The ATP Group

Responsibility 2023

Contents

Transparency on ATP's website:
Sustainability-related information (the EU Disclosure Regulation)
Report on Stewardship
The EU Taxonomy for Environmental Sustainability
List of excluded companies
List of holdings
Company dialogue
Voting record overview
Green bonds

Sustainability in balance

CSRD, SFDR, ESRS, CSDDD, EU GBS. Working with ESG increasingly requires a certain understanding of abbreviations to keep up with the growing amount of EU regulation in this area. At ATP, we find it important to stay up to date, as it is in the common interest that common standards are established for companies and investors' reporting and communication on sustainability.

ESG has been sweeping the investment industry both domestically and internationally, and we are now at a point where ESG is entering a maturation phase. ESG is not exclusively a good thing; it can also amount to greenwashing if a business lacks control of its documentation. We also realise that all green initiatives doesn't necessarily deliver good results on their own, unless adequate basic investment analysis is conducted.

STATUTORY REPORTING

The report is ATP's statutory report on responsibility and covers the period 1 January 2023 to 31 December 2023, 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 diversity policy, cf. Section 25.

The reports are part of the management's review in ATP's Annual Report for 2023.

ATP's sustainability-related information and information on the EU taxonomy for environmental sustainability are available at atp.dk

We must take responsibility for the green transition, but it must go hand in hand with our purpose of delivering a good return for our pensioners. When it does, as is often the case, it benefits both our members and society.

In light of the regulatory tsunami in recent years for both companies and investors, it is now important to focus on improving tools rather than legislating for new areas. ESG is a difficult and complex area, which by definition makes it a difficult and complex area to legislate in. And implementing ESG is at least equally difficult and complex.

Our hope is that the original desire to create transparency regarding investors' work with ESG will be maintained so that individual investors continue to have the freedom to organise their ESG efforts. If regulations are made too strict and rigid, the whole thing risks turning into a compliance exercise where companies focus solely on compliance instead of creating real change.

The 'S' will become more prominent in the future. With the EU's new sustainability directive, CSRD, companies will potentially be able to report on four social themes: Own Workforce, Workers in the Value Chain, Affected Communities and Consumers and End Users.

ATP expects virtually all companies to report on their 'own workforce', while for some companies it may also be relevant to report on several 'S' themes. The same applies to the climate and business behaviour standards.

For this reason, we urge companies to take the new reporting standards seriously, examine their business and assess which themes are relevant to report on rather than reporting on as much as possible.

ESG reporting must create value, and companies must therefore ensure that they report on things that are material to their business rather than just focusing on reporting as much as possible. Ultimately, companies and investors' ESG work must lead to real change, and reporting must contribute to this without becoming a burden.

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. Build strong processes for both ESG due diligence and ESG asset management across asset classes tailored to the specific investment processes.
2. Improve our ESG data foundation with a focus on improving the companies' own reporting of data.
3. Develop ATP's general landmarks and specific expectations for companies' ESG practices.
4. Map ATP's investment portfolio's ESG characteristics with a view towards prioritising our ESG-efforts.
5. Contribute to real improvements in individual compa¬nies for the benefit of ATP's investments and society at large based on a preference for active capital stewardship.
6. Distinguish financial materiality and societal materiality from each other and continually attempt to understand the interaction between financial materiality and societal materiality.

ATP's optimised business model and new accounting standard

In recent years, ATP has optimised its business model. This is a result of ATP's objective to be an important contributor to the basic financial security of people in Denmark by providing stable, guaranteed lifelong pensions, and to contribute to increasing the real value of these pensions. The objective of the overall changes to the business model for ATP Livslang Pension (Lifelong Pension) is to achieve both higher pensions in absolute terms and ensure better opportunities for increasing and preserving their real value.

The changes in the business model are comprised of two parts. Life annuity with market exposure was introduced in 2022 (see the Annual Report for 2022) and a new hedging strategy was introduced in 2023.

The changes to the hedging strategy are based on ATP's existing interest hedging, with the addition of a long-term market risk for hedging in the form of riskier assets to provide better opportunities to increase the real value of the pensions.

The changed hedging strategy is based on two special features regarding the ATP scheme: The payments stretch far into the future and the funds are only paid to members as they begin to retire. This means that the part of the assets that is to provide the guaranteed pensions is invested with a long-term focus where ATP assumes a higher investment risk than with pure interest hedging. The objective is to achieve higher returns over time as a supplement to the current interest hedging, while continuing to ensure that ATP is extremely likely to be able to honour the guaranteed benefit payments.

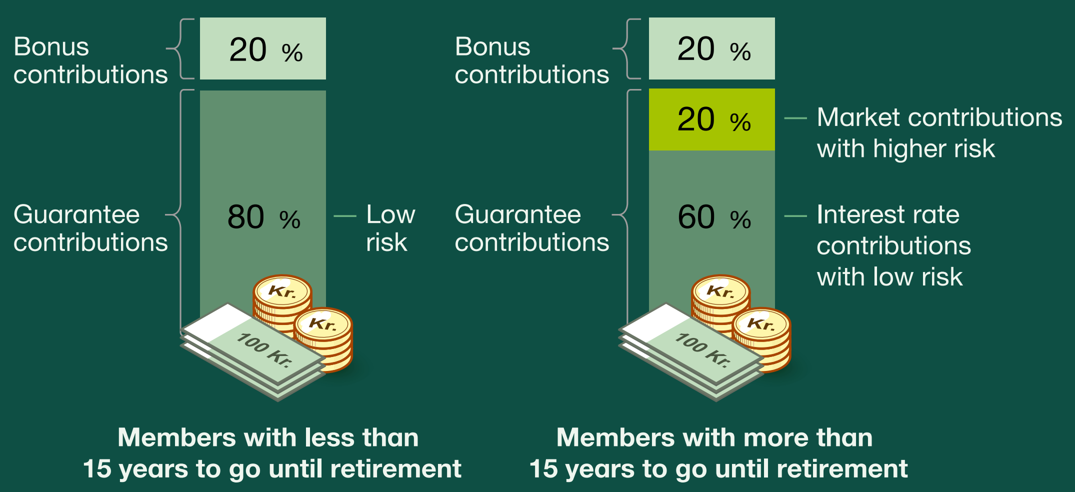
As a consequence of the illiquidity in the liabilities, ATP must – in accordance with international accounting standards (implementation of new standard IFRS17) – from 2023 calculate the value of the pension liabilities taking into account the illiquidity therein. Therefore, ATP adds an illiquidity range to the discount curve for the purpose of measuring the value of the guaranteed pensions, which are then reduced by DKK 37bn at the beginning of 2023. ATP has chosen to allocate the funds that are released in this way to 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, the returns from the Supplementary Hedging Portfolio are expected to be able to be transferred to the bonus potential and thus contribute to increasing the real value of the lifelong pensions. ATP must also calculate a surcharge – risk adjustment for non-financial risks – to pension liabilities as a consequence of the implementation of the new international accounting standard IFRS17. This supplement amounts to DKK 1.0bn and is an expression of the funds that ATP needs to reserve to assume non-financial risks.

Two new items have thus been introduced under pension provisions: Long-term supplementary provision and risk adjustment.

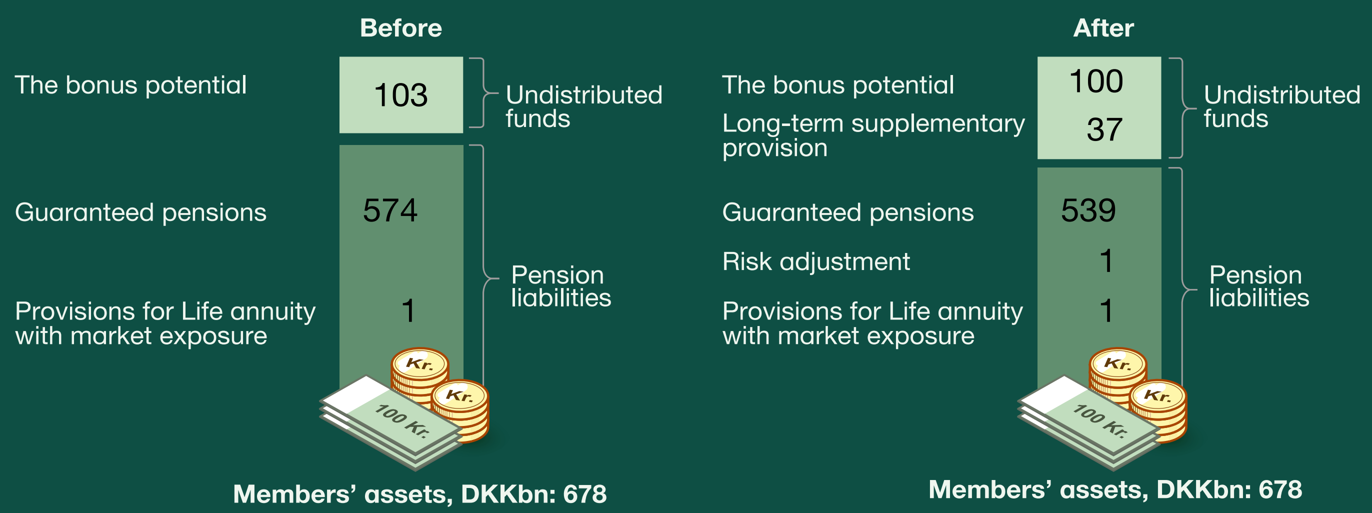
ATP's pension provisions will then consist of pension liabilities and undistributed funds. Pension liabilities are distributed to members either as a guaranteed pension or a Life annuity with market exposure subject to a risk adjustment for non-financial risks.

ATP's undistributed funds form the remaining part of the pension provisions and consist of the bonus potential and the long-term supplementary provision.
The new balance sheet items will generally not change the value of the members' total assets. All of ATP's assets belong to its members, either as distributed or non-distributed funds. The purpose of the new accounting standard is to create transparency about companies' earnings. ATP makes no profit by providing services, which is why ATP's profit will always be 0.

Implementation of Life annuity with market exposure in 2022



Pension provisions before and after changes, start of 2023



Policies and governance

To ensure management ownership of responsibility in ATP's investment decisions, ATP's Supervisory Board has decided that the responsibility efforts are to be coordinated by a Committee for 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 regularly reports to the Supervisory Board on work regarding 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 for 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.

