Risk and Financial Condition Report

2025

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A. Summary

ATP´s Risk and Financial Condition Report
This report is prepared in accordance with the Danish Executive Order on the reporting and publication of information for ATP. The requirements for ATP's report reflect, while taking into account ATP's special circumstances, the requirements for the Solvency and Financial Condition Report prepared by pension companies subject to the pan-European Solvency II rules. The unique circumstances include the fact that ATP has no equity and is not subject to solvency capital requirements. For this reason, the ATP report will differ from the other pension companies' reports in several respects.

This report is a supplement to the ATP Group's annual report and contains further information about ATP's activities and results, system of governance and risk profile in its capacity as a pension and investment company. The report thus covers the activities related to the management of ATP Livslang Pension (Lifelong Pension) but not ATP's administration of external schemes.

Activities and results
ATP has been part of the basic security of the Danish people's retirement experience since its establishment in 1964, together with the state-funded old-age pension, state pension, which has had a significant impact on the design of ATP Livslang Pension (Lifelong Pension) and the management of investments. ATP's objective is to ensure that Danes have a predictable, guaranteed and lifelong pension, and to do so, we must strive to increase the real value of the pensions.

The result for ATP Livslang Pension (Lifelong Pension) was DKK 19.6bn in 2025, which is composed of the hedging result and the investment result. The hedging result was DKK 1.4bn while the investment result amounted to DKK 18.2bn. In the investment portfolio, the largest positive contributions to the return came from holdings of listed international equities, while the largest negative contributions came from holding of government bonds and mortgage bonds.

In 2025, ATP members paid in DKK 14.4bn and ATP paid out DKK 20.1bn in pensions. In 2025, ATP's administration activity expenses were DKK 205 million, which equates to DKK 36 per member.

ATP's Supervisory Board specifies the annual bonus in the form of a percentage increase of the already accrued pension. The general guidelines for the distribution of bonuses are laid down in ATP's bonus policy, which has been adopted by ATP's Supervisory Board. Based on these guidelines, ATP's Supervisory Board has decided in 2025 to distribute a general bonus of 2 per cent to all ATP's members.

At the end of 2025, ATP's total pension liabilities amounted to DKK 538.1bn and the unallocated funds consisting of the bonus potential and the Long-Term Supplementary Provision amounted to DKK 155.9bn. The bonus potential, calculated as the bonus potential in relation to the guaranteed benefits without spread and including provisions for life annuity with market exposure, amounted to 20.4 per cent.

System of Governance
The Danish ATP Act lays out the objectives and framework for the management of ATP, including that ATP should be governed by a Board of Representatives, a Supervisory Board and a CEO (Chief Executive Officer) The Supervisory Board determines the general objectives and strategies for the management of ATP and lays down associated principles via written policies and guidelines. The CEO governs the Executive Board in accordance with instructions laid down by the Supervisory Board. The CEO is assisted in the day-to-day management by the other members of ATP's executive management. It is ATP's assessment that the management system
reflects the nature, scale and complexity of the risks associated with ATP's activities.

Risk profile
ATP's risk profile is aligned with the objective of securing guaranteed lifelong pensions, being able to cover possible unexpected life expectancy increases for pensions and other unexpected expenses and allowing for the possibility to increase the real value of pensions. The total risks must be aligned with the business model decided by the Supervisory Board and the ultimate loss-absorbing provisions consisting of the bonus potential. The risk profile for ATP is generally expressed by how much overall risk is accepted. The total risk is measured in a risk model developed by ATP supplemented by a number of risk calculations and analyses. The purpose of these risk calculations is to provide a varied and detailed overview of the specific risks to which ATP is exposed. ATP's financial robustness is assessed by comparing the calculated risks with the bonus potential. The overall assessment is that ATP's exposure to risk and its financial situation is appropriate.

B. Activities and results

Figure B.1 ATP's tasks

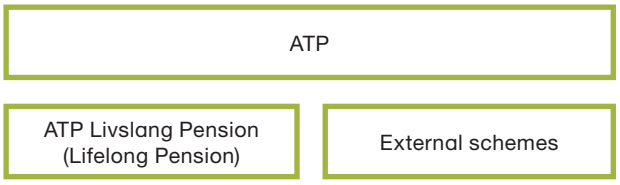


Figure B.2 The ATP Group's vision and strategic goals

The ATP Group's vision

We work to ensure that we have a community that gives the individual the freedom to live a secure and worthy life.

The ATP Group's strategic objectives

- Societal contribution: We strive to make a strong contribution to society and help future-proof the welfare state
- Digitalisation: We aim to be one of Denmark's leading technology and digitalisation companies
- Sustainability: We are committed to promoting a greener society with room for all talents

B.1. ACTIVITIES

ATP was set up in 1964 as an independent institution regulated by acts of parliament. ATP conducts activities related to ATP Livslang Pension (Lifelong Pension) and manages several external schemes for the state, municipalities, social partners and organisations.

ATP's role in the Danish pension system is to deliver basic financial security through guaranteed, lifelong pensions to ATP members as a supplement to the state pension. The pension is paid throughout the members' retirement period and supplemented with a death cover for the member's spouse/cohabitant and children under 21 years of age. The scheme helps to ensure basic security through a minimum pension in Denmark alongside the state pension, and is also part of the foundation on which other pensions are built. ATP Livslang Pension (Lifelong Pension) is Denmark's only supplementary compulsory pension product.

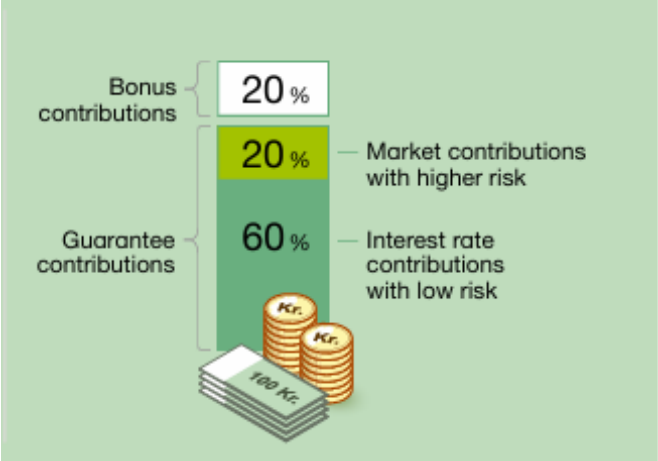
ATP Livslang Pension (Lifelong Pension) is a mandatory scheme for all employees and the vast majority of transfer income recipients. Moreover, several groups – including disability pensioners – may make voluntary contributions to ATP. ATP has over 5.8 million members, 1.1 million of whom are pensioners receiving a lifelong pension from ATP. In recent years, payments from ATP have exceeded contributions.

In 2021, the Danish Parliament adopted some amendments to the ATP Act with a broad majority, allowing for the implementation of changes to ATP's business model. From the beginning of 2022, this led to an adjustment concerning future contribution payments called life annuity with market exposure, and a changed hedging strategy was introduced in 2023.

The changed hedging strategy involved establishing the Supplementary Hedging Portfolio, which adds long-term market risk to hedging. Operationally, life annuity with market exposure is fully phased in. However, the assets associated with this life annuity are still relatively limited, as contributions have only been made since 2022. Over time and as contributions continue to be paid and returns continue to be accrued, the assets associated with life annuity with market exposure will increase significantly. The Supplementary Hedging Portfolio was fully phased in during 2025, meaning that adjustments to ATP's business model are now considered to be fully phased in.

In addition to ATP Livslang Pension (Lifelong Pension), ATP performs administrative services for several external schemes on behalf of labour market organisations, municipalities and the Danish state. The services include collection of contributions, payment of benefits and membership and client administration for a number of labour market, social security and welfare schemes. ATP performs these tasks on a cost recovery basis – i.e. without profit to ATP

Figure B.3 Business model for individuals with more than 15 years to go before qualifying for state pension



and without any expense risk. ATP pays two-thirds of the welfare crowns in Denmark.

This report only describes ATP in its capacity as a pension provider and, therefore, activities related to the management of ATP Livslang Pension (Lifelong Pension). The report consequently does not cover ATP's administration on behalf of external schemes.

Supervision of ATP

ATP belongs under the Ministry of Employment and the Ministry of Employment is the primary legislative authority for ATP's business areas.

ATP is also subject to supervision by the Danish Financial Supervisory Authority, which especially focuses on financial, governance and pension-related matters. The Danish Financial Supervisory Authority submits an annual report on the supervision of ATP to the Ministry of Employment. ATP is informed about the contents of this report. The supervision is performed through close contact between ATP, the Ministry of Employment and the Danish Financial Supervisory Authority.

ATP's strategy

The Supervisory Board annually determines the strategy for the ATP Group, as well as the focus areas to be prioritised in the following years. The strategy is set collectively for the whole ATP Group to ensure a sustainable ATP with coherence across the Group.

The strategy for 2025 is built around the three Group strategic goals shown in figure B.2, and is based on the ATP Group's overall vision. Underpinning each strategic objective are initiatives to help ensure the strategy is fulfilled. The strategy and the results obtained will be reviewed at mid-year and at the end of the year.

ATP's objective is to ensure that Danes have a predictable, guaranteed and lifelong pension, and to do so, we must strive to increase the real value of the pensions.

ATP Livslang Pension (Lifelong Pension)

ATP Livslang Pension (Lifelong Pension) contributions paid to ATP are divided into guarantee contributions and bonus contributions, which in 2025 represented 80 per cent and 20 per cent, respectively, of the contribution payments (after social security contributions and payment for cover in the event of death). The guarantee contribution is used to accrue pension entitlements. The remaining 20 per cent are funds that are invested to increase members' pensions with bonuses and protect against unforeseen expenses. The pensions accrued from the guarantee contribution are guaranteed in terms of life expectancy. From 2022, the guarantee contribution is split into two parts for members who have more than 15 years to go before reaching retirement age. See Figure B.3 for an illustration. The guarantee contribution is split up so that 75 per cent of the guarantee contribution (corresponding to 60 per cent of the total deposit) is invested with low risk (the interest contribution) and 25 per cent (the market contribution, corresponding to 20 per cent of the total deposit) is invested with a higher risk to achieve a higher return. From the time when a member has 15 years to go before reaching retirement age, ATP gradually reverts to investing 80 per cent of the member's contributions at low risk and the remaining 20 per cent to generate returns to increase pensions.

ATP's total investments are divided into two independent areas called Hedging and Investment.
The guarantee contribution is managed via three portfolios in Hedging: The interest rate hedging portfolio, the supplementary hedging portfolio and the market return portfolio. The objective of the hedging portfolio is to safeguard ATP's ability to deliver on the guarantees issued at all times. The portfolio consists of bonds and interest rate swaps to hedge the guaranteed pensions. The hedging is structured so that the market value of the Interest Rate Hedging portfolio after tax is expected to develop at the same rate and to the same extent as the value of the guaranteed pensions (calculated on ATP's yield curve without liquidity spread) when interest rates change. The Supplemental Hedging Portfolio adds long-term market risk to the hedging in the form of riskier assets to strengthen the ability to increase the real value of pensions over time.

Market contributions are invested in the market return portfolio. By investing part of the contributions with a higher risk

profile, it is expected that higher returns and thus higher pensions will be generated over time.

The funds pertaining to the bonus potential are invested in the investment portfolio in such a way that an appropriate balance is maintained between having the opportunity to add bonuses to the pensions and limiting the risk of the bonus potential being lost due to negative returns. This weighing of expected returns against the risk of loss is a core part of ATP's business model and risk management.

ATP, as a pension and investment company, results
The results of ATP as a pension and investment company are linked to the management of ATP Livslang Pension (Lifelong Pension). They are reported under the three accounting areas Insurance Service, Hedging and Investment.

The result of Insurance Service comprises insurance income, pensions paid out, investment activity expenses, hedging and administration, change in risk adjustment and other changes.

The result of hedging includes the result of Interest rate hedging, the result of supplementary hedging and the result of life annuity with market exposure. The result of Investment comprises the return in the investment portfolio.

The result for ATP Livslang Pension (Lifelong Pension), which is the sum of the results of the three reporting areas Insurance Service, Hedging and Investment, amounted to DKK 19.6bn in 2025. The result is transferred to ATP's bonus potential, which totalled DKK 116.5bn at year-end.

ATP's Supervisory Board decides each year on whether to assign a bonus in the form of a percentage increase in the pensions already accrued. The general guidelines for the distribution of bonuses are laid down in ATP's bonus policy, which has been adopted by ATP's Supervisory Board. Based on these guidelines, ATP's Supervisory Board decided in 2025 to distribute a general bonus of 2 per cent to all ATP members, which led to a decline in the bonus potential of DKK 11.4bn.

The update of life expectancy figures in 2025 resulted in an increase in the bonus potential of DKK 1.4bn. The transfer reflects an adjustment of life expectancy projections as a result of the development in actual life expectancy in the past year.

