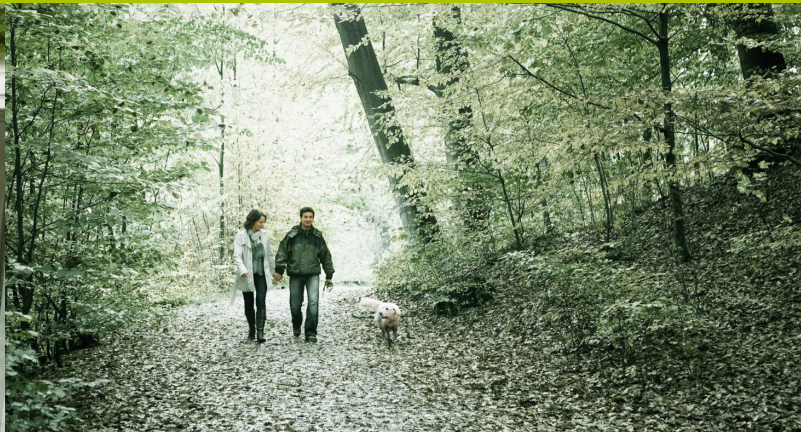
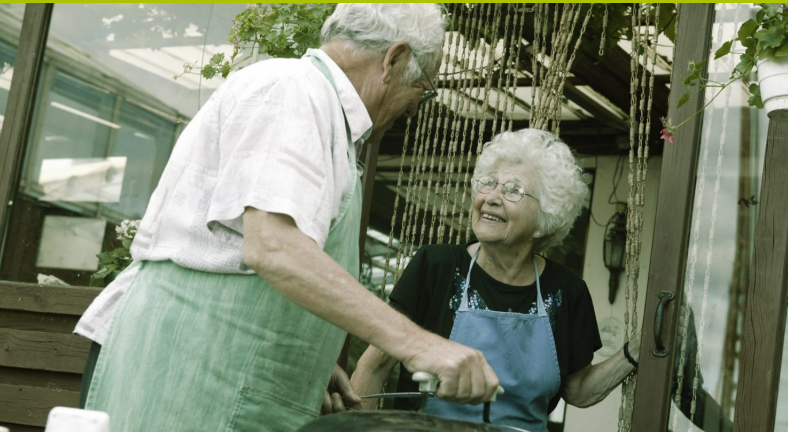


# ATP Responsibility Report 2011

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## Foreword

# Responsible development

ATP's vision to help to ensure that all Danes have the basic financial security they need is a responsible goal in itself. Administration of ATP (Danish Labour Market Supplementary Pension Scheme) and the many statutory schemes operated by ATP on behalf of the Danish Parliament supports this vision, as the schemes provide financial contributions to beneficiaries covered by these schemes.

ATP practises responsibility, which aims for all initiatives to be conducive to a favourable outcome, for the benefit of ATP's members and for inexpensive, seamless and efficient administration of payments to members of the statutory schemes. ATP ascribes to the fundamental belief that a commitment to responsibility is a precondition for the health of its undertakings.

Where responsibility is incorporated in investment decisions, the object is to achieve a high return that

benefits ATP's members and protects the value of ATP's investments.

When ATP as a company integrates responsibility in its daily work, the aim is to strengthen business development. Externally, the goal is to deliver quality at favourable prices, and internally to create a world-class workplace based on the main premise that motivated, proud and competent employees produce the highest value for clients.

In 2006, ATP adopted the UN Principles for Responsible Investment (PRI).

In 2011, ATP joined the UN Global Compact, which consists of ten principles based on internationally ratified conventions. This is yet another step on the path towards structuring the responsibility ATP addresses as a company today.

Copenhagen, 31 January 2012

Jørgen Søndergaard  
Chairman of the Supervisory Board

Lars Rohde  
Chief Executive Officer



## Summary



ATP's corporate approach to responsibility characterises the present report, which attaches importance to those areas that have undergone the most significant change in 2011 compared with 2010. For a detailed presentation of key information and explanations, readers are referred to Responsibility Report 2010.

Responsibility Report 2011 covers three main areas: ATP and society, ATP as a company and ATP as an investor. The ATP commitment to responsibility is essentially about ensuring that all Danes have the basic financial security they need.

### Main activities in 2011

#### ATP and society

ATP's vision to help to ensure that all Danes have the basic financial security they need is a responsible goal in itself. ATP's core competencies in relation to the statutory labour-market schemes consist of performing inexpensive and efficient administration.

Moreover, ATP has a vision of eliminating the complex and the cumbersome by making pension matters more comprehensible. The [www.pensionforalle.dk](http://www.pensionforalle.dk) site has been created to that end as an online guide to pensions to help the general public gain a better understanding of how pensions work.

In 2012 ATP will be taking over responsibility for payment of transfer incomes from the Danish local authorities via Udbetaling Danmark. ATP's handling of disbursements to around two million Danes, worth approx. DKK 180bn per annum, will mean annual savings for the local authorities of DKK 300m. One of the aims in setting up this payments system has been to achieve seamless and efficient client-centred administration.

#### ATP as a company

ATP as a company integrates responsibility in its daily work to strengthen business development. This commitment is supported by a focus on creating a world-class workplace based on the knowledge that motivated and competent employees create maximum value for clients.

In 2011, ATP signed the UN Global Compact (UNGC) founded on ten principles. The focus in the 2011 reporting on ATP as a company is therefore on its fulfilment of selected UNGC principles.

In 2011, prior to the creation of Udbetaling Danmark in 2012, one ATP project was to ascertain the preferences of future employees in connection with recruitment. Another focus in 2011 has been on creating a sustainable buildings programme for design of the premises which from 2012 will house employees at Udbetaling Danmark's



regional centres. The buildings programme will comprise three newbuilds and the refurbishment of an existing building.

In human resources, the employee satisfaction survey for 2011 showed success in sustaining the high level of satisfaction of previous years. A high level of well-being at work and job satisfaction are thus taking ATP from strength to strength in the efforts to create a world-class workplace. Being named the second-best place to work in Europe in 2011 was therefore a source of great pride for the company.

ATP has an ambition for continued improvement, and is committed to creating a more diversified workplace.

In 2011, ATP adopted a new 'Policy of Diversity' which takes a broad view of diversity, and is supported by five select focus areas. 2011 also saw the continuation of FAcility SErvice+ (FASE+), a special ATP department for particularly vulnerable groups in the labour market.

Within procurement and supplier relations, in 2011, a task force was appointed to strengthen the efforts in this area. In 2011, the ATP canteen received the 'Kantinepris 2011' a national award recognising its efforts to assume

its share of responsibility for the company and for the community it is a part of, in terms of both employee health and the use of local produce and organic foods.

Electricity consumption has been reduced year on year since energy-saving came into focus in 2006, and within the last five years, ATP has made an annual financial saving on electricity of just over DKK 100,000. Both electricity and heating have been optimised, and the aim now is to maintain the present low level.

With regard to transport, ATP's combined carbon emissions from air and road travel are at their lowest level in five years.

As part of anti-corruption measures, in 2011, efforts have been in progress to set up a whistleblower function, which is due for implementation in 2012.

#### **ATP as an investor**

ATP practises responsibility in investments in order to secure and increase the return for the benefit of members.

In 2011, ATP developed a new process for addressing environmental, social and corporate governance (ESG) issues in its investments in corporate bonds.



ATP also continued its tradition for active ownership. In 2011, ATP was in the public eye surrounding its dialogue with the pharmaceutical company Lundbeck concerning the use by American prisons of the company's epilepsy drug as a sedative in lethal-injection execution of death-row prisoners.

Active ownership and dialogue with the tenants of properties owned by ATP Ejendomme was further extended in 2011. A 'sustainability engineer' was hired and a 'Green Guide' produced for the users of the tenancies giving recommendations on energy- and eco-friendly behaviour.

To lend its support to anti-corruption efforts, ATP joined the Extractive Industries Transparency Initiative (EITI), an international forum of countries, companies, civil society organisations, industry associations and institutional investors allied in combating corruption in the oil, gas and mining industries.

In 2011, ATP endorsed the Principles for Responsible Investment (PRI) by participating, as the only Nordic investor, in an international group of experts convened to draw up a new standard for mandatory reporting to the PRI. ATP was also involved in other international alliances, including a group of international investors who drew up the Principles for Responsible Investment in Farmland.

ATP Real Estate Partners also stepped up its international involvement in 2011 by joining the Global Real Estate Sustainability Benchmark (GRESB) initiative. With GRESB, investors have gained a tool for fostering dialogue with fund managers on social and environmental issues. The results of the annual GRESB survey will in future be used actively in dialogue with international real estate funds on improving their sustainability performance.