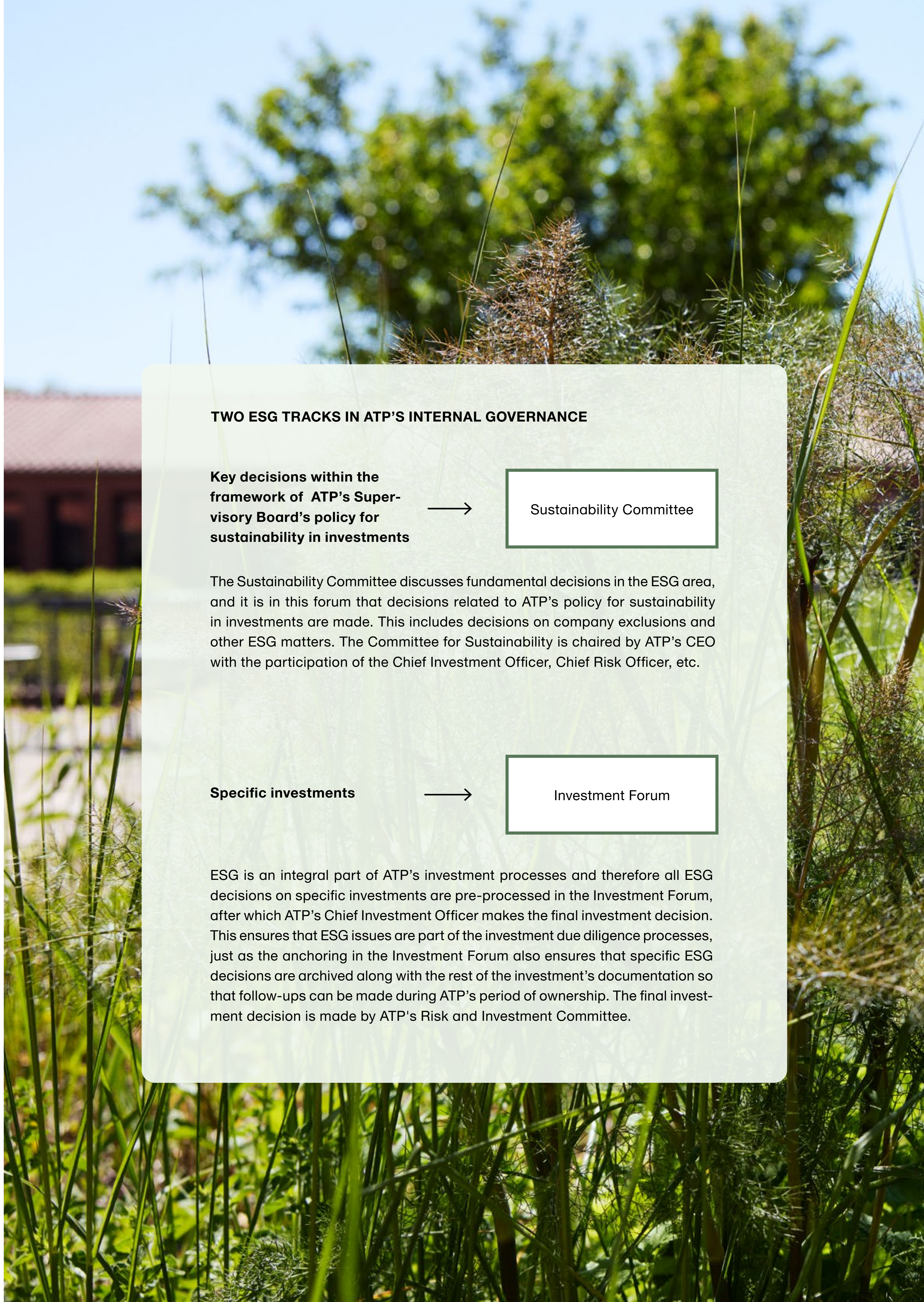
IDENTIFYING RISKS AND THE DESIRED RISK PROFILE – EXTRACT FROM THE POLICY FOR SUSTAINABILITY IN INVESTMENTS

'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 → Sustainability Committee

The Sustainability Committee discusses fundamental decisions in the ESG area, and it is in this forum that decisions related to ATP's policy for sustainability in investments are made. This includes decisions on 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 the 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.

Dual materiality

Double materiality as a lens for working with ESG

Working with ESG in investments has been a permanent part of ATP's processes, and in the past few years we have refined these processes to match the individual asset classes. This means that ATP is, in many ways, well positioned in relation to the new EU regulatory requirements, which to a great extent seek to create transparency regarding investors' ESG efforts.

For a number of years, ATP has been working with what we have been calling ESG risks, which are referred to as 'sustainability risks' in the new EU terminology. This relates to how, for example, environmental and social issues can impact the financial value of our investments. This area is also known as 'financial materiality'. Here it is ATP's belief that it is not only possible to uncover risks, but also to identify positive factors and opportunities that can increase the value of a investment.

These risks are especially relevant for illiquid assets where we are long-term owners and where an investment cannot be traded on a stock exchange. For such investments, we have a special focus on uncovering potential ESG risks in the due diligence phase, in order to be in the best possible position if we end up buying the asset.

For listed equities and bonds, the process is different. Here we trade on stock exchanges where pricing mechanisms are constantly in motion and where all data, including ESG data, must generally be assumed to be priced in.

Overall, it is ATP's opinion that the tools for identifying and, especially, for assessing sustainability risks are still at an immature stage compared to traditional financial risks. This does not mean that we do not take sustainability risks seriously, but rather that we assess them in relation to the individual investment's characteristics and the available information rather than making schematic assessments.

With the new EU requirements, investors must also disclose their policies for identifying and prioritising the most principal adverse sustainability impacts of their investments – the so-called PAI indicators. They indicate about how investments impact society – also known as 'societal materiality'.

For many years, ATP has had a policy for sustainability in investments that describes the requirements we impose on our portfolio companies – i.e. how we address the possible negative ESG effects of the companies' activities. Depending on the asset class, we have various processes in place to ensure compliance. For illiquid investments, the analyses must be made beforehand, while for listed investments, we perform ongoing screenings to detect violations of the policy for sustainability in investments.

EXTRACTS FROM THE EU REPORTING STANDARD ON DOUBLE MATERIALITY

In the EU's new sustainability reporting, double materiality is the lens for companies' reporting, and the topics a company reports on are determined on the basis of whether they are deemed material in one or the other lens.

Societal materiality in the European Sustainability Standard:
'A sustainability issue is material from an impact perspective when it relates to significant actual or potential, positive or negative impacts of the organisation on people or the environment in the short, medium or long term. Impacts include impacts related to the organisation's own activities and upstream and downstream value chain, including through its products and services, as well as through its business relationships.'

Financial material in the European Sustainability Standard:
'A sustainability issue is material from a financial perspective if it triggers, or can reasonably be expected to trigger, a material financial impact on the organisation. This is the case when a sustainability issue creates risks or opportunities that have, or could reasonably be expected to have, a material impact on the entity's development, financial position, financial results, cash flows, access to finance or cost of capital in the short, medium or long term.'

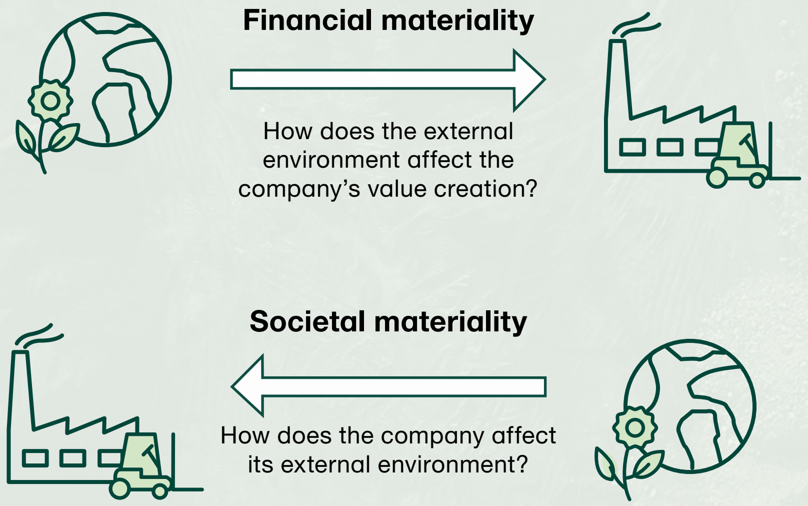
TWO TYPES OF ESG MATERIALITY

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

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

A very large proportion of ATP's overall ESG work is based on financial materiality considerations. Conversely, ATP's fact finding work is intended to ensure that ATP does not invest in companies that deliberately and repeatedly violate the laws or norms issued by international conventions adopted by Denmark that are exclusively based on societal materiality.

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



Green investments

Progress despite difficult conditions

DKK 74.7bn: this is how many green investments ATP had at the end of 2023. This is a figure we are proud of, although we still have some way to go to reach our ambition of DKK 100 billion by 2025, which we announced in 2021. But we must also recognise that there have been headwinds to realising this ambition over the last few years, and we are proud of what we have achieved despite these headwinds. Ambitions must always be set high, and a risk of failure is necessary in order to make a difference.

Inflation is again at the top of the agenda, resulting in rising interest rates which directly impact the value of ATP's assets. Many of our green investments are green bonds, and as with regular bonds, the price (value) of bonds falls when interest rates rise.

As a result, the market value of our green bonds has fallen along with our other regular bonds. At ATP, we use bonds to provide a guarantee to our members, and the price drop therefore does not affect members' pensions.

Just as we announced that a number of factors could negatively impact our climate ambitions, these very factors could increase the value of our green investments. For instance, if interest rates fall in 2024, the value of green bonds will rise. However, it is important to note that when we announced our ambition in 2021, green investments accounted for 7 per cent of our assets, whereas today that percentage has increased to 10.5 per cent.[1] Despite the negative market developments, the share of green investments has increased in relative terms.

ATP will, of course, continue to keep an eye out for attractive investments that can provide our members with a good return while also benefiting the climate. We have done this in recent years with investments in Better Energy, Innargi and Northvolt. We have also divested green investments on an ongoing basis, thus generating good returns for the benefit of our members.

New methods for measuring green investments have emerged since 2021, with the EU Taxonomy for Sustainable Activities being the most prominent. In terms of properties, ATP has DKK 17.4bn of green properties measured according to the EU Green Taxonomy requirements, which is a difference of DKK 10.3bn compared to ATP's current method, where we use selected sustainability certifications for properties.

1 Assets measured as guaranteed benefits and the bonus potential.

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 Measured as the green bonds that comply with ICMA's Green Bond Principles and ATP's own principles (which are more restrictive).

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 preliminary estimates on taxonomy alignment from a recognised data supplier (MSCI).

Direct investments and funds: ATP's Chief Investment Officer designates 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.

Status on ATP's green investments

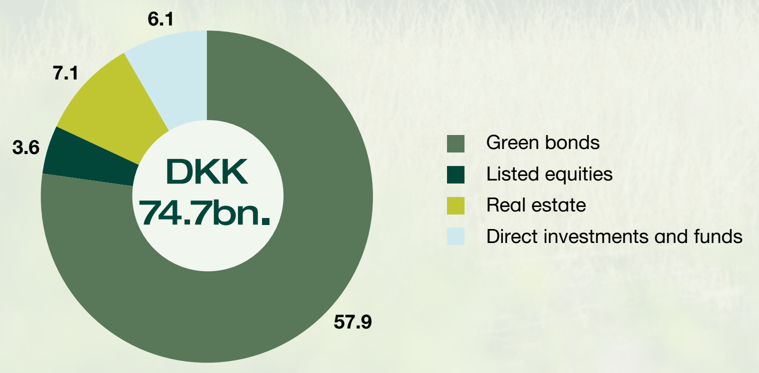
The value of green bonds at year end was DKK 57.9bn, compared to DKK 51.8bn at the start of the year. ATP increased its volume of green bonds, and positive price movements are also partly behind the increase.

In 2023, ATP added three new certified properties to the portfolio which has increased the value of the green property investments.

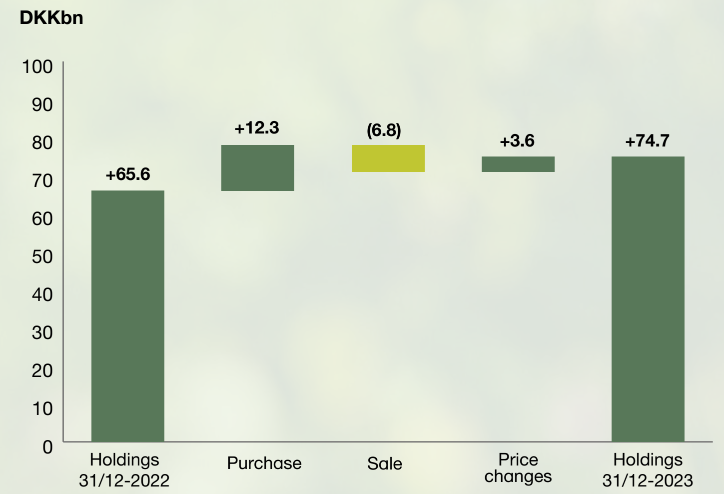
For the direct investments and funds, no additional assets have been added but there are minor revaluations in value.

For equities, we note a slight increase, which is due to increases in the value of individual assets and portfolio reorganisations.

Distribution of ATP's green investments in 2023, DKKbn



Development in ATP's portfolio of green investments in 2023, DKKbn.



CO_2 reporting

Continued development in companies' reporting on CO2 emissions

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 companies' emissions, ATP and the companies are working with blindfolds on and therefore CO_2 data is an important step in the work on reducing emissions and climate risks.

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. This year there has generally been a positive development where we have seen companies that were not previously reporting now begin to report on their CO_2 emissions. More companies have also improved on their reporting so that it is now more complete.