Changes to provisions due to life expectancy updates or allocation of bonuses will impact future payments, and will therefore not appear in the income statement, but will instead be items between the bonus potential and the pension liabilities.

B.2. RESULT OF INSURANCE SERVICE

The result of insurance service is calculated as the difference between insurance income and expenses for insurance service.

Insurance income consists of the expected run-off of pensions and expenses that were included in the pension provisions at the beginning of the reporting period. Insurance income also includes discharge of risk adjustment. The risk adjustment is an expression of the funds that ATP must reserve to assume non-financial risks. Contribution incomes are not recognised in the income statement, but they increase the size of the provisions on the statement of financial position.

Insurance service expenses are the actual payments, costs and change in risk adjustment during the period. The difference between the expected and actual payments, referred to as 'other changes', is also included in insurance service expenses, and results in the insurance service result being measured as 0.

Pension payments totalled DKK 20.1bn in 2025 and continue to rise as the number of members receiving pension payments increases. The expenses amounted to DKK 0.9bn, which is at the same level as in 2024.

At year end 2025, 1,090,000 pensioners received ATP Livslang Pension (Lifelong Pension), and approximately 35 per cent of Danish old-age pensioners have no pension income other than ATP and the state pension. Contribution payments were DKK 14.4bn in 2025, which is slightly higher than in 2024.

In connection with the interim financial statements, ATP adjusted its long-term life expectancy forecast. This meant an increase in the bonus potential of DKK 1.4bn. Over the past 10 years, ATP has set aside an additional DKK 12.8bn due to longer life expectancy. At the end of 2025, the value of pension liabilities was DKK 538.1bn. The value of unallocated funds was DKK 155.9bn, of which long-term supplementary provisions[1] amounted to DKK 39.4bn. The bonus potential increased throughout the year from DKK 104.8bn at the end of 2024 to DKK 116.5bn at the end of 2025, despite the fact that the distribution of a general bonus to all members in 2025 led to a decline in the bonus potential of DKK 11.4bn. At the end of 2025, the bonus capacity was 20.4 per cent, which was higher than the bonus capacity at the end of 2024.

1. The long-term supplementary provision is calculated as the difference between guaranteed benefits calculated with and without spread and the return on the supplementary hedging portfolio. In addition, risk adjustment and net transfers to the bonus potential are deducted.

Table B.1 Result of Insurance Service

DKK million	2025	2024
Insurance income	21,281	20,757
Paid out pensions	(20,097)	(19,517)
Investment and hedging expenses	(867)	(817)
Administration activity expenses	(205)	(208)
Change to risk adjustment	(46)	(47)
Other changes	(65)	(168)
Result of insurance service	**0**	**0**

B.3. INVESTMENT AND HEDGING ACTIVITY RESULTS

The total hedging and investment activity results were DKK 19.6bn in 2025, compared to DKK -1.9bn in 2024 as shown in Table B.2.

Table B.2 Investment and hedging activity results

DKK million	2025	2024
Hedging activity results	1,422	(1,746)
Investment activity results	18,182	(169)
Investment and hedging activity results	**19,604**	**(1,915)**

Hedging activity results

Hedging activity results are shown in table B.3.

Chart B.3 Hedging activity results

DKK million	2025	2024
Change due to interest and mturity reduction	43,066	(14,596)
Return in interest hedging portfolio	(49,194)	15,148
Tax on pension savings returns	7,550	(2,298)
Result from interest hedging	**1,422**	**(1,746)**
Return on supplementary hedging portfolio	6,915	(152)
Interest on long-term supplementary provision[1]	(5,746)	198
Tax on pension savings returns	(1,169)	(46)
Result of supplementary hedging	**0**	**0**
Return on market return portfolio	628	89
Interest on life annuity with market exposure[2]	(528)	(72)
Tax on pension savings returns	(100)	(17)
Result of life annuity with market exposure	**0**	**0**
Hedging activity results	**1,422**	**(1,746)**

[1] Long-term supplementary provisions
[2] Life annuity with market exposure

Hedging includes interest rate hedging, supplementary hedging and life annuity with market exposure. The interest rate hedging portfolio consists of bonds and interest rate swaps to hedge the guaranteed benefits calculated without spread. The interest rate swaps in the interest hedging portfolio do not tie up liquidity to the same extent that bonds do, and the funds that are not tied up in the interest hedging portfolio can be lent for investments in the other risk-taking portfolios.

The value of the guaranteed pensions fell by DKK 43.1bn in 2025 as a result of interest rate changes and maturity shortening. Correspondingly, the interest rate hedging portfolio generated negative returns (after tax) of DKK -49.2bn. The value of the interest hedging portfolio thus fell as the value of the pension guarantees fell, and the hedging worked as intended. The total result of interest rate hedging was DKK 1.4bn.

In 2025, the supplementary hedging portfolio generated a return of DKK 6.9bn. The return on the supplementary hedging portfolio after tax is deposited in the long-term supplementary provision. Over time, the return from the supplementary hedging portfolio is expected to form the basis for transfers to the bonus potential and thus contribute to increasing the real value of pensions.

Contributions to life annuity with market exposure are invested in the market return portfolio. In 2025, the portfolio generated a return of DKK 0.6bn. At the end of the year, the provision for life annuity with market exposure totalled DKK 7.6bn.

Investment activity results

In 2025, the investment portfolio generated a return before tax of DKK 21.4bn, corresponding to a return of 20.0 per cent relative to the bonus potential. The result from Investment is shown in table B.4 and the composition of the return on investment is shown in figure B.4.

Table B.4 Result of Investment

DKK million	2025	2024
Investment return	21,423	(59)
Tax on pension savings returns and corporate income tax	(3,241)	(110)
Investment activity results	**18,182**	**(169)**

In 2025, the financial markets were characterised by increases in global equity markets and rising interest rates on European bonds. The largest positive contribution to returns came from listed international equities, while the largest

negative contribution came from investments in government and mortgage bonds.

Market risks necessary to generate returns are managed in the investment portfolio based on an upper framework for market risk and frameworks for risk diversification. The investment portfolio follows a risk-based investment approach, the focus of which is on the portfolio's risk rather than on the amount of DKK invested. As a general rule, the investment portfolio consists of funds from the bonus potential. Funds not tied up in the interest hedging portfolio as a result of the use of financial derivatives is available for investment in the investment portfolio on market terms. In practice, this means that the Investment portfolio can operate with more funds than the bonus potential. The market value of the investment portfolio at the end of 2025 was DKK 208.8bn.

According to the 'Executive Order on Reporting and Publication of Information for ATP', ATP must disclose any investments in securitisation[2]. ATP has no direct investments in securitisation, but has indirect positions through a single fund investment via submitted investment pledges. Further details on ATP's loan portfolio are provided in section D.2.

As ATP's investments are generally currency hedged into Danish kroner and euro, currency fluctuations have only a limited effect on returns. ATP's liquidity management is detailed in Fact box B.2.

ATP permits share lending in external mandates to a limited extent.

B.4. RESULTS OF OTHER ACTIVITIES

ATP is not engaged in other activities in its capacity of being a pension and investment company.

B.5. OTHER INFORMATION

There is no other significant information about ATP's business or results.

Fact box B.1 ATP's yield curve for valuing the guaranteed benefits

The discounting factors used to measure the value of the guaranteed benefits are calculated based on an underlying yield curve. From and including 2023, ATP's yield curve is adjusted by taking into account the illiquidity of the liabilities and by an adjustment of how the yield curve is specified in the long term. The adjustment of the yield curve results partly in liabilities with a maturity beyond 30 years using a forward interest rate of 3 per cent to calculate the risk-free yield curve, and partly in the risk-free yield curve being supplemented with an illiquidity range that reflects the illiquidity of the liabilities.

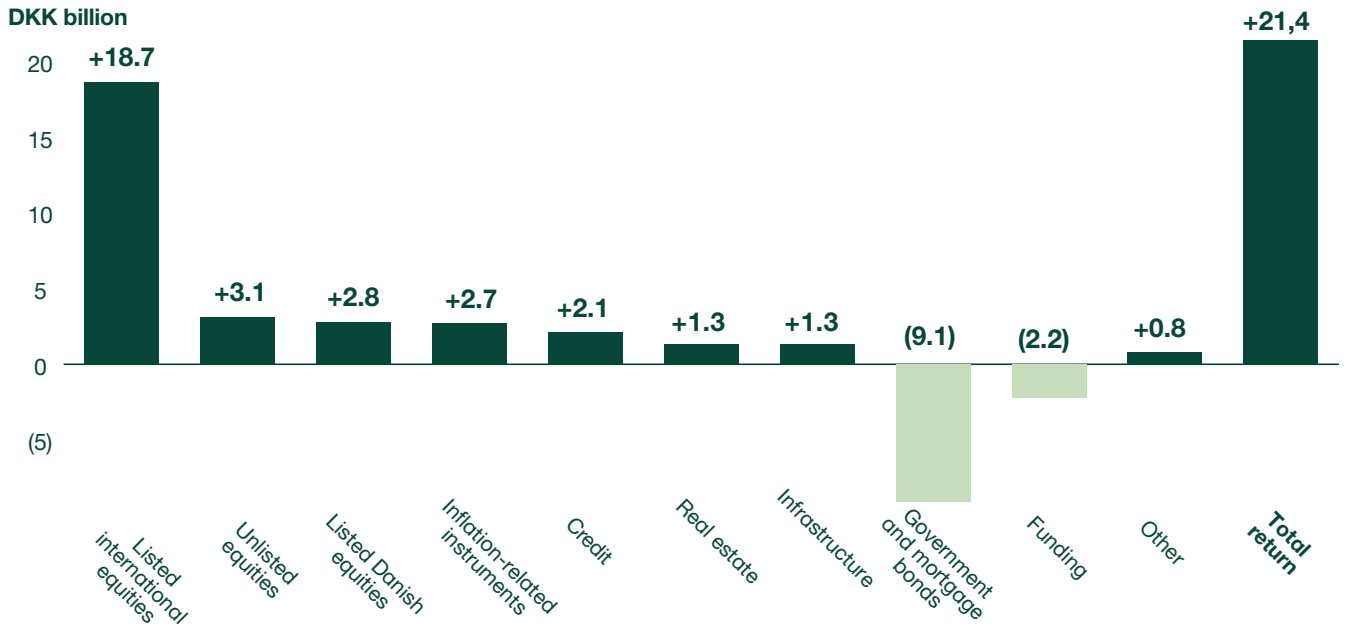
Fact box B.2 ATP liquidity management

ATP's liquidity management is organised according to ATP's business model. It reflects that about half of the interest rate risk linked to ATP's guaranteed benefits is hedged by swaps that do not entail a direct liquidity risk. There is therefore excess liquidity available for the risk-taking portfolios. However, this excess liquidity is not fully used by the risk-taking portfolios. The unused surplus liquidity is primarily placed in short-term bonds with low interest rate risk. The return on these investments is included in the Hedging result. The investments are made taking into account that ATP must at all times have sufficient liquidity to honour future payment claims. The development of ATP's liquidity depends primarily on the following factors:

- ATP pays pensions and receives contributions from members.
- ATP incurs expense and pays taxes.
- ATP trades current investment assets and receives the associated cash flows.
- ATP and its counterparties provide ongoing collateral for changes in the value of, for example, interest rate swap contracts.

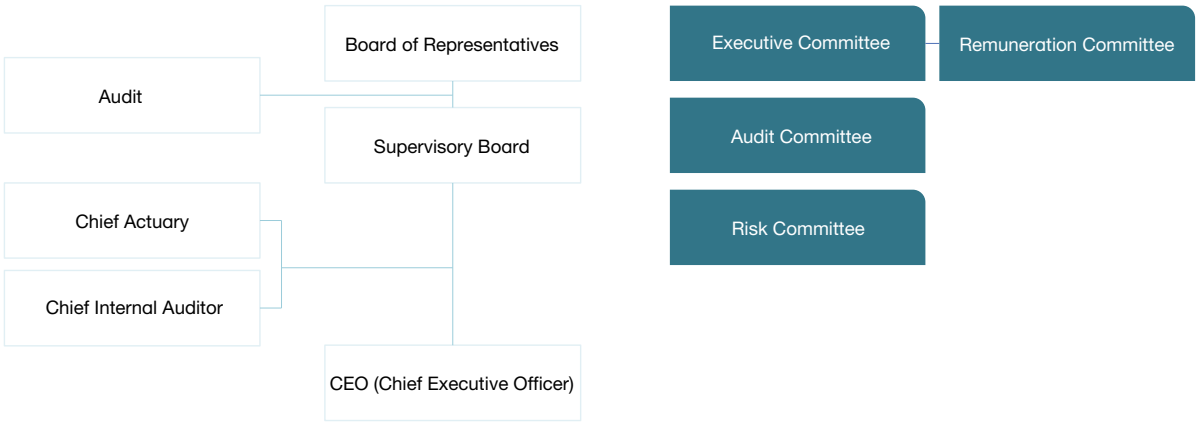
2. Securitisation is to be understood as a transaction or scheme where the credit risk of exposure or pool of exposures is divided into tranches which are characterised by:
1. The payments under the transaction or schemes depend on the performance of the exposure or pool of exposures.
2. The ranking of tranches determines the distribution of losses over the life of the transaction or scheme.
3. The transaction or scheme does not create exposures with all the characteristics listed in Article 147(8) of Regulation (EU) No 575/2013.