Finally, ATP further increased its transparency by reporting at year-end 2011 on the countries in whose government bonds ATP has invested.



# Chapter 1

## ATP and society



# Vision and values

## Vision

We are here to ensure basic financial security for all of Denmark

We dare take novel and innovative approaches in the world of social security and pensions

We strive to eliminate the complex and cumbersome

We make it safe and easy for the individual

Simplicity and high returns are to ensure world-class performance over and over

## Values

### Trustworthiness

- We are ever aware that it is our client's funds we are managing
- We exhibit openness in respect of our actions
- We assume responsibility for the decisions we make

### Innovativeness

- We take the initiative and blaze our own trail
- We use state-of-the-art technology to meet our clients' needs
- We develop new competencies

### Competitiveness

- We put our clients first
- We provide quality at favourable prices
- Everything we do is founded in extensive knowledge and long experience

### Job satisfaction

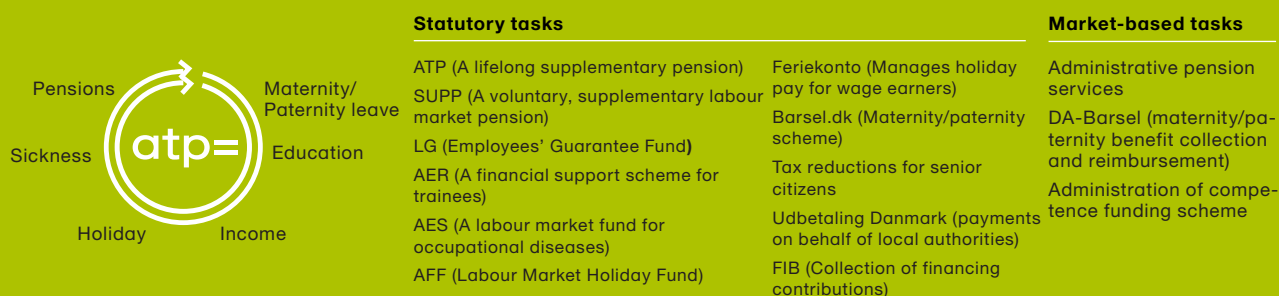
- We show respect and make demands
- We have influence and assume responsibility
- Each and every one of us makes a difference
- .....and don't forget: working should be fun!





## Clients in focus

### ATP's tasks – pensions and social-security services



ATP's vision to help to ensure that all Danes have the basic financial security they need is a responsible goal in itself. Management of the many schemes by ATP supports this vision, as the schemes provide financial contributions for beneficiaries covered by these schemes.

ATP's clients consist of almost all adult citizens and every single business entity in Denmark. ATP's core competence is the inexpensive and efficient management of comprehensive labour-market schemes, including asset management.

In 2011, a pension guide was published online to improve the general public's knowledge and awareness of pensions. In addition, work has proceeded on establishing Udbetaling Danmark. For further information about the other labour market schemes, see [www.atp.dk](http://www.atp.dk).

#### **Pensionforalle.dk – easy-to-read pension guide for the general public**

Many Danes feel that they are not well-informed about pensions generally and about the ATP scheme in particular. As the whole of Denmark's public pension fund, ATP has a responsibility to provide basic pensions security to all Danes. Recognising this responsibility, ATP is seeking to make the complexities of pension provision relevant and interesting.

In order to understand ATP, the Danish public needs

to understand pensions generally. Pensionforalle.dk is ATP's online guide to pensions, where the aim is to make the general public more knowledgeable about pensions. ATP does not provide pensions advice, but guides and inspires readers in a language accessible to everyone. On the site, ATP aims to meet the public's need for pensions information when they are faced with choices in life. Pensionforalle.dk addresses the many changes people experience in the course of a lifetime, including marriage, maternity leave, change of job, divorce – changes that may cause them to review their pension cover.

#### **Payments Denmark - income support for two million Danes**

In 2010, the Danish Parliament decided to consolidate the administration of a number of transfer payments under Udbetaling Danmark, to be operated by ATP from October 2012. ATP has been given responsibility for the system, and has thereby also taken on a considerable social responsibility. Udbetaling Danmark will be processing payments to around two million Danes, worth approx. DKK 180bn per annum. The payments relate to state pension, disability pension, housing benefit, maternity/paternity benefit and family benefit.

Many citizens are reliant on the payments to be effected by Udbetaling Danmark, and the administration costs are significant for the national economy. ATP is consequently integrating responsibility as a key element



of the structure and operation of Udbetaling Danmark. This payments service is the largest ever entrusted to ATP and more than doubles the existing organisation, since the new service will create 1,500 full-time equivalent jobs.

#### **Efficient and seamless administration**

Udbetaling Danmark has been established as a means of freeing up public funds and easing citizens' communication with the public sector. Consolidating the administration will yield annual savings of DKK 300 million, and this money will be channelled back to the local authorities. ATP will realise the savings through seamless, consistent and efficient administration. The aim is equally for citizens to experience a high level of service in the processing of their payments.

Much of the service to citizens will be provided in the form of online self-service. ATP is thereby supporting the transition to the digitalised Denmark, which the Government is seeking to promote in its joint digital government strategy.

#### **Citizens with special needs**

A crucial factor in development of the Udbetaling Danmark system is citizen perceptions of service excellence irrespective of their life situation and computer skills. In developing the Udbetaling Danmark system, ATP is mindful of citizens who are unable to operate a telephone

or digital media unassisted in their dealings with public authorities. These citizens are reliant on good, physical, personal service, and ATP and the local authorities are responsible for providing this to them.

ATP and the local authorities have arrived at a model for interaction that caters to citizens who need physical service. This service will be assigned to some of the 500 employees who will continue to work in the payments areas in question at the municipally-operated Citizen Service centres.

In addition to citizens who require physical service from their local authority, ATP must also cater to citizens who have difficulty dealing personally with public authorities. ATP has consequently established a joint service with user organisations for particularly vulnerable citizens.

#### **Accurate payments based on accurate facts**

ATP is committed to ensuring that citizens receive accurate payments based on accurate facts, and has drawn up a strategy for a payments validation procedure. This strategy aims on the one hand to make it easier for citizens to understand what they are entitled to and how to claim payments, and on the other hand to ensure full validation of citizen claims and regular pay-outs. ATP, in close cooperation with the local authorities, will be stepping up efforts to detect benefit fraud.



# Chapter 2

## ATP as a company





## Responsibility within the company

### Human resources policy

The human resource policies are founded on various guidelines, values and policies framing management-staff relations.

### Policy of Diversity

The Policy of Diversity attaches importance to an inclusive workplace in respect of gender, age, ethnicity, religion and reduced working capacity.

### Health and Safety at Work Policy

The Health and Safety at Work Policy focuses on a safe, healthy and attractive work environment for everyone at ATP.

### Procurement Policy

The Procurement Policy strives for sustainable solutions with emphasis on price, quality and service.

As a company, ATP integrates responsibility in order to strengthen business growth by creating a world-class workplace based on the main premise that motivated, proud and competent employees produce the greatest value for clients. ATP ascribes to the fundamental belief that a commitment to responsibility is a precondition for the health of its undertakings.

ATP as a company operates within the frameworks of ATP's values, policies, internal work processes and procedures. Policies of particular relevance to the focus areas in the present report pertain to areas such as skills development, diversity, health and safety at work and procurements.

### ATP endorsement of the UN Global Compact

In 2011, ATP became a signatory to the UN Global Compact (UNGC) consisting of ten principles (see below), all of which are based on internationally ratified conventions on human rights, employee rights, environmental protection and anti-corruption measures. The focus of the 2011 report is on ATP as a company is therefore on its fulfilment of selected UNGC principles.

### Commitment to learning and knowledge building

At ATP, learning, knowledge-sharing and in-house cooperation take high priority. Moreover, ATP is focused on developing additional networks and knowledge in the area of responsibility. In connection with its endorsement of the UNGC principles, ATP joined the Global Compact's

#### The ten principles of the UN Global Compact (UNGC)

##### Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

##### Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour,
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

##### Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

##### Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.



Nordic Network, and in November 2011 participated in a network meeting in Oslo. ATP is upgrading the skills of key employees in this area through participation in professional networks, courses and conferences.

#### **ATP reporting to UNGC**

ATP continues to support the UN Global Compact, and the chapter on responsibility within the company also constitutes ATP's first Communications on Progress (COP) to the UNGC. The reporting is consequently structured according to the UNGC principles, and for

2011, the focus is on UNGP principles 1, 2, 6, 7, 8 and 10. Some of the activities form a natural element in ATP's day-to-day operations, while others are selected focus areas.

As regards principles 3, 4 and 5, ATP is compliant with current Danish legislation in this area, and has a long-standing tradition for good relations between management and employees. Regarding principle 9, ATP as a company has not instituted any measures for this in 2011.

