

ATP
Responsibility in investments
2014

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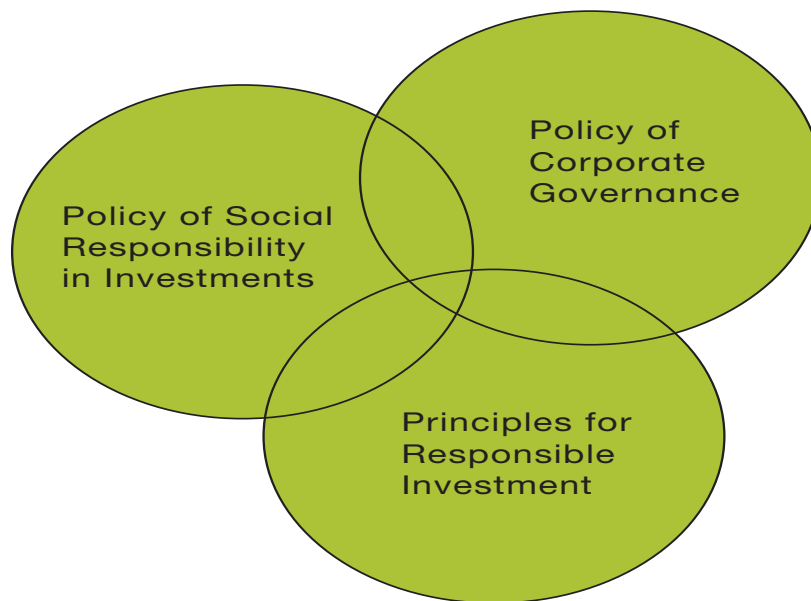
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The photo on the cover shows the UN City on Marmormolen in Copenhagen, which is owned by the Harbour P/S consortium comprising ATP Ejendomme, PensionDanmark and By&Havn.

In the construction of the UN City, focus was on sustainability. Among other things, the building is LEED-certified, and in 2012, it was awarded the European *Green Building Award*.

Introduction



The policies on Social Responsibility in Investments are set out in the appendix.

ATP practises responsibility in investments in order to safeguard and increase the return for the benefit of ATP's members. The framework for this work is set out in the policies on social responsibility in investments and corporate governance adopted by the Supervisory Board.

The policies provide a basis for taking into account, in investment analyses and investment decisions, a wide range of environmental, social and governance (so-called ESG) issues of relevance to society.

The UN-supported Principles for Responsible Investment (PRI) comprise six principles for how to work with responsible investment. The six Principles for Responsible Investment naturally co-exist with the policies on social responsibility in investments and corporate governance: They provide ATP with inspiration on possible procedural actions for supporting and communicating the work

on the Supervisory Board's policies. To underline this, the six principles are reproduced in ATP's Policy of Social Responsibility in Investments.

Policy of Social Responsibility in Investments

ATP's Policy of Social Responsibility in Investments is based on the rules and regulations laid down by national authorities and international organisations ratified by Denmark; however, ATP believes that compliance with the policy will also protect and increase the return on ATP's investments. If a company does not act responsibly, it may cause the risks to increase significantly for the company, which will affect its value. Conversely, a clear focus on social responsibility may enable the company to realise its business potential and thus increase the value of ATP's ownership interest.

Policy of Corporate Governance

The purpose of ATP's Policy of Corporate Governance is to protect and increase the return on ATP's investments. A valuable side effect of the efforts to promote corporate governance is that they may contribute to achieving minimum cost of capital and maximum competitiveness for the benefit of all shareholders and the company's other stakeholders.

ATP and the UN's Principles for Responsible Investment

For a number of years, ATP has sought a dialogue with other investors that have also adopted the six Principles for Responsible Investment in order to develop and improve ATP's practice in this field. This work will continue.

In December 2013, ATP decided to leave the private organisation supporting the six Principles for Responsible In-

vestment. ATP still supports the Principles and uses them as a source of inspiration to develop and improve ATP's ESG practice.

Accordingly, the structure of this report is based on the six principles.

Principle 4 is about how investors promote support for the PRI organisation. This year, ATP is unable to report on this principle in a way that reflects the traditional interpretation of it. Instead, we will describe the reason why ATP left the PRI organisation in 2013 and the dialogue between the organisation and ATP in 2014.

ATP's reason for leaving the PRI organisation was to intensify the pressure on the organisation to improve its internal management, and ATP hopes that this very process will in fact prove to be the most responsible and long-term contribution to promoting the UN-supported Principles for Responsible Investment.

The six Principles for Responsible Investment are:

1. We will incorporate ESG issues into investment analyses and decision-making processes
2. We will be active owners and incorporate ESG issues into our ownership policies and practices
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest
4. We will promote acceptance and implementation of the Principles within the investment industry
5. We will work together to enhance our effectiveness in implementing the Principles
6. We will each report on our activities and progress towards implementing the Principles

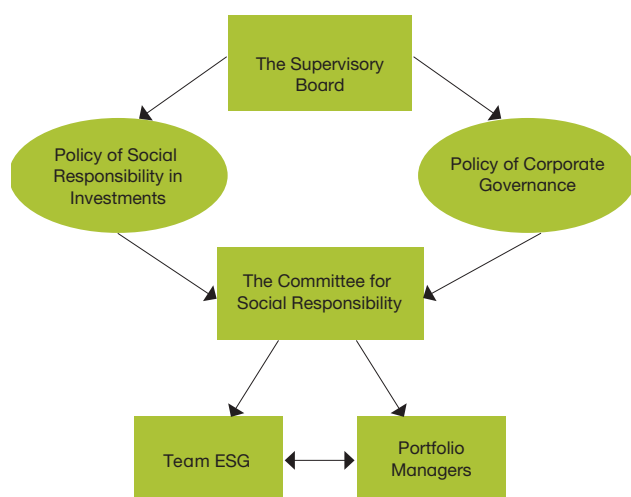
¹ <http://www.unpri.org/about-pri/the-six-principles/>



Principle 1

ESG integration

ATP's governance model for social responsibility in investment



The Supervisory Board

Lays down policies

Committee for Social Responsibility

Led by the CEO of ATP. Participation of CIO & CRO, relevant heads of investment as well as Team ESG. The committee is responsible for ensuring compliance with the Policy of Social Responsibility in Investments and coordinating ATP's work regarding the Policy for Corporate Governance.