Chart B.4 Composition of investment return for 2025



C. System of Governance

Figure C.1 Board of Representatives and Supervisory Board



C.1. SYSTEM OF GOVERNANCE GENERAL INFORMATION

Board of Representatives and Supervisory Board

ATP is managed by a Board of Representatives, a Supervisory Board and a CEO (Chief Executive Officer). ATP's corporate governance framework is set out in the Danish ATP Act. The organisation of ATP's senior management is illustrated in Figure C.1.

The constitution of ATP's Board of Representatives and Supervisory Board reflects the Danish labour market agreement model. The Board of Representatives comprises 15 employer representatives, 15 employee representatives and a Chairman appointed by the Board of Representatives. The Chairman may not be affiliated with any salaried employee or employers' organisation. The Supervisory Board is composed of members of the Board of Representatives and comprises six employer representatives, six employee representatives and the Chairman of the Board of Representatives.

The members of the Board of Representatives and the Supervisory Board, apart from the Chairman, cf. above, are appointed by the Minister for Employment on the recommendation of labour and management of the social partners. They are appointed for a three-year term with the possibility of reappointment. There is no age limit requirement to be appointed. Both the nominations and the appointment must take into account that the Board of Representatives and the Supervisory Board should have a balanced composition of men and women.

Further information about the members of the Board of Representatives and the Supervisory Board is found in ATP's annual report and on ATP's website, www.atp.dk.

The Board of Representatives ordinarily convenes once a year. The Board of Representatives' work includes approving the ATP contributions, ATP's annual report and pay policy and determining the pay for members of the Board of Representatives and the Supervisory Board. The Board of Representatives also appoints ATP's Chairman of the Supervisory Board and auditor.

The Supervisory Board ordinarily convenes seven times a year and has the overall responsibility for ATP. The Supervisory Board decides the overall objectives and strategies for the management of ATP and lays down the accompanying principles through written policies and guidelines. The Supervisory Board additionally manages a number of tasks particularly relevant to ATP in its role as a pension and investment company. In this connection, the Supervisory Board determines ATP's desired risk profile, including the frameworks for ATP's investments, and also identifies, quantifies and assesses the main risks ATP faces. The Supervisory Board also approves the basis for pensions

Figure C.2 ATP's management and associated committee

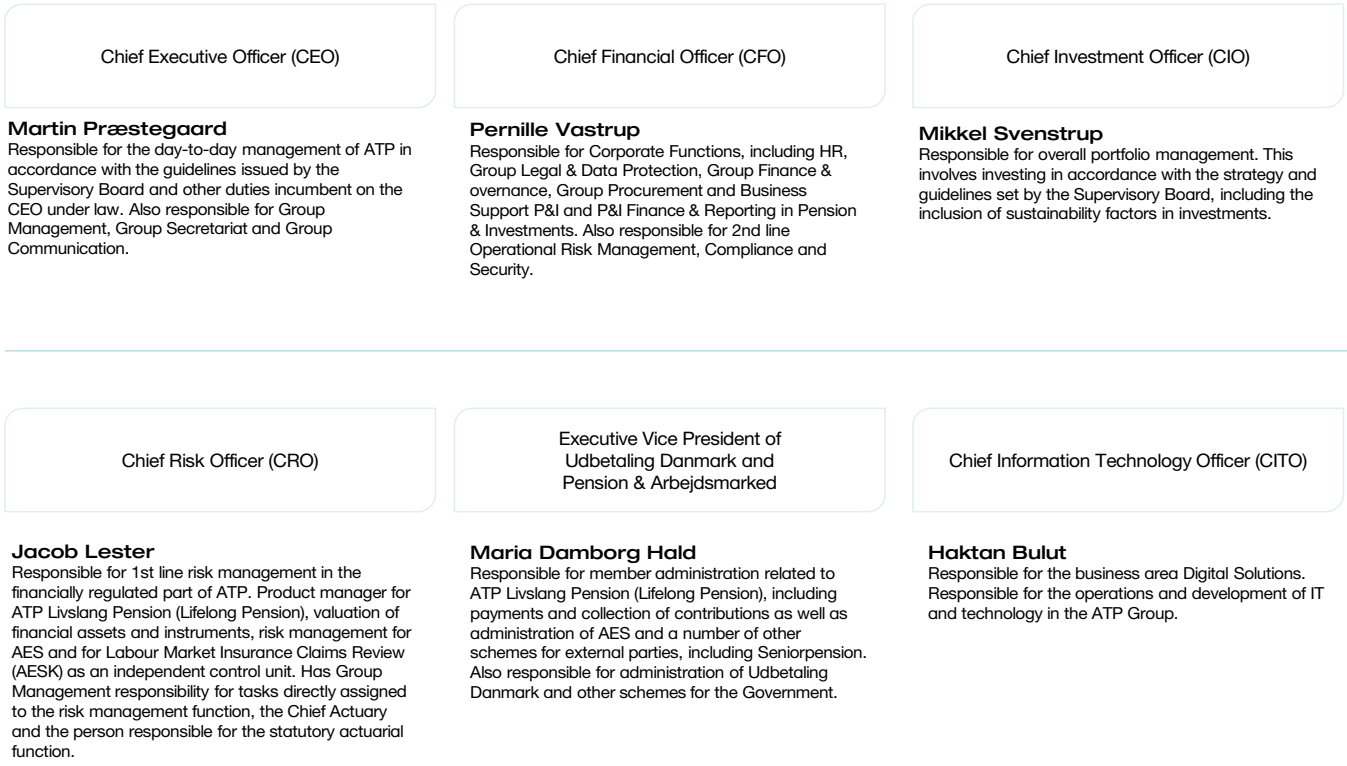
and provisions, which includes the basis for calculating and valuing ATP's pensions.

The duties of the Board of Representatives and the Supervisory Board are governed by procedures, and ATP's Supervisory Board has appointed four Supervisory Board committees: an Executive Committee, a Remuneration Committee, an Audit Committee and a Risk Committee.
The Executive Committee has three members: the Chairman of the Supervisory Board, who is also the Chairman of the Executive Committee, and two members of the Supervisory Board, appointed by the employer and employee representatives, respectively, on the Supervisory Board. As a general rule, the Executive Committee holds seven ordinary meetings per year. The Executive Committee prepares Supervisory Board decisions and has the power, in selected areas, to make decisions as authorised by Supervisory Board. The Supervisory Board has decided to let the Executive Committee perform the duties of ATP's Remuneration Committee. These duties are integrated into the agendas of the Executive Committee on an ongoing basis and comply with the processes applicable for the Executive Committee. The primary duties of the Remuneration Committee are to prepare presentations to the Supervisory Board and Board of representatives for decisions on pay, including pay policy and guidelines for incentive programmes. Following delegation from the Supervisory Board, the Remuneration Committee determines the pay of the executive management, with the exception of the CEO.

The Audit Committee comprises four members: the Chairman of the Supervisory Board, the two other members of the Executive Committee and a member of the Supervisory Board with special accounting or audit qualifications who will also serve as Chairman of the Committee. As a general rule, the Audit Committee convenes ordinarily four times a year. The Audit Committee supervises, among other things, ATP's financial reporting process, internal control system and internal audit. The Audit Committee is tasked with monitoring ATP's risk management processes, methods and systems, with a view to assessing whether they work effectively to ensure, in all material respects, adequate financial reporting. The statutory auditing of annual reports and the auditor's independence are also checked, in particular with respect to the provision of additional services to ATP.

The Risk Committee consists of four members of the Supervisory Board with operational experience and expertise in relevant specialist fields, including the Chairman of the Supervisory Board, who is also the Chairman of the Risk Committee. The Committee contributes to ensuring the best possible basis for the Supervisory Board's risk and solvency assessment of ATP (ORSA). As part of this work, the Committee discusses risk identification, risk appetite, quantification, governance and organisation, and risk and solvency assessment prior to Supervisory Board meetings. In addition, the committee conducts pre-processing of investment strategy, risk policy and reporting on operational risk, including IT and cyber security. As a result of the above tasks, the Risk Committee is thus instrumental in ensuring an effective risk management system. As a general rule, the Risk Committee meets four times a year and in addition has four smaller meetings in connection with quarterly results. The Supervisory Board appoints and dismisses the executive management and has appointed the CEO to handle the day-to-day management of ATP. The Supervisory Board has also appointed a Chief Actuary, who is responsible for

Figure C.3 The executive management team



insurance-related technical tasks. The Supervisory Board has also decided that ATP must have an internal audit function, which will perform audit tasks in ATP in collaboration with the external auditors. The Head of Internal Audit is employed by and reports to the Supervisory Board.

Chief Executive Officer (CEO) and other senior executives

The CEO handles the day-to-day management in accordance with instructions set out by the Supervisory Board. The CEO is assisted in the day-to-day management by the other members of ATP's executive management. Figure C.3 shows the members of the executive management and describes their respective areas of responsibility. The CEO delegates areas of responsibility to the other members of the executive management in accordance with special instructions from the CEO.

Through strategic choices and concrete management decisions with the executive management, the CEO ensures that ATP is run and developed in all essential areas according to appropriate administrative, budgetary and accounting procedures and in accordance with effective forms of corporate governance. The members of the executive management shall ensure on an ongoing basis that the necessary financial and human resources are available to fulfil the duties in their respective areas.

In addition to the executive management, the CEO has set up management bodies in ATP, as specified in Figure C.2. The CEO participates in the management bodies, thus ensuring efficient and transparent decision-making processes.

- **The Risk Committee** is the decision-making body for material strategic and principal-based risk manage-

ment issues. The Committee is also responsible for ensuring the managerial handling of major and thematic risk management and valuation in ATP's Pension and Investment business. The Committee's primary focus is on overall investment risks and investment assets.

- **The Committee for Sustainability** is the decision-making body for ATP's work with sustainability in investments, including stewardship, climate and the coordination of voting on international equities' general meetings.

- **The Investment Committee** ensures management-related handling of major strategic investment topics and is responsible for briefing on ATP's investment conditions.

Forums have also been established in several specific areas where decisions are more focused on particular issues related to the current operation of ATP.

ATP uses management reporting to provide close and regular follow-up of management decisions and frameworks. The reporting to the executive management covers the most important areas of activity. The reporting to the Supervisory Board follows an annual schedule, which determines when the Supervisory Board addresses the issues. The Supervisory Board also receives monthly reports on ATP's risks and financial position.

ATP's accounting practices ensure that financial reports are prepared in accordance with applicable rules and supported by comprehensive procedures for accounting, time registration, internal transactions, financial reporting, etc.

Key persons in ATP

Key persons in ATP, in addition to the CEO, include those responsible for the statutory key functions, i.e. the risk management function, compliance function, internal audit function and actuarial function, as well as members of the executive management who are part of the actual management of ATP in its capacity as a pension and investment company. At the end of 2025, there were a total of eight key persons, as there is a personal overlap between the CRO (Chief Risk Officer) and the person responsible for the risk management function.

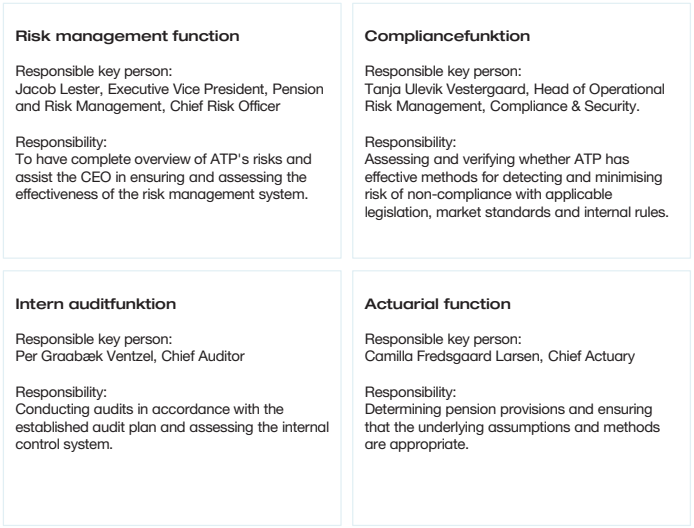
The CEO has appointed the key persons responsible for the Risk Management and Compliance functions. In contrast, the Supervisory Board has appointed the key persons responsible for the internal audit and the actuarial functions, as these are handled by the Internal Chief Auditor and the Chief Actuary, who is employed by and reports to the Supervisory Board.