## UNGC Principle 1

# Human resources in focus

### Trend in employee satisfaction 2007 - 2011

	2007	2008	2009	2010	2011
Job satisfaction	77	79	82	84	83
Daily management	83	83	84	84	85
Day-to-day work	78	79	82	84	83
Professional and personal development	78	78	80	82	81

### Trend in number of days devoted to skills development 2007 - 2011

	2007	2008	2009	2010	2011
Skills development days (average per employee)	9.1	9.0	8.3	8.7	8.8
Sickness absences (short term)	5.6	4.7	5.0	4.1	4.4
Staff turnover	-	15.2	6.8	9.0	9.3

ATP is keenly committed to creating a world-class workplace in which staff feel that they have scope for initiative, responsibility and influence in their day-to-day work. The philosophy is for everyone to feel that they are seen, heard and understood, and the concept is founded on cohesion, respect and cooperation. ATP's approach is informed by the knowledge that people have differing needs, depending on what phase of life they happen to be in. This means, for instance, facilitating a family-friendly workplace, where the focus is on work-life balance and the individual's social and personal development. ATP strives to create a stimulating and dynamic workplace conducive to employee well-being and personal growth. In 2011, ATP took pride in being named the runner-up in Europe's best workplace ranking.

#### Requirements for well-being and development

In 2011, ATP's performance indicators for employee satisfaction were: 'Job satisfaction', 'Daily manage-

ment', 'Day-to-day work' and 'Professional and personal development'. ATP has found that these focus areas are decisive parameters for creating a world-class workplace, and they are therefore used as key performance indicators in the strategic focus.

ATP has ambitious aims for high employee satisfaction, which is seen as a precondition for further developing a world-class workplace. ATP has systematically measured employee satisfaction within the company since 1998.

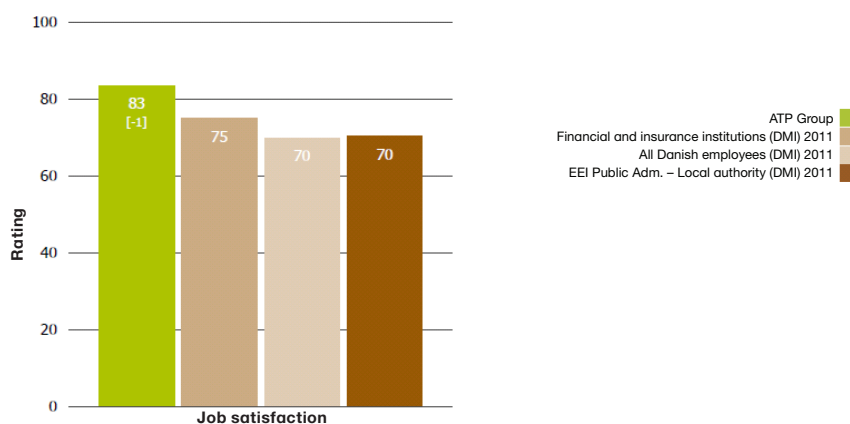
The annual employee satisfaction survey has now been part of ATP's business plan for a good many years, and has equal standing with other strategic focus areas. In 2006, the target was set of attaining an index score of 80 (index 100 = highest score) by 2010 for a range of benchmarks. When those targets were met in 2010 it was decided to strive to maintain the high score of 80 on

#### Results of Employee Satisfaction Survey 2011

The Employee Satisfaction Survey in 2011 demonstrated ATP have succeeded in maintaining a high level of satisfaction as a place to work. Every business unit in the company receives feedback on the results in detailed reports for the respective business area. The results are also reported to the administrative management, committee on health and safety and joint consultation committee. Based on the results, the focus areas are identified and will be addressed in the ongoing efforts to make improvements. For any units scoring less than 75 on the index, management draws up action plans to identify ways to improve on the score. As part of the systematic working environment efforts, progress on the action plans is monitored. All employees of the ATP Group are given the opportunity to see the report and action plans for their own area.



**Figure 1: Scale of job satisfaction 2011**



the index for the years going forward to 2015. This is an ambitious aim given that ATP will be undergoing large-scale organisational development in 2012 with more than a doubling of staff numbers within the ATP Group. This is due to ATP having been assigned responsibility for operating Udbetaling Danmark, which is organised under five regional centres in Frederikshavn, Holstebro, Haderslev, Vordingborg and Hillerød.

ATP is committed to maintaining a high level of employee well-being, job satisfaction and productivity in the new and much larger organisation. Skills development, management, working environment, health, job satisfaction and work-life balance are regarded as key preconditions for maintaining the high employee satisfaction survey level at an index score of 80 for 2012.

Besides key HR figures from the employee satisfaction survey, ATP also monitors the trend in staff turnover, short-term sickness absences and skills development days. Again, in 2011 the target for all employees to devote at least five days a year to skills development was met. Staff had on average 8.8 days for skills development in 2011. In addition, the short-term sickness absence rate and staff turnover rate are satisfactorily low.

#### Health carries an obligation

ATP is certified in accordance with the international OHSAS 18001 standard which includes a general health and safety management system. This ensures a systematic focus on creating a sound physical and mental workplace. In 2012, ATP will be recertified. The plan is for the new Udbetaling Danmark centres to be occupational health and safety certified at some stage in the future.

#### Lead ranking over comparable companies

ATP measures employee satisfaction against a number of external benchmarks. In all the main focus areas, ATP significantly outperforms comparable companies. E.g. general job satisfaction scored 83 on the 100-index, where the average for 'All Danish employees' in comparable companies in 2011 was 70. For the 'Financial and insurance institutions' sector, 'Job satisfaction' in 2011 achieved an index score of 75 and in the 'Public administration and local authority' sector the 2011 level was 75 on the index score (see Figure 1 above).



ATP's occupational health and safety standard has also been incorporated in the process of establishing the five new Udbetaling Danmark centres, and will form the basis for health promotion and preventive efforts for staff at the centres. ATP will, for example, be offering a healthy canteen scheme, access to fitness facilities, workplace visits and health advice to all employees across the different ATP Group sites. ATP will also continue to prioritise active associations such as the staff association, the arts & culture society and the sports association.

The layout of the Udbetaling Danmark premises is designed to create a shared setting for employees with well-defined, intuitive structures laid out in a contemporary office space. The aim is for the premises to promote teamwork and sparring across departments and units in order to create a new, unified company culture with an attractive working environment, both professionally and socially. The buildings will be characterised by simplicity and will have an atmosphere of dedicated professionalism and efficiency, and also come across as friendly and welcoming.

In addition, ATP's IT area will be relocating around 300 employees to an existing building in Allerød, which will also be fitted out to meet ATP's occupational health and safety requirements, as well as integrating the health promotion and preventive measures.

### **Consideration and competencies**

Around the time of the launch of Udbetaling Danmark, local authority employees will be transferred to ATP in accordance with the Danish Company Transfer Act. As part of this process, in autumn 2011, the local authorities notified ATP of the some 1,100 employees affected by the transfer. Of these, 860 employees stated that they

anticipate transferring with their present responsibilities to ATP while the rest are undecided.

ATP has attached importance to giving the incoming employees influence over their future employment with ATP. Accordingly, the employees transferring to ATP have been asked to advise their personal preferences with regard to workplace location, field of work and job title. ATP was subsequently able to accommodate all of the employees' preferences regarding location and field of work. In addition, in the majority of cases, ATP was in a position to meet their requests for future job title.

Besides the employees transferring from the local authorities, ATP will be recruiting additional employees. Recruitment needs are due to be finalised by Q1 2012. Staffing of the centres has to allow for a gradual reduction by Udbetaling Danmark in full-time equivalent jobs from approx. 1,500 to approx. 1,000 by year-end 2014. On this basis, ATP is expecting to have to recruit between 400 and 600 external employees. A number of these positions will be created as time-limited so that ATP can avoid having to dismiss employees who transferred from the local authorities when the number of full-time equivalent jobs has to be reduced.