Team ESG

Day-to-day responsibility for monitoring violations of the Policy of Social Responsibility in Investments in close cooperation with portfolio managers. Provides fact-finding services relating to due diligence, monitoring of the investment portfolio and targeted dialogue as well as ESG dialogue with companies. ATP's knowledge centre for integration of responsibility across risk classes.

Internal and external portfolio managers

Daily responsibility for risk assessments and integration of the Policy of Social Responsibility in Investments and Policy of Corporate Governance in connection with due diligence and ongoing portfolio management.

ATP continuously strives to integrate ESG in its day-to-day investment process.

Mandate and distribution of responsibility

Social responsibility issues are systematically integrated in investment analyses and investment decisions based on our governance model (see figure).

The purpose of the division of responsibility is to ensure that the Supervisory Board's requirements for investments are met in internal as well as the external asset management. The model ensures that the investment management teams continuously factor social responsibility aspects into their investment decisions.

Guidelines from the Danish Council for Corporate Responsibility

The Danish Council for Corporate Responsibility set up by the Danish Government has published two sets of guidelines of relevance to ATP's work on integrating social responsibility in investment analyses and decisions: Guidelines for Responsible Investment in Government Bonds and

Recommendations on Responsible Investment and Weapons subject to Conventions.

ATP believes that its practices were fundamentally already in compliance with the guidelines before they were published.

With regard to investments in government bonds, ATP has long refrained from investing in government bonds from countries against which the EU or the UN has introduced targeted sanctions. In addition, the inclusion of the OECD's long-term country risk classification in ATP's investment process contributes to ensuring that ATP's external portfolio managers in this area do not invest in government bonds from countries where, in ATP's judgment, the return does not justify the risk.

With regard to the Danish Council for Corporate Responsibility's Recommendations on Responsible Investment and Weapons subject to Conventions, ATP – in accordance with its Policy of Social Responsibility in Investments – has not invested in companies which assist in the production of land mines or cluster bombs for many years.



Due diligence for infrastructure investments

ATP finds that the incorporation of ESG in investment analyses and decisions is particularly relevant in con-

nection with illiquid investments. The following two cases are examples of how ESG was incorporated in due diligence in 2014.

Case: Investment in telecom infrastructure in Africa

Improving the African telecom infrastructure holds considerable potential as a catalyst for promoting commercial development in the region. At the same time, it has been recognised that being active in certain vulnerable areas of Africa involves special ESG challenges.

In connection with a due diligence on a possible co-investment in telecom infrastructure in several African countries, including countries in Central Africa, ATP's ESG team was an integrated part of ATP's due diligence process, participating in meetings with both the responsible fund manager and the company's senior management. At these meetings, all aspects of the risk profile of the investment were discussed in depth, and ATP highlighted particular issues and risks in need of further examination. In addition, several key ESG challenges were clarified at a meeting with the senior management of the telecom infrastructure company and in subsequent negotiations with the company.

Based on ATP's due diligence and a very positive assessment of the company management's ability to handle the special challenges involved in this type of activity, ATP chose to take part in the investment.

Case: Investment in biomass power plants in the EU and globally

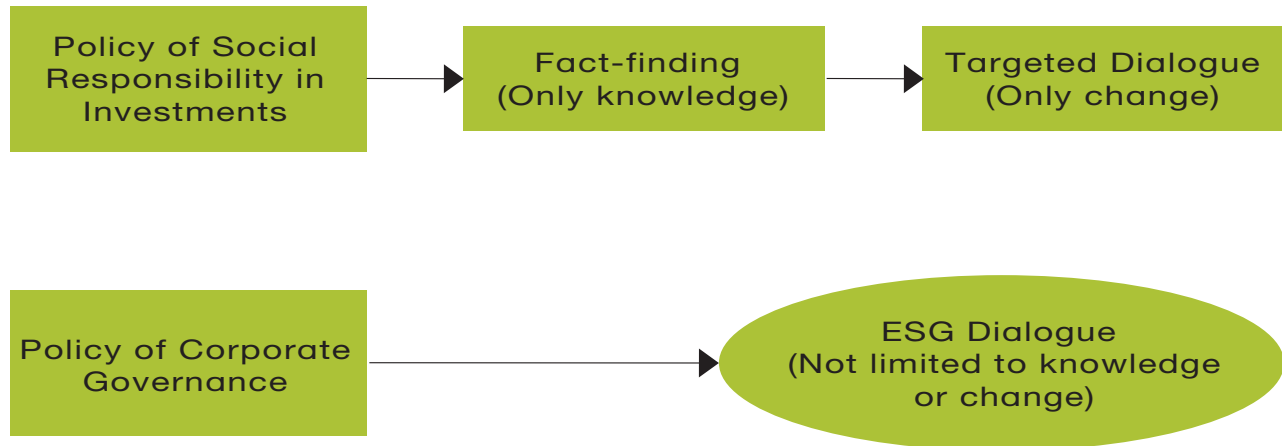
Energy produced using biomass is one of many alternatives to fossil energy production and is thus, among other things, interesting in a wider climate perspective. However, this type of energy production does involve certain challenges. Other crops may be displaced, which will have a negative impact on, among other things, the local biodiversity and food production; also, major buyers of agricultural products have a joint responsibility both for the environment and for people in connection with the farming operations.

