

The ATP Group

2019

Sustainable Development Goals

Part of ATP's responsibility



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ATP and the Sustainable Development Goals

The UN's Sustainable Development Goals (SDGs) set an ambitious agenda for sustainable development, and as an investor with keen focus on responsibility, it is natural that ATP's work reflects the SDGs. We use the SDGs for inspiration, guidance and quality assurance of our responsibility work.

Basis

ATP fully supports the UN's 17 sustainable development goals. As a long-term investor whose purpose is to provide good pensions to its members, ATP has a strong interest in the sustainable social and environmental development of the planet and the economy. If the global economy does not develop sustainably, and if the world does not achieve the goals set, there may be a risk of growing unrest, conflicts, increased global warming and thus increasingly uncertain conditions for growth and future returns on the investment portfolio.

As a result, we also have an inherent interest in and a responsibility for – through our investment processes – to support

the long-term value creation in companies and thereby contribute to sustainable development and growth. We pursue stewardship and ESG integration in order to promote an increased focus on long-term value creation in the companies and influence them to minimise any negative impact they may have on society and the planet and to work towards a more sustainable business development.

The 17 SDGs set a very ambitious agenda for the global development towards 2030. Achieving the goals requires the commitment of a wide range of stakeholders in society, including the corporate sector and investors.

Processes

We want our investments to contribute positively to achieving the SDGs, but we are careful not to take credit for any positive impact on society as the matters contributing to the positive impact of an investment are often complex.

According to the Danish Business Authority's Guide to Responsible Investment, compliance with the OECD Guidelines for Multinational Enterprises helps the world navigate towards

achievement of the SDGs. ATP complies with the OECD Guidelines for Multinational Enterprises through our fact-finding, thematic engagement and ESG due diligence.

Therefore, we annually state the impact which our two on-going processes, fact-finding and thematic engagement, and focused initiatives and investments have had on the SDGs.

Activities

In addition to the ongoing SDG work through fact-finding, thematic engagement and ESG due diligence, ATP has also made focused investments and initiatives that contribute to the SDGs.

In 2018, ATP made a commitment to the Danish SDG Investment Fund (the SDG Fund) which made its first investments in food production and health care in Africa and renewable energy in Eastern Europe in 2019.

In our property portfolio, we have increased our focus on sustainability in the design and construction of new real estate

and renovation of old real estate. This allows us to make decisions as a construction client that can support the SDGs, e.g. through sustainability certification of real estate.

As part of our stewardship, we also monitor how Danish companies in the investment universe incorporate the SDGs in their business. Our analysis for 2019 shows that an increasing number of companies incorporate the SDGs in their business.

ATP's ESG principles and the Sustainable Development Goals



ATP supports the UN's Sustainable Development Goals

In 2015, heads of government from the UN's 192 member countries agreed on 17 ambitious global goals - and 169 targets - for sustainable global development. The Sustainable Development Goals (SDGs) create a framework and a direction for solving the world's biggest problems by 2030. The SDGs are, among other things, focused on eliminating poverty, hunger and inequality, ensuring sustainable ecosystems (including biodiversity on land and in the oceans) and limiting manmade climate changes and pollution of the environment.

As a long-term investor, ATP fully support the UN's 17 SDGs

ATP fully supports the UN's 17 Sustainable Development Goals. As a long-term investor with an objective of creating good pensions for its members, we have a strong interest in the world and the economy developing sustainably - both socially and environmentally. If the global economy does not develop sustainably and if the world fails to reach the stated goals, there is a risk of increasing unrest, conflicts, more global warming and thus also more uncertain conditions for growth and future returns. Therefore, we have a responsibility and an inherent interest in using our investment processes to support the long-term value creation of companies and thereby contribute to sustainable development and growth.

We work with active ownership and ESG integration precisely so that we can create more focus on long-term value creation in the companies in our portfolio and, if relevant, influence

them to minimise their negative footprint on the planet and work with a more sustainable business model.

The 17 SDGs create a very ambitious agenda for the world's development between now and 2030. In order to meet the goals, it is required that a wide range of societal actors take action around the world - including businesses and investors..

