left(\frac{Value\ of\ Investment_i}{Issuer's\ EVIC_i} \times Issuer's\ Revenue_i\right)}$$

The carbon intensity method focuses on the companies' CO_2 efficiency, as this is normalised based on the earnings of the portfolio companies.

Weighted Average Carbon Intensity

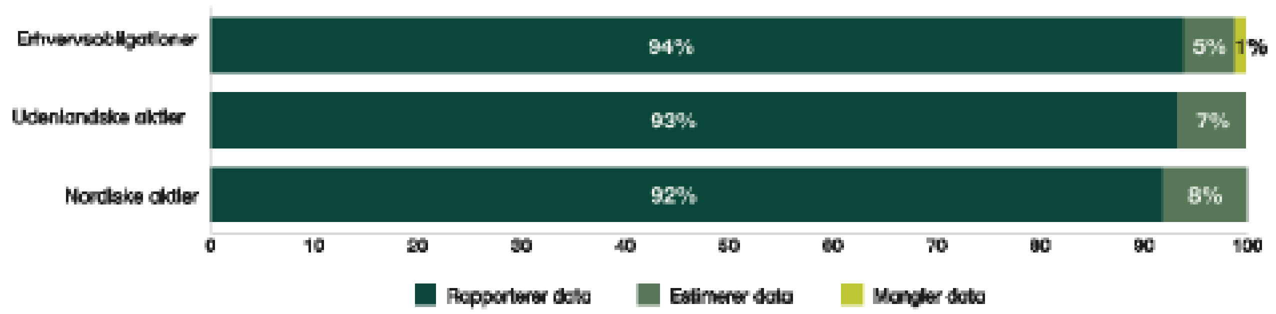
$$\sum_i^n \left(\frac{Value\ of\ Investment_i}{Total\ Portfolio\ Value} \times \frac{Issuer's\ Scope\ 1,\ Scope\ 2\ and\ Scope\ 3\ GHG\ emissions_i}{Issuer's\ Revenue_i}\right)$$

WACI shows the average CO_2 intensity for all companies in the portfolio, weighted by their respective sizes relative to the portfolio.

EVIC = Enterprise Value Incl. Cash

DATA BASIS FOR CO_2 REPORTING
ATP includes estimated data from third parties in its measurement. The degree of coverage for different asset classes can be seen below. Covers scope 1 and scope 2.

Many companies are still not reporting on emission data



LOCATION-BASED AND MARKET-BASED REPORTING.
In the measurements for market-based scope 2 emissions, ATP has used market-based reporting from the companies that calculate both market-based and location-based CO_2 data. For companies that only report using one method, there has been used the reported data regardless of whether it was from one method or the other. For location-based reporting the method is the same, just with a preference for location-based data in the companies that report on both figures.

Location-based reporting covers the actual emissions from electricity consumption, etc. on the electric grid the company is using. Market-based reporting calculates emissions based on contracts for green certificates, etc.

Data for unlisted investments is obtained from ATP's questionnaire. The CO_2 metrics are the same as those used on page 14. This year, there are additional companies who have reported on CO_2 compared to last year – for this reason, it is hard to make a meaningful comparison between last year's figures.

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CLIMATE DATA AND ENERGY CONSUMPTION

Climate ambitions
For ATP, the ambition is formulated as an absolute CO_2 reduction of 30 per cent in 2025, 70 per cent in 2030 and being carbon neutral in 2050 with 2018 as the baseline year. The activities where there is complete and credible data going back to 2018 are included. This applies to scope 1 and scope emissions (location-based) and scope 3 activities: water consumption (GHG category 1), energy-related emissions (GHG category 3) and business travel (GHG category 6). ATP has not formulated a separate ambition for scope 3 activities such as employee commuting, IT operations, canteen purchases and waste management which were included for the first time in 2022. The data basis remains incomplete and therefore the figures are not suitable for comparisons over time.

Measurement of CO_2 emissions
The calculated greenhouse gas emissions are measured in CO_2 equivalents and divided into scopes as per the GHG protocol.

To measure ATP's own CO_2 emissions, we use emission factors from the Danish Business Authority's tool (klimakompasset.dk) which is adapted to the GHG standard. The emission factors are based on Danish and international climate statistics from Energinet, ens.dk, DEFRA, etc. The emission factors are published with a time lag in relation to ATP's annual reporting, which is why CO_2 calculations for the current financial year are based on previous years' emission factors. Historical figures are re-calculated in subsequent annual reporting when the relevant emission factors become available. For some scope 3 activities there is used CO_2 calculations provided directly by ATP's suppliers.