ATP's ESG team played a key role in ATP's due diligence in connection with a possible direct investment in a utility with activities in the EU and in the former European colonies. The company's strategy is to expand its activities in a developing country.

In the process, ATP assessed the company's current activities as well as the company's expansion plans in the developing country. While it was relatively soon established that the company's current activities are already very close to living up to the European standards in the area, ATP had concerns about its expansion plans. The co-investors only to a certain extent shared in ATP's concerns, for which reason ATP decided to examine the company management's focus on these issues on its own. Unfortunately, the management did not have the same view of the issues of concern as ATP, which was an important part of the reason for ATP deciding not to go ahead with the investment.

Principle 2

Corporate governance



ATP has a long-standing tradition for corporate governance in equity investments. ATP's Supervisory Board's Policy of Social Responsibility in Investments and Policy of Corporate Governance emphasize the value of dialogue with the companies targeted for investment.

ATP believes that special insights are gained by engaging in corporate governance itself. This distinguishes ATP from investors who let an external provider perform all or some of their corporate governance activities. However, ATP is happy to cooperate with other investors on corporate governance when the parties share the same views.

The scope of ATP's involvement in the corporate governance of a specific company generally reflects ATP's ownership interest in the company. All equity investments are, as a minimum, covered by the reactive governance that is reflected in ATP's Policy of Social Responsibility in Investments. If ATP's screening and fact finding indicate that the policy has been breached, a so-called targeted dialogue is initiated.

The purpose of the targeted dialogue is exclusively to make companies change their position or conduct in relation to a specific instance of breach of ATP's Policy of Social Responsibility in Investments (and avoid exclusion),

while ATP's other corporate governance activities are of a more holistic nature and include issues concerning development, improvements and hedging. In 2014, to support this work further, ATP initiated a structured ESG dialogue with the companies in which ATP has a significant ownership interest.

ESG dialogue

The purpose of the ESG dialogue is firstly company-specific: For ATP to gain a better understanding of and insight into the specific company's risks and opportunities within the ESG area. Secondly, it is a means to highlight more general ESG issues.

In all of the 15 companies visited by ATP in 2014, ATP focused on their awareness of, possible work on and considerations regarding the United Nations Guiding Principles on Business & Human Rights (UNGP) and the OECD's Guidelines for Multinational Companies.

ATP has benefited considerably from the ESG dialogue, having gained both in-depth knowledge and a better understanding of the companies' ESG challenges and opportunities.

Reintroduction of companies excluded for being involved in oil development in Burma/Myanmar

Based on a group of oil companies' oil extraction activities in Burma/Myanmar, ATP made its most far-reaching exclusion decision so far in 2007/2008. Following a dia-

logue with the Ministry of Foreign Affairs of Denmark, ATP's Committee for Social Responsibility decided to reintroduce the companies, as the issues justifying exclusion were no longer relevant. At year-end 2014, ATP does not have any investments in these companies.

Case: OW Bunker's bankruptcy

The bankruptcy of OW Bunker in November 2014 was an important, extraordinary and highly negative event for the Danish stock market, and there is a very strong need for clarifying the preceding events and, if possible, for determining who was responsible.

ATP has a general obligation to support the functioning of the Danish equity market and ensure that it is possible to develop good and solid companies through an IPO.

In ATP's view, the best way to mitigate the adverse effect of the bankruptcy in relation to potential future IPOs is to elucidate the sequence of events leading up to OW Bunker's bankruptcy.

In relation to OW Bunker's bankruptcy, ATP is under a specific obligation to its members to examine whether it is possible to cover some of the losses that ATP suffered in the wake of it.

With this in mind, ATP and a number of institutional investors took steps to investigate the OW Bunker case immediately after bankruptcy had been filed.

The purpose of the investigation is to determine the possibility of asserting legal liability and claiming financial compensation.

The investigation will also focus on errors and flaws in the prospectus prepared in connection with OW Bunker's IPO, liability in connection with the offering and sale of shares in OW Bunker as well as the management's liability for OW Bunker's operations in the period from the IPO until the bankruptcy.

The investigation will enable the participating institutional investors to make an informed decision based on a legal assessment of the possibilities of determining responsibility and successfully claiming compensation. Based on the findings, each participating investor will decide how to proceed.



Principle 3

Information from companies

Openness is an important precondition for ATP and other stakeholders being able to assess and make decisions about a company and its future.

If a company does not provide sufficient information on, for example, ESG issues, ATP must base its assessment of the company exclusively on external sources. Ultimately, this may cause ATP to divest or refrain from making an investment.

However, if a company is transparent and open about relevant issues, this may in itself have a positive impact on ATP's assessment of the company.

ATP's specific need for information varies from company to company and from investment to investment.

Just as it is generally very important for ATP that companies are open, ATP also firmly believes that it should only ask a company to disclose information on matters of relevance for ATP to decide how to proceed on behalf of its members.

In this context it should be mentioned that during the ESG dialogue in 2014 mentioned under Principle 2, ATP received feedback that a considerable number of companies are asked to report on ESG issues in particular, but that they are not sure whether this reporting serves any purpose at all.