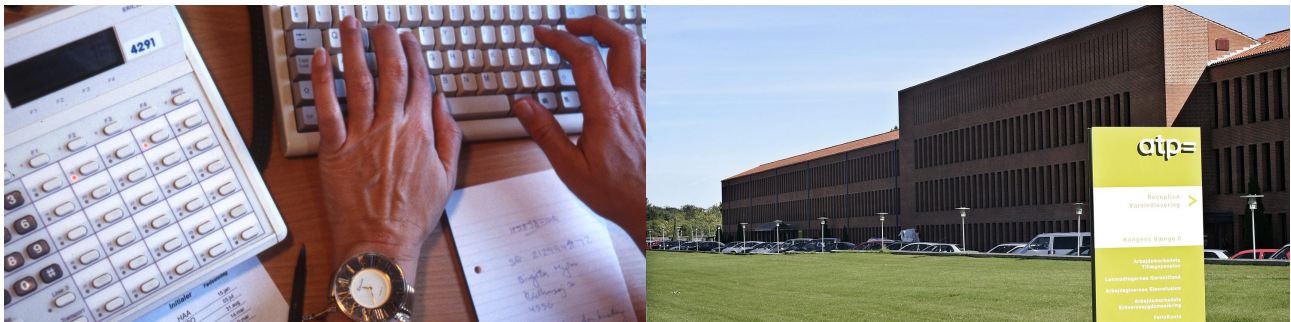
The recruitment strategy will support the aim of service reliability when Udbetaling Danmark is launched. One crucial factor in achieving operational stability is to have a sufficient number of competent employee resources in place when the payment services are transferred from the local authorities to Udbetaling Danmark. That aside, the recruitment strategy underpins ATP's general HR and recruitment strategy, which focuses on job satisfaction, diversity and work-life balance and other aspects of workplace welfare.





## UNGC Principle 2

# Supply-chain management



As a company, ATP has a means of supporting human rights externally through its day-to-day dealings with suppliers and business partners. ATP consequently recognises the importance of, as far as possible, engaging in the prevention of human rights abuses and will be seeking to step up efforts in this area.

ATP's Procurement Policy strives to coordinate procurement with a focus on price, quality, service and sustainability. ATP uses systems such as SKI (National Procurement Denmark) to ensure vendor observance of the UNGC principles.

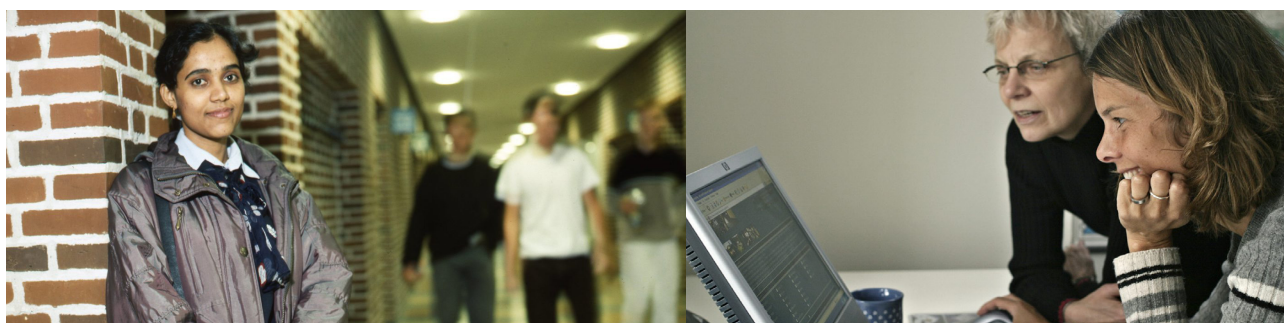
A task force was appointed in 2011 to develop initiatives in sustainable procurement and supply-chain management. In 2012, this will entail drawing up a Code of Conduct and procedures for supply-chain management and sustainable procurement.

Given that responsible supply-chain management concerns both social and environmental issues, ATP anticipates that stepping up efforts in this area will be conducive to full observance of the UNGC principles.



## UNGC Principle 6

# Inclusiveness and diversity



ATP has a long-standing commitment to creating an inclusive workplace. In 2011, ATP adopted a new 'Policy of Diversity' which replaces the former 'Policy of Inclusive Social Responsibility' from 1999. The new policy is founded on the same intentions and objects as its predecessor, but embraces a more ambitious and broader view of diversity.

ATP believes that diversity is an intrinsic strength that extends capability for performance of the tasks entrusted to ATP and ultimately improves our bottom line. ATP also finds that diversity is conducive to a more dynamic and inspiring work climate, not least in that it serves to promote interpersonal flexibility and learning.

In 2011, to underpin the 'Policy of Diversity', ATP set new goals for diversity, selecting five focus areas to ensure

diversity in the staff mix by increasing the share of employees representing the following employee groups:

- Employees under 35
- Employees over 55
- Employees from non-Western countries
- Women in management
- Employees on special terms

### Goals for the period up to 2013

In 2011, the business areas were involved in targeted projects to translate ATP's 'Policy of Diversity' into concrete recruitment strategies. 2011 saw the appointment of more employees under 35, which indicates an effect from the new approach to ATP recruitment.

### Focus on diversity in 2012

In 2012, the focus will be on various ways of supporting the diversity drive. In an effort to attract and retain employees under the age of 35, a range of initiatives will be established to boost the ATP 'youth culture'. In order to strengthen recruitment and inclusion of employees from non-Western countries, a raft of initiatives has been planned for 2012 for both management and staff. The focus will be on cultural appreciation, diversity management and best practice in workplace integration of new employees from non-Western countries. In addition, ATP will continue to offer Danish language programmes where needed to both employees from non-Western countries and ethnic Danes.



ATP's diversity goals for the period up to 2013 are ambitious. The business areas are bound by the targets laid down in their strategic plans and are required to report on their progress to administrative management on a quarterly basis. ATP expects the new, more wide-ranging commitment to diversity to have a positive impact on the diversity culture in the company and to boost goal attainment.

#### **Department for vulnerable groups in the labour market, FASE+**

ATP has experience in employing staff on special terms. There are currently 17 members of staff employed on flexi-job, wage-subsidisation and other labour market schemes. In addition, since it was started up in January 2010, ATP's department for vulnerable groups in the labour market, FASE+ (FAcility SErvice+) has had 23 employees on short-term or extended work-experience programmes.

So far, FASE+ has focused on vulnerable women from ethnic minorities seeking to gain a foothold in the labour market. The department facilitates individualised on-the-job development programmes that serve to determine participant skills and labour-market readiness. The focus has mainly been on building IT and language skills that are crucial in enabling these women to gain entry to the labour market. ATP has therefore offered workplace

IT and language training courses. The company also focuses on supporting, developing and strengthening these women's cultural appreciation as it relates to the Danish labour market.

Only 4 out of the 23 women under the department left before the end of their work-experience placement. The main reasons for leaving the programme were personal circumstances.

Crucial to the success rate has been the assignment of a departmental supervisor specifically to support each of the women on their development programme. This managerial impetus is essential for the women personally, but also for bridge-building between the department and ATP's core business and the rest of the ATP staff in terms of specific tasks and collaboration, as well as myths and prejudice surrounding this particular employee group.

Looking ahead to the future Udbetaling Danmark centres, ATP is planning to implement similar initiatives for vulnerable groups or other employees with special needs. This will be organised in close collaboration with local authorities and will be based on the special needs that apply in the local community. The plan is to launch these initiatives as soon as Udbetaling Danmark is up and running following the initial start-up phase.

#### **The purpose of FASE+**

The purpose of the FASE+ department is to integrate vulnerable groups in the labour market and ultimately enable them to be self-supporting either within or outside of ATP. FASE+ employees perform various service tasks across ATP's business units and relieve ATP units of a proportion of their workload, allowing them to concentrate on performing core tasks. Experience to date demonstrates that it is possible to give vulnerable groups a foothold in the labour market, but that it takes management focus and individualised, thorough induction and training.



## UNGC Principle 7

# Environmental challenges

### Trend in electricity consumption 2007 - 2011

	2011	2010	2009	2008	2007
Electricity consumption, total (MWh)	2,658	2,731	2,883	3,224	3,432
Total carbon emissions (tons)	1,199	1,232	1,300	1,841	1,959
Annual carbon emissions savings CO <sub>2</sub>	33	69	540	119	171
Annual financial savings (DKK 1,000s)	35	77	172	107	155

### Trend in heat consumption 2007 - 2011

	2011	2010	2009	2008	2007
Heat consumption, total (MWh)	3,805	3,869	3,786	3,448	3,172
Total carbon emissions (tons)	359	367	358	326	303
Average temperature	8.9	6.9	8.6	9.2	9.3
Heating degree days (HDD)	271	313	260	242	239

Efforts to reduce the company's energy consumption and climate impact are integral to day-to-day operations.

Electricity consumption has been reduced year on year since 2006 and within the past five years ATP has made average annual financial savings of just over DKK 100,000, corresponding to savings of 900 tons of carbon dioxide over the five-year period.

Heat consumption was previously audited by an energy consultancy which concluded that the premises at the Kongens Vænge site, which account for the highest share of consumption, have been correctly optimised given

the date of the building. The low heat consumption in 2007 should be seen in the light of the fact that a section of the building was closed in 2007 due to conversion work. Heat consumption generally fluctuates in line with average ambient temperature and heating degree days (HDD).