ATP has made a model where we categorise companies based on their current levels. 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 and Nordic equities

- 44 out of 49 companies in the portfolio report on CO_2 – it is smaller companies that do not report.
- 13 companies that did not report CO_2 emissions in 2021 are now reporting to some extent.
- Continued increase in scope, with the average score now 6.3 points compared to 4.6 points in 2021.

Global equities

- 30 per cent of companies in the global equity portfolio were making progress
- The point score increased from 5.4 to 6.0 (when comparing companies in the 2023 portfolio year-on-year)
- 54 per cent of companies report at a high level (7-9 points)

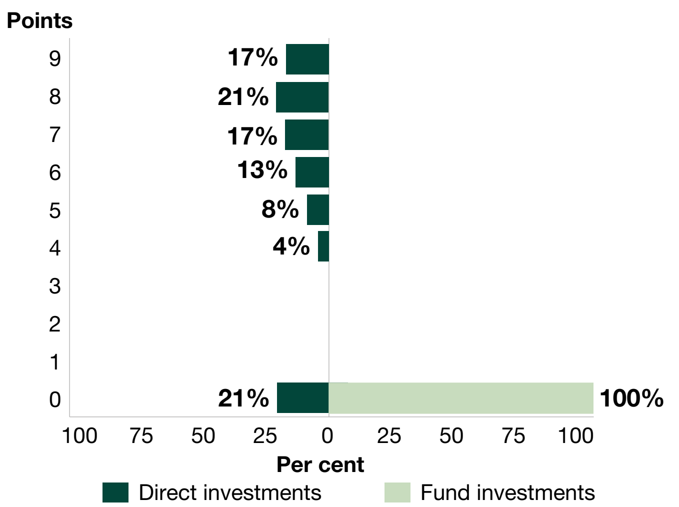
Direct investments

- In direct investments, virtually all of our investments carry out reporting. Only our forestry investments do not report on CO_2 emissions.
- In direct investments, the average score has increased from 3.5 points in 2021 to 5.6 points in 2023.

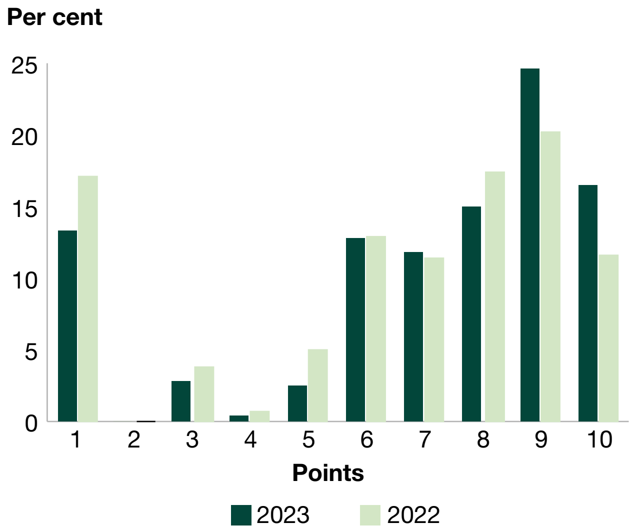
Funds

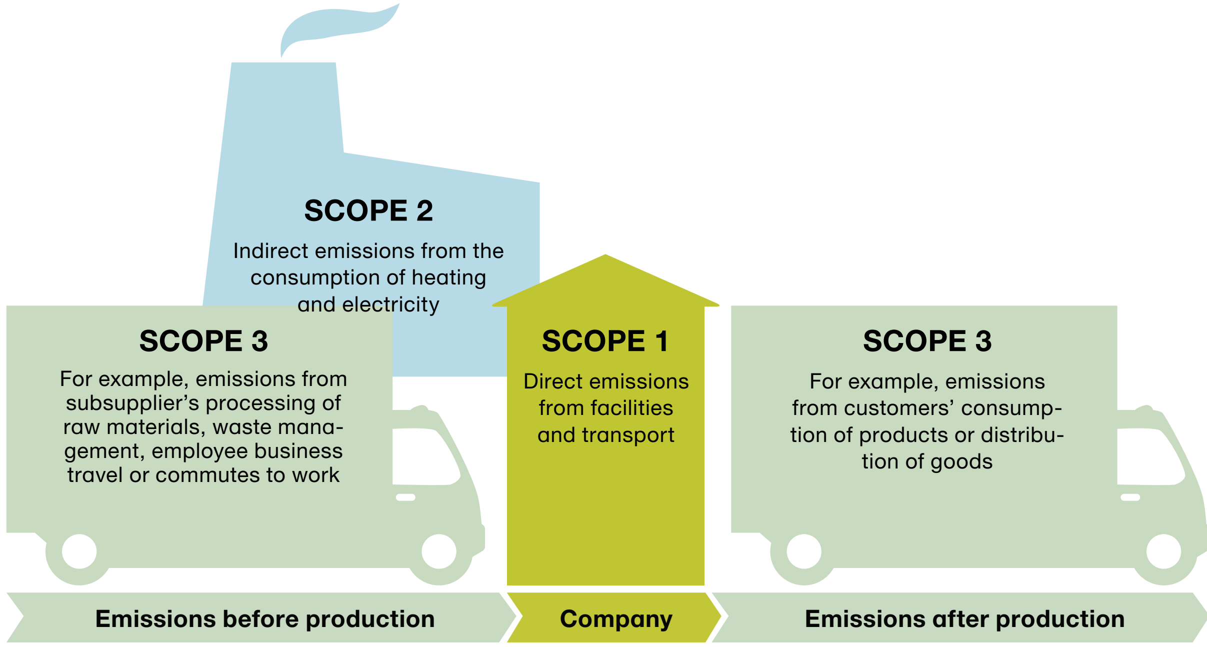
- Generally a very low level of reporting.
- Funds with a strong ESG focus are still among the best at driving reporting in portfolio companies

Distribution of unlisted companies by points



Distribution of listed companies based on points





COMPANIES MUST REPORT IN A TRANSPARENT AND EASY TO UNDERSTAND MANNER

It is important that companies focus on all three types of emissions. The emissions should be measured based on the principles of the GHG Protocol, which contains 15 different categories for measuring scope 3 emissions. Scope 3 emissions are an important factor when it comes to understand a company's emissions, as there can be differences in the companies' value chains.

A company that, for example, ships its products itself will have higher scope 1 emissions than a company that uses external suppliers for their shipping needs which would be categorised as scope 3 emissions. However, not all scope 3 emissions are relevant to report on. In such cases, we expect companies to explain why the category is not relevant.

ATP would like to see companies reporting on their scope 2 emissions as both location-based and market-based and the total energy and electricity consumption. This allows us to see whether companies are reducing their energy consumption from operations or whether it is achieved via market mechanisms.

Challenges for CO_2 data

There are a number of challenges related to the ambition of having comprehensive CO_2 reporting. In some countries, climate issues are not high on the agenda and therefore ATP is standing somewhat alone with its expectations – and therefore it can be harder to reach the goal of getting all portfolio companies to report comprehensively. There are also contractual matters concerning ATP's prior capital fund investments from the period before the ambition was notified of that means that ATP cannot require the funds' portfolio companies to report on CO_2. This means that ATP cannot impose requirements on the funds, it can only encourage them to report. Therefore, ATP's ambition does also not apply to funds where the agreements were signed before the ambition was notified of.

There are multiple reasons for why it is important for companies to measure and be transparent about their CO_2 ambitions.

1. If the company does not know what its own emissions are, the company cannot work on reducing its emissions and specifying objectives for its business operations.
2. As an investor, we are working in the dark if we do not know what a company's emissions are when we, for example, assess climate risks. It is also hard for investors to work on reducing CO_2 emissions in the portfolio if there is no real data from the portfolio companies.
3. There are growing regulatory requirements for ESG data, particularly concerning CO_2 emissions. In the EU's new sustainability reporting directive, reporting on all three scopes is a requirements and it is expected that we will see other countries and regions follow suit. It is therefore sensible to prepare for the coming regulations.

Carbon footprint

Investors' carbon footprint is to be understood with reservations

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

Overall, ATP's ambition is well on its way to being achieved as we have achieved a 66 per cent reduction in our equity portfolio compared to 2018, and it is reasonable to expect that ATP will fulfil this objective before 2030.

However, ATP is generally reluctant to interpret the fulfilment of CO_2 reduction targets in the area of listed investments as an expression of a corresponding reduction in real 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. This metric is an expression of how much CO_2 ATP's portfolio companies use per DKK of revenue. This means that it is a relative measure, and if revenue increases, the metric can decrease even if emissions remain constant. In other words, a decrease does not necessarily mean a corresponding decrease in real CO_2 reductions. Similarly, the price increases in recent years will raise companies' revenue, which will then increase relative to emissions without leading to real reductions.

ATP's analyses indicate that investment opt-outs from selected oil companies and ESG tilt on utility companies have been the biggest driver of the reduction in carbon intensity. Thus, it is primarily the sale of specific equities that has driven the reduction and not actual reductions in ATP's portfolio companies.

In the Danish equity portfolio, for example, a divestment of Maersk shares (not due to climate considerations) has led to a 66 per cent reduction in carbon intensity. If ATP increases its positions in Maersk at some point, this will have the opposite effect and cause the carbon intensity to increase.

The corporate bond portfolio has been reorganised into an internal portfolio comprising green bonds. These bonds are typically issued by companies with high emissions, which in turn exclusively finance green projects. ATP therefore no longer finds this target relevant, as it is more important to finance green projects than to focus narrowly on a metric that does not reflect real reductions. According to the EU's approach in the disclosure regulation, the footprint of green bonds can be calculated based on the project's climate footprint rather than the parent company's, which is why ATP must be assumed to have achieved the ambition.

ATP is continuously working on developing new methods for monitoring the companies' CO_2 reduction efforts, to ensure that these efforts lead to real reductions in actual emissions.

REAL ESTATE INVESTMENTS

For property assessments, we set an ambition of 85 per cent by 2030. We are well on our way to achieving this, with a reduction of 66 per cent. Energy renovations and changes in consumption patterns have made a difference, and in the long term, a greener electricity and heat supply in Denmark will help us towards realising our ambition. You can read more about the work in ATP Ejendomme's ESG report.

DEVELOPMENTS IN 2023

For Nordic equities, emissions increased in both relative and absolute terms. This is partly due to the acquisition of companies with larger emissions and companies that have started to report data.

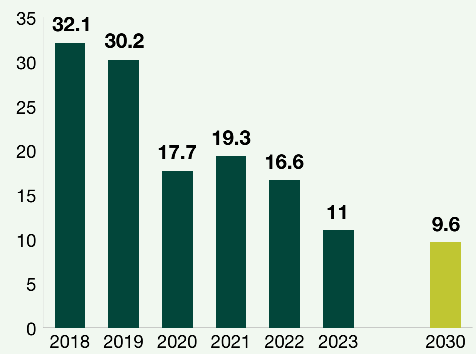
The emissions from international equities decreased due to normal portfolio changes, where emission-intensive companies were divested and less emission-intensive companies were acquired.