Job descriptions have been developed for each of the key functions, which assign, distinguish and coordinate the tasks and responsibilities of the key functions. The job descriptions thus help to ensure effective cooperation. The risk manager reports annually to the CEO on ATP's risk management. The report is also provided to the Supervisory Board as information, while the other key persons submit the annual report directly to the Supervisory Board. The key function managers are all authorised and required to report directly to the Supervisory Board as they consider necessary. Combined with the requirement that the Supervisory Board can only dismiss key function holders, this helps to ensure the independence of key function holders. Figure C.4 shows the responsible statutory key persons who are responsible at year-end 2025 for the four key functions and the associated areas of responsibility. The four key functions are detailed in sections C.3 to C.6.

Changes to the system of governance in 2025

As of 1 October 2025, an organisational change was made in ATP, whereby the two executive areas Udbetaling Danmark and Pension & Erhvervssikring were merged into a new executive area, ATP UKD and P&A, with Maria Damborg Hald as the new Executive Vice President. In this connection, Anna Kristine Axelsson resigned from her position as Executive Vice President of Pension og Erhvervssikring and Kristine Stenhuus resigned from her position as Executive Vice President of Udbetaling Danmark. As per the end of 2025, the executive management team consists of 6 people, 5 of whom are considered key persons for ATP. The composition of the executive management team at the end of 2025 is shown in Figure C.3.

Figure C.4 Key persons



ATP's pay policy

In accordance with the Executive Order on Pay for ATP and other organisations, ATP is subject to a number of rules on pay and disclosure requirements, including limits for the awarding and payment of variable pay, in the same way as the rest of the financial services industry.

The pay policy is determined with due consideration for the promotion of sound, effective risk management, including ensuring a long-term commonality of interests for the individual employees and ATP's members, and supporting ATP's ability to manage its liabilities. In addition, the pay policy must ensure the promotion of a gender-neutral pay policy to ensure equal pay for the same work or work of equal value. Pay and fees are defined on the basis of the market level, both nationally and internationally, taking into account the complexity of ATP's activities, relevant business experience and organisational responsibilities, among other factors. Furthermore, pay and fees are defined on the basis of ATP's specific needs, including the need to ensure ATP's ongoing ability to attract and retain the best qualified managers and employees.

Where ATP utilises variable pay, it is used as an active tool that supports business development
by focusing on performance management and encourages value-creating behaviour, including sound, effective risk management that does not encourage excessive risk-taking, including with regard to sustainability risks.

Meanwhile, variable pay must encourage sustained and extraordinary results within the framework of the applicable pay rules. Members of the Board of Representatives, the Supervisory Board and Supervisory Board committees are paid a fixed annual fee which reflects the number of Board and committee meetings. They are not covered by any variable pay agreements, incentive schemes, pension agreements or severance pay agreements. The CEO, the other members of the executive management, the Chief Actuary and Chief Auditor and other key function holders are remunerated with a fixed salary and certain benefits as well as, if relevant, one-off payments and, if relevant, severance pay. A pension contribution is paid as part of the fixed pay. Other forms of variable pay are not included.

Employees in ATP's Pension and Investment department, including portfolio managers, are covered by a pay package which – in addition to containing the above pay elements – may also include variable pay elements. Incentive schemes for portfolio managers are, at a minimum, based on the following three components:

- ATP's Investment and hedging activity results
- The results in the individual portfolio manager's department in the form of, for example, returns, investment processes, etc. or combinations of these

- The individual's own results in the form of, for example, the individual's contribution to returns, investment processes, teamwork etc. or combinations of these.

When determining and calculating variable pay, considerations should be made about whether the relevant employee has participated in promoting non-excessive risk-taking in terms of sustainability risks by integrating sustainability risks in ATP's investment decisions in accordance with applicable legislation and the ATP Group's Policy for Sustainability in Investments. This means that employees comply with and contribute to supporting the processes determined at any time in the investment process.

ATP's CEO and Chief Investment Officer jointly determine which portfolio managers are covered by the incentive programme, the minimum investment results that ATP must achieve before bonuses begin to be accrued, and the weighting of the individual programme components.

It is stated in ATP's pay policy that for significant risk takers, the variable part of the salary package may not exceed 100 per cent of the base salary (50 per cent for the CEO), including pension contributions, per year, and they are paid out over three years (at least four years for the CEO). In certain cases, variable pay elements can be withheld, or a demand can be made that they be repaid. In other incentive programmes, the principles for variable pay in accordance with the pay policy must be complied with and a ceiling must be set for the individual's variable salary in each year. In 2025, a total of 28 portfolio managers received variable pay elements accrued in the calendar year in the form of the above incentive schemes. Other employees can be assigned a lump sum award for exceptional performance, which may not, exceed the equivalent of 4 months' pay including pension contributions.

As of 1 July 2023, severance pay for the CEO (Chief Executive Officer) and members of the financial management team is regulated in the ATP Act, and it is now explicitly stated that compensation exceeding the recipient's total pay in the last two financial years, including pension contributions, must be disclosed and justified. Among other things, rules have also been added regarding payment, withholding and, if relevant, repayment.

C.2. FIT & PROPER

The fit & proper requirements in the Danish ATP Act apply to members of the Supervisory Board, the CEO and designated key persons. The persons in question must be subjected to a fit & proper assessment by the Danish Financial Supervisory Authority on commencement of their employment and in connection with any subsequent change in their duties. The amendment to the ATP Act on 1 July 2023 clarified the Danish Financial Supervisory Authority's practice for approval and the possibility of conditional decisions in special circumstances. A person who is covered by the fit & proper requirements must, at any given time:

- have sufficient experience to be able to perform the duties pertaining to their position
- have an adequate reputation, be honest and show integrity.

ATP's fit and proper policy covers the fit & proper requirements, identification of persons who are covered by the fit and proper requirements, the knowledge and experience requirements for the whole Supervisory Board, the procedure for obtaining the Financial Supervisory Authority's fit and proper assessment and, finally, the fitness-assessment for other employees.

When submitting the information to the Danish Financial Supervisory Authority for the designated key persons, ATP submits a declaration with a reasoned statement confirming that the persons are fit and proper to hold the positions in question. It is assessed whether the key person has sufficient experience, skills, knowledge and expertise. Emphasis is placed on the person having the relevant education and training in relation to the nature, scope and complexity of the risks associated with ATP and with regard to the statutory requirements for the education and training of the person in question. Emphasis is also placed on the person having experience from previous relevant employment and, to some degree, management experience and training.

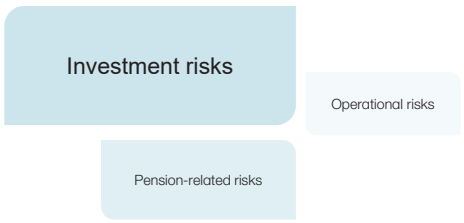
The Supervisory Board assesses on an ongoing basis whether its members collectively possess the necessary knowledge and experience of ATP's risks to ensure sound operations of ATP's activities. Based on the Supervisory Board's annual self-assessment, an evaluation is made of

the need for relevant skills development for the Supervisory Board. The Supervisory Board is broadly composed in terms of the education and training of its members, who have completed either short, medium or long-cycle study programmes, in several cases supplemented with continuing education and training in both Denmark and abroad. This composition means that the members bring diverse and nuanced skills and qualifications to their work on the Supervisory Board. Many of the Supervisory Board's members have experience from large organisations and board work in general. The Supervisory Board members also have skills and management experience from financial companies, including in the pension and investment sector.

C.3. RISK MANAGEMENT SYSTEM, INCLUDING OWN RISK AND SOLVENCY ASSESSMENT

In ATP, the risk management system is interpreted broadly. The risk management system comprises all policies, guidelines, processes and reporting procedures necessary to identify, measure, monitor, manage and report the risks to which ATP is exposed. The risk management system and the internal control system, as well as control environment and control activities, form the framework for the overall management of ATP. There is a close connection between the risk management system and the control system, as controls help to provide awareness of risks that need to be managed. Controls can thus be regarded as risk reducing measures.

Figure C.5 Significant risks in ATP



The Supervisory Board has established a policy for internal control to ensure a satisfactory internal control system and to regulate the general principles for the organisation of ATP's internal control system.

The general management team, consisting of the Supervisory Board and the Group Management, constitutes a significant part of the risk management system through its determination of the desired risk profile, risk management strategy and delegation to other parts of the Administration, and by determining the level of associated reporting that is required. A corresponding delegation with related reporting is carried out within the individual business areas. Figure C.6 illustrates the overall relationships. The Supervisory Board has set the preferred risk profile for ATP and the framework for risks through the Risk Policy for ATP and related guidelines. The policy provides the overarching direction, framework and guidelines for ATP to follow in managing risk. At the same time, the related authority and duties of the CEO are defined through the Supervisory Board's guidelines to the CEO of ATP.

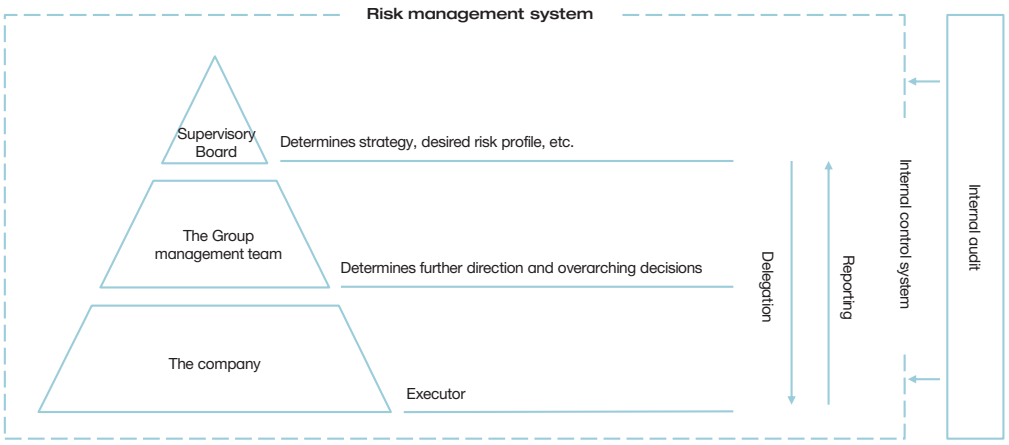
The CRO (Chief Risk Officer) is responsible for the first-line risk management of the investment, pension and operational risks associated with the financially regulated part of the ATP Group. In addition, the CRO is product manager for ATP Livslang Pension (Lifelong Pension).

The CRO has also been appointed as a key person for the risk management function (second line risk management). In this capacity, the CRO is responsible for having an overall overview of ATP's risks and must assist the CEO in ensuring and assessing the effectiveness of the risk management system, cf. Figure C.4.
The tasks of the risk management function are handled partly by a unit in the Pension and Investment business and partly – with regard to IT controls – by Operational Risk Management in the Compliance and Operational Risk Management unit. The risk management function is represented in several meeting forums, including monitoring the risk management system and risk profile, identifying and assessing emerging risks and ensuring accurate, detailed reporting.

The Supervisory Board has established a risk profile, which states that ATP must prioritise a high degree of security in pensions. The total risks must be aligned with the business model decided by the Supervisory Board and the ultimate loss-absorbing provisions consisting of the bonus potential. The Supervisory Board specifies the overall risk profile by establishing an overall risk budget and a number of supplementary indicative investment frameworks.

ATP's total risk includes three risk areas: investment, pension and operational risks, illustrated in figure C.5. They are all considered significant, and the Supervisory Board has set out detailed guidelines for them as part of the determination of the desired risk profile:

Figure C.6 Risk management system



- **Investment risks**
  Investment risks consist primarily of market risks and associated counterparty, concentration and liquidity risks. Market risks necessary to generate returns are taken in the three risk-taking portfolios, i.e. in the investment portfolio, in the market return portfolio and in the Supplementary Hedging Portfolio, and are managed on the basis of a given risk budget and risk diversification framework. Market risks associated with the guaranteed benefits are managed in the interest rate hedging portfolio to ensure that the guaranteed benefits are hedged. The other investment risks follow as a consequence of the market risk exposures ATP has chosen. Consequential risks are accepted, but efforts are made to limit them. Consequential risks are described in further detail in fact box C.1. ATP integrates sustainability factors into its investments.

- **Pension-related risks**
  Pension-related risks follow directly from the structure of ATP's pension product, including the lifelong guarantees given. ATP has significant exposure to changes in life expectancy, as the value of the guaranteed benefits is closely linked to the members' life expectancy. Increased life expectancy means that ATP must make larger provisions to cover the guaranteed benefits, as pension payments must be made for longer periods. ATP has chosen not to hedge its life expectancy risk, and losses in the event of increased life expectancy must therefore be covered by the bonus potential. ATP follows life expectancy statistics closely, based on an in-house developed life expectancy model.

- **Operational risks**
  Operational risks arise from all activities in ATP. Operational risks are risks resulting from inappropriate or inadequate internal procedures, human and system-related errors or as a result of external events, including legal risks. The operational risks cover potential financial, reputational, personal data or compliance losses/gains. Operational risks cannot be avoided entirely, but ATP aims to limit the risks while balancing consequences and probabilities on the one hand and expenses incurred from limiting the risks on the other hand. The Supervisory Board has decided that compliance risk must be avoided as far as possible.