We are seeing that companies and investors are increasingly highlighting their contributions to meeting the SDGs. Some include specific targets and indicators that directly support their business models in their strategy and reporting. Others use more general measurements for their specific contributions to the SDGs. For companies, it might be relevant to focus on the SDGs that their business model impact the most. It is natural to select the SDGs that are impacted by your business or which you are creating solutions for.

However, as a global and diversified investor exposed to many different industries and geographical areas, we believe that it is critical to have a holistic approach to our social responsibility and cover the SDGs widely in our work with them.

Therefore, we are not picking and choosing which SDGs we want to work with. ATP is working with the SDGs as a reporting tool and a frame of reference so that we can evaluate the work we do with integrating social responsibility in our investment processes. Because the SDGs point out the greatest global challenges, we can continually compare our work with social responsibility in our investments to the SDGs. Thereby, we ensure that the work we do addresses all relevant and material areas.

THE UN SUSTAINABLE DEVELOPMENT GOALS



ATP's ESG processes cover the Sustainable Development Goals

The business community has in general really embraced the SDGs. This is useful for ATP, as it demonstrates that the companies understand the greater social agenda and it ensures that the companies focus on the areas that they need to in order to ensure that world can meet the SDGs by 2030.

The financial sector has also embraced the SDGs, which has resulted in a number of new investment products and ways of considering investments. One of the new ways to evaluate investments is via impact investing, meaning an investment is not only judged by its financial returns but also by whether or not it has a positive impact.

We agree that the intention should be to make a positive impact via our investments, but we are careful not to take the credit for a societal effect, as it is often complex issues that determine whether an investment has a societal impact.

Compliance with the OECD guidelines helps move the world towards meeting the SDGs, and via our fact-finding work and thematic engagement, ATP thereby contributes to sustainable development. It will therefore primarily be via fact finding and thematic engagement that ATP will do its part to work towards meeting the SDGs.

Therefore, we annually state the contributions which our two fixed processes, fact finding and thematic engagement, and focused initiatives and investments have had on the SDGs.

For all of ATP's investment, there will be some degree of impact on one or more of the 17 SDGs. However, some of ATP's investments have a particularly strong connection to the SDGs as a whole or individual SDGs - we call this focused financing. One area where the connection between ATP investments and the development goals is obvious is ATP's investment in green bonds.

In 2019, ATP has once more increased its investments in green bonds, resulting in ATP holding green bonds being valued at nearly DKK 20bn at the end of the year. These green bonds are targeted financing for projects and activities contributing to sustainable development. Some of the SDGs that green bonds are particularly aimed at is *Affordable and clean energy, Sustainable cities and local communities, Climate action and Life on land*. We explain more about green bonds in our climate report.

In 2019, ATP has also invested in Copenhagen Infrastructure Partners' new fund, which will be investing in renewable energy in developing countries where renewable energy is not yet widespread.

Real estate and construction represent approximately 40 per cent of our total energy consumption in Denmark, and as a real estate investor, ATP can use its influence to make a positive impact. For ATP's subsidiary ATP Real Estate, the SDGs are both a tool for focusing on specific areas of real estate development and for showing how sustainable real estate supports sustainable societal development.

SOCIALLY RESPONSIBLE DUE DILIGENCE CONTRIBUTES TO THE UN'S SUSTAINABLE DEVELOPMENT GOALS

"Complying with the OECD's guidelines and the implementation of socially responsible due diligence processes contributes to both society and sustainable development in accordance with the UN's 17 SDGs and the Paris Agreement."

The Danish Business Authority's Guide for Responsible Investments (Translation by ATP).