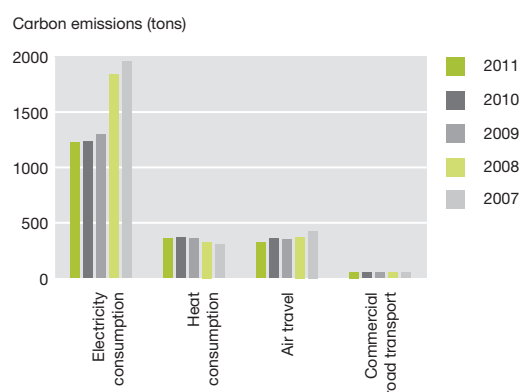
The HDD figure provides an indication of the likely consumption of energy for space heating; the higher the HDD figure, the greater the consumption.

Both electricity and heating have been optimised, and the aim is now to maintain the present low level.



## Trend in transport 2007 - 2011

	2011	2010	2009	2008	2007
Air travel ( 1,000s km)	2,825	3,323	2,612	2,788	3,188
Carbon emissions from air travel (tons)	321	361	348	371	427
Commercial road transport (1,000s km)	323	279	277	292	299
Carbon emissions from commercial road transport (tons)	57	49	49	52	53
Total carbon emissions from transport (tons)	379	411	397	423	480



Flight distances have come down, without any active measures to achieve this. Commercial road transport has increased, which is due to the establishment of Udbetaling Danmark, which has necessitated more road travel. Carbon emissions from transport all told have decreased however, and are at the lowest level in five years.

For a more detailed description of ATP's approach to climate and climate impacts, please see the ATP Climate Reports for 2008 and 2009 and Responsibility Report 2010.

For some years now, ATP's canteen has been committed to sustainability from 'farm to fork'. In 2011, the canteen was awarded the Danish Agriculture and Food 'Kantinepris 2011' in recognition of its daily commitment to putting words into actions by assuming joint responsibility for the company and for the community it is a part of.

Canteen initiatives comprise employee health, the use of local produce, organic food, traineeships and inclusion of employees from ATP's department for vulnerable groups in the labour market. The canteen will continue to refine and step up its commitment to sustainability, including its ongoing focus on reducing kitchen food wastage. In 2012, added focus will be placed on this through an in-house campaign to encourage employees to take smaller buffet servings at a time. ATP hopes that this will further reduce food wastage.

### Environmental requirements for fixtures and fittings

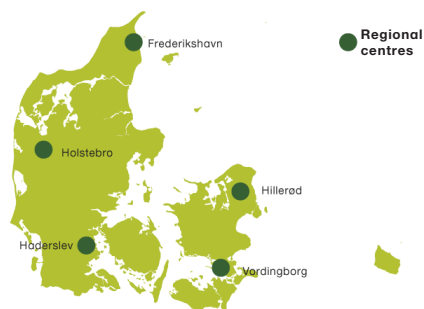
In connection with procurement of fixtures and fittings for the new Udbetaling Danmark centres, ATP's tender documents require suppliers to use materials that, as far as possible, are recyclable or can be disposed of in an environmentally sound way. In addition, procurements are subject to continuous sustainability changes.



## UNGC Principle 8

# Environmental responsibility

### Udbetaling Danmark – five regional centres



ATP is establishing five Udbetaling Danmark centres in the towns of Frederikshavn, Holstebro, Haderslev, Vordingborg and Hillerød. As it was not possible to find suitable vacant buildings for all the centres, ATP is building three new premises in Holstebro, Haderslev and Vordingborg, respectively. In Frederikshavn, the Udbetaling Danmark centre will be housed in an existing building which will be refurbished and fitted out according to ATP's requirements for occupational health and safety and sustainable buildings. In Hillerød, the Udbetaling Danmark centre will be housed in ATP's existing headquarters.

#### Newbuilds and sustainability

In autumn 2011, the sod-cutting ceremony was held for the three new buildings in Holstebro, Haderslev and Vordingborg which are scheduled for completion by autumn 2012 when Udbetaling Danmark comes into operation. ATP Ejendomme is the property developer for all three buildings.

ATP Ejendomme has devised a construction programme that assumes all-round responsibility by integrating health and safety, social, financial, environmental and climatic issues into a unified perspective. The programme covers every



aspect from the overall vision and objective to the specifics of technical installations and embodies a general system to ensure uniformity and a consistent line for the newbuild centres.

The construction process will be monitored closely to ensure ongoing compliance with ATP requirements. The buildings are to be sustainable, with the emphasis on lifecycle costing. One ATP requirement is for all three newbuilds to be constructed as low-energy buildings, which as a minimum meet the 2015 Danish energy requirements. On the buildings in Haderslev and Vordingborg for example, solar cell systems will be installed for energy-optimisation. In addition, a number of occupational health and safety requirements will be applied in order to ensure that the physical surroundings are optimised for the occupants.

Besides focusing on the finished buildings, the building programme also makes requirements regarding health, safety and environment during the construction phases. For example, transportation of materials to and from the construction sites is required to have the least possible environmental impact.

#### Sustainability screening of the building programme

In connection with preparation of the building programme, the projects have been screened in Rambøll's model for sustainable buildings – RamSub. This model translates all aspects of sustainability into measurable entities (RamSub score) and visualises the level of sustainability in all phases of the construction project. Following screening, requirements in a number of the building programme's areas were made more stringent.



## UNGC Principle 10

# Anti-corruption



ATP's efforts to counter all forms of corruption are informed by the ATP values which express respect for the fact that ATP manages the funds of more than 4.7 million members. In practice, ATP has policies for confidentiality, gifts, conflicts of interest, personal relations and insider information, and these policies apply to all ATP employees. The company has adopted policies for confidentiality, gifts and conflicts of interest which are in compliance with Danish legislation, and cover policies on gift-giving, hospitality and courses/events. The policy on personal relations includes both close relations and other relations. The policies are enforced in everyday work, and serve as guides to conduct for all ATP employees.

In addition, ATP has adopted policies on insider information, securities trading, market manipulation and speculation etc., and all employees are subject to strict non-disclosure requirements under the ATP legislation.

### Whistleblower function

In spring 2011, ATP appointed an internal task force to establish a whistleblower function to ensure that any ATP employee, business partner or supplier can contact an impartial entity anonymously to report internal circumstances which he or she believes to be unlawful.

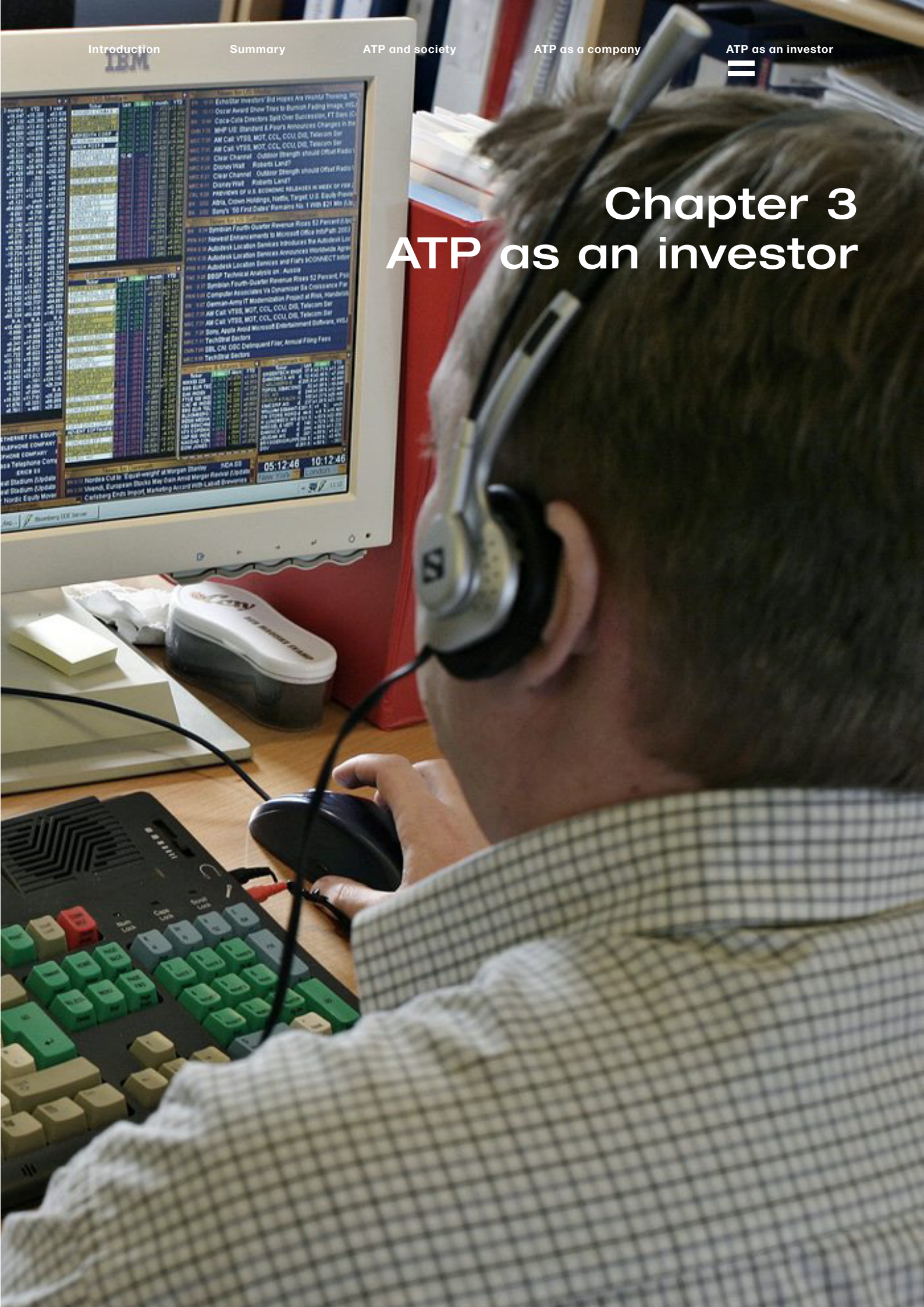
The object of establishing a whistleblower function is to protect ATP against financial crime and misconduct.