In its endeavours to ensure compliance with the Policy of Social Responsibility in Investments, in particular, ATP depends on the services of screening companies. These screening companies obtain information by asking companies (including the companies in which ATP invests) to answer detailed questionnaires. To ensure that the process is as effective as possible for all parties involved, ATP consulted its suppliers in 2014 to make sure that the reporting

is not an unnecessarily heavy burden for the companies, and that the information is provided to ATP in a correct and transparent form.

New screening model for the Policy of Social Responsibility in Investments

ATP is continuously involved in investments in a large number of companies worldwide, and it is not possible for ATP to obtain full information on all relevant ESG issues from these companies. On the other hand, knowledge of the companies' actual conduct is key to ensuring compliance with ATP's Policy of Social Responsibility in Investments.

For this reason, to guarantee the effective screening of ATP's investments, ATP is constantly looking for the best partners and the best possible model.

In 2014, ATP started working with new data suppliers. ATP has decided to use one provider for the targeted screening of companies which are involved in the production of weapons, and in which ATP is therefore not allowed to invest under its policy, while another supplier provides data for screening of non-compliance with the other provisions in the policy.

A. To help ensure that ATP can focus its efforts on what seem to be the most valid and serious allegations of non-compliance with the Policy of Social Responsibility in Investments, the companies which have no or only a limited number of reported incidents are automatically screened out, based on the screening company's information and a method developed by ATP.

B. ATP calls the next level the 'focus list'. This is where ATP's own ESG staff review the suspected incidents identified by the screening company and assess whether they believe it is necessary to investigate the company for breach of the Policy of Social Responsibility in Investments.



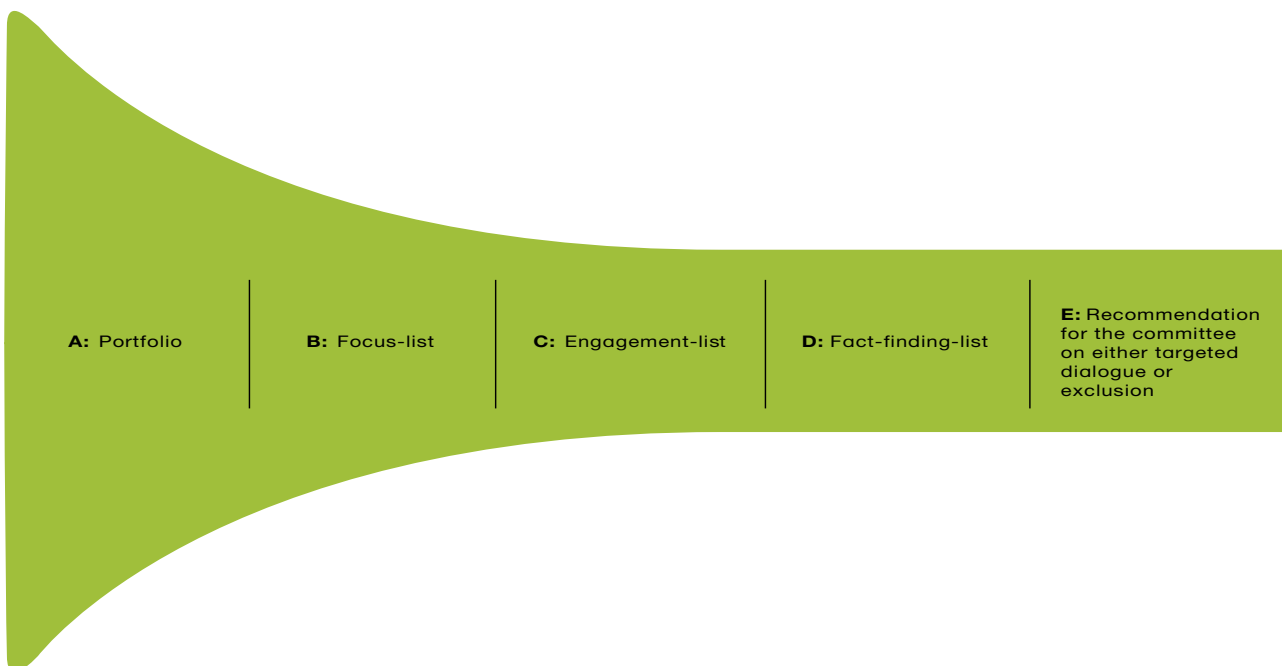
C. The companies identified as being in need of further investigation will then be added to a so-called 'engagement list'. ATP's staff then review the individual allegations and identify the issues that may need examining more closely (fact-finding issues), and an ESG employee gives his or her assessment of the seriousness of the allegations in relation to the Policy of Social Responsibility in Investments.

D. Based on this work, the head of the ESG team decides the order of priority in which the cases are to be investigated. ATP calls this list the 'fact-finding list'.

E. The results of the investigations may lead to a recommendation to the Committee for Social Responsibility on either targeted dialogue or exclusion.

As can be seen from the above, ATP's new screening model depends to a very large extent on the quality of the information provided by ATP's screening partners.