	Goals	ESG processes	Focused investments and initiatives
1	No poverty		The Danish SDG Investment Fund
2	Zero hunger	Fact finding	The Danish SDG Investment Fund
3	Good health and well-being	Fact finding	Sustainable properties
4	Quality education	Fact finding	
5	Gender equality	Fact finding	The Danish SDG Investment Fund
6	Clean water and sanitation	Thematic Engagement	The Danish SDG Investment Fund
7	Affordable and clean energy	Thematic Engagement	Green bonds, the Danish SDG Investment Fund, Investments in renewable energy
8	Decent work and economic growth	Thematic Engagement, Fact finding	The Danish SDG Investment Fund
9	Industry, innovation and infrastructure	Thematic Engagement	
10	Reduced inequalities	Thematic Engagement, Fact finding	
11	Sustainable cities and local communities		Sustainable properties
12	Responsible consumption and production	Thematic Engagement, Fact finding	The Danish SDG Investment Fund, Sustainable properties
13	Climate action	Thematic Engagement	Climate Action 100+, Green bonds, the Danish SDG Investment Fund, Sustainable properties
14	Life below water	Thematic Engagement	
15	Life on land	Fact finding	
16	Peace, justice and strong institutions	Thematic Engagement, Fact finding	
17	Partnerships for the goals	Thematic Engagement	Member of PRI, IIGCC, Climate Action 100+, the Danish SDG Investment Fund

Sustainable properties supports the SDGs

ATP's subsidiary, ATP Real Estate, develops and manages properties. As a developer, ATP has a great deal of influence on processes and the selection of materials in both new properties and when renovating older properties. Sustainable properties are attractive to our tenants, and therefore they help to ensure that ATP gets good returns while we are also contributing to meeting the SDGs.

also serving as an illustration for how the effort is supporting a sustainable societal development.

Like the rest of the Group, ATP Real Estate supports all 17 SDGs, but it has chosen to put a special focus on *Good health and well-being*, *Sustainable cities and local communities*, *Responsible consumption and production* and *Climate action*. ATP Real Estate has assessed that these are the four areas that the company's real estate activities have the most direct impact on in terms of both local and global sustainability.

In ATP Real Estate, the UN's SDGs are both a tool to focus on specific themes when developing the property portfolio while

Sustainability certification

The certification of sustainability in properties ensures that each individual property complies with a number of specified criteria which together create a more sustainable property.

From 2020, all newly constructed properties in the portfolio must be certified as DGNB Gold or with another recognised certification of a similar level. Properties that are in the midst of major renovations must be brought up to the DGNB Silver level and, ideally, higher. Other recognised certifications can also be applied.



Reducing energy consumption

ATP Real Estate aims to actively contribute towards creating a carbon neutral society and meet the objectives of the Paris Agreement by reducing the energy consumption per m2 in the property portfolio by 10-20 per cent in 2025 and by 30-40 per cent in 2040 (compared to 2018 levels).

The consumption of district heating in the portfolio in 2018 was at approximately 80 kWh per m2. The electricity consumption in 2018 was at approximately 20 kWh per m2 for the common areas in multi-user properties and approximately 87 kWh per m2 for the total area of residential properties.



Interior climate in dialogue with our customers

When ATP Real Estate develops properties, a major focus of ours is on a good interior climate and ensuring the health of the users.

The goal is to develop properties so that they are actively promoting a good interior climate. ATP Real Estate determines the optimum level together with the customers - based on individual needs and the function of the property.



Renewable energy and district cooling

In building projects and the ongoing development of properties, ATP Real Estate assesses the opportunities for producing renewable energy such as solar power and geothermal energy locally. Where possible and relevant, the use of district cooling is also prioritised. The requirement for both is a healthy overall economy.



Responsible partners
ATP Real Estate cooperates with external partners on many different types of tasks and is keen to ensure that they are operating their business responsibly. Among other things, they must contribute to identifying and addressing risks such as fraud, corruption and the formation of cartels. They may not deliberately or repeatedly be involved in questionable activities such as using illegal labour or disregarding environmental legislation or other applicable laws.

Workplace safety
When ATP Real Estate constructs and maintains properties, it is focused on ensuring that the work is done on a healthy and safe basis. In addition to the provisions of the Danish Working Environment Act, the requirements include that all suppliers are committed to actively work towards avoiding workplace injuries and promote well-being. This applies to both employees and subcontractors. Repeated cases of unsatisfactory safety issues will have consequences for the future partnership with the supplier in question.

Recycling materials
In connection with all major projects, ATP Real Estate will assess and document the potential for recycling materials. For example, by reusing materials in construction or by making it possible for others to reuse the materials from our own projects.