In 2011, a project was launched to identify a suitable IT system for processing the type of sensitive data the whistleblower function needs to be able to deal with, after which the approval of the Danish Data Inspectorate will be obtained and implementation of the whistleblower function can proceed. The aim is for the whistleblower function to be finalised and implemented over the course of 2012.



# Chapter 3

## ATP as an investor







## Responsibility in investment

### Policy of Social Responsibility in Investments

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

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

### Policy of Corporate Governance

ATP's Policy of Corporate Governance aims solely to protect

and increase the return on ATP's investments. ATP also attaches importance to having corporate governance help the companies in which it has invested to enjoy the lowest cost of capital and maximum competitiveness, for the benefit of all shareholders and other stakeholders.

ATP's Policy of Corporate Governance focuses on four main areas: Shareholder rights; the Supervisory and Executive Boards; disclosure and communication; and relations with other shareholders.

*For the full wording of the policies, see [www.atp.dk](http://www.atp.dk) - 'About ATP' - 'Investments'.*

ATP practises responsibility in investment in order to secure and increase the return for the benefit of members. The framework for exercising this responsibility is defined by the policies laid down by the Supervisory Board for social responsibility in investments and corporate governance.

Taken together, the policies provide a basis for addressing, in investment analysis and investment decisions, a wide range of socially relevant issues concerning what are known as ESG (environmental, social and corporate governance) issues.

### Policy of Social Responsibility in Investments

ATP's Policy of Social Responsibility in Investments means that companies in which ATP acquires equity, must respect the rule of law in the countries in which they operate. They must also respect the rules, norms and standards that ensue from conventions and other international treaties ratified by Denmark within e.g. the EU and the UN. (This applies irrespective of whether the country in which the company operates has ratified those conventions and treaties).

ATP believes that the policies serve to protect and increase the return on ATP's investments. A company's lack of responsibility may affect its value. Conversely, responsible conduct may limit risks and create business potential: this may potentially improve the value of ATP's ownership share.

### Policy of Corporate Governance

The purpose of the Policy of Corporate Governance is solely to protect and increase the return on ATP's investments by promoting good corporate governance. Corporate governance can also help ensure the companies lower capital costs and greater competitiveness for the benefit of all shareholders and the companies' other stakeholders.

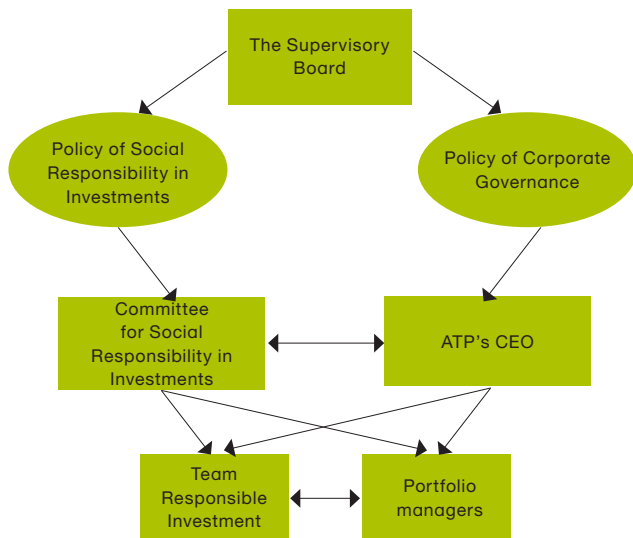
### ATP and the UN Principles for Responsible Investment (PRI)

In 2006, ATP was the first Danish investor to endorse the UN Principles for Responsible Investment (PRI).

Because responsibility issues tend to be transnational, international alliances are crucial, which is why the six



### ATP's management model for responsibility in investments



#### The Supervisory Board

Lays down policies.

#### The Committee for Social Responsibility in Investments

Led by the CEO of ATP. Participation of CIO, relevant heads of investment and portfolio managers as well as Team Responsible Investment. The committee is responsible for ensuring compliance with the Policy of Social Responsibility in Investments.

#### Team Responsible Investment

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

#### Internal and external portfolio managers

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

PRIs have become a globally recognised framework for investors engaged in social responsibility, as in ATP's case.

ATP reports on its performance and progress to the PRI on an annual basis. The latest report to PRI is available on the ATP website, which also provides additional information about initiatives in social responsibility in

investment.

In the present responsibility report, the chapter on 'ATP as an investor' is structured according to the six PRIs. The main emphasis is on activities and results for 2011. A more detailed description of ATP's approach to each of the six PRIs is provided in Responsibility Report 2010.

### United Nations Principles for Responsible Investment

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

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

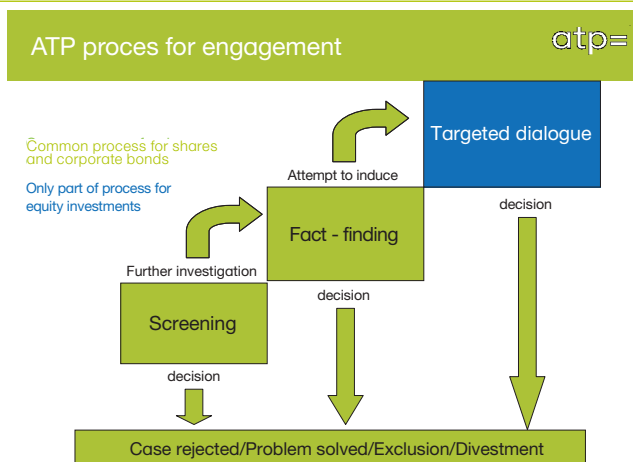
- We will incorporate ESG issues into investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into our ownership policies and practices.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- We will promote acceptance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



## PRI Principle 1

# Integration

**Figure 2: ATP's process for engagement**



### New process for responsibility in investments in corporate bonds

In 2011, ATP developed a new process for addressing ESG issues in its investments in corporate bonds. The object is to reduce uncompensated ESG risks in the portfolio.

ATP employs an adapted version of its structured engagement model for its investment in corporate bonds. The adapted version consists of two phases: screening and fact-finding (see Figure 2 above).

The objective of the screening phase is to keep ATP informed of suspected violations of the ATP Policy of Social Responsibility in Investments. If the screening phase gives grounds to suspect that a company is in violation of the Policy, ATP will initiate the fact-finding phase with the aim of ascertaining whether or not it is a deliberate and repeated violation of the Policy.

If the fact-finding phase discloses a violation of the ATP Policy, ATP's Committee for Social Responsibility may decide to exclude the company.

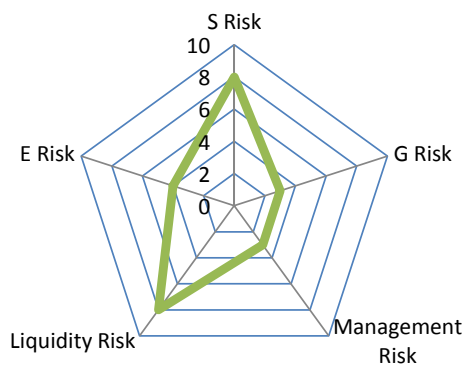
Unlike ATP's structured engagement process for equity investments, the so-called targeted dialogue, by which ATP seeks to change the given entity's conduct, is not an option in connection with investment in corporate bonds. This methodological difference is based on the fact that in its equity investments ATP acquires both obligations and rights as an equity holder, but when investing in corporate bonds, ATP is the lender – and hence acquires none of the rights or obligations of the equity holder.