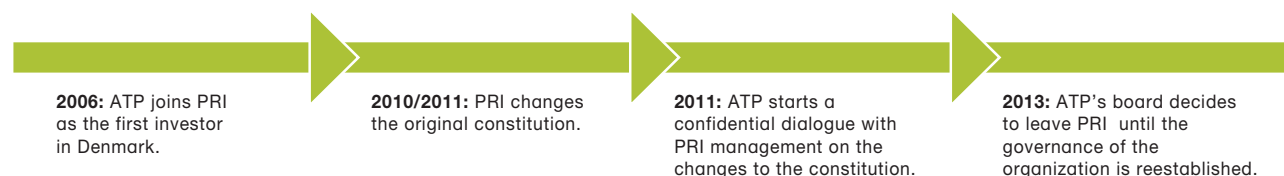
ATP is confident that the selected partners are market leaders in terms of both the number of companies covered and data quality. However, ATP still expects to hear from stakeholders along the way, pointing out controversial activities in companies in which ATP has invested, and which have not been detected by ATP's screening provider. If this happens, ATP intends to use the information received from such stakeholders as if it had been received from its data supplier and to automatically add the company to ATP's engagement list.





Principle 4

Promotion of the Principles for Responsible Investment



Why did ATP choose to leave the private organisation PRI?

On 13 December 2013, ATP chose to leave the private orga-

nisation PRI, which supports the six Principles for Responsible Investment. On that occasion, ATP made the following announcement to the public:

Extract of fact sheet regarding withdrawal from the private organisation PRI

In 1997, ATP's Supervisory Board laid down a Policy of Social Responsibility in Investments, and in 2006 ATP, as one of the first investors in the world and the first in Denmark, signed up to the UN-supported Principles for Responsible Investment.

The UN-supported 'Principles for Responsible Investment' (PRI) are important for promoting responsible investment – among other things by emphasizing the importance of proper governance in companies worldwide.

We have long had some concerns regarding the organisation's own governance which does not live up to even the most basic standards that we expect from the companies in which we invest.

Despite several attempts to improve the internal governance of the organisation, we must regrettably say that they have not been successful.

For this reason, we have decided to leave the PRI organisation until it restores the governance of the organisation that was in place before it took the initiative to radically amend its statutes in 2010-11 without the involvement and approval of the members at that time.

We will continue our wholehearted support for the six Principles which the organisation was originally set up to promote.

As a consequence of leaving PRI, we will no longer be able to report to the organisation on our implementation of the six Principles from 2014. However, we will continue to keep our stakeholders informed of our work on responsible investment, including our implementation of the six Principles.

If the PRI organisation later announces that our concerns about the organisation's governance have been addressed, we will each decide whether we wish to rejoin the organisation.



Dialogue with PRI in 2014

In 2014, ATP met with PRI's management on three occasions, just as ATP has regularly communicated in writing with the organisation's management.

At the end of 2014, ATP has the following observations:

- That the proposals for improvement of PRI's governance which were presented to ATP in 2014 have gradually become more far-reaching and open to the criticism raised by ATP since 2010/2011.
- That both PRI's own management and internationally renowned investors have recognised ATP's efforts to put the private organisation PRI's governance issues on the agenda as well as the impact of the pressure exerted by ATP's resignation in 2013 on the organisation's willingness to make structural adjustments.

ATP, the PRI organisation and the future

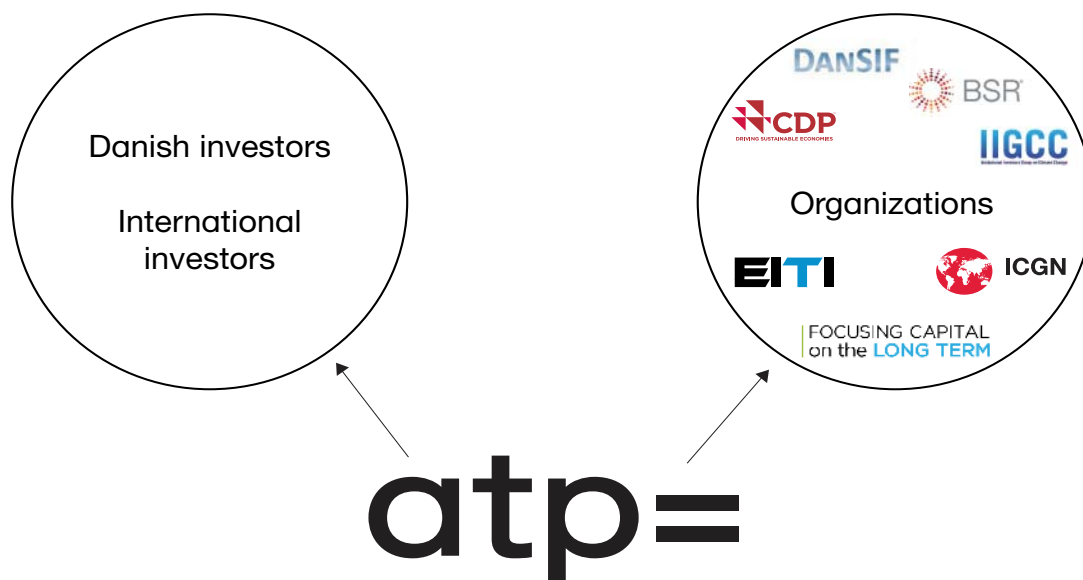
At the end of 2014, ATP still hopes that it will eventually be able to rejoin the organisation. It is, however, worth noting that it is still not clear how willing PRI is to make reforms, that it will take a lot of work to implement several of the reforms discussed between PRI and, among others, ATP in 2014, and that certain aspects of PRI's governance remain to be discussed in earnest in 2015.

For this reason, ATP finds that it is too soon to make an overall assessment of the changes made by the private organisation PRI to its governance since ATP's withdrawal.



Principle 5

Collaboration with other investors



Collaboration with other investors is a source of greater knowledge and influence. To enhance the effectiveness of its work on social responsibility in investment, ATP is consistently seeking to strengthen its collaboration and dialogue with other investors.