ATP's carbon footprint for listed investments

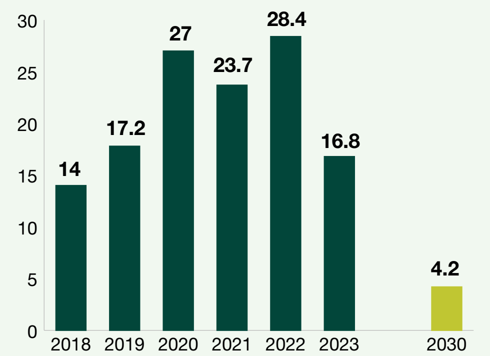
	Total emissions		Carbon Footprint		Carbon Intensity		WACI	
2023	Tonnes CO_2e	Developments from 2022	Tonnes CO_2e/DKKm	Developments from 2022	Tonnes CO_2e/DKKm	Developments from 2022	Tonnes CO_2e/DKKm	Developments from 2022
Nordic equities								
Total, MB	120,822	6.39%	5.15	8.56%	9.77	(26.65%)	5.34	(38.46%)
Total, LB	127,964	8.77%	5.45	10.99%	10.35	(25.02%)	6.18	(32.70%)
Scope 1	112.787	4.87%	4.80	6.98%	9.12	(27.73%)	4.66	(40.93%)
Scope 2, MB	8,034	33.55%	0.34	36.87%	0.65	(8.49%)	0.67	(13.47%)
Scope 2, LB	15,177	50.28%	0.65	43.63%	1.23	4.00%	1.52	17.26%
International equities								
Total, MB	210,815	(25.74%)	7.11	(34.61%)	11.78	(35.82%)	11.39	(51.39%)
Total, LB	213,788	(25.27%)	7.21	(34.24%)	11.95	(35.41%)	11.64	(50.99%)
Scope 1	164,316	(30.75%)	5.54	(39.06%)	9.18	(40.13%)	8.81	(55.44%)
Scope 2, MB	46,499	(0.26%)	1.57	(12.42%)	2.60	(13.66%)	2.58	(29.61%)
Scope 2, LB	49,471	1.36%	1.67	(10.81%)	2.77	(12.50%)	2.84	(29.02%)
Equities overall								
Total, MB	331,637	(16.56%)	6.24	(21.40%)	10.96	(33.85%)	8.88	(45.77%)
Total, LB	341,752	(15.35%)	6.43	(20.21%)	11.29	(32.89%)	9.43	(43.84%)
Scope 1	277,104	(19.64%)	5.21	(24.32%)	9.16	(36.27%)	7.10	(49.55%)
Scope 2, MB	54,533	3.60%	1.03	(2.27%)	1.80	(17.70%)	1.77	(22.55%)
Scope 2, LB	64,648	9.75%	1.22	3.10%	2.14	(13.15%)	2.32	(14.21%)
Corporate bonds								
Total, MB	71,623	(8.53%)	12.44	(20.82%)	16.73	(41.06%)	18.98	(41.89%)
Total, LB	68,507	(10.66%)	11.90	(22.69%)	16.00	(42.43%)	18.85	(42.45%)
Scope 1	56,633	(13.20%)	9.84	(24.86%)	13.23	(44.08%)	12.53	(44.41%)
Scope 2, MB	14,990	14.84%	2.60	(0.63%)	3.50	(25.99%)	6.46	(36.25%)
Scope 2, LB	11,874	3.88%	2.06	(9.94%)	2.77	(33.02%)	6.33	(38.08%)

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

Illiquid investments

An active owner in the unlisted market

When ATP invests in an airport, infrastructure asset, property 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 the company in question by contributing to the identification and management of ESG-related risks for the company or the surrounding community, 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 wheel that is based on two pillars. The first pillar involves creating a foundation of ESG data that makes it possible to track a company's development, benchmark it against similar companies and identify areas in which more work can be done. We are building this data foundation through our ESG questionnaire for illiquid investments, which we launched in 2020.

The second pillar involves developing a model with the purpose of continuously monitoring all of ATP's investments in illiquid companies so that the various competencies and resources of the relevant teams in the investment department can work together to assess and manage the ongoing ESG-related risks and opportunities that arise for the individual investment.

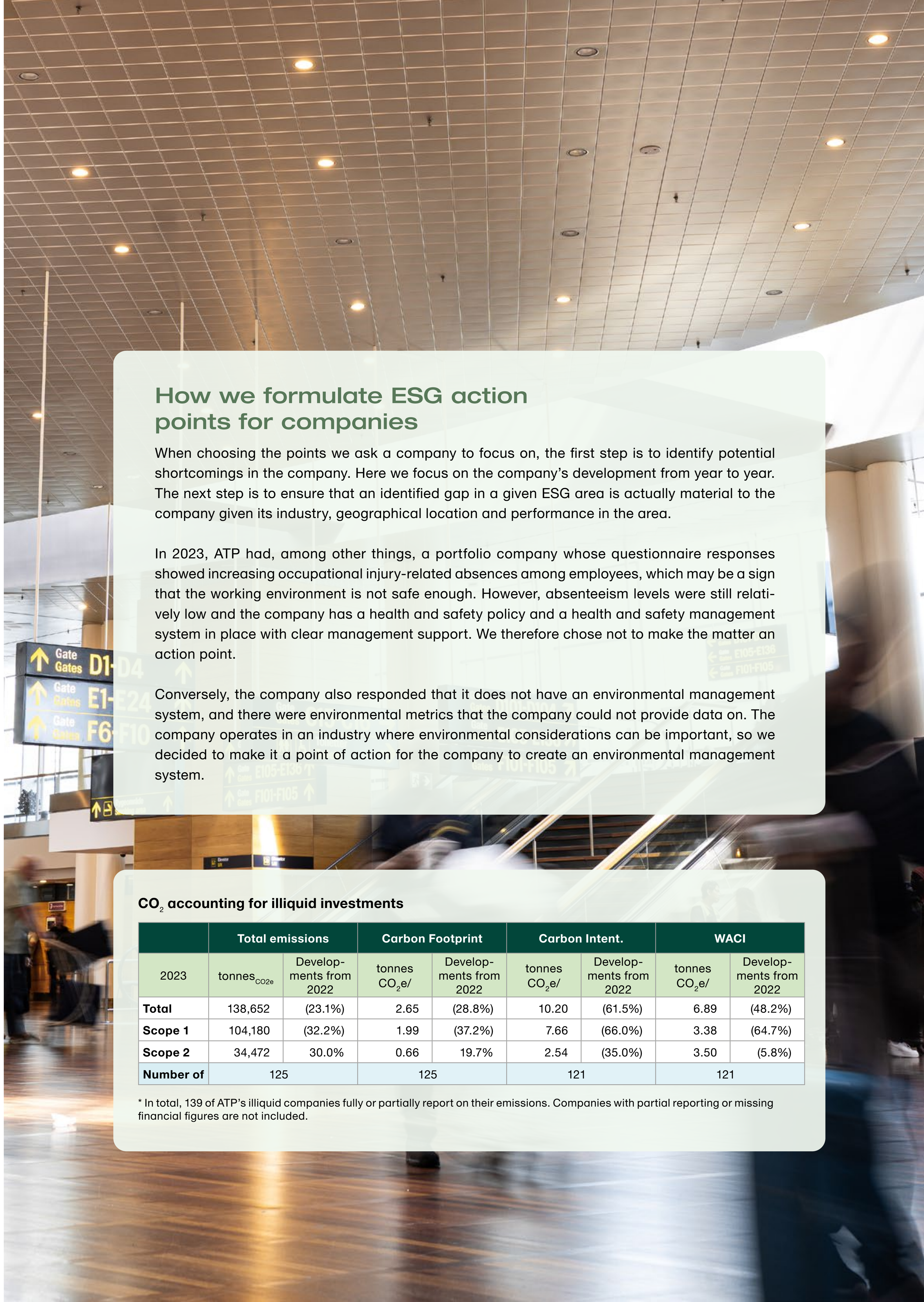
We have seen a positive development in the number of companies responding to ATP's questionnaire, and also in the number of questions that individual companies are able to answer. The increase in the number of responses is due both to the fact that since 2020 there has been a threefold increase in the number of ATP-owned companies responding to the questionnaire, and that since 2022 we have also invited other pension funds to use the questionnaire for their illiquid investments. The more companies provide data, the better analyses we can make so that companies can see whether they meet the standards for similar companies, and so that we can benchmark companies both within and across industries. In 2023, five other pension funds chose to participate, bringing the total number of responses to 489 – seven times as many as in 2020.
The increase in 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, meaning that the average response rate is now up to approximately 90 per cent of the questions. The larger number of responses and the participation of the other pension funds has also meant that in 2023 we focused on creating a better operational set-up to handle the questionnaire by transitioning to a stronger, more modern database structure, with better technical support for the feedback reports we prepare for each participating company.

THE QUESTIONNAIRE SHOWS IMPROVEMENTS AT COMPANIES

Based on a company's response to ATP's questionnaire, we formulate 2-5 specific action points that we encourage the company to focus on in the coming year. For example, a company might be told that it should be able to report more or for specific areas, implement a specific policy or process, etc. Based on the responses in 2023, we can see that companies have improved on 39 per cent of the action points we formulated in 2022 and that a further 10 per cent have partially complied. In other words, companies have improved fully or partially on almost half of our action points over the course of a single year.

ESG ASSET MANAGEMENT IN DANISH EQUITIES

In our Danish equity portfolio, we gather information on an annual basis on specific themes in order to map the companies' policies, processes and performance. ATP analyses the responses and uses the results as part of our stewardship, e.g. at general meetings if a company deserves praise or is far below the general practice. In 2023, the questionnaire focused on upcoming EU regulation, including how companies seek to minimise negative impacts in value and supply chains with respect to human rights and biodiversity.



How we formulate ESG action points for companies

When choosing the points we ask a company to focus on, the first step is to identify potential shortcomings in the company. Here we focus on the company's development from year to year. The next step is to ensure that an identified gap in a given ESG area is actually material to the company given its industry, geographical location and performance in the area.

In 2023, ATP had, among other things, a portfolio company whose questionnaire responses showed increasing occupational injury-related absences among employees, which may be a sign that the working environment is not safe enough. However, absenteeism levels were still relatively low and the company has a health and safety policy and a health and safety management system in place with clear management support. We therefore chose not to make the matter an action point.

Conversely, the company also responded that it does not have an environmental management system, and there were environmental metrics that the company could not provide data on. The company operates in an industry where environmental considerations can be important, so we decided to make it a point of action for the company to create an environmental management system.

CO_2 accounting for illiquid investments

	Total emissions		Carbon Footprint		Carbon Intent.		WACI	
2023	$tonnes_{CO2e}$	Developments from 2022	tonnes CO_2e/	Developments from 2022	tonnes CO_2e/	Developments from 2022	tonnes CO_2e/	Developments from 2022
Total	138,652	(23.1%)	2.65	(28.8%)	10.20	(61.5%)	6.89	(48.2%)
Scope 1	104,180	(32.2%)	1.99	(37.2%)	7.66	(66.0%)	3.38	(64.7%)
Scope 2	34,472	30.0%	0.66	19.7%	2.54	(35.0%)	3.50	(5.8%)
Number of	125		125		121		121	

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

Green bonds

New process for stewardship on green bonds

As one of Europe's major bondholders, we want to use our influence to develop the market for green bonds. When in 2017 we decided to enter the market for green bonds, we also developed our own approach aimed at ensuring that the green bonds we invest in comply with our investment and ESG requirements.

The market for green bonds has grown significantly in the past few years and has now reached a level of maturity where it is more about managing the market, for example in the form of regulatory initiatives.

At ATP, we specify ESG requirements for our green bonds and we have therefore developed our own standard that goes beyond the recommendations of the ICMA's Green Bond Principles to assess the green bonds. Among other things, we require transparency related to the projects that the bonds help to finance and we also have requirements for the quality of the reporting.

When looking at the green bonds, we have strict requirements for transparency. We therefore focus on how much information we as investors can get about how the profits from the bond issue are stored and which projects receive financing. We believe that it is best if we can see exactly which projects our bonds have financed and what their impact is. Not all bond issuers are at this level yet, but the trend is moving in the right direction.

This, however, is not always possible when we look at state issuers of bonds for two key reasons. Firstly, states cannot track the profits in the same way as other issuers, as – from a purely legal perspective – they are not allowed to have a special account for money raised via green bonds. Secondly, states also finance green state expenditures with the profits from green bonds.

This includes tax cuts and subsidies from which it is not necessarily possible to measure the direct climate impact – unlike when, for example, a company builds and operates a wind turbine. Therefore, ATP's criteria take into account that there may be structural differences in the issuer's preconditions for being transparent about things such as how profits are managed and reporting on the impact of specific projects.

States are important actors in the market for green bonds but we cannot compare state-issued green bonds with other issuers of green bonds on a 1:1 basis in all aspects. Therefore, when developing our criteria we have ensured that they can include the characteristics of various types of issuers so that ATP can ensure that we are selecting the best issuers in each category.