The goal is to build competences so that, as far as possible, it becomes possible to reuse materials while also taking into account the quality, amount and cost of reusing the material.



Focused financing for the SDGs

In 2018, ATP pledged DKK 400 million to the Danish SDG Investment Fund which is managed by the Investment Fund for Developing Countries. In 2019, the fund had final pledges totalling DKK 4.85bn, of which DKK 2.9bn came from institutional investors such as ATP. The Investment Fund for Developing Countries expects that the new fund will help to mobilise additional capital in the individual companies in the developing countries and the total investments are expected to amount to approximately DKK 30bn.

The investment will contribute with financial returns that benefit ATP's members, but the investments can also contribute to increasing our understanding of the SDGs - among other things, via the ongoing measurements and reports made by the fund about how it contributes to realising the SDGs.

In order to put the focus on the Investment Fund for Developing Countries' work and how it expects the investments to impact the SDGs, this report gives insights into the type of investments that the fund makes.

HEALTH FACILITIES IN AFRICA

The current healthcare sector in Africa is underdeveloped. 11 per cent of the world's population live in sub-Saharan Africa. They represent 24 per cent of the world's disease burden, and yet, only one per cent of the world's healthcare costs are used in Africa. In order to improve the access to hospitals and clinics in the eastern and southern part of Africa, a new company has been created - Hospital Holdings Investment - in which the Danish SDG Investment Fund has invested DKK 60 million.

The strategy is to create new hospitals and clinics and acquiring existing healthcare facilities in order to modernise and expand them. Thus, the investment contributes to the third SDG, where the goal is, among other things, to achieve universal healthcare, including the access to critical health services that are of a high quality and reasonable price. This certainly applies to the developing countries, as goal 3.C involves a significant expansion of healthcare financing and recruitment, education and retention of the healthcare workforce.

The company's first investment has been in AAR Health Care, which is an existing company in the healthcare sector that treats more than 700,000 people each year in Kenya, Uganda and Tanzania.

INTERNET ACCESS IN MYANMAR

There is very limited access to digital services in Myanmar. With an investment of DKK 25 million in the internet provider Frontiir, which has access to modern and competitive technology, the Danish SDG Investment Fund helps to improve the access to the internet in the country. Frontiir's mission is to provide cheap digital access and usable IT services to people and to contribute to modernising Myanmar's technological infrastructure and reduce the digital divide.

The cell phone penetration in Myanmar is over 90 per cent, but the access to digital services remains very limited. The internet provider Frontiir aims to increase the number of internet connections by rolling out a wireless broadband solution and fibrenet to home connections. In the last three years, the number of Frontiir's users has grown from 4,000 to 750,000.

The service offered is a so-called last mile solution, which provides an effective and cheap wireless connection to companies, homes and individuals. The ambition is to expand the services to the low-income areas in the largest cities, Yangon and Mandalay, and to reach 22 other cities in 2022.

BLUEBERRY PRODUCTION IN AFRICA

The Danish SDG Investment Fund has invested approximately DKK 75 million in Africa's leading blueberry producer, Mbiza, which allows the company to expand its growing areas by 180 hectares and modernise its packing facilities. The expansion will create 200-250 new permanent jobs and give jobs to several thousand additional seasonal workers.

Mbiza manages over 300 hectares of land and also sources products from surrounding farms which cover an additional 400 hectares. The more than 35 rural areas are in South Africa and Zambia. After the expansion, Mbiza will be occupying 600 people and supporting up to 12,000 seasonal jobs on Mbiza's farms and the surrounding agricultural areas that sell to Mbiza.

Most employees at Mbiza are young, female, unskilled workers who receive on-the-job training. In addition, the founder, Roger Horak, has set up the OZblu Academy which offers medium and long study programmes in gene research for approximately 50 PhDs and five PhD students.

The investment from the three development financing institutions will allow the company to expand its growing areas and its packing capacity and thereby win market share in the growing market for blueberries.

Plastic impacts many of the SDGs

At ATP, we use the SDGs as a frame of reference to evaluate our work with social responsibility. In 2018, we determined that we had not sufficiently worked on Goal 14 - Life under water. Therefore, we decided to focus on this goal in 2019 and we will continue doing so in 2020.