The Supervisory Board has at its disposal a number of reports which form the basis for the monitoring of the risk profile, among other supervisory activities. The Supervisory Board receives a monthly report on significant matters related to ATP's risks and financial condition. In the report, information is also provided about the utilisation of the limits laid down by the Supervisory Board. The Supervisory Board also receives an annual report on pension-related risks, including the life expectancy of ATP's members. In addition, the Supervisory Board receives an annual report on operational risks and an annual report on information security.

The CEO receives reports on ATP's risks daily on an internal portal, monthly via the Investment and Risk Report and on an ongoing basis as appropriate. The CEO receives a report on ATP's risks at Risk Committee and Investment Committee meetings which are held approximately seven times per year. The CEO and the executive management also receives quarterly reporting about ATP Group's opera-

tional risks. Furthermore, the CEO receives a bimonthly briefing on sustainability and stewardship in investments at meetings of the Sustainability Committee and a quarterly report on IT and cyber security. Finally, the CEO receives an annual report on ATP's risk management, prepared by the key function for the management, which also gets sent to ATP's Supervisory Board.

Fact box C.1 Investment consequential risks

Counterparty risks
Counterparty risks are risks associated with financial counterparties' potential breach of agreements entered into in connection with contracts on derivatives, repo reverse transactions and bank deposits.

Concentration risks
Risks stemming from an overreliance on a particular type of exposure, such as specific asset classes, investment markets or individual investments.

Liquidity risks
Liquidity risks are risks associated with potential incomplete honouring of claims for payment or furnishing of collateral.

Managers and employees of ATP's Pensions and Investments (pensions and investments activities of ATP excluding subsidiaries) have access to overarching and detailed information on ATP's risks and financial position via the internal portal, which is updated and checked daily. The information is revised and adjusted on an ongoing basis to ensure that it covers all relevant conditions over time.

Risks that manifest particularly in the long term
ATP is exposed to risks that manifest particularly in the long term in relation to the maturity of ATP's guaranteed benefits. These risks are particularly associated with the preconditions used in of the measure of the guaranteed benefits. Here the preconditions about life expectancy and discount curve are central.

If the assumed lifetimes used to measure the guaranteed benefits are shorter than the life expectancy ATP's members have. In that case, ATP's bonus potential will experience losses over time due to members having to be paid pensions for longer. ATP closely monitors life expectancy trends to ensure that the assumed life expectancies reflect members' life expectancies. In this way, ATP reduces the risk of a large discrepancy between the assumed life expectancy used to measure the guaranteed benefits and members' life expectancy.

ATP's risk and solvency assessment
ATP's Supervisory Board performs an annual own risk and solvency assessment (ORSA).

Figure C.7 ORSA-wheel

ATP has no equity capital and is not subject to a solvency capital requirement. ATP's risk and solvency assessment is therefore based on a calculation of the overall risk using a proprietary risk model which calculates a total risk consumption based on the risks associated with ATP's business model. The measurement is supplemented with other relevant risk calculations and analyses aimed at providing nuanced and detailed insights into the specific risks that ATP is exposed to. ATP's solvency is assessed by comparing the calculated risks with ATP's undistributed funds, primarily the bonus potential, as described in Section D. The ORSA is based on the Supervisory Board's ORSA wheel, see Figure C.7, which contains the components considered central to an assessment of ATP's risk and solvency position.

The ORSA wheel is centred around the 'Organisation' component, which describes how ATP has organised and structured its risk management system. The 'Organisation' is laid down in function descriptions. The 'Strategy' component contains the Supervisory Board's established strategy and the overall objectives for ATP Livslang Pension (Lifelong pension). The following three components, 'Risk identification', 'Risk appetite' and 'Risk measurement', concern identifying the most significant risks, establishing the desired overall risk profile and risk calculation principles. These aspects are determined through the Supervisory Board's

risk policy. The 'Risk assessment' component concerns the assessment of ATP's short-term and long-term condition, and is performed based on the preceding components. The risk assessment constitutes a significant part of the Supervisory Board's own risk and solvency assessment, and is performed based on a number of risk calculations and analyses. They identify the ways in which various stresses affect ATP's solvency, both in the short and longer term, as well as the risks associated with measuring the value of guaranteed benefits and their impact on ATP's solvency.

Under 'Risk and solvency assessment', the Supervisory Board also reviews whether the way in which ATP has organised its activities supports an efficient risk management system.

The Risk Committee set up by the Supervisory Board has special tasks in relation to the ORSA wheel. The Risk Committee was established to support the Supervisory Board's ORSA wheel, and thus the task of performing an overall risk and solvency assessment. The Risk Committee supports the Supervisory Board's ORSA wheel, which could usefully be addressed in more detail. In this context, the Committee prepares risk policy, investment frameworks and investment strategy, IT and cyber security policies and reports regarding ATP's risk management, its own risk and solvency assessment (ORSA), information security and operational risks, respectively, for consideration by the Supervisory Board.

The ORSA report contains the overall conclusion on the ORSA work, i.e. the assessment of ATP's risk and solvency as well as an assessment of the way in which ATP has organised its activities. The ORSA report is prepared in a dialogue with the Risk Committee, in which a special focus area is the design of the risk analyses on which the own risk and solvency assessment is based. The ORSA report is handled and subsequently approved by the Supervisory Board.

C.4. INTERNAL CONTROL SYSTEM

The Supervisory Board has established an internal control policy that establishes, structures and ensures the maintenance of an effective and satisfactory internal control system that protects ATP's assets, financial position and reputation.

The control system ensures that there is continuous and consistent internal control in the ATP Group that supports sound operations and ensures compliance with applicable legislation, applicable market standards, internal rules and risk management principles.

The system establishes necessary internal rules, procedures and control measures in all relevant areas of control, which includes administrative procedures, accounting procedures, internal control structure and clear reporting routines across the organisation. The internal controls result in, for example, written procedures, requirements for documentation, manuals, contingency plans, delegation and limitations on authorisations, satisfactory separation of functions between executing and controlling units and standards for controls.

The internal control is an integral part of management practice and risk management at all levels in ATP.

The CEO (Chief Executive Officer) is responsible for implementing the policy through an appropriate organisation with well-defined responsibilities, tasks, powers and lines of reference as well as the necessary resources and to ensure that processes and systems are in place for access management to physical facilities and IT systems. Furthermore, the CEO is responsible for ensuring that there are satisfactory processes for observations to be handled systematically, for the implementation of necessary corrective measures, continuous follow-ups on implementation and effect, timely escalation, reporting and completion.

The Executive Vice Presidents and other managers in the individual business areas and support functions are responsible for organising, defining, implementing and maintaining structures and processes to support day-to-day operations, risk management, control activities and reporting so that adequate and effective control is exercised over all significant risk activities, including compliance with the framework set by the Supervisory Board and the CEO, and are also responsible for ensuring that necessary corrective or corrective measures are initiated.

The internal control system is organised into three levels according to the principle of three lines of defence:

The first line of defence is handled by the respective Executive Vice Presidents, managers and employees who carry out daily operations and are responsible for effective control of the work performed. Each business area or support function is operated in accordance with authorisations, procedures and work descriptions that have been implemented in accordance with policies and guidelines.

The second line of defence is carried out by entities responsible for the supervision and control of risks. The second line

of defence consists of the key functions: the risk management, compliance and actuarial functions, which among other things monitor whether business areas and support functions comply with the general policies and mandates. For each key function, a key person has been appointed who can report directly to the Supervisory Board independently of the CEO and the first line of defence.

The third line of defence consists of the key function of the internal audit function and of internal audit, which makes an independent assessment of whether the internal control system, including whether operational processes and the established controls in both the first and second lines of defence, are appropriate, effective and satisfactory.

Compliance function:
The overall responsibility of the compliance function is to monitor and assess whether ATP has efficient methods for identifying and reducing risk of non-compliance. The compliance function also presents proposals for ATP's compliance policy for use by the Supervisory Board in its preparation of the policy.

The person responsible for the compliance function reports to the Chief Financial Officer (CFO), but may contact the Supervisory Board directly and may express concerns as and when appropriate. The person responsible for the compliance function has monthly meetings with the CEO.

The compliance function prepares an annual compliance plan and a follow-up report, which the key person responsible presents to the Audit Committee and the Supervisory Board.

C.5. INTERNAL AUDIT FUNCTION

ATP has established an Internal Audit function in accordance with applicable legislation. The Internal Audit function is headed by a Chief Auditor referring to the Supervisory Board. The Supervisory Board is solely responsible for the Chief Auditor's recruitment, dismissal and terms of employment, as well as for the Internal Audit budget. Moreover, Internal Audit is solely subject to the instructions of the Supervisory Board, and the Chief Auditor and Internal Audit staff may not participate in activities other than auditing in the ATP Group. Restrictions cannot be imposed on the Internal Audit function in relation to work that is regarded as necessary to enable the Internal Audit function to meet its auditing responsibilities. The Internal Audit function has access to the Supervisory Board's protocols and other records regarded as relevant, and is authorised to request all information that Internal Audit function deems necessary to conduct its audit. This ensures that the internal Audit is carried out independently of the business and executive management.

The Chief Auditor has been made responsible for the Internal Audit function, within the framework of the policy for internal audit in the ATP Group and the management executive order for ATP. The work carried out by Internal Audit is in accordance with the audit executive order for ATP, and Internal Audit's responsibilities are in accordance with the job description for Internal Audit. The distribution of labour between Internal Audit and external audit is determined in the audit agreement between the Chief Auditor and external audit in accordance with the Executive Order on Auditing ('revisionsbekendtgørelsen'). The Internal Audit function conducts audits of all material and risky areas.

In accordance with the Executive Order on Auditing ('revisionsbekendtgørelsen') the Supervisory Board has decided that the Chief Auditor shall provide the financial statements with an auditor's report. As part of the auditing methodology, a quality assurance system that includes principles for conduct, relations and performance of audit tasks has been prepared and implemented to ensure independence and objectivity.

The Internal Audit function may neither be responsible for nor carry out internal controls. The Chief Auditor and the Internal Audit staff may not participate in tasks which could place the Chief Auditor in a situation in which he or she must provide opinions or information on matters or documents for which the Chief Auditor or Internal Audit staff have prepared the basis.

C.6. ACTUARIAL FUNCTION

The Supervisory Board has appointed the Chief Actuary responsible for the statutory actuarial function in ATP. The Chief Actuary is employed by and reports to the Supervisory Board, and it is only the Supervisory Board that can dismiss the Chief Actuary.

The actuarial function holds the overall responsibility for the measurement of pension provisions and for ensuring that the underlying assumptions and methods are appropriate. This includes ATP's proprietary life expectancy model. The Actuarial function also works closely with the risk management function on the pension-related risks. The Actuarial function explains all significant consequences of changes in data, methods or assumptions for the calculation of pension provisions.

The Actuarial function is carried out by the responsible key person and by employees in ATP's actuarial department. The Chief Actuary is entitled to demand all information that the Chief Actuary finds necessary to conduct its work, including the Supervisory Board's protocols. The actuarial function, including all employees in this function, are authorised to access all information that the function deems necessary to conduct its tasks.

The actuarial function reports at least once a year to ATP's Supervisory Board on whether the measurement of pension provisions is reliable and adequate. Organisationally, the actuarial function falls under the domain of the CRO. However, the person responsible for the actuarial function is obliged to contact the Supervisory Board directly to express concerns in cases where they find this necessary.

Activities of the actuarial function, including contribution to the risk management system

Interest rate hedging of pension liabilities and ATP's proprietary life expectancy model, SAINT, are essential parts of ATP's risk management system. The actuarial function contributes to the effective implementation of the risk management system by calculating expected cash flows and key interest rate hedging ratios. The actuarial function also assesses the annual update of ATP's proprietary life expectancy model.

The actuarial function works closely with the risk management function on pension risks through the established Pension Forum, including with regard to the annual update of the lifecycle model.

The actuarial function also contributes to the risk management function's reporting concerning pension risks.

Coordination of the calculation of pension provisions

The actuarial function continuously assesses whether the provisions are sufficient and whether these are in accordance with the provision basis. This includes assessing the appropriateness of the lifecycle model, methodologies, models and assumptions.

The actuarial function also assesses negative changes in provisions daily and explains any significant changes in data, methods or assumptions from these changes.

The actuarial function reports potentially significant risks and other major issues relating to the pension provisions to the Supervisory Board as soon as the actuarial function deems it necessary.

C.7. OUTSOURCING

Among other things, the legal basis for outsourcing must ensure that ATP continues to be responsible for outsourced tasks and that the Danish Financial Supervisory Authority can continue to carry out effective supervision. The Supervisory Board has thus replaced the previous guidelines with a new outsourcing policy in ATP. With the entry into force of the DORA Regulation in January 2025, the general outsourcing rules in the IT area will be changed, and ATP is in dialogue with the Danish Financial Supervisory Authority about necessary reflections of this in the legal basis for ATP.