EUROPEAN GREEN BOND STANDARD

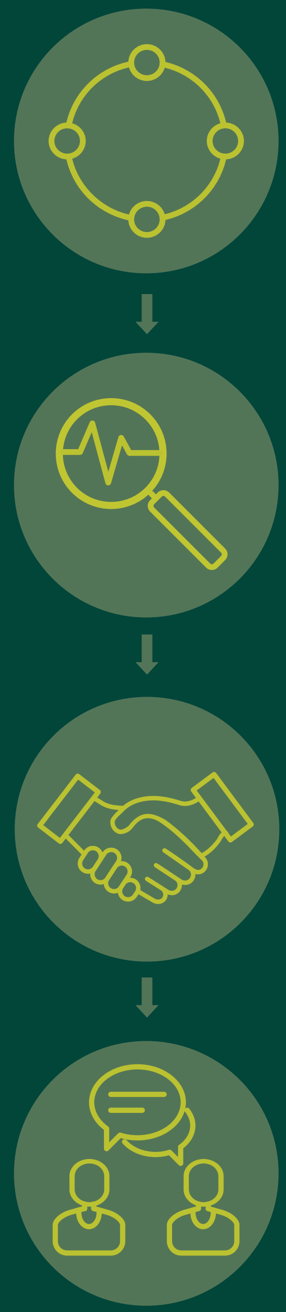
In October 2023, the European Parliament passed a regulation introducing a voluntary standard for green bonds in the EU. The regulation sets out uniform requirements for issuers wishing to issue bonds labelled as the 'European Green Bond Standard' (EuGB).

For issuers of bonds labelled 'EuGB', the primary requirement of the regulation is that they must use all proceeds for activities that comply with 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 per cent of the proceeds to such 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 comes into force in 2024, and it will therefore be some time before the market for EU green bonds is fully established.

Stewardship on green bonds



Selection of issuers
Each 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 the issuers live up to the promises in their Green Bond Framework regarding, for example, the selection of green projects and transparency?

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

In 2023, ATP started a new process for the stewardship of green bonds. Previously, ATP focused on the companies' reporting in order to map ATP's overall impact or positive effects from investments in green bonds. However, this has proved to be a difficult task at this point in time. When ATP invests in different types of issuers from different countries and industries, the issuers' impact reporting is often not uniform in terms of reported metrics, periods and methodology.

Therefore, ATP has chosen to rethink the entire process with the intention of creating as much value as possible for ATP as an investor and for issuers in which ATP is invested. The new process can be summarised in four points, which are generally based on ATP thoroughly reviewing the issuers' frameworks, allocation, reporting, etc., to ensure that the bond programmes still meet ATP's stricter requirements for green bonds and that the issuers keep their promises. Based on this review, ATP can enter into dialogue with issuers regarding issues and shortcomings in their bond programmes, which could contribute to creating closer relationships between major bond issuers and ATP.

Tax

ATP uses stewardship to follow up on tax policy

ATP has high expectations regarding the investments' handling of tax. They are set out in ATP's tax policy, which aims to ensure that the correct amount of tax is paid, that aggressive tax planning is avoided, and to support transparency regarding tax.

As part of its stewardship work, ATP monitors that the investments are in compliance with ATP's tax policy. ATP's stewardship work regarding tax 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 range of investments and maintains dialogue with a number of investments about their tax conditions.

The diagram below illustrates how ATP exercises stewardship in relation to the portfolios, indicating the activity level for 2023.

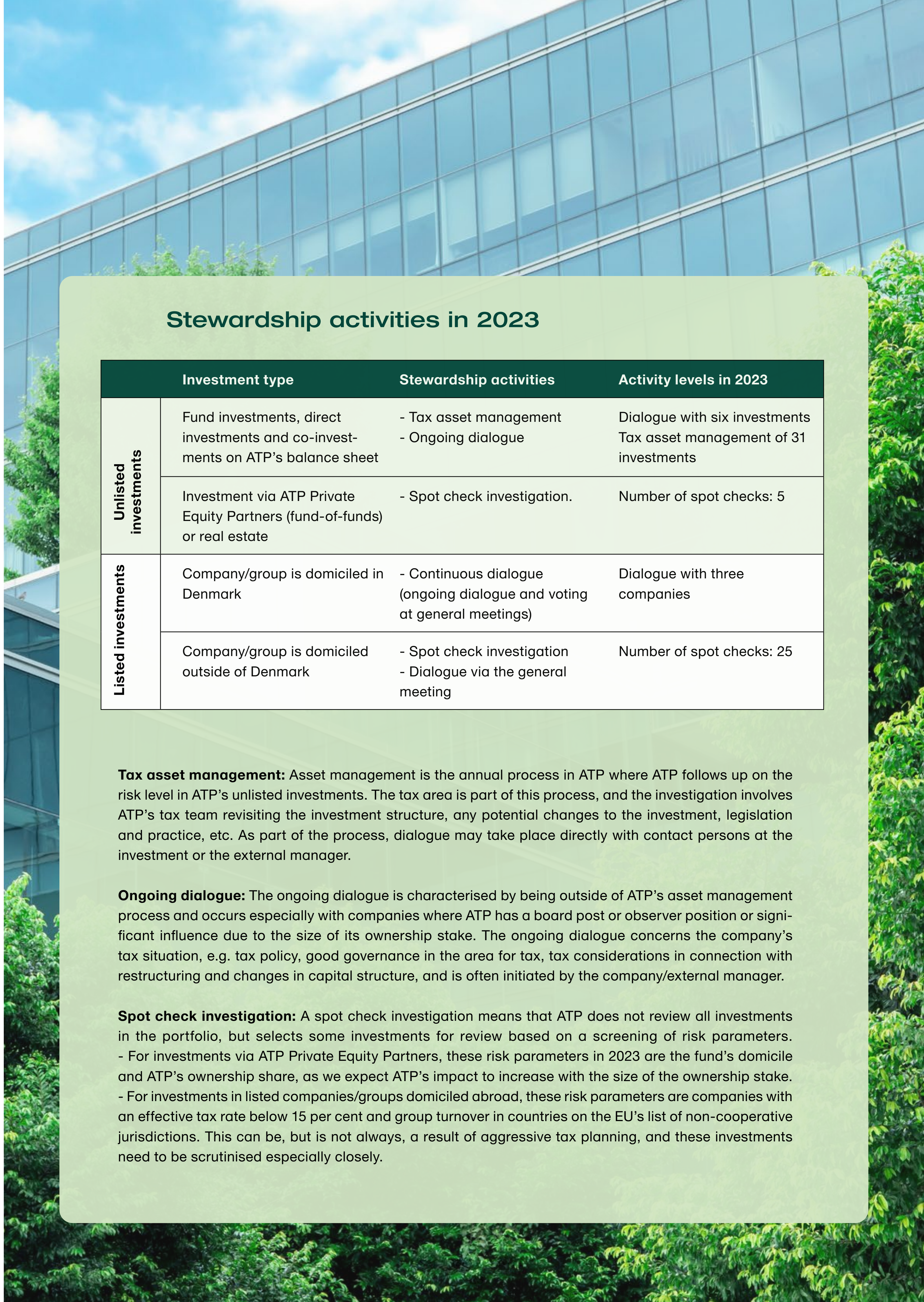
Positive, constructive dialogue with ATP's unlisted investments

Tax matters are a permanent feature in ATP's ongoing asset management process for unlisted investments. We follow the unlisted investments closely and frequently engage in positive, constructive dialogue both with external managers and directly with the investments.

This year's review of the unlisted investments shows that, especially when ATP invests through a fund, there are large differences in how much and in what way the individual external managers are involved in tax matters during ATP's ownership period. This applies to the taxation of both the fund and the portfolio companies. There is still a need for some external managers to become more involved throughout the duration of the investment. However, in our experience, ATP's (and other investors') focus on taxation has a positive effect. For example, we find that some managers are good at maintaining a focus on taxation and continuously address this, even contact ATP to get an assessment of events that could potentially be in conflict with ATP's tax policy in order to avoid them.

ATP's tax policy states that we expect ATP's investments to have a tax policy adopted by the company's Board of Directors. As a responsible investor, ATP's position is that a tax policy approved by a company's Board of Directors must guide the company's behaviour in the tax area, whether the tax is handled in-house or by an external supplier. The tax policy must reflect the company's specific circumstances so that the Board of Directors focuses on the right things, e.g. in connection with management's reporting on the tax policy to the Board. This creates value in the long term, and it is positive that our investments prioritise getting a board-approved tax policy in place.

During the year, we have been in dialogue with several companies about their tax policy and tax issues in general. For many of our investments, responsible tax practices are not only about avoiding aggressive tax planning, but also – in a very practical sense – about keeping your house in order and ensuring that the right amount of tax is paid on time and to the right country. ATP considers this to be a cornerstone of responsible tax practices and encourages a solid anchoring of the tax policy in the organisation to this end. We expect such discussions to be more prominent in our work with responsible tax practices in 2024.



Stewardship activities in 2023

	Investment type	Stewardship activities	Activity levels in 2023
Unlisted investments	Fund investments, direct investments and co-investments on ATP's balance sheet	- Tax asset management - Ongoing dialogue	Dialogue with six investments Tax asset management of 31 investments
	Investment via ATP Private Equity Partners (fund-of-funds) or real estate	- Spot check investigation.	Number of spot checks: 5
Listed investments	Company/group is domiciled in Denmark	- Continuous dialogue (ongoing dialogue and voting at general meetings)	Dialogue with three companies
	Company/group is domiciled outside of Denmark	- Spot check investigation - Dialogue via the general meeting	Number of spot checks: 25

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 team revisiting the investment structure, any potential changes to the investment, legislation and practice, etc. As part of the process, dialogue may take place directly with contact persons at the investment or the external manager.

Ongoing dialogue: The ongoing dialogue is characterised by being outside of ATP's asset management process and occurs especially with companies where ATP has a board post or observer position or significant influence due to the size of its ownership stake. The ongoing dialogue concerns the company's tax situation, e.g. tax policy, good governance in the area for tax, tax considerations in connection with restructuring and changes in capital structure, and is often initiated by the company/external manager.

Spot check investigation: 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 2023 are the fund's domicile and ATP's ownership share, as we expect ATP's impact to increase with the size of the ownership stake.
- For investments in listed companies/groups domiciled abroad, these risk parameters are companies with an effective tax rate below 15 per cent and group turnover in countries on the EU's list of non-cooperative jurisdictions. This can be, but is not always, a result of aggressive tax planning, and these investments need to be scrutinised especially closely.

Large differences in tax transparency among foreign companies

In 2023, ATP's tax team adjusted its approach to foreign listed investments. These investments are characterised by the fact that ATP often owns a relatively small share of the companies (typically less than 1 per cent of the capital/votes), and that ATP does not have the same impact as in Denmark.

In 2023, we looked more closely at companies that did not respond to previous years' enquiries about why their tax rate was less than 15 per cent or why they had revenue in countries on the EU's list of non-cooperative jurisdictions. For these companies, we reviewed financial statements and other publicly available material. The review shows that approximately half of the selected companies have tax reporting in their financial statements that reassures ATP that the group's low tax rate has legitimate explanations, such as various types of tax incentive programmes.

Conversely, around half do not have such reporting. ATP has contacted these companies again with specific questions about the company's publicly available material, but unfortunately, only a few have responded with adequate answers. ATP continues to maintain dialogue with these companies and believes that our persistence and the international cooperation that ATP is involved in makes a difference and can contribute to increasing transparency in the companies' tax reporting.

In general, we find that the largest companies in Denmark and Europe are more open about their tax position than companies listed in the US, for example. There are probably several reasons for this, including differences in accounting requirements, other regulations and traditions/customary practices. For ATP, it is less about getting the good companies to become even better, and more about getting less communicative groups to become more transparent so that we can ensure they comply with ATP's tax policy.

Our experience shows that it makes a difference when multiple investors join forces in the dialogue on responsible tax practices. This also applies to foreign listed companies, which ATP has difficulty getting through to on its own. This is why ATP actively participates in, e.g., PRI's ('Principles for Responsible Investment') working group in the area of tax, where we share experiences and discuss how to most effectively encourage foreign listed companies to improve the transparency of their tax communication. We will continue this involvement in 2024 and believe that this work will help us move forward.