In recent years, there has been a great deal of focus on plastic waste in the oceans. As investors and owners, we can pressure companies to limit their use of plastic, minimise their plastic waste and increase their use of recycled plastic and thereby make a positive impact on Goal 14. However, plastic impacts other SDGs as well.

For example, it has an impact on the climate. Over 90 per cent of plastic is made from oil, and the more plastic that needs to be produced, the more oil needs to be extracted as well. At the same time, the plastic that is not reused is often simply burned, which releases the CO₂ stored in the plastic. Therefore, recycled plastic can help reduce CO₂ emissions as well.

At the same time, a greater focus on plastic in the investment process also makes sense from a more isolated perspective focusing on returns. A future tighter regulation of plastic is a financial risk for companies who are not taking this into account. For example, the EU has issued a directive which, among other things, is to reduce the use of single-use plastic products. Similarly, in its Strategy for Plastic in a Circular Economy, the EU has laid out a number of ambitious targets for reusing plastic. Companies that take advantage of the opportunities for sustainable handling and use of plastic gain a competitive advantage.

Plastic is used in a lot of products for many different purposes, as it has a lot of good properties - it is cheap, easy to produce, hygienic, flexible and durable. Plastic has played a major role in society since the 1950s and will continue to do so in the future. The global production of plastic now exceeds 300 million tonnes per year and is expected to double in the next 20 years.

Plastic is hard to do away with in a modern society. For example, much of the interiors of cars, ships, planes, etc. are made of plastic, and this makes them lighter and result in them

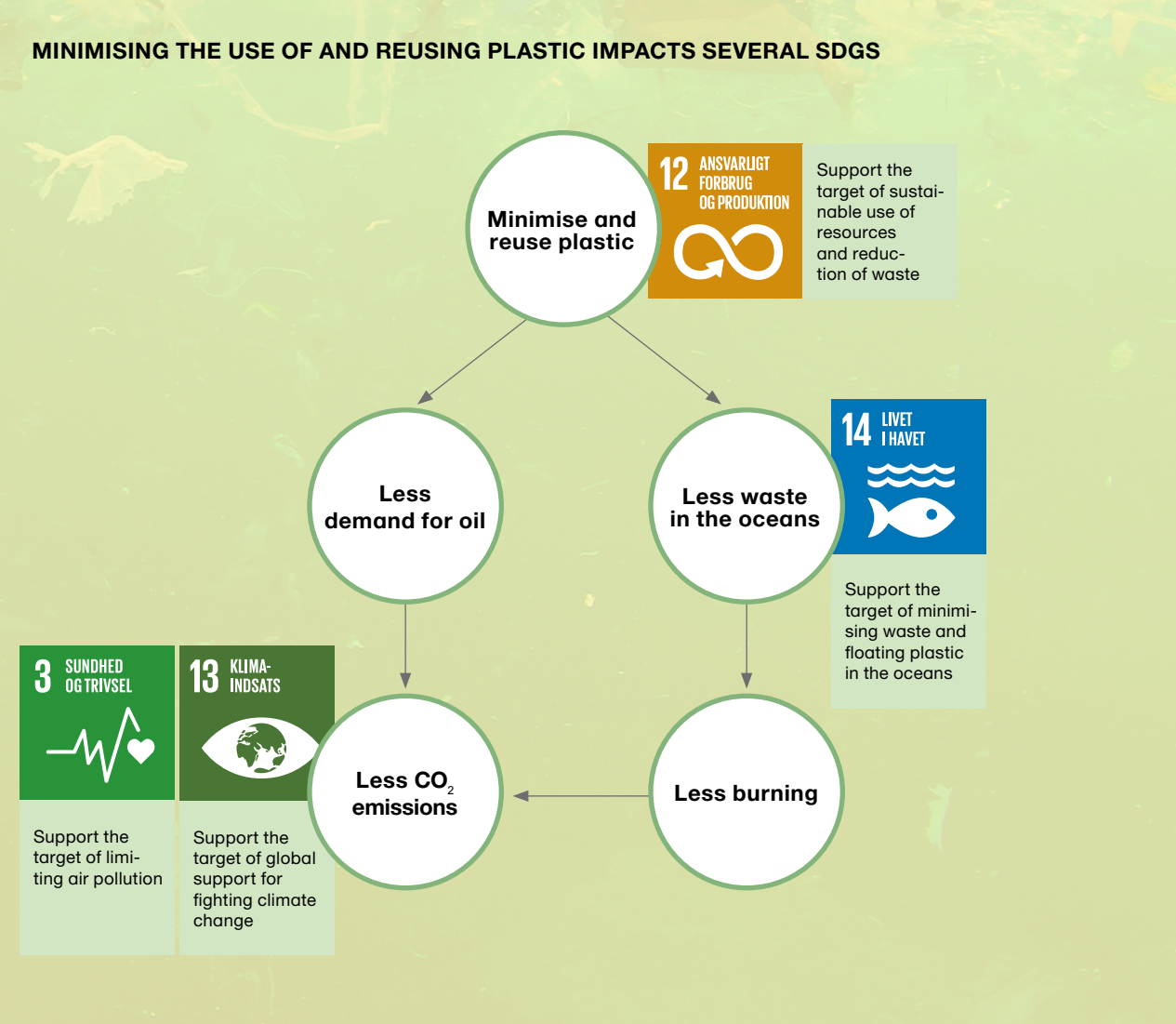
needing less fuel. This also applies to switching from glass bottles to plastic bottles. Plastic is also used to wrap food, meaning that the food lasts for longer and, as a result, there is less food waste. Finally, plastics are very frequently used in medical equipment, especially due to its flexible, durable and sterile properties.