The Supervisory Board approves the outsourcing of critical or important operational functions and activities and the most important principles for such outsourcing. According to the Supervisory Board policy, outsourcing can be used when this is expected to create value for ATP. Outsourcing can be used, for example, if access to flexible resource pools, core skills or specialist skills, efficiency enhancement, efficiency improvement or financial benefits can be achieved.

Prior to any outsourcing decision, an assessment is made of whether the supplier is able to perform the outsourced tasks satisfactorily and in accordance with ATP's requirements. This assessment includes ascertaining that the supplier has the necessary ability and capacity to carry out the task satisfactorily, including any permits required under applicable statutory provisions.

When outsourcing critical or important activities, ATP also ascertains that the supplier's risk management systems are sufficient to ensure that the outsourcing does not lead to a significant deterioration in the quality of the manage-

ment system or an unnecessary increase in the operational risk in ATP. In addition, ATP must take into account the outsourced tasks in its own corporate governance. There are requirements for, among other things, adequate contingency plans on the part of the supplier and regular testing of backup functions.

When outsourcing to a subsidiary, a satisfactory solution for the outsourced tasks is ensured, for example, through ATP's influence on the management and control of the subsidiary.

Agreements with a supplier are concluded in writing and set out the rights and liabilities of ATP and the supplier. The Supervisory Board's policy imposes several specific requirements on the content of agreements for the outsourcing of critical or essential activities, as well as particular requirements for the outsourcing of discretionary portfolio management and the outsourcing of IT.

Guidelines for approving cloud solutions in the ATP Group have been developed to ensure satisfactory assessment of, for example, GDPR, outsourcing risks and other legal risks as well as security and business risks when adopting cloud solutions. Reports are regularly submitted to the Supervisory Board about this, including in relation to developments regarding third-country transfers of personal data.

The status on the outsourced activities, including whether the outsourced tasks are performed satisfactorily, is reported to the Supervisory Board at least once a year, and thereafter as needed. The Supervisory Board reviews the outsourcing policy once a year.

ATP has established business procedures that ensure follow-up on the benefits provided by the outsourcing suppliers for critical or important agreements. There are agreed specific service level for each benefit, monthly reports are received from suppliers, and regular meetings are held with suppliers. Moreover, audit declarations are received, and agreements are reached on access for carrying out self-assessment of suppliers.

ATP has outsourced the following critical or important activity areas to external suppliers:

- Delivery of IT capacity in the form of servers and other technical infrastructure components (outsourced to Aeven after contract transfer from KMD in 2025).

- Management of investment frameworks for direct or indirect investments in real estate, as well as administration and management of ATP's portfolio and performance of ATP's obligations as owner or landlord regarding ATP's domicile properties (outsourced to the subsidiary ATP Ejendomme A/S).

- Provision of cloud services (Azure and M365) (outsourced to Microsoft).

- Delivery of private cloud infrastructure to operate SAP solutions (outsourced to SAP RISE)

C.8. OTHER INFORMATION

ATP is of the opinion that the system of governance reflects the nature, scale and complexity of the risks associated with ATP's activities.

The management system is developed in accordance with the ATP Act and the Danish Financial Supervisory Authority's Decree on the Management and Governance of ATP, as well as the Decree on Pay Policy and Pay in ATP and the Decree on Outsourcing for Group 2 Insurance Companies, ATP and the LD – The Employees' Capital Pension Fund. In addition, ATP follows the recommendations of the Committee on Corporate Governance, with relevant adjustments taking into account ATP's specific circumstances.

ATP's Board of Representatives, Supervisory Board, CEO and key persons have defined responsibilities, tasks and powers. These are documented in rules of procedure, terms of reference, policies, guidelines and CEO instructions, which are reviewed at least once a year, and in job descriptions.

D. Risk profile

ATP has no equity capital and is not subject to a solvency capital requirement. ATP's risk and solvency assessment is therefore based on a calculation of the overall risk using a proprietary risk model, supplemented with other risk assessments and analyses. The purpose of these risk calculations is to provide a varied and detailed overview of the specific risks to which ATP is exposed The statement is supplemented with other relevant risk calculations and analyses that are intended to provide a nuanced and detailed insight into the specific risks that ATP is exposed to. ATP's financial robustness is assessed by comparing the calculated risks with the undistributed funds, primarily the bonus potential. ATP can cover its risks according to a large number of risk calculation and analyses The overall assessment is that ATP's risk and financial condition is adequate. ATP's risk profile is described as follows: first based on ATP's overall risks and budget and then based on each of the underlying risk categories.

ATP's business model

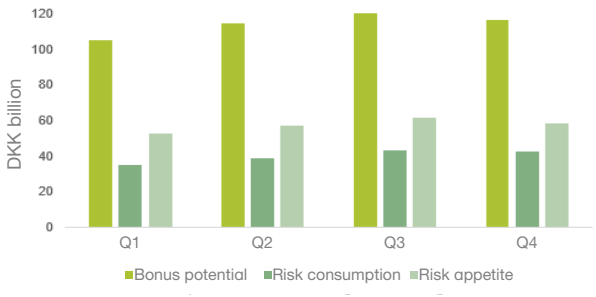
Since 2022, life annuity with market exposure has been part of the business model. This means that 20 per cent of the contribution for members with more than 15 years to go until reaching retirement age is invested in a special market return portfolio. A new hedging strategy was introduced in 2023. This is based on the existing interest hedging with the addition of long-term market risk to the hedging in the form of risky assets. The amended hedging strategy was fully phased in during 2025, which means that adjustments to ATP's business model are now considered to be fully phased in.

As a consequence of the implementation of the IFRS17 accounting standard, the value of the pension liabilities from 2023 has been calculated taking into account the illiquidity thereof. Therefore, an illiquidity range is included to the discount curve for the purpose of calculating the value of the guaranteed pensions. The funds released in this way will be allocated to a special buffer called Long-term Supplementary Provision (LSH), while also establishing a Supplementary Hedging Portfolio with long-term risk taking as part of the overall hedging. As part of the pension liabilities, ATP also records risk adjustments as a consequence of the international accounting standards. Risk adjustment is an expression of the funds that ATP needs to reserve to assume non-financial risks.

Adding market risk to the hedging portfolio via SHP (Supplementary Hedging Portfolio) means introducing a new risk that may entail a loss that must ultimately be covered by the bonus potential in the event that the LSH is not large enough to absorb the risk from SHP. This risk is referred to as transfer risk and is recognised under risk consumption. Consequently, the risk must be included in the total risk budget. Finally, ATP uses a self-developed long-term risk target, "Under-hedging risk" (UHR), that focuses on the hedging portfolio's ability to meet the commitments at the time of payment. The measure combines the historical performance of the Supplementary Hedging Portfolio and the expectation of future risk-adjusted returns to estimate the probability-weighted future losses in the portfolio.

ATP's overall risks

Figure D.1 ATP's total risks in 2025 (end of quarter)



ATP calculates a daily risk consumption, which is ATP's quantitative measure of total risk on the bonus potential, which is the ultimate loss-absorbing buffer. The risk consumption is measured by an ATP-developed risk model that calculates a total risk consumption based on the risks that are associated with ATP's business model. Risk consumption represents the average of the 1 per cent worst losses in the bonus potential within a 3-month period and thus corresponds to the Expected Shortfall (ES) with an assurance level of 99 percent and a 3-month horizon. The risk consumption is a here-and-now stress without portfolio adjustment.

In order to protect ATP's bonus potential and economic independency, the Supervisory Board has determined a risk budget, which is an upper limit for the total risk consumption

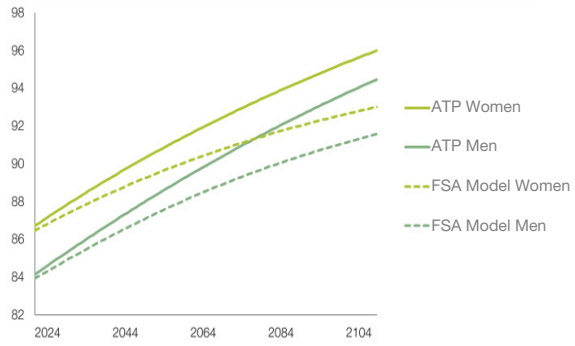
that is permitted. The risk budget reflects the Supervisory Board's overall risk tolerance and is specified at 50 per cent of the bonus potential. Hence, the risk budget changes dynamically in line with the bonus potential. However, at low levels of the bonus potential, one of the minimum risk budgets set by the Supervisory Board is accepted. The minimum risk budget for 2025 is set at DKK 20bn, which means that the Supervisory Board accepts a risk expenditure that is greater than 50 per cent of the bonus potential if the bonus potential is less than DKK 40bn. The minimum risk budget reflects the fact that ATP intends to retain a certain amount of illiquid assets as well as a smaller amount of liquid assets in adverse market scenarios where the bonus potential has been significantly reduced. Risk retention should ensure that the real value of the guaranteed pensions can be increased in the long run despite a significant reduction in the bonus potential and should be seen in the light of ATP's ability to act as a long-term investor. Projections of ATP's statement of financial position in ATP's internal projection model show that the probability of experiencing a bonus potential of less than DKK 40bn over a 10-year period is approximately 8 per cent, while the probability of experiencing a negative bonus potential corresponding for the same period is approximately 0.5 per cent. The same projections estimate that there is a 63 per cent probability that the guaranteed pensions' real value will be preserved at a minimum after 10 years.
It should be noted in this context that the projections are sensitive to model assumptions and the current statement of financial position, in particular the expected inflation relative to the realised inflation. This sensitivity also means that the different probabilities will change as a result of updated model assumptions as well as changes in ATP statement of financial position over time. Projections show that reduced levels in the bonus potential and the Long-Term Supplementary Provision significantly worsen ATP's solvency and robustness. If it is assumed that the level of the bonus potential and Long-Term Supplementary Provision is DKK 40bn and DKK 15bn, respectively, the probability of experiencing a negative bonus potential over a 10-year period will be approximately 11.0 per cent and there is approximately a 16 per cent probability that the real value of the guaranteed pensions will be maintained after at least 10 years.

The developments in risk consumption, risk budget and bonus potential in 2025 are shown in figure D.1. The bonus potential increased throughout the year, from DKK 104.8bn at the end of 2024 to DKK 116.5bn at the end of 2025. In 2025, the distribution of general bonuses to all ATP members led to a decrease in the bonus potential of DKK 11.4bn, while life expectancy updates conversely led to an increase in the bonus potential of DKK 1.4bn. The utilisation of the risk budget increased from 70.7 per cent at the end of 2024 to 73.3 per cent at the end of 2025. The following subsections describe ATP's risk profile in relation to the underlying risk categories.

D.1. PENSION-RELATED RISKS

Market risks are the risk category which contributes the second highest risk in the calculation measure of ATP's overall risks (risk consumption). As of the end of 2025, the pension risk was estimated at DKK 8.4bn. ATP pays out a monthly pension for as long as members live. When life expectancy increases more than predicted, the bonus potential is reduced, since ATP has to reserve a greater amount to cover the pension liabilities, as pensions have to be paid out for longer. ATP has elected not to hedge its life expectancy risk, and the bonus potential must therefore cover losses in case of increased life expectancy. ATP follows life expectancy statistics closely, based on an in-house developed life expectancy model. In the past 10 years, ATP has set aside provisions of DKK 12.8bn for increased life expectancy. These provisions have reduced ATP's bonus potential, but unlike, for example, investment losses, they have not reduced the total asset value of the members. On the contrary, additional provisions resulting from longer life expectancy reflect that ATP's members are expected to live longer and, therefore, to receive a larger overall benefit payment.

Figure D.2 Projected life expectancies



Other Danish pension companies apply a model based on life expectancy assumptions developed by the Danish Financial Supervisory Authority for the use of those insured via the life insurance and pension companies. Chart D.2 shows the life expectancies of 67-year-old men and women based on ATP's and the Danish Financial Supervisory Authority's model for life expectancy assumptions, respectively, the latter being adapted to the observed life expectancy in ATP. It can be seen that ATP's life expectancy model projects greater increases in life expectancy than those envisaged by the Danish Financial Supervisory Authority's (FSA) model. The Danish Financial Supervisory Authority's life expectancy projections are a benchmark for current observed life expectancy, based on information from a number of Danish life insurance companies and broad-spectrum pension funds with a total of 3.6 million customers as well as a benchmark for life expectancy improvements based on population data from all of Denmark. ATP's model is based partly on information concerning its 5.8 million members and partly on information concerning approximately 350 million inhabitants in 18 OECD countries.