ATP continues to focus on responsible tax practices and on shaping dialogue

ATP is happy to share experiences and views on responsible tax practices. This take place first and foremost through our stewardship activities in the area of tax, but also occasionally through external events. In 2023, ATP participated as a presenter together with GRI (Global Reporting Initiative) and KPMG in a seminar in Iceland on responsible tax practices and good tax governance in order to inspire and strengthen initiatives and knowledge regarding responsible tax practices. The seminar was attended by Icelandic investors and listed companies.

In 2023, ATP will not publish the 'Thematic Report on Tax' as a separate report. The processes and initiatives described in previous years' thematic reports are largely unchanged, and the reports are still available on ATP's website. As in previous years, financial information on ATP's tax position is also presented in the Annual Report for the ATP Group. In 2024, we will consider whether we can further strengthen the transparency of ATP's tax communication.

ATP does not accept...

constructs that make use of the following structures:

- Use of companies located in EU blacklisted countries at the time of investment. However, ATP does accept that companies that have part of their business activities in those countries can carry out those activities via subsidiaries established locally.
- Exploiting agreements on double taxation by using holding companies with insufficient substance for the sole purpose of reducing or avoiding pay-as-you-go taxation.
- Transfer pricing planning, where risks and earnings are systematically transferred to low tax countries.
- The use of financial instruments for aggressive tax planning.
- The use of hybrid companies for aggressive tax planning.
- The use of equities for dividend arbitrage, including making equities available to others via lending.
- The use of highly geared acquisition structures for the purposes of unduly reducing taxable earnings.
- The use of tax incentive schemes that are in clear contrast to the purpose of the specific legislation.

ATP does accept...

tax planning that is intended to ensure fair competition and avoid double taxation. For example, there are structures characterised by, for example:

- Making use of available double taxation agreements for when there is a fair business case for doing so.
- Using historical tax deficits to reduce the future taxable earnings.
- Using debt financing to a reasonable degree.
- Using tax write-offs on, for example, for infrastructure assets.

Screening

Continuous screening of the portfolio for policy violations

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 see 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 available data that describes how listed companies behave, e.g. from 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 external data suppliers that monitor the behaviour of many thousands of Danish and international companies based on a long list of indicators. In addition, ATP can also independently get information from external sources – including from other trendsetting investors – about whether portfolio companies are potentially violating our policy for sustainability in investments.

The indicators 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.

PAI INDICATORS – NEGATIVE SUSTAINABILITY IMPACTS

As part of the new EU regulations, ATP must annually publish data on 16 indicators for, among other things, companies' CO_2 emissions and biodiversity and explain what ATP is doing to minimise the negative sustainability impacts of our investments as shown by the indicators.

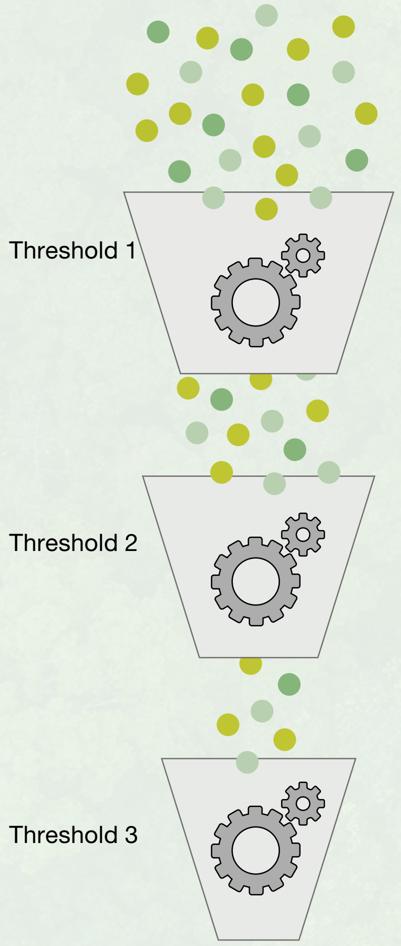
GOVERNMENT BONDS

ATP operates separate processes for 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 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. Based on the indicators selected, we have developed a system which enables the automation of the process for the identification of companies most likely to be in violation of ATP's policy. These companies will typically have better substantiated complaints against them than will other companies in the portfolio and will therefore have significantly worse scores on the ESG indicators selected.

2. Prioritisation
When the scores obtained by a company do not meet our minimum requirements, it is investigated whether the complaints against the company – provided that they are 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, for example, 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 thirds 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-allegations against companies

If one of ATP's screenings indicate 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 often take several months.

It is the seriousness of the specific charge and not the size of our investment in the company that guides our work and conclusions. We thus act the same whether it is a small or large investment and our prioritisation is based on the societal 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 the exclude the company or enter into a targeted dialogue with it. We will enter into a targeted dialogue with the 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 are patient in this process as long as we find that the company has a constructive attitude and is showing 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. Companies outside of our equities universe and which we do not consider investing in are generally not something that we independently choose to investigate. 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.

Thorough preparation for long-term ownership

ATP has a significant part of its portfolio allocated to direct investments. This means that we are co-owners of airports, solar parks, real estate, forests 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 there must be agreed upon action plans to remedy potential deficiencies when ATP steps in as a co-owner of an asset. The ESG due diligence work is an integrated part of our investment due diligence processes that are carried out via ATP's investment forum.

There is a defined ESG process for the direct investments which are tailored to these kinds of assets specifically. As these are individual investments, we can narrow down the relevant ESG areas into, for example, geography, industry, etc. and concentrate our focus on these areas when we investigate the ESG risks of the potential investment.

In order to assess ESG conditions for individual investments, we have developed a question bank to target our study of the conditions surrounding a potential investment. This question bank is built around the American organisation SASB's so-called materiality tool, which has identified the most financially material ESG issues in all industries. In the event that there is a need for specialised technical expertise, we can use external specialists to ensure that all details are considered. With this approach, we can ensure that we cover all of the most important facets of all of our investments. We also assess the company in question's ESG-related policies, processes and historical performance with a view to ensuring that the company meets our requirements and to identify potential opportunities for improvement.

As an investor, we also have a financial interest in using our influence in our stewardship activities to ensure companies better manage their ESG issues, as this helps to create more sustainable growth and makes the companies a better long-term investment.

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, ESG, tax practices, legal 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

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.

Areas where ESG matters can be improved are identified. Some matters can be included in 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.

The ESG action points are followed up on and the results from ATP's ESG questionnaire are used in the ongoing dialogue.

ATP's Risk and Investment Committee approves the investment

Fund investments

Focus on fund performance and policies

With fund investments, ATP provides an 'indication' to the fund manager of being willing to invest a sum over a given investment period. In other words, the specific assets that co-ownership will result in by investing in the fund are not known, but only the sectors, geography and size of the companies that the fund plans to invest in. For example, this may be a fund whose goal is to invest in North European growth companies in the digitalisation and healthcare sectors.

This is a challenge when we need to carry out our due diligence work on investments. Unlike with other asset classes, we cannot investigate the specific companies -–we can only investigate the fund asset manager and its approach to ESG issues when the fund begins to invest on behalf of ATP.

When ATP has identified a fund that we are considering investing in, as part of the due diligence process the fund will also be sent a questionnaire with questions about ESG issues. We also review the fund's ESG policy which describes its approach to ESG issues. In addition, ATP always enters into a dialogue with the fund to clarify issues and get insights into its thoughts, processes and experiences related to ESG. The assessment of the fund also includes knowledge of the context in which the fund operates, e.g., sectors and countries, climate-related issues and other issues of potential relevance.

The purpose is to uncover the thinking held by the fund regarding ESG and how ESG is considered relative to the companies invested in. We do this to ensure that the potential funds understand and have processes in place to manage ESG issues in their investments. ATP prefers to see that the fund has processes approximating ATP's own approach to due diligence in illiquid investments.

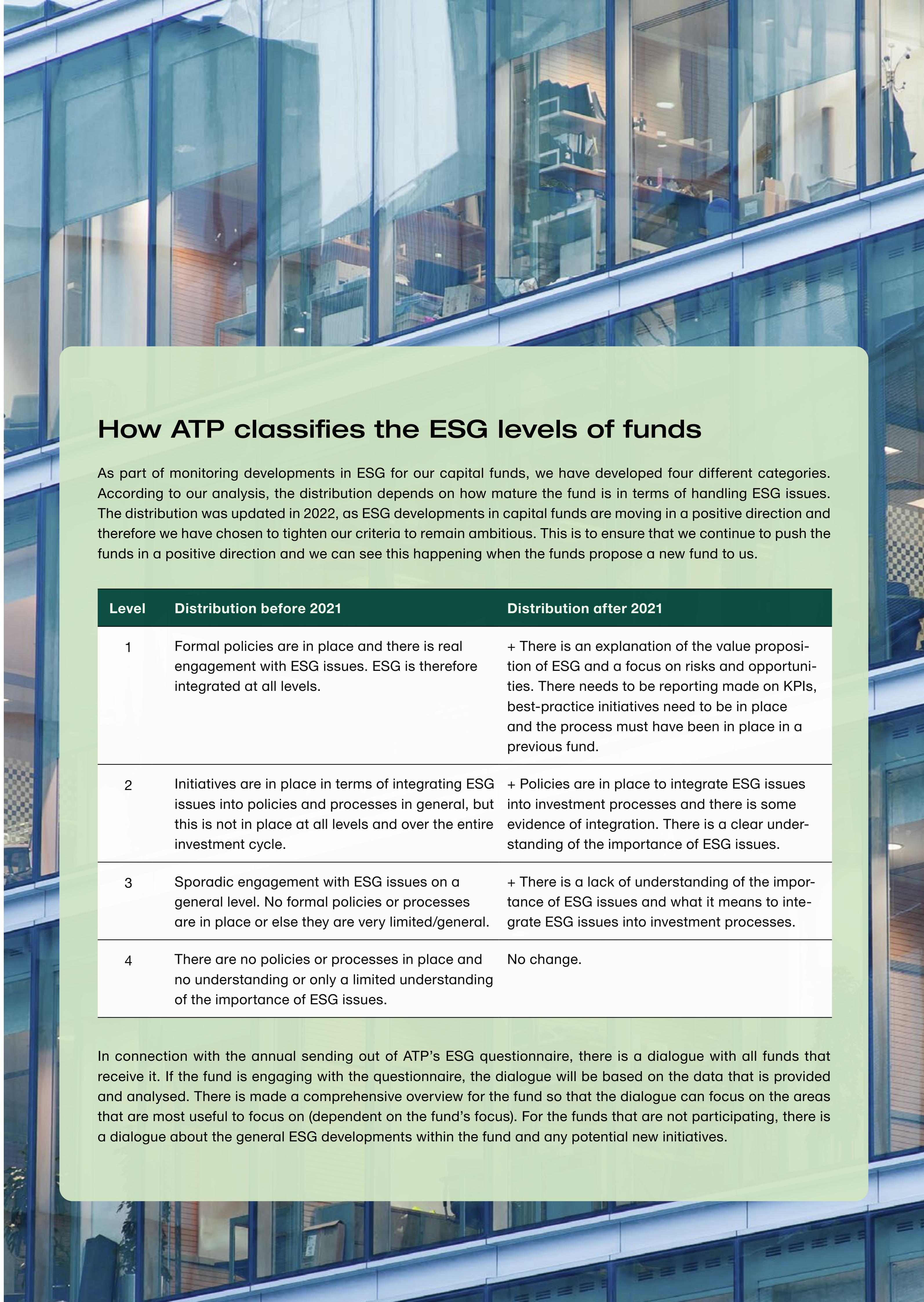
In addition, the fund must also comply with ATP's fixed ESG requirements, for example, that ATP does not want to invest in the extraction of fossil fuels via illiquid funds.

Since 2018, ATP has worked with ESG due diligence on funds and has observed significant improvements in their engagement with ESG issues surrounding their assets. Particularly in recent years, we have observed a stronger focus on ESG issues where many have worked in a targeted manner to improve their ESG integration and collect better ESG data. This stronger focus is, among other things, due to pressure from ATP and like-minded investors and stricter regulatory requirements. However, we are also seeing that a value-creating ESG focus is increasingly important when the fund needs to sell the assets again.