The exclusion of a company precludes investments in both equity and corporate bonds, irrespective of what type of asset is included in the portfolio when the decision is made. ATP publicises company exclusions on its website.

ATP last decided to exclude a company in 2009.



**Figure 3: Example of Risk Radar**



### ATP's Risk Radar – an analytical tool

ATP has developed a so-called 'Risk Radar' to detect ESG issues and focus areas in connection with new investments. The higher the risk, the further the pointer will be from the centre; see Figure 3 above.

This (random) example shows a situation in which ATP believes that the greatest risk stems from social issues. This might be due to concerns about employee conditions or human rights. The example also shows a high liquidity risk, which means that the investment will be difficult to dispose

of in a short space of time in the event of an irremediable breach of ATP policy.

On a positive note, the model shows that ATP rates the 'management risk' as low. This risk rating depends on the company's policies and procedures for dealing with ESG issues, including the company management's and board's commitment to the area. A positive or negative track record in preventing and dealing with problems will also be taken into account.

### Incorporating ESG issues into investments in infrastructure

In 2011, the Horizon Road investment fund, co-owned by ATP, acquired full ownership of ConnectEast, which operates 39 km of toll motorway around Melbourne in Australia.

Before ATP could approve Horizon Road's plans to acquire ownership, ATP performed a due diligence analysis of the investment, focusing on both financial aspects and ESG issues.

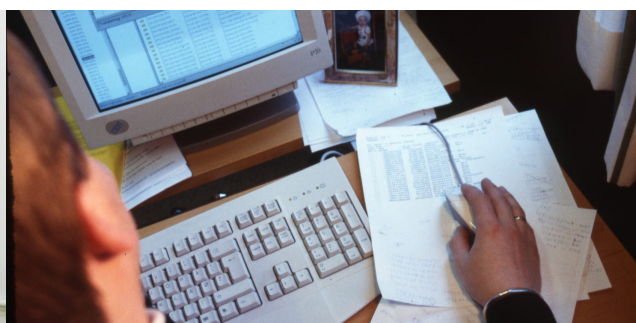
The investigation of ConnectEast's status in terms of ESG issues included information on terms of employment, accident statistics, energy consumption, water disposal, atmospheric pollution, noise abatement and more besides. ATP also assessed the board's and management's capacity in the area together with Horizon Road's ability, as an administrator, to deal with any future ESG challenges in partnership with the company.

The due diligence analysis demonstrated that ConnectEast, besides being compliant with Australian regulations, had implemented a number of positive measures.



## PRI Principle 2

# Active ownership



### Active ownership in practice

In order to increase its openness surrounding active ownership, since spring 2011, ATP has published its presentations at the companies' general meetings on the ATP website.

Active ownership continues to comprise dialogue with company boards and managements and other shareholders.

Dialogue with the company boards mainly concerns good corporate governance issues and general strategy, while dialogue on activities and performance is primarily between ATP and the company's management.

ATP believes that practising active ownership gives ATP a valuable insight into the companies and thereby the best possible basis for investment decisions. Moreover, in the process, ATP gains an opportunity for influencing the company in a positive direction for the shareholders and for the benefit of ATP's returns.

### Sustainability engineer in ATP Ejendomme

ATP Ejendomme gives high priority to sustainability both when making new investments and in day-to-day operation

of existing properties. Keeping abreast of requirements for the properties' interior design, architecture and environs is a key competitive parameter when it comes to attracting tenants – and is thus a criterion for high and stable returns.

When ATP Ejendomme hired a 'sustainability engineer' in 2011, renewed focus was placed on dialogue with tenants on sustainable behaviour. One prime task is to analyse energy consumption and illustrate investments in improvements that are advantageous both for ATP because the value of the properties increases, and for the tenants who achieve a better indoor climate and/or reduced electricity and heating costs.

In order to obtain detailed insights into tenant consumption patterns, ATP Ejendomme is aiming to establish automatic energy metering in all properties over the course of 2012.

Because the effect of the sustainability initiatives depend ultimately on tenant actions, in 2011, ATP Ejendomme published a 'Green Guide' aimed at the users of the tenancies. The Green Guide provides basic advice on how minor changes in everyday habits can change energy consumption and the volume of waste.



A simple means of achieving CO<sub>2</sub> reduction might be timer-controlled functions so that lighting, heating and ventilation are adapted to the tenants' needs, and consumption of electricity for cooling IT and server systems is minimised at night and at weekends. Recognising this, in 2012, ATP Ejendomme will be publishing a guide aimed at technical personnel.

These initiatives will bring ATP Ejendomme closer to its target of saving 100 tons of CO<sub>2</sub> in 2012 relative to 2011. The

sustainability engineer will be monitoring tenant trends in 2012, and will be establishing a systematic CO<sub>2</sub> accounting system, both for ATP Ejendomme as a business, and for the individual rental properties.

The sustainability engineer will also be able to advise the tenants on choosing materials for interior refurbishments. ATP Ejendomme offers materials such as carpets, paint and lighting fixtures with Nordic Swan or EU flower eco-labelling.

#### Dialogue with Lundbeck

In 2011, Lundbeck, the Danish pharmaceutical company faced media attention and came under criticism from international interest groups, when it was discovered that the company's epilepsy drug was being used as a sedative in lethal-injection execution of death-row prisoners in a number of American states.

ATP discussed the matter with the company, both as part of its ordinary dialogue, and at meetings devoted to the issue. The talks concerned how Lundbeck might intervene to stop the prisons from using the drug in executions, and the company's openness and stakeholder dialogue.

ATP found that Lundbeck was not in breach of ATP's Policy of Social Responsibility in Investments, but concluded that Lundbeck in the beginning had not initially been sufficiently succeeding in its communication with the company's stakeholders.

ATP has noted for the record that in the wake of these events, Lundbeck has implemented a range of internal measures to better equip the company to deal with similar issues in future. ATP has also noted that one of the keenest critics of the company is now using Lundbeck as a best practice example for other companies implicated in similar issues.



## PRI Principle 3

# Disclosure by companies

Figure 4: Cases investigated, by continent

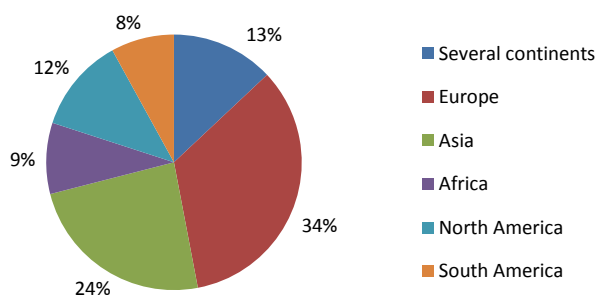
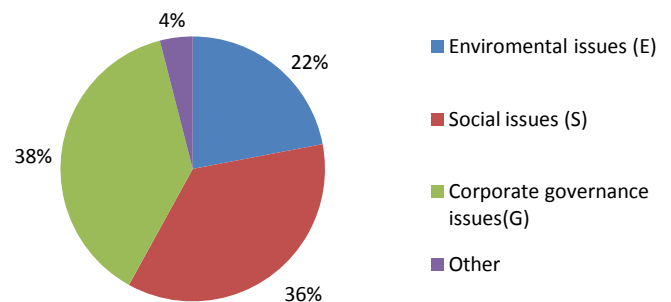


Figure 5: Allegations investigated, by violation type (E, S, G)



### Investigated allegations of violations of the Policy of Social Responsibility in Investments in 2011

ATP investigated more than 250 allegations of violation of the Policy of Social Responsibility in Investments in 2011. The allegations under investigation were both geographically and thematically widely distributed, as illustrated in Figures 4 and 5 above.

Since none of these cases involved wilful and repeated violations of the Policy of Social Responsibility in Investments, in 2011 proceeded with neither targeted dialogue nor exclusion.

### Reporting on social responsibility in real estate funds

ATP uses many different sources for its fact-finding on ESG issues surrounding investments made directly in companies and indirectly via funds. In many cases, the entities' own reporting combined with other fact-finding and ongoing dialogue is sufficient. In other cases, ATP requests additional information on either an ad hoc

basis or as a component of standardised reporting initiatives. One example of the latter would be ATP Real Estate Partners (ATP REP), which in 2011 adopted 'the Global Real Estate Sustainability Benchmark' (GRESB).