Figure D.3 Market risks (end of quarter)

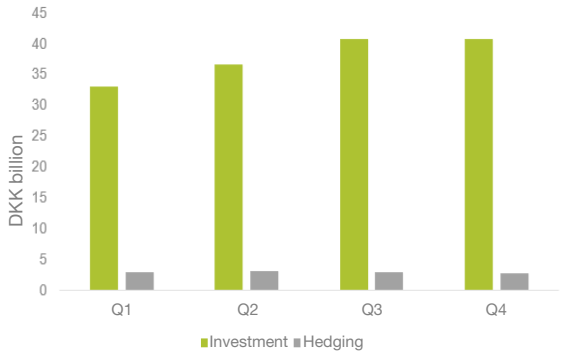
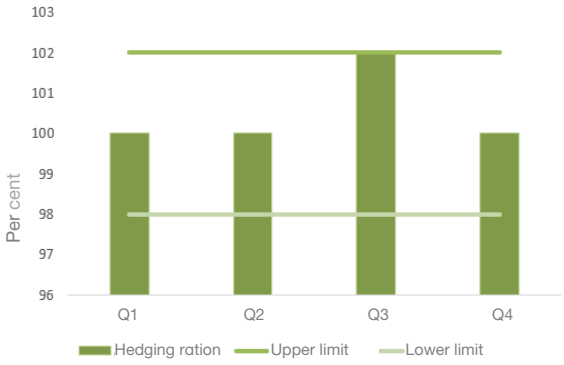


Figure D.4 Hedging ratio (end of quarter)



This means that different data are used when modelling life expectancy assumptions, just as the models themselves differ. The model developed in ATP is based on the assumption that the development of life expectancy in Denmark follows the same pattern as in the 18 selected OECD countries and that the backlog that Denmark has in relation to the selected countries will be caught up with over time. Data from the past 50 years show that the countries have generally undergone the same development in terms of longevity, but it differs between countries when and how quickly the improvements take place. ATP includes international data in order to provide a stable prognosis for future life expectancy improvements.

D.2. MARKET RISK

Market risks are risks related to market value changes of assets or equity and liabilities as a result of changes in capital markets. Market risks are managed based on risk models with close risk monitoring and detailed risk frameworks. Market risks are the risk category, which contributes the highest risk in the calculation measure of ATP's overall risks (risk consumption). At the end of 2025, market risks in the ATP-developed risk model were calculated at DKK 41.8bn after tax, which expresses the average of the 1 per cent worst losses in bonus potential within a 3-month horizon.

Market risks related to the hedging portfolio and the guaranteed benefits

Market risks in the hedging portfolio and the guaranteed benefits consist mainly of interest rate risks. The hedging portfolio generally has the same interest rate sensitivity as the guaranteed benefits. A general interest rate change has a large impact on ATP's statement of financial position, but the bonus potential will be virtually unaffected as changes in the interest hedging portfolio and the value of the guaranteed benefits will largely offset each other. Market risks associated with interest rate hedging are therefore limited, cf. Chart D.3, which shows market risks calculated by Expected Shortfall (ES), which expresses the average of the 1 per cent worst losses over a 3-month horizon. The hedging ratio[3], which indicates the ability of the hedging portfolio to hedge the interest rate sensitivity of the guaranteed benefits, was 99.9 per cent at year end 2025. As shown in Figure D.4, the hedging ratio was close to 100 per cent for most of the year. The tariff for the coming year, i.e. the pension entitlement obtained for the ATP contribution, is set at the beginning of October each year and is hedged immediately afterwards, which resulted in a fluctuation in the hedging ratio. The interest rate sensitivity of the guaranteed benefits exclusively consists of yields linked to Danish and German government bonds and interest rate swaps denominated in Danish kroner and euros. This means that in order to reflect this interest rate sensitivity, the interest rate hedging portfolio must contain significant exposure to Danish and German government bonds and interest rate swaps denominated in Danish kroner and

3 The hedging ratio is measured as the after-tax duration of the interest rate hedge portfolio in relation to the duration of the guaranteed benefits calculated without spread.

euros. At year-end 2025, the market value of bonds in the interest hedging portfolio was almost DKK 134bn. Danish and German government bonds constitute a large proportion of this portfolio, and ATP therefore has a significant exposure to the Danish and German governments. Regarding interest rate swaps, ATP trades with several different financial counterparties in order to ensure diversification. See section D.3 for more information about ATP's counterparty risks.

Market risks associated with the Supplementary Hedging Portfolio and the market return portfolio

The long-term market risk added through the Supplementary Hedging Portfolio (SHP) in Hedging has its own dedicated loss-absorbing buffer in the form of Long-term Supplementary Provision (LSH). As long as the LSH is large enough to cover the market risk in the Supplementary Hedging Portfolio, this added risk will not affect the risk consumption. In the event of larger losses in the SHP, the LSH's capacity to absorb losses will be exhausted, meaning that additional losses in SHP could affect the bonus potential, as the bonus potential in such cases will have to transfer funds to LSH. This risk is referred to as transfer risk and is recognised in the risk consumption. The contribution that goes to life annuity with market exposure is invested in the market return portfolio in Hedging. This portfolio is invested in assets that are expected to yield a higher return over time than the Interest Hedging portfolio, and thus contribute to higher pensions. The risk in the market return portfolio is adjusted to the provisions for life annuity with market exposure and thus does not affect the bonus potential.

Market risks associated with the investment portfolio

ATP's market risks in relation to the bonus potential are mainly market risks related to the Investment portfolio. The objective of the investment portfolio is both to generate a return that makes it possible to cover expenses for higher life expectancy and to continuously increase the possibility of increasing the guaranteed pensions.

In order to have a robust investment portfolio with a high rate of expected return, the investment portfolio is managed with a strategy of risk diversification. ATP splits the risk of each individual investment into four risk factors which can be combined in appropriate ways to achieve a portfolio with the desired risk profile. The four fundamental risk factors are: Equity factor, Interest rate factor, Inflation factor and Other factors. The risk associated with each investment is allocated to the four factors based on the types of risk to which the investment is exposed.

Table D.1 Market risk in the Investment Portfolio at the end of 2025

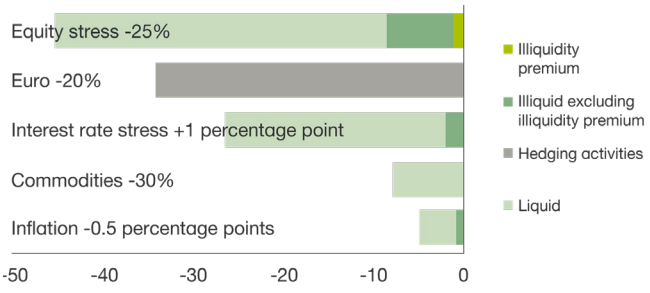
	Expected Shortfall in DKK million	Risk distribution in per cent
Equity factor	37,852	48
Interest rate factor	24,573	31
Inflation factor	10,777	14
Other factors	5,350	7

Table D.1 shows the Expected Shortfall in the investment portfolio for each of the four risk factors and the risk distribution calculated as each factor's share of the sum of the risk for the four factors at the end of 2025 is shown in Table D.1 for ATP's investment portfolio[4]. To ensure appropriate risk diversification, ATP's Supervisory Board has specified guidelines and lower and upper limits for the individual factors' share of the risk in the liquid and illiquid part of the investment portfolio.

Individual stresses

ATP also highlights market risks associated with the investment portfolio and the hedging portfolio by making individual stresses for a number of market risk factors. The stress calculations are based on ATP's risk modelling. A selection of the individual stresses are shown in Chart D.5 which shows ATP's loss in the bonus potential as a result of the individual stresses, stated as the immediate effect of allowing the stress to occur in one day without any risk adjustment. The figure shows that ATP has the largest loss in the individual equity stress with a drop in equity factor of 25 per cent, where the loss on bonus potential is DKK 45bn.

Figure D.5 Market stress on bonus potential (DKKbn)



4 The investment portfolio, the market return portfolio and the Supplementary Hedging Portfolio have different factor allocations via their individual allocation to the underlying portfolios.

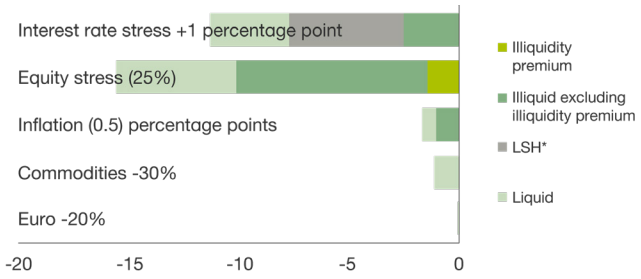
Table D.2 Counterparty exposures linked to ATP's ten largest counterparties (DKK million)

	Rating	Total exposure
Counteparty 1	AA-	15,039
Counteparty 2	A+	5,299
Counteparty 3	AA-	4,700
Counteparty 4	A+	3,516
Counteparty 5	A+	2,822
Counteparty 6	A+	2,698
Counteparty 7	A+	2,322
Counteparty 8	A-	1,858
Counteparty 9	A-	1,829
Counterparty 10	A+	1,829

The equity stress reflects both losses on equities and on other investments such as credit, real estate and infrastructure that are exposed to the equity factor in ATP's risk modelling. According to the individual stresses, the loss on the bonus potential seen separately would be DKK 26bn at an interest rate stress of +1 percentage point. The chart also shows that if the fixed rate policy is abandoned and the exchange rate of the euro falls by 20 per cent against the Danish krone, the bonus potential will have a loss of DKK 34bn as a result of a decrease in the value of ATP's euro-denominated assets. The exchange rate movement of 20 per cent corresponds to the decrease in the rate of Swiss franc (CHF) relative to euro (EUR). This occurred at the beginning of 2015 as a result of the Swiss Central Bank's removal of the currency's peg to the euro. Exchange rate risk towards the euro are considered to be a significant risk for ATP, but this is accepted due to ATP assessing that probability of the Danish kroner peg to the euro being abandoned is very low.
This stress is therefore regarded as an extremely rare event. The other market stresses in Figure D.5 lead to significantly lower losses.

Figure D.6 shows the change in LSH in the individual stress for market risk factors.

Figure D.6 Market stress on LSH (DKKbn)



Changes in LSH in stress scenarios may be due to losses in the Supplemental Hedging Portfolio or changes in LSH*. LSH* is the difference between the guaranteed benefits calculated without range and the guaranteed benefits calculated with range and the LSH and is sensitive to interest rate changes. The illiquidity range used in ATP is not stressed in the stress scenarios, as it is not deemed to be affected by transient market stress. Rate increases cause LSH* to drop and vice versa when there are declines in interest rates, and have a direct effect on LSH. The biggest change in LSH is in the interest rate stress scenario, as the rate increase of 1 percentage point will significantly reduce LSH*. LSH is sufficient to absorb all stress and therefore the bonus potential is not affected, as there will be no transfer from the bonus potential to LSH.

D.3. COUNTERPARTY RISKS

Counterparty risks are risks associated with financial counterparties' potential breach of agreements entered into in connection with contracts on derivatives, repo and reverse transactions and bank deposits.

The use of derivatives, especially for interest rate hedging, represents a particular risk for ATP. Changes in the value of these instruments will generate a liability or a receivable between ATP and its counterparties. ATP may therefore incur a loss if – for example because of a bankruptcy or liquidation – a counterparty is in breach of a concluded agreement. In order to reduce counterparty risk, both ATP and its counterparties require that collateral is provided for outstanding debts towards each other. Collateral is typically provided so that the market value of the collateral exceeds the market value of the related contract by a certain margin. Similarly, ATP may experience a loss as a result of the bankruptcy of one of the CCPs used in connec-

tion with centrally cleared derivatives. In both cases, the size of such a loss will depend on the risk exposure and market movements during the period.

Table D.2 indicates the calculated counterparty exposure on ATP's 10 largest counterparties. The rating denotes the lowest rating of the counterparty by the rating agencies Moody's and Standard & Poor's on the legal entity linked to the exposure concerned. Where there are multiple legal entities within the same group, the lowest rating recorded is used. If the legal entity does not have a rating, the lowest observed rating is applied to the guarantor. As shown in Table D.2, ATP's largest exposure to a counterparty is DKK 15.0bn. This is an increase compared to 2024, when ATP's largest exposure to a counterparty was DKK 5.0bn. The increase is primarily due to a change in methodology, which means that ATP in the measure for 2025 includes daily collateral (Initial Margin) in relation to exchange-traded derivatives in the calculation of counterparty exposure. Counterparty exposure of this size could potentially result in a significant loss that could affect ATP's solvency to a certain extent. In the event of breach of contract or bankruptcy, it will, in most cases, be possible to obtain partial repayment from the estate assets. The exposure calculation does not take into account this recovery rate, nor the probability of default of each counterparty. Counterparty risks contribute only to a limited extent to the total risk (risk consumption), as counterparty exposure in this measure is included with probability weighting. In ATP's proprietary risk model, counterparty risks were calculated to be DKK 0.7bn after tax as per the end of 2025.

D.4. LIQUIDITY RISKS

Liquidity risks are risks associated with potential non-payment of payment demands or collateral. ATP's liquidity risk management model provides a granular estimate of the payment flows that ATP will encounter in stressed markets. The model also provides an image of the cash provision of liquidity from the sale of assets and the provision of liquidity from bonds, if these are used as collateral or if bonds are "exchanged" for liquidity using the repo market, where bonds are lent in exchange for liquidity. The model takes into account differences in the liquidity value of assets, i.e. how fast and how much liquidity can be raised relative to the market value of the assets.