More funds have also begun asking ATP about sharing knowledge and ideas about ESG issues. Some funds need to work on the development of their own processes and particularly in terms of reporting. Other funds have expressed a desire to have a close ongoing dialogue to ensure that the focus is maintained and that they keep up with developments.

ESG DUE DILIGENCE IN ATP LONG TERM DANISH EQUITY

ATP Long Term Danish Equity is characterised by investing in Danish companies or companies with a strong attachment to Denmark. There is also an ambition and desire to work closely with companies during the ownership period. The approach to ESG due diligence for investments in ATP Long Term Danish Equity is the same as it is for direct investments in other investment teams, but the work will always be based on a Danish perspective. For these investments, there are opportunities for close dialogue with the management teams about ESG issues and as with the other investment teams, there is defined areas that are passed on to asset management.



How ATP classifies the ESG levels of funds

As part of monitoring developments in ESG for our capital funds, we have developed four different categories. According to our analysis, the distribution depends on how mature the fund is in terms of handling ESG issues. The distribution was updated in 2022, as ESG developments in capital funds are moving in a positive direction and therefore we have chosen to tighten our criteria to remain ambitious. This is to ensure that we continue to push the funds in a positive direction and we can see this happening when the funds propose a new fund to us.

Level	Distribution before 2021	Distribution after 2021
1	Formal policies are in place and there is real engagement with ESG issues. ESG is therefore integrated at all levels.	+ There is an explanation of the value proposition of ESG and a focus on risks and opportunities. There needs to be reporting made on KPIs, best-practice initiatives need to be in place and the process must have been in place in a previous fund.
2	Initiatives are in place in terms of integrating ESG issues into policies and processes in general, but this is not in place at all levels and over the entire investment cycle.	+ Policies are in place to integrate ESG issues into investment processes and there is some evidence of integration. There is a clear understanding of the importance of ESG issues.
3	Sporadic engagement with ESG issues on a general level. No formal policies or processes are in place or else they are very limited/general.	+ There is a lack of understanding of the importance of ESG issues and what it means to integrate ESG issues into investment processes.
4	There are no policies or processes in place and no understanding or only a limited understanding of the importance of ESG issues.	No change.

In connection with the annual sending out of ATP's ESG questionnaire, there is a dialogue with all funds that receive it. If the fund is engaging with the questionnaire, the dialogue will be based on the data that is provided and analysed. There is made a comprehensive overview for the fund so that the dialogue can focus on the areas that are most useful to focus on (dependent on the fund's focus). For the funds that are not participating, there is a dialogue about the general ESG developments within the fund and any potential new initiatives.

Follow-up on ATP's own ratios

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 in the wide range of roles that ATP operates in. We want to be a role model for the way sustainability is incorporated and integrated across the Group. As a large workplace with 2,869 full-time employees (average) in 2023 at a number of locations across the country, the ATP Group makes an impact on the society around it, including in relation to the environment, the climate and through its relationship 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

The carbon footprint needs to be reduced

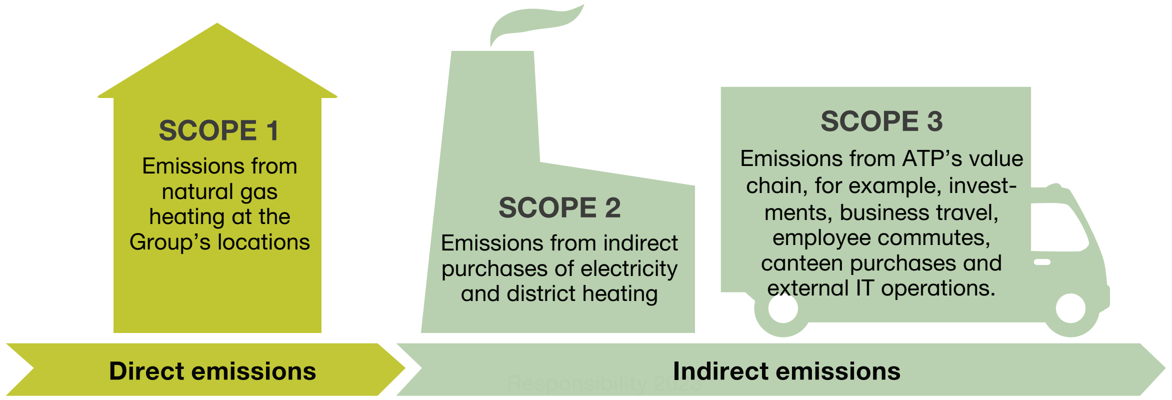
Since 2018, the ATP Group has worked purposefully to reduce greenhouse gas emissions from our operations. As a company, ATP has an ambition of reducing its carbon footprint from its in-house energy consumption and travel activities by 30 per cent in 2025 and 70 per cent in 2030 and to become carbon neutral in 2050 (compared to 2018). We have achieved our 2025 ambition, and are on track to reach our 70 per cent reduction target by 2030. By 2023, ATP's calculated carbon footprint will have been reduced by 46 per cent. The reduction in CO_2 emissions is driven by behavioural changes. Another factor is the energy optimisation of our buildings and improved emission factors that reflect a higher proportion of renewable energy in our energy supply.

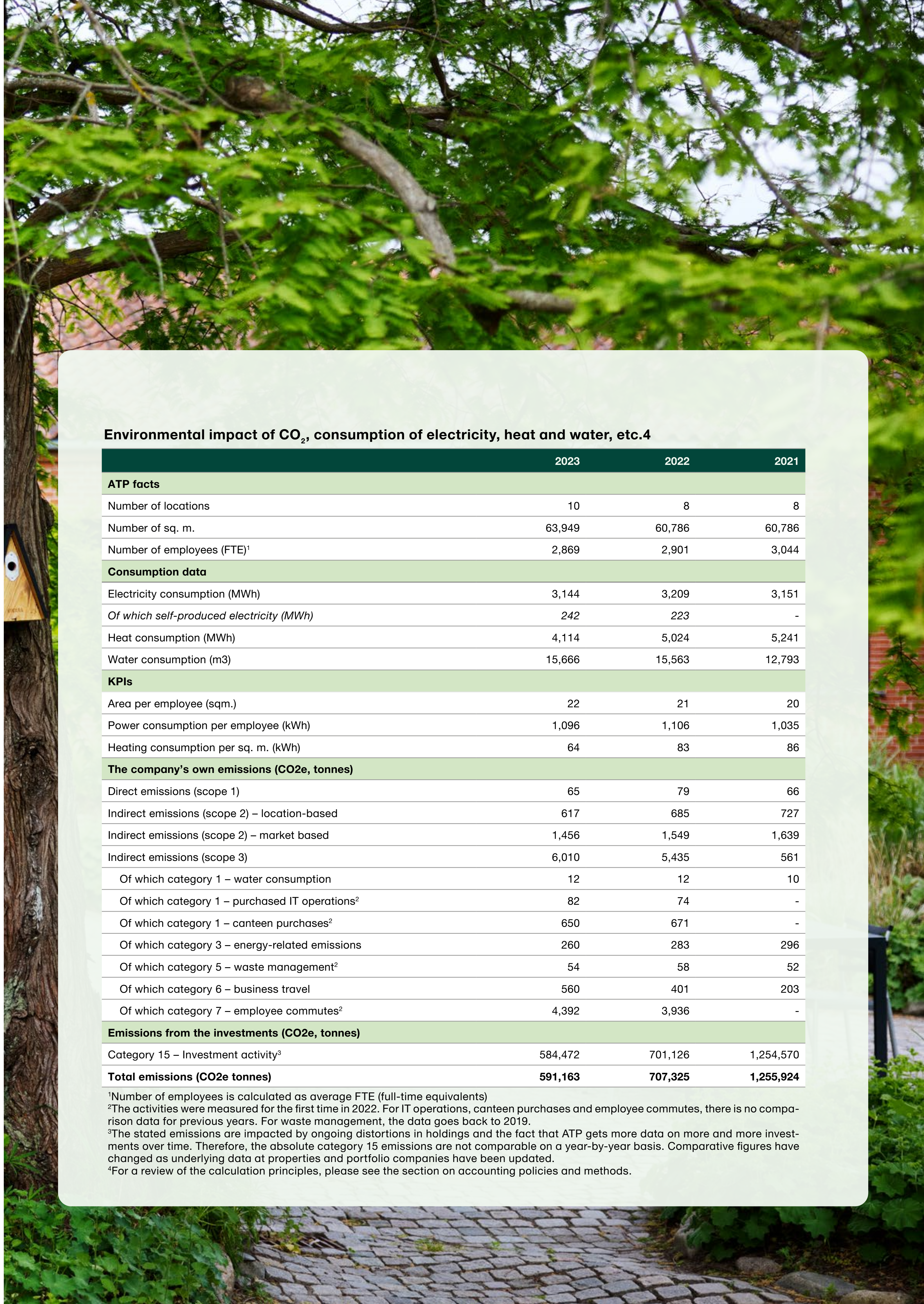
In the table on the next page, ATP accounts for its environmental impacts, for instance through CO_2 emissions, electricity, heat and water consumption in ATP's Danish offices in Aarhus, Haderslev, Holstebro, Vordingborg, Frederikshavn, Hillerød, Allerød and the offices of ATP's subsidiaries in Copenhagen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

Changing behaviour as a result of the energy crisis

The energy crisis has led to an increased focus on consumption and behaviour in our premises in terms of how we as a company can further reduce our energy consumption. We have therefore identified and implemented a number of energy-reducing measures, including optimised operations in ATP's offices. This contributed to the Group's total electricity consumption decreasing in 2023, even though there were significantly more employees in the offices compared to 2021 and 2022. In 2023, work was carried out on the electrical installations in the buildings, optimising the operating times of the ventilation and cooling systems and installing solar panels at all locations. Moreover, heat consumption was lower than in 2022, due in part to the replacement of heat exchangers. Water consumption is on par with the last few years. At ATP, we are working in a focused manner on changing behaviour in our everyday lives so that we can contribute to reducing energy consumption and our impact on the climate. Among other things, this is expressed via ongoing initiatives to reduce waste by lowering temperatures in all of our buildings and by integrating climate considerations into our canteen operations.

All in all, the calculated scope 1 and scope 2 emissions have decreased compared to 2022, which can be attributed to a marginally lower total energy consumption and helped by new solar cells being installed at the head office in Hillerød in 2023 which have provided approximately 242 MWh of green electricity.





Environmental impact of CO_2, consumption of electricity, heat and water, etc.4

	2023	2022	2021
ATP facts			
Number of locations	10	8	8
Number of sq. m.	63,949	60,786	60,786
Number of employees (FTE)[1]	2,869	2,901	3,044
Consumption data			
Electricity consumption (MWh)	3,144	3,209	3,151
Of which self-produced electricity (MWh)	*242*	*223*	-
Heat consumption (MWh)	4,114	5,024	5,241
Water consumption (m3)	15,666	15,563	12,793
KPIs			
Area per employee (sqm.)	22	21	20
Power consumption per employee (kWh)	1,096	1,106	1,035
Heating consumption per sq. m. (kWh)	64	83	86
The company's own emissions (CO2e, tonnes)			
Direct emissions (scope 1)	65	79	66
Indirect emissions (scope 2) – location-based	617	685	727
Indirect emissions (scope 2) – market based	1,456	1,549	1,639
Indirect emissions (scope 3)	6,010	5,435	561
Of which category 1 – water consumption	12	12	10
Of which category 1 – purchased IT operations[2]	82	74	-
Of which category 1 – canteen purchases[2]	650	671	-
Of which category 3 – energy-related emissions	260	283	296
Of which category 5 – waste management[2]	54	58	52
Of which category 6 – business travel	560	401	203
Of which category 7 – employee commutes[2]	4,392	3,936	-
Emissions from the investments (CO2e, tonnes)			
Category 15 – Investment activity[3]	584,472	701,126	1,254,570
Total emissions (CO2e tonnes)	**591,163**	**707,325**	**1,255,924**

[1]Number of employees is calculated as average FTE (full-time equivalents)
[2]The activities were measured for the first time in 2022. For IT operations, canteen purchases and employee commutes, there is no comparison data for previous years. For waste management, the data goes back to 2019.
[3]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. Comparative figures have changed as underlying data at properties and portfolio companies have been updated.
[4]For a review of the calculation principles, please see the section on accounting policies and methods.