ATP REP manages ATP's indirect investments in European and American real estate funds and joint ventures. In the case of indirect investments, monitoring of the properties is carried out by the fund managers rather than the investors. Because it is not possible, as in the case of direct investments in Danish properties, to engage in personal dialogue with the tenants and check up on operation of the building, ATP REP has opted to base its sustainability efforts on membership of GRESB. The initiators of GRESB are some of the world's largest institutional investors, university researchers and relevant industry organisations. With GRESB, investors have gained a tool for broaching dialogue with fund managers on social and environmental issues on the basis of standardised reporting from the participating funds.



The initiative consists of an annual survey, which in 2011 covered 340 funds with investments in more than 21,000 commercial properties worldwide. The resulting report provided global examples of best practice in sustainability. ATP REP uses GRESB to engage in dialogue with the real estate funds in how they can measure and go on to improve their own sustainability performance in future. The motive is founded on the conviction that sustainability generates improved returns as a result of

reduced operating costs and reduced portfolio risk.

The results of the 2011 survey were encouraging, with progress made in terms of the fund's commitment to sustainability. However, the survey also revealed that there is still some way to go to close the gap between formulating sustainability policies and efficient implementation. ATP REP will maintain focus on these challenges going forward for the funds in its portfolio.

#### Increased transparency surrounding payments in the extractive industries

In 2011, ATP endorsed the Extractive Industries Transparency Initiative (EITI) as a supporting investor. EITI is an international forum of countries, companies, civil society, industry associations and institutional investors allied in combating corruption in extractive industries. The methodology consists of transparency in payment transactions between the extraction companies and the countries in which they operate.

In countries that have implemented EITI, the oil, gas and mineral companies disclose how much they have paid to the local authorities, which in turn disclose how much they have received. Openness and transparent revenue flows are key processes in combating corruption because they facilitate democratic control.

Corruption constitutes a serious violation of the requirements for good corporate governance laid down in ATP's Policy of Social Responsibility in Investments. It weakens trust in an entity's governance and obstructs fair market terms, while it also constitutes a societal problem in that it prevents sustainable development and democratic processes. With its decision to become a supporting investor, ATP declares its support for the vital work of EITI.





## PRI Principle 4

# Promotion of the Principles for Responsible Investment

### Change in mandatory reporting to the PRI

Annual reporting to the PRI is the only requirement which PRI signatories must comply with to be part of the initiative. It is thus important for the PRI initiative's legitimacy that the reporting requirements are conducive to sustaining a high level of ambition among investors and other signatories to the principles.

It is also important for the initiative's success and impact in the financial sector that the PRI wins a stronger base of support in more parts of the world, not least the US and Asia, than is the case at present. To that end it is necessary to ensure that PRI reporting requirements are presented in such a way that reporting itself does not constitute a barrier to the PRI's success in attracting and retaining investors in the initiative.

Over the past year, ATP has been in dialogue with the PRI on enhancements to the online questionnaire-based survey that forms the basis for the mandatory reporting.

In 2011, the PRI Advisory Council decided that reporting to the PRI should in future be more extensively disclosed

to the public domain. An international group of experts was also appointed to assist the PRI in drawing up the new reporting requirements. ATP, as the only Nordic investor, is serving on the technical committee that is advising the PRI on development of the new standard.

Work within the technical committee has revealed wideranging attitudes to how future PRI reporting should be redesigned. ATP is working actively for future mandatory reporting to the PRI to be based on transparency and flexibility:

- Transparency, so that different stakeholders, more so than at present, can obtain insights into the individual performance of the signatory investors in responsible investment
- Flexibility, so that the PRI can continue to accommodate and support the wideranging approaches to responsible investment represented by the signatory investors based on their diverse cultural and investment perspectives.

As early as in 2010, ATP opted voluntarily to have its reporting to the PRI published on the initiative's website.

### ATP's business partners endorse the PRI

In 2010, ATP engaged in dialogue with a number of asset managers to induce them to endorse the PRI. ATP is gratified to note that in 2011 two of ATP's business partners, PIMCO and Goldman Sachs Asset Management (two of the world's major asset managers), decided to join the initiative.



## PRI Principle 5

# Collaboration

### Signatories to the new Principles for Responsible Investment in Farmland make a commitment to:

- 1: Promoting environmental sustainability
- 2: Respecting labour and human rights
- 3: Respecting existing land and resource rights
- 4: Upholding high business and ethical standards
- 5: Reporting on activities and progress towards implementing the Principles and promoting the Principles

### New principles for responsible investment in farmland

Recent years have seen the emergence of an international focus on investment in farmland. The upside has been the focus on extending crop ranges through improved production, while the downside has brought allegations of financial speculation and 'land-grabbing' where investors acquire farmland without involving and compensating local farmers.

ATP has no investments in farmland, but opted nonetheless to join an international group of institutional investors, which met in 2011 to draw up five new Principles for Responsible Investment in Farmland.

ATP based its position on the standards ATP already has positive experience of from investment in forests. These standards are predicated on good relations with the local community, decent working conditions and profitable forestry operations with due observance of environmental

factors in safeguarding the value of the assets over both the short and long term, which is decisive in choosing where to invest.

Investors who endorse the new principles commit to focusing on best business practices, human rights and the environment in investments in farmland.

Investors citing the principles will be better placed to impose requirements on external asset managers for due diligence and risk management plans. ATP will be applying the new principles actively in future assessments of potential investments in farmland.

ATP will be continuing its involvement in 2012, both as a member of the steering committee behind the principles and as a member of a new working party focusing on farmland investment established under PRI.

### ATP chairs Dansif

In 2011, ATP took over the chairmanship of Dansif (Danish Social Investment Forum) after having been active on the board of directors since the association was founded in 2008.

In 2011, Dansif published its first statistics on its members' responsible investment performance. Dansif also had its first scientific report prepared on an ESG issue for its members.



#### ATP Ejendomme active in sustainability certification

ATP Ejendomme is a co-founding board member of Green Building Council Denmark (DK-GBC), which was set up to develop a certification scheme for sustainability in the Danish construction and property industry. The scheme will make it possible to analyse the sustainability of buildings of all ages using a number of parameters. This will permit the buildings to be optimised in for the benefit of occupants, the environment and financial stakeholders.

For more information, see the Green Building Council Denmark's website at [www.dk-gbc.dk](http://www.dk-gbc.dk)

Among the first buildings in line for certification is Pakhuset on Langelinie Allé, where ATP Ejendomme is the developer. The new office building is being built with sustainability in mind.

#### ATP invests in sustainable UN building

In 2011 ATP, By & Havn and PensionDanmark formed the consortium that acquired the 45,000 m<sup>2</sup> United Nations complex on the Marmormolen waterfront in Copenhagen for a price of just over DKK 2.1bn. The acquisition includes construction rights to another two office towers with a combined total floorage of 60,000 m<sup>2</sup> on Marmormolen and the tip of Langelinie. This made it the year's largest real estate transaction, in which ATP holds a 45.75 per cent share.

As a state-of-the-art office complex with a prestigious location, the property has been leased to the United Nations on favourably long leaseholds and is therefore well in line with ATP's strategy for real estate investment.

In furtherance of the pervasive focus on sustainability in the broadest sense, the Danish UN complex will be certified according to LEED (Leadership in Energy and Environmental Design). This certification programme covers aspects of social, financial and environmental sustainability.

For more information about LEED, see [www.usgbc.org/LEED/Intro](http://www.usgbc.org/LEED/Intro)



## PRI Principle 6

# Dialogue and reporting

### **Investment in government bonds**

In 2011, the increased public scrutiny of where institutional investors choose to invest in government bonds prompted ATP to disclose information about its portfolio of government bonds by country.

For investment reasons, ATP is generally cautious about investing in high-risk countries and has therefore laid down special rules for its external asset managers regarding investment in especially risky government bonds. Under the new rules, external asset managers must obtain direct approval from ATP before they invest in these bonds.

The rules are based on OECD's dynamically updated Country Risk Classification. National government bonds rated by OECD as being the most or second-most risky in terms of the country's long-term repayment ability (OECD categories 7 and 6) are only exceptionally the object of ATP investment.

The country distribution of ATP's actual investments in government bonds is presented in the supplementary information in ATP's annual financial statement.

### **Openness about tax payments in the extractives industry, including forestry investment**

Recent years have brought mounting interest in tax payments in the extractives industry. As described in Responsibility Report 2010, ATP has been actively engaged in dialogue for some years with interest groups concerning tax payments by operators in the extractive industries.

The US has already resolved to impose disclosure requirements regarding tax payments in the extractive industries in a broad sense, including forestry (logging). A decision on how to implement this in practice has not yet been made however. The EU is considering introducing comparable transparency requirements for extraction companies.

ATP invests actively in forestry operations in several locations across the world, and in response to calls for greater transparency has voluntarily disclosed its tax payments via the ATP Timberland Invest K/S subsidiary's annual financial statement which is published on the ATP website.

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