The liquidity need includes both the draw on liquidity following from the continuation of ATP's activities (for example, benefit payments) and an extraordinary draw on liquidity resulting from unfavourable conditions (for example market stress). The liquidity requirements have been estimated based on the fact that a number of very unfavourable market conditions are playing out at the same time, which is why the liquidity requirements have been estimated conservatively.

The model must ensure that ATP is able to fulfil its contractual obligations at all times, either by providing liquidity or collateral. This is done by ensuring that liquidity provision and liquidity needs both in the short term (10 days) and longer term (66 days) are appropriate in relation to each other.

Table D.3 shows ATP's total liquidity provision and cash needs over 10 business days, and ATP's total liquidity provision and needs for the horizon of 66 business days. This reflects the fact that liquidity management has a particular focus on being able to provide liquidity in cash quickly enough in the short term, while the focus over longer periods is more on ensuring sufficient liquidity to withstand sustained market stress.

Table D.3 Liquidity risks at the end of 2025 (DKK bn)

	10 days	66 days
Total liquidity generation	100	284
Total liquidity requirement	14	87

D.5. OPERATIONAL RISKS

Operational risks arise from all activities in ATP. Operational risks are risks resulting from inappropriate or inadequate internal procedures, human and system-related errors or as a result of external events, including legal risks. The operational risks cover potential financial, reputational, personal data or compliance losses/gains. The operational risks generally manifest as financial losses and are included in the measure of risk consumption in the ATP-developed model. As per the end of 2025, operational risks were calculated to be DKK 1.9bn according to ATP's model, and therefore contribute only to a limited extent to the overall risk (risk consumption).

In ATP's Risk Policy, the Supervisory Board has determined the desired risk profile for operational risks. The Supervisory Board accepts that operational risks cannot be completely avoided, but that they should be limited, taking into account a balance between consequence and probability on the one hand and expenses on the other. The Supervisory Board has decided that compliance risks must be avoided as far as possible. Assessments of risks related to the processing of personal data also includes the consequence from the perspective of the registered person.

The management of operational risks in ATP is based, among other things, on risk assessments aimed at identifying, measuring, monitoring, managing and reporting the operational risks to which ATP is exposed.

Operational risks are identified both on the basis of registered operational events and analyses of relevant processes. For the identified operational risks, the need for measures to reduce the probability of events and/or their consequences is assessed.

Operational incidents are systematically collected and categorised according to subject matter and substance, based on the financial, reputational, personal data or compliance impacts, and then included in a comprehensive inventory. Documenting aims to provide an overall view of the incidents affecting ATP, address any gaps in the control environment, and learn from incidents so that we can proactively improve risk management.

Operational risks are measured on the ATP risk scales for probability and consequence. Operational risks are held up against the specified risk tolerance. If the risk extends beyond the risk appetite, measures must be planned aimed at bringing the risk within the risk appetite or else the risk must be accepted in accordance with the established rules for this.

ATP has identified the risks associated with the management of ATP Livslang Pension (Lifelong Pension) that are estimated to have the greatest consequences. For 2025, these relate to, among other things: IT and cybersecurity risks, model risks, compliance risks, process risks, personal data risks and reputation risks as well as legal risks.

Based on the risk assessments and the operational events, the current risk picture of ATP is reported to the executive management and the Supervisory Board. The purpose of the reporting is to ensure that there is an adequate overview and effective management of the major operational risks in ATP. In the event of significant operational incidents, the Supervisory Board receives information on this at the first meeting of the Supervisory Board.

IT and cyber security at ATP
The risk relates to the possible compromise of confidentiality, integrity, availability and authenticity of information. Compliance with the Policy for IT and Cyber Security is assessed on an ongoing basis.

D.6. OTHER SIGNIFICANT RISKS

ATP has no other significant risks

D.7. OTHER INFORMATION

ATP must invest the assets in accordance with the 'prudent person principle', which means that ATP must invest the assets so that the members' interests are safeguarded in the best possible way. ATP complies with this principle by structuring its investment strategy and the accompanying risk management based on the pensions that the members have been promised. This means that ATP's total investments are divided into two separate areas called Hedging and Investment, see Chapter B., Business and Results.

In relation to the risk diversification of the four fundamental risk factors in the investment portfolio as set out in Section D.2 above, Figure D.7 illustrates the relationship between the four fundamental risk factors and a number of traditional assets.
The desired risk exposure to the four factors is implemented through trading within the investment landscape approved by the ATP Supervisory Board. This provides flexibility in achieving the desired risk exposure, as the investment universe includes a range of liquid and illiquid assets.

ATP's Supervisory Board has set a framework based on Expected Shortfall (ES), which expresses the average of the 1 per cent worst losses within a 3-month horizon for exposure to the four fundamental factors. In addition to these frameworks, frameworks have also been established that ensure the diversification of risks among issuers and regions. There are also specific frameworks for using derivative financial instruments and illiquid assets.

ATP's overall investments are therefore organised according to the nature of the liabilities and with a framework to ensure that the investment strategy is and remains appropriate and resilient to fluctuations in the financial markets.

The prudent person principle also means investing only in assets and instruments whose risks can be identified, measured, monitored, managed, controlled and reported on. In line with this, ATP's Supervisory Board has determined the types of assets and instruments in which ATP may invest, and investments are only made when the operational and risk management basis is sound.

ATP has investment and subsequent asset management processes to deliver this. This ensures, among other things, that ATP can manage the assets and instruments included in the current measurement and monitoring of risks and the current and periodic reporting to the Supervisory Board and management in general.

The bulk of ATP's trading is in traditional liquid assets where the associated risks are familiar and well analysed. Therefore, when trading in these assets and instruments, ATP can employ a highly automated process for the associated

risks, i.e. in the identification, measurement, monitoring, management, control and reporting.

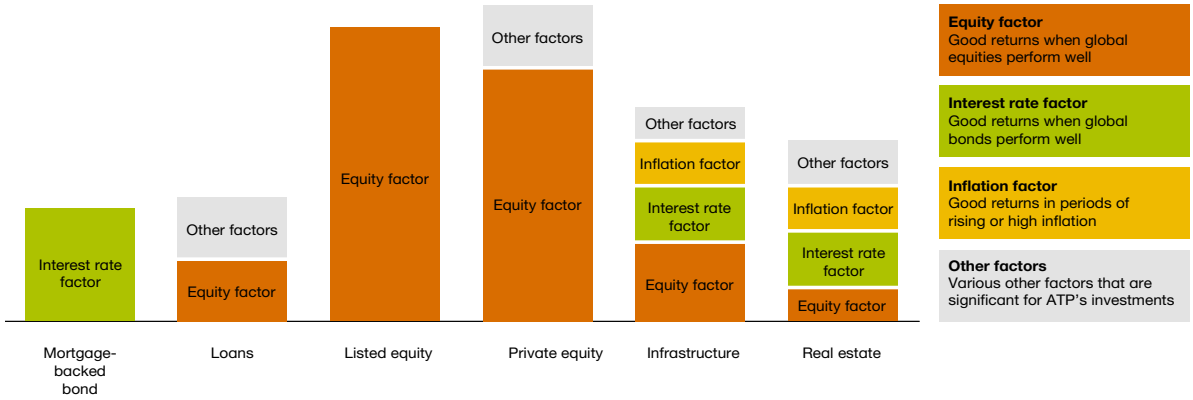
Trading in illiquid assets, such as private equity, infrastructure and real estate, is subject to a specific assessment of each asset and its inherent risks. This is essential as illiquid assets are often characterised by extensive contractual documentation and complex investment structures that require review and assessment prior to investment. The necessity for a thorough assessment is further accentuated by the typically long investment horizon of illiquid assets, stemming from the fact that it may be difficult to dispose of the illiquid assets again – especially if this needs to be achieved in a short period of time.

The evaluation of illiquid assets includes a thorough due diligence process designed, among other things, to identify the assets' inherent risks, manage them and, where possible, mitigate them. Fact box D.1 describes the typical risks associated with illiquid assets.

The market risks associated with illiquid assets are measured daily, as with ATP's other assets, equity and liabilities. The illiquid assets are thus included in the Supervisory Board's framework based on the measured market risk. Moreover, the Supervisory Board has developed a framework for illiquid assets based on market value and risk.

When investing in a new illiquid asset, a specific assessment is conducted of how the asset in question should be represented in ATP's risk models while taking into consideration established principles so that the inherent risks can be quantified in the best possible way. Risks associated with illiquid assets are generally quantified at a higher level than those related to liquid assets, although illiquid assets usually perform at a more stable level. This takes into account the fact that illiquid assets may be more challenging to dispose of and may therefore decrease in value to a greater extent in highly volatile market conditions.

Figure D.7 Relationship between selected traditional assets and the four risk factors



Fact box D.1 Specific risks of illiquid assets

Legal and regulatory risks

The illiquid assets are typically characterised by extensive contract documentation, where the terms are determined during a negotiation and thus depend on the negotiating position of the parties. The assets may also be characterised by a complex investment structure and investment partners from several countries. There is a risk that situations or events could occur that are not governed by the contracts or that changes in legislation, including tax legislation, which alter the preconditions pertaining to the investment.

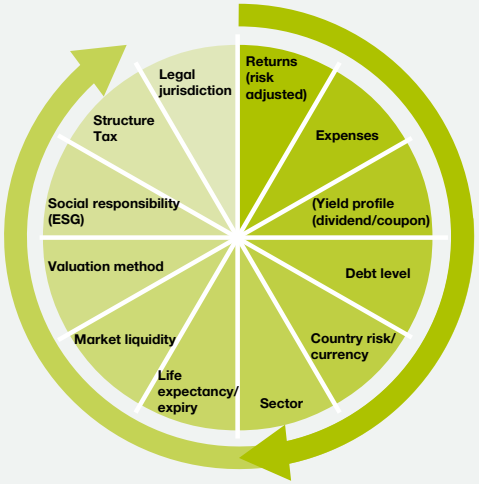
Valuation risks

Since illiquid assets are not traded in liquid and transparent markets, it is not straightforward to derive a value for the asset in the market. Instead, the value of the assets is determined based on separate financial models and parameters relating to the specific investments. Therefore, the valuation is subject to risks since the market value of the assets cannot generally be verified before a sale takes place.

Illiquidity risks

Investment in illiquid assets incurs illiquidity risk as they are generally not convertible to liquid assets within a short time frame. This limits, for example, the possibility of reacting if investments develop negatively. Moreover, in certain circumstances, illiquid investments require sound liquidity management. Certain illiquid assets include investment commitments where the amount invested is to be paid on an ongoing basis as the need arises. ATP has developed a liquidity model to ensure that ATP has sufficient liquidity to address this. The illiquid status of investments creates a particular risk concerning ATP's portfolio composition. If ATP finds itself in a situation where the investment risk needs to be notably reduced, it could leave ATP with essentially only illiquid assets. It is therefore important to ensure that the total illiquid assets are well diversified. ATP has a Supervisory Board-established framework for illiquid investments and allocation to types of illiquid assets in addition to special monitoring of financial, geographical, structural and duration portfolio parameters, as illustrated in Figure D.8.

Chart D.8



Managerial risks

Some investments are made through subsidiaries and funds. A risk associated with fund investments relates to the limited transparency to detail information about the underlying portfolio. Therefore, ensuring a sufficient commonality of interest between the asset manager and ATP is essential. The asset manager is responsible for selecting the investments and managing them. The challenge is that in some instances, the manager may have other interests aside from ATP, such as holding investments longer than necessary to accrue fees for a more extended period of time. ATP has a limit for investments in funds. Concentrations of exposure towards business partners (asset managers) entail several operational risks, including dependence on key persons and the ability to deal operationally with a non-performing investment manager, including errors in data delivery or other performance areas. ATP strives to minimise these risks but accepts a concentration towards selected asset managers to the extent that benefits can be obtained by entering into strategic cooperation with such asset managers. ATP has increased its direct investments in illiquid assets over the past few years to manage individual investments and their risks better. However, indirect investments continue to be made.

Asset-specific risks Illiquid assets are exposed to specific risks that are relevant to how their value develops. Before investing, these risks are identified and evaluated and sensitivity analyses are performed to assess the impact of specific risk scenarios on the value of the asset, and the assets are evaluated in relation to the ATP guidelines. The importance of the assessment is compounded by the long investment horizon of the illiquid assets, which may be difficult to dispose of in a short period of time if a mismatch between the investment and ATP's return requirements or guidelines subsequently arises. The asset-specific risks may also develop or arise after the time of investment. Each investment team that invests in non-liquid assets has a documented ongoing asset management process designed to identify new or changed risks and establish a plan for handling them. Managing the risks associated with individual investments can be resource- and expertise-intensive. For this reason, investment in certain types of assets or geographical areas may sometimes take place through a trustee or in collaboration with a strong investment partner.