The CO_2 emissions from business travel were higher than in 2022, which was to be expected as the travel activities in the last few years were at very low levels due to the Coronavirus pandemic. The travel activity in 2023 is, however, still significantly lower than it was before the Coronavirus pandemic. ATP's own scope 3 emissions have marginally increased compared to 2022. This mainly covers increased travelling activity for business trips and employee commuting.

The carbon footprints from ATP's investments are significantly higher than the carbon footprint of ATP as a company. There is separate reporting on ATP's investment activity on pages 14-15.

FOCUS ON INDIRECT ENVIRONMENTAL IMPACTS AND ROBUST DATA

A significant proportion of ATP's emissions of greenhouse gases are indirect and occur in ATP's value chain via the so-called scope 3 emissions. ATP has focused on expanding the measurement of scope 3 emissions to include employee commutes, canteen purchases, external IT operations and waste management. It is estimated that these activities released approximately 5,178 tonnes of CO_2, which is significantly higher than out emission from electricity and heating in our buildings and travel activities. The majority of these emissions are from employee commutes.

Follow-up on the CO_2 ambition for ATP as a company

	2023	2022	2021	2020	2019
CO_2e baseline 2018 (2,817 tonnes)	1,514	1,460	1,302	1,403	2,458
CO_2e reduction compared to 2018 baseline	46%	48%	54%	50%	13%

Examples of CO2 reduction initiatives for ATP as a workplace

Better infrastructure for green transport
Employee commuting is one of the most CO2-intensive categories in scope 3, and ATP has therefore focused on improving the possibilities for green transport. This includes setting up more charging stations for electric cars and launching DSB's 'Kørmit' bicycle scheme.

Meat consumption reduced by 25 per cent in 2023
Meat is the largest climate impact for ATP's canteens. By 2023, consumption has therefore been reduced by 25 per cent and the target for 2025 is a reduction of 30 per cent (baseline 2018).

Solar panels provide power to all ATP's locations
By 2023, solar panels have been installed at several of ATP's locations. This year in Hillerød alone, a saving of 48 tonnes of CO2 has been achieved due to solar panels.

Sustainable remodelling of ATP's head office
ATP is expanding its head office in Hillerød by up to 2500 m2. In the tender, ATP emphasised that the turnkey contractor's solution must focus on sustainability in a broad sense. The new building will also be DNGB gold certified, which is a stamp of quality for sustainability in construction.

However, scope 3 emissions are difficult to measure as they are rarely directly measurable in the same way as the consumption of electricity and heating is. Despite the challenges with data, ATP is focused on ensuring that our scope 3 statements are based on credible and high-quality data.

The work on estimating scope 3 emissions is an ongoing process. In the coming years, ATP will be working on improving the data available for our scope 3 statements not just focusing on our own data but also specifying requirements for the data from our suppliers.

SOCIAL RATIOS

Employee engagement surveys

As in previous years, ATP has carried out an employee satisfaction survey. With a response rate of 93, ATP achieved a total engagement score of 82 per cent, which is regarded as satisfactory. The survey shows that there are generally high levels of engagement and satisfaction with ATP as a workplace. The survey also shows that management is one of ATP's strengths – both the supportive and goal-orientated aspects of it, and the fact that employees generally feel they have an inclusive and collaborative working environment at ATP. Internal co-operation within the units is rated especially highly.

Employee turnover rate

ATP's employee turnover rate in 2023 was 16 per cent, 2 percentage points higher than in 2022. Voluntary staff turnover remained unchanged. This means that the increase is related to involuntary staff turnover, which rose from 3 to 5 percent, of which approximately 1 percentage point is due to organisational adjustments. The other increase in involuntary redundancies is due to a significant increase in the number of severance agreements related to sick leave. Excluding the unnaturally low level of voluntary redundancies in 2020, the level of voluntary redundancies remains stable at around 10 per cent. The level is still characterised as reasonable in a market where it has been easy to change jobs.

Sickness absence

Following up on sickness absence for ATP's employees reveals that the average number of sick days per year is 8.7 per full-time employee, a decrease of 2.0 sick days compared to 2022. Compared to the most recent 'normal year' in 2019 – before the pandemic – sickness absence increased by 0.5 days. It is

Follow-up on social ratios

		2023	2022	2021
Number of employees (FTE)		2,869	2,901	3,044
Gender distribution among all employees[1]	Women	64%	63%	63%
	Men	36%	37%	37%
Gender distribution among other management tiers (executives and CEO)[1]	Women	47%	41%	35%
	Men	53%	59%	65%
Gender distribution among all management, including CEOs[1]	Women	53%	52%	52%
	Men	47%	48%	48%
Employee turnover rate[2]		16%	14%	14%
Sickness absence rate (average number of days per FTE)		8.7	10.7	7.6
Pay difference between genders				
All employees[3] (unadjusted pay gap)		1.5	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 employees on a permanent contract.
[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. Previously calculated figures included some temporary employments, but since 2022 the calculation method has been changed to not include temporary employments. The change results in the comparison figure for 2021 increasing from 1.4 to 1.5.

satisfying to note a large reduction in sickness absence over the past year.

ATP conducts concrete efforts to follow up on absences, such as increasing the number of sickness interviews completed and followed up on. We work continuously to ensure a good working environment and high staff well-being. There are several specific initiatives that – seen across the Group as a whole – should contribute to further reducing sickness absence so that ATP employees have lower sickness rates than in comparable areas.

ATP'S POLICY FOR DIVERSITY AND INCLUSION

ATP aims to be a competitive and attractive place to work that is capable of attracting, developing and retaining competent employees both now and in the future. At the same time, we want to be an organisation with equal opportunities that sees, accommodates and appreciates the potential of diversity.

This policy supports ATP's strategic objective of ATP making a positive contribution to responsibility via an ambitious and strategic approach towards diversity, equal opportunities and inclusion (D&I) at the workplace. We want to ensure a systematic and coordinated approach to responsibility across management tiers and business areas. At the same time, we need to fulfil our social responsibility in relation to Danish society and ATP's most important stakeholders.

The policy and the associated activities also have a focus on improving the opportunities for the under-represented gender as every effort is made to ensure equal representation among genders at the top management tiers.

The policy can also be found at atp.dk
www.atp.dk/dokument/politik-diversitet-og-inklusion-i-atp-2023

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 on ensuring a more equal gender distribution in the context of the business area they operate in.

The target was achieved for 2023, as 47 per cent of managers in the top management tiers were women and 53 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 requires diverse skills and specialists in many different areas. Three job functions – customer advisors (approximately 970 employees), workers' compensation claims handlers (approximately 180 employees) and Heads of Section in Customer Service (approximately 60 employees) – together accounted for approximately 42 per cent of all employees in the Group in 2023. These job functions are considered to be large and homogenous enough to make a comparison of salary levels in relation to gender. The pay gap within these job functions in ATP has a ratio of 1.0, which means that men and women are at the same pay level.

For the ATP Group as a whole, the ratio is 1.5, meaning that men earn 1.5 times more than women. It is important to note that this is the unadjusted pay gap, where 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 overrepresented in jobs in investment and IT where the average salary is higher.

Follow-up on governance ratios

		2023	2022	2021
Gender distribution on the Supervisory Board	Women	38%	46%	33%
	Men	62%	54%	67%
Gender distribution on the Board of Representatives	Women	39%	42%	40%
	Men	61%	58%	60%
Attendance at Supervisory Board meetings		96%	86%	94%
Pay difference between CEO and all employees		11	12	12
Pay difference between CEO and employees, isolated for ATP Livslang Pension (Lifelong Pension)		8	8	8

ATP is working on a new job architecture to ensure high pay transparency and the identification of any potential pay differences between genders.

GOVERNANCE RATIOS

Pay difference CEO and employees
The purpose of the 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 CEO's remuneration corresponds to 11 times the average pay of all employees in ATP. This includes employees carrying out administrative tasks for external parties. Compared to last year, the factor decreased by 1, which is attributable to a higher average salary for all ATP employees and a reduction in CEO pay.

When considering ATP Livslang Pension (Lifelong Pension) and the associated employees in isolation, and in order for the ratios to be comparable to other pension funds, the ratio is a factor 8, meaning that the remuneration of the CEO corresponds to 8 times the average pay of employees. The ratio is similar to last year.

ATP's report on the status of compliance with the target figures set for the underrepresented gender
ATP's policy for diversity and inclusion has been adopted by the Supervisory Board and replaces the previous policy for diversity. ATP does not have a diversity policy that addresses the Supervisory Board's diversity in terms of qualifications and competencies. The composition of the Supervisory Board is prescribed by the ATP Act, which also provides that the composition of men and women on the Board of Representatives and the Supervisory Board should be as balanced as possible. The Supervisory Board explains its composition, its competencies, including the individual members' special competencies 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 augmented itself by a number of members with expertise and operational experience from financial companies as well as accounting, investment and pension matters.
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 it was comprised of 12 women (39 per cent) and 19 men. The target for the Supervisory Board was also met, as it was comprised of 5 women (38 per cent) and 8 men.

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.

Some of ATP's subsidiaries are also covered by legislation on equal gender composition in the senior governing body and at top management levels. By law, this requires a 40/60 per cent split, which requires the presence of a minimum of 3 people. In the subsidiaries covered, there is an equal gender composition at the mandatory management levels, which is why there is no obligation to set targets or to prepare a policy to increase the proportion of the underrepresented gender.

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.

Methodology and notes

Page 14

ATP'S POINT SYSTEM FOR COMPANIES' CO_2 REPORTING
ATP has made a model where we categorise companies based on their current levels. 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. This ambition only applies to funds where the investment has been made. The ambition was 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

Page 16

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

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

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

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

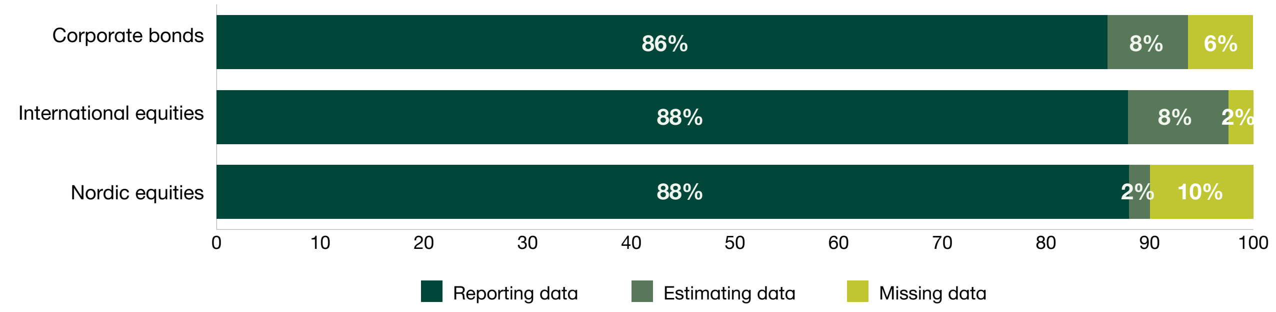
WACI shows the average CO_2 intensity for all companies in the portfolio, weighted by their respective sizes relative to the portfolio.

EVIC = Enterprise Value Incl. Cash

Page 16, continued

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.

Page 18

Data is from ATP's questionnaire. The CO_2 metrics are the same as those used on page 14. This year 92 additional companies reported on CO_2, and for this reason it is difficult to make a meaningful comparison between last year's figures.

Page 34-39

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 2 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.

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 hourly 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 activity was measured in 2022 for the first time.

External suppliers of IT operations: includes estimated energy consumption associated with the operation of ATP's solutions, which is 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). Because it has proved difficult for suppliers to measure precise consumption levels, they have used estimates to varying degrees. Only the most material IT suppliers are included in the calculation.
The calculation is limited to server operations for ATP's IT solutions and does not include the acquisition of equipment, man-hours, overhead consumption, etc. The activity was recognised for the first time in 2022.

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. The category was included in the report for the first time in 2022 and the data goes back to 2019.

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. Comparative figures have changed as underlying data at properties and portfolio companies have been updated.

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.