This 2024 report uses the latest set of emission factors from Klimakompasset, which apply to the years 2022 and earlier. In this version, the calculation principles for a number of emission factors have also changed, including electricity and district heating. Therefore, ATP has consequently adjusted the CO_2 calculations back in time to the baseline year 2018.

Scope 1
Scope 1 emissions are defined as direct emissions from sources that are owned or controlled by PFA. At ATP, the category exclusively covers the consumption of natural gas at our Allerød location. The calculation is based on measured consumption and emission factors from klimakompasset.dk.

Scope 2
Scope 2 emissions are defined as indirect emissions from the production of electricity and district heating consumed at ATP's locations. Scope 2 emissions are measured as both location-based and market-based in accordance with the GHG protocol. In the location-based measurement, there is used an emission factor for the actual provided electricity based on an average

of Energinet's environmental declaration as calculated in Klimakompasset. The market-based measurement is based on an average emission factor that is corrected for the companies' purchase and sale of origin guarantees, etc. which result in a higher emission factor. The market-based measurement is based on Energinet's electricity declaration. Electricity consumption is divided into purchased electricity and self-produced electricity and the CO_2 impact is only calculated for purchased electricity. For district heating, there is used measured consumption and emission factors from klimakompasset.dk.

Scope 3
Scope 3 emissions are defined as indirect emissions from sources in ATP's value chain. A general challenge with scope 3 emissions is limitations in data availability and the measurements may therefore be incomplete and include varying levels of assumptions and estimates. In the selection of scope 3 categories, ATP emphasises the assessed materiality of the emissions, the potential for impacting emissions and the possibilities for securing actual data where estimates and extrapolations are sought to be minimised as far as possible. Below there is an account of the method used for each activity:

Category 1 - purchased products and services:
Canteen purchases: The CO_2 calculation is provided directly by ATP's two main suppliers of food based on the actual delivered amounts. Together, the two suppliers represent the vast majority of ATP's food purchases. However, the measurement is not complete as there are some smaller supplier who cannot provide equivalent data. The measurement is therefore only indicative.

External suppliers of IT operations: includes estimated energy consumption associated with the operation of ATP's solutions, as provided directly by ATP's suppliers. CO_2 emissions are based on data provided about energy consumption and the average emission factors for electricity (cf. the section on scope 2 emissions). It has proven difficult for suppliers to measure precise consumption levels and therefore they have used varying degrees of estimates. Only the most important IT suppliers are included in the measurement. The measurement is limited to server operations of ATP's IT solutions and does not include the acquisition of equipment, man hours, overheads, etc.

Water consumption: The calculation is based on measured consumption and emission factors from klimakompasset.dk.

Category 3 - energy-related emissions
The category covers the upstream emissions related to the production of consumed electricity, district heating and natural gas which are not included in scope 1 and 2. The calculation is based on measured energy consumption and emission factors from klimakompasset.dk.

Category 5 - waste management:
Covers emissions due to the incineration and disposal of waste generated in the Group. There is used a CO_2 calculation provided by ATP's external advisor based on actual amounts of waste.

Category 6 - business travel:
Covers travel with airplanes, taxis and travel between locations in employees' own cars. For air travel, there is used a direct CO_2 calculation provided by ATP's travel agency based on emission factors from DEFRA. The emissions from driving in taxis or own cars are based on actual registrations of taxi rides and driving allowances from ATP's finance system and emission from klimakompasset.dk.

Category 7 - employee commutes
Covers employees commuting in their own cars. The calculation is made as an average calculation of all the Group's employees and is partly based on factual data such as checking in at work and partly on spot checks in the form of counting cars. The calculation provides an indication of emissions from employee commutes, but due to extrapolations and estimates, the data is of a lower quality than it is for activities that can be measured directly.

Category 15 - investment activities:
Covers listed equities and corporate bonds, illiquid assets, funds and real estate where there is either data available or where there are valid estimates from third parties. The data coverage is particularly poor for illiquid assets and funds. The real figures may therefore be higher than what is stated.

Other scope 3 categories:
Other scope 3 categories are not measured due to limited data availability, because the emissions are deemed to be very limited or because the activity is not relevant for ATP.