Direct collaboration with Danish and foreign investors

ATP maintains a close dialogue with both Danish and foreign colleagues on a broad range of ESG issues.

This dialogue enables an exchange of experience as well as specific collaboration, where appropriate, on relevant issues, such as the OW Bunker case described under Principle 2.

Collaborative forums

As a supplement to the direct collaboration with other Danish and foreign investors, ATP is also a member of a number of organisations and networks with other investors.

In Denmark, this collaboration primarily takes place

through the Danish Social Investment Forum (Dansif), which ATP co-founded in 2008 and in which it has since been actively involved. Dansif promotes social responsibility in investments in several respects. Three focus areas are of particular value to ATP:

- Dansif is the knowledge network between Danish investors involved in promoting social responsibility in investments.
- Dansif is also the platform for attracting the attention of other stakeholders, such as foreign companies, NGOs, independent experts etc.
- In recent years, Dansif has started developing independent reports for its members which throw light on technically complicated issues of current interest.

Even though ATP was unable to meet other investors through the private organisation PRI in 2014, it did meet with international partners via a broad range of other international forums of which ATP is a long-standing member.

With regard to the issue of climate change in relation to ATP's investment work, ATP has supported CDP and the



Institutional Investors Group on Climate Change (IIGCC) for many years. In 2014, ATP actively contributed to and subsequently signed the *2014 Global Investor Statement on Climate Change* with more than 360 other international investors.

ATP has also supported the International Corporate Governance Network (ICGN) and the Extractive Industries Transparency Network (EITI) for a number of years.

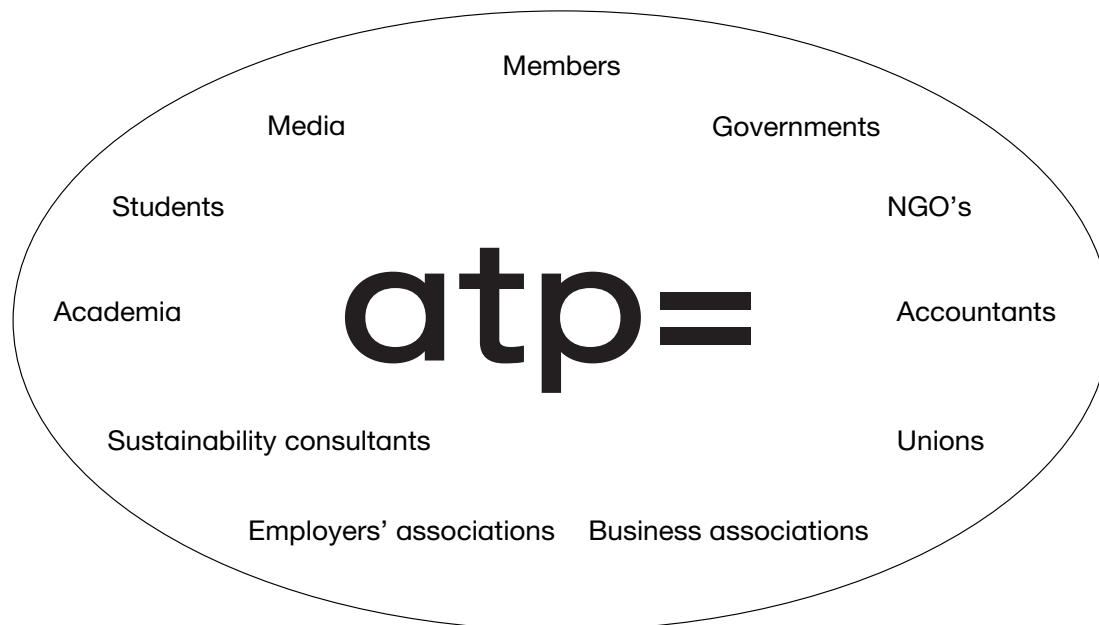
ATP has joined two new initiatives in 2014:

- The network forum BSR, which allows ATP's ESG staff, in particular, access to a large ESG knowledge network and gives them the opportunity to meet a broad range of international CSR experts and CSR representatives from major international companies.
- The Financing Capital on the Long-Term (FCLT) initiative, where ATP is teaming up with a group of other leading global investors and international companies to put particular focus on what investors can do to ensure that companies strike a sustainable balance between short-term and long-term considerations for the benefit of both shareholders and the companies' other stakeholders.



Principle 6

Dialogue and reporting



ATP sets great store by a high degree of openness in relation to its activities to promote social responsibility in investments.

This is out of the recognition that greater openness contributes to a better understanding of the dilemmas and challenges facing investors when practicing social responsibility in investments.

In these endeavours, ATP views reporting as the means, while dialogue and mutual understanding are the end.

Reporting

As a result of ATP's decision to leave PRI until satisfactory governance has been restored, ATP currently cannot report on its work on the six Principles for Responsible Investment using the reporting template developed by PRI.

Accordingly, this year, ATP has decided to reuse the model for reporting on the six Principles for Responsible Invest-

ment used for the 2009-2011 financial years.

As stressed by ATP when asked for advice on responsibility reporting by other companies, ATP would like this report to encourage dialogue and not just one-way communication. At the same time, the nature of the report is such that it should attract a wider target audience than the official PRI reporting.

Dialogue...

During 2014, ATP engaged in dialogue on social responsibility in investments with a broad range of its stakeholders.

In addition to ATP's extensive dialogue with the companies in which it invests (described under Principles 2 and 3), the formal networks it takes part in ATP strives to be open to other stakeholders wishing to discuss our work on social responsibility in investments.

