



RI TRANSPARENCY REPORT

2020

Nykredit Realkredit Group

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the reporting period specified above. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information.

PRI disclaimer

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OO 01.1 Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

Further options (may be selected in addition to the above)

- Hedge funds
- Fund of hedge funds

OO 01.2 Additional information. [Optional]

Nykredit Realkredit Group