A large part of the demand for oil between now and 2050 will be driven by the demand for plastics.

We have chosen to focus our dialogue on companies that produce medical equipment, as this is an industry where plastic is hard to phase out but which also produces a lot of plastic waste. It varies from company to company how far they have come in their development concerning plastics. With our dialogue, we can gather knowledge from the companies that have come the furthest and push the development forward in the companies who do not yet have the desired focus. That allows us to ensure that the companies that we invest in are at the forefront of development. As plastics are used in most products, the dialogue can also easily spread to other sectors.

DIALOGUE WITH PHILIPS

We have entered into a dialogue with a number of companies, and Philips was among the first. Philips confirmed our view that there have been very rapid developments in the last few years. The quality of available recycled materials is growing fast, and many recycling companies have invested in technologies to separate colours. This allows the recycled plastic to be used by more producers who, besides quality, also need the appearance to match their products. Philips has also increased its use of recycled plastics in its products due to the above.



Several Danish companies are reporting on the SDGs

In 2018, ATP examined 41 Danish companies that we invest in and their work with including the SDGs in their reporting. We have done so again in 2019 in order to monitor how Danish companies include the SDGs in their work on an ongoing basis.

Below, we will be reporting on which of the 17 SDGs are worked with and reported on. Finally, we are interested in discovering if the companies are reporting on specific targets and if the work is based on qualitative descriptions or quantitative indicators. The study has been completed based on what companies have published on their homepages and in their annual and CSR reports.

A recurring characteristic of most reports is a focus on the companies' positive contributions to the SDGs. This often includes how often the companies' products can contribute to solving some of the global challenges addressed by the SDGs. Only a small number of companies report on how parts of their business operations can risk contributing negatively to the SDGs.

The reporting is still overwhelmingly of a qualitative nature. Quantitative data is most often limited to data on CO₂ emissions, water consumption and the number of female managers. Finally, we have noted two main focuses of the reports. Some companies present the SDGs as a strategic beacon. For companies with a global reach and a specific sector focus, companies can specify an ambitious agenda within their core business. Other companies are mainly focusing on the SDGs in relation to operational initiatives, but are only to a lesser extent connecting the SDGs to the company's core business.

The 41 examined companies have widely divergent starting conditions for how they can work with the SDGs. With that in mind, in its ongoing dialogues with the Danish companies ATP is also discussing the opportunity to include the SDGs in the companies' core business.