The dialogue in 2014 was again multifarious and involved



talks with several thesis students and an extensive number of meetings with and enquiries from NGOs sustainability consultants, authorities, the media, researchers etc.

... and confidentiality

ATP sets great store by openness, but there are exceptions.

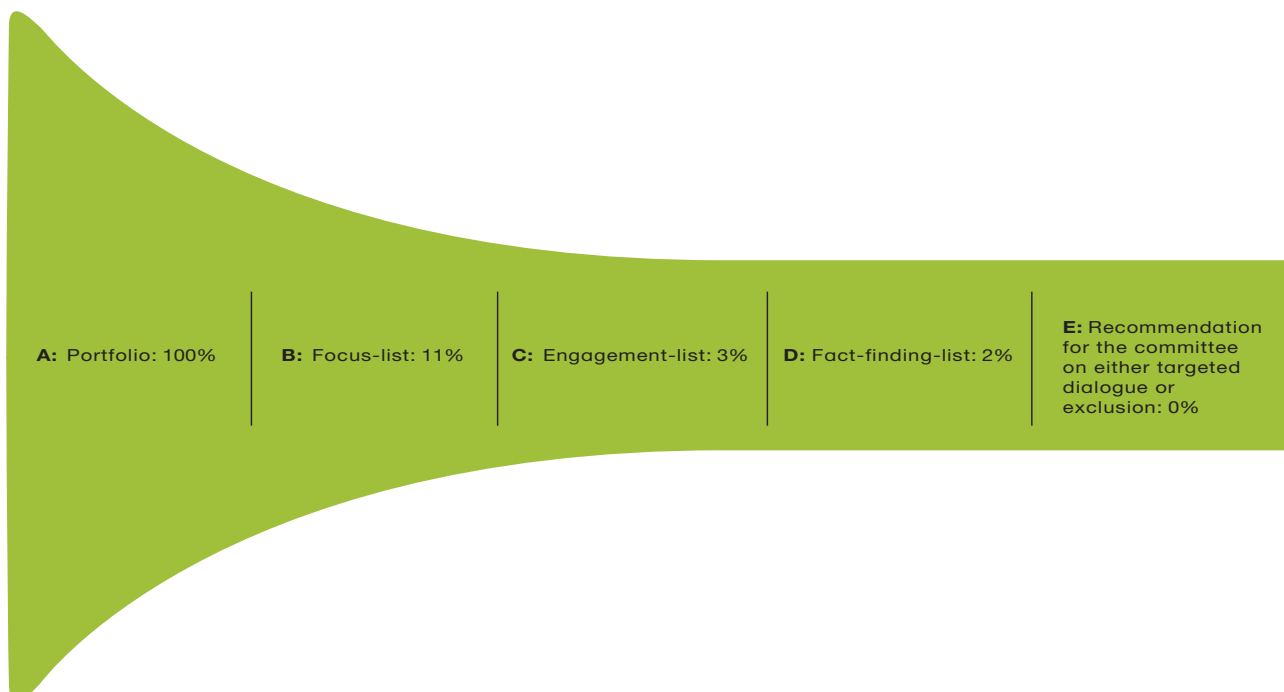
In the ongoing dialogue with other companies, confidentiality between them and ATP is often a prerequisite for having an open dialogue about challenges as well as possible solutions. For this reason, the need for a confidential room for dialogue and negotiation will in these cases outweigh the objective of ensuring general openness towards the public.

Transparency

With its new screening model (described under Principle 3), ATP is able to provide the public with greater insights into ATP's screening work.

The figure shows the number of companies screened in the different screening categories. Unfortunately, ATP is unable to take transparency any further than this overview and publish specific information on individual companies; it is only after ATP's fact-finding work that it forms a clear opinion of whether the allegations against a particular company for breach of the Policy of Responsible Investments are true and documented.

However, we can say that in 2014, the screening process did not cause the Committee for Social Responsibility to initiate any targeted dialogues or exclusions.



Appendix

ATP's Policy of Social Responsibility in Investments

Objective

ATP's investments are to ensure that the members get the best possible pension benefits in return for their contributions. In the words of the ATP Act, this means that ATP's funds are to be invested in an expedient manner, for the benefit of the members, the aim being to preserve the real value of the funds. Corporate social responsibility (CSR) is usually the precondition for long-term, healthy earnings – and thus for the preservation of the real value of equity investments.

The objective of the ATP Policy of Social Responsibility in Investments (SRI) is to safeguard the value of ATP's investments and to be instrumental in obtaining the lowest possible capital costs for the companies through a focus on and respect for social responsibility.

The aim is also for ATP's commitment to social responsibility to benefit any employees, companies and local communities affected by an ATP investment.

Responding appropriately to SRI issues is a key element of ATP's fiduciary responsibility on behalf of our members.

Policy of Social Responsibility in Investment

ATP does not purchase equities in companies that deliberately and repeatedly violate the rules laid down by the national authorities in the markets in which the company operates or by international organisations endorsed by Denmark.

Nor does ATP purchase equities in companies located in countries being subjected to a trade embargo imposed by the UN or the EU and endorsed by Denmark.

Definition

ATP's commitment to SRI comprises a wide range of issues of relevance to society – the so-called ESG-issues (Environmental, Social and Governance Issues).

ATP's commitment to SRI takes its outset in the ATP Policy of Social Responsibility which lays down a number of

requirements for the companies in which ATP invests. Firstly, they shall respect the rule of law in the countries in which they operate; and secondly, they shall respect the rules, norms and standards that ensue from conventions and other international agreements ratified by Denmark – this applies irrespective of whether the country in which the company operates has ratified those agreements.

This means that ATP does not purchase equities in companies engaged in activities that contravene any conventions and international agreements ratified by Denmark, even if the activity in question is entirely legal in the country in which the company operates.

Within ATP, the commitment to the Policy of Social Responsibility is closely allied to the Policy of Corporate Governance.

Assumptions and goals

ATP's SRI activities are founded on a number of overriding considerations:

- CSR is usually the precondition for long-term, healthy earnings, and thus for the preservation of the real value of investments
- Considerations regarding return on investment and considerations regarding CSR will – especially over a longer time perspective – tend in the same direction
- The SRI activities shall rest on facts rather than subjective opinion
- Decisions made with reference to the ATP policy shall be supported by the best possible foundation for opinion-forming and decision-making
- ATP respects that circumstances in other parts of the world may impose other limitations on the companies' operations than those prevailing in Denmark and Western Europe
- ATP's SRI activities shall be characterised by consistency, predictability, commitment and transparency
- The ATP Policy of Social Responsibility is founded to a considerable degree on objective criteria in that it refers to politically adopted structures in the form of national legislation and international agreements.

The Committee for Social Responsibility

ATP's activities in SRI are coordinated by a special internal Committee for Social Responsibility, chaired by the CEO of ATP. The Committee convenes four times a year, supplemented by ad hoc sessions.

The Committee is to ensure that evaluations with reference to SRI are based on facts, and that the evaluations are as objective as possible.

At the same time, the Committee serves as the coordinating forum for ATP's internal discussions concerning developments.

Finally, the Committee is the coordinating body for ATP's ongoing efforts to improve its performance in SRI. This applies, for example, to decisions concerning more in-depth analysis of individual companies or particular issues of concern and to decisions to explore alternative methods and approaches.

Integration into day-to-day investment practices

Under the first of the six UN PRI principles, ATP has an ongoing commitment to incorporating ESG issues in the day-to-day investment process in line with considerations regarding other business factors and risks.

Dialogue with the companies

ATP maintains ongoing dialogue with a number of the companies in which it has invested. As part of this dialogue, ATP also addresses SRI issues.

Screening

In the interests of ensuring that the companies in which ATP has invested comply with the requirements that ensue from the ATP Policy of Social Responsibility in Investments, ATP regularly screens its portfolio and, as required, performs more detailed analyses of individual businesses or individual issues of concern. This is often undertaken with the assistance of external parties.

The results of screening and analysis activities form part of the foundation for the efforts to ensure compliance with

the ATP Policy of Social Responsibility in Investments, and may also form part of the basis for specific dialogues under Corporate Governance.

Engagement

Information that a given business has – or is suspected of having – contravened the ATP Policy forms the basis for an engagement process. In this process, relevant allegations are investigated, and if they are confirmed, ATP will engage in dialogue with that business on how the points of criticism may be resolved or substantially improved upon.

Dialogue and focus on improvements constitute ATP's preferred remedy in relation to issues concerning CSR, while exclusion is seen as a remedy to be used when all other options have been exhausted.

In companies where ATP's ownership is limited and/or in companies which are of limited significance for ATP in terms of return on investment, ATP may, in the event of contravention of the ATP Policy, resolve to sell its equities without prior dialogue with the company.

Exclusion

If the inquiry process does not result in a satisfactory out-come for ATP, the company will be excluded from ATP's investment universe. ATP will then liquidate its investment in the company in such a way and over such a time frame as it deems reasonable from a financial and market perspective.

As part of its annual SRI reporting, ATP names investments that have been liquidated over the course of year with reference to SRI.

ATP does not maintain current information on companies in which it does not invest. This means that ATP is unable to publish a full, accumulated exclusion list.

There is no immediate obstacle to prevent ATP from investing in a company which it has previously excluded. This would, however, require a renewed analysis of that company.

Cooperation

Issues concerning SRI are to a great extent transnational. Accordingly, international cooperation is vital for progress in this area.

ATP is a signatory to the UN PRI. Core to this UN initiative is a set of principles governing the commitment by institutional investors to social responsibility.

ATP maintains ongoing dialogue with other Danish and international pension institutions on SRI issues. ATP seeks continuously to contribute actively to progress in this area.

ATP cooperates with other stakeholders that can be instrumental in raising the quality of ATP's activities.

Transparency and information

ATP attaches importance to a high degree of transparency in its SRI activities.

As of 2010, ATP will be issuing an annual, independent report on SRI in which ATP's activities and progress in the area will be reported upon.

ATP attaches importance to transparency towards its members on SRI issues. This comprises the commitment to addressing ATP's activities in SRI on ATP's website and at the annual information meetings.

Executive management

The ATP Policy of Social Responsibility in Investments is determined by the ATP Supervisory Board.

Matters concerning the Policy which give rise to any doubt are brought before the ATP Executive Committee, and any departure from or interpretation of the Policy is approved by the ATP Executive Committee.

The ATP Executive Board manages ATP's investments within this framework and is jointly responsible with the Committee for Social Responsibility for ensuring adherence to the framework.

United Nations Principles for Responsible Investments

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time).

We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

Source: <http://unpri.org/principles/>

Reports are made continuously to the ATP Supervisory Board concerning the commitment to Social Responsibility in Investments.

ATP

Kongens Vænge 8

3400 Hillerød

Telephone +45 70 11 12 13

Fax +45 48 20 48 00

www.atp.dk

www.atp.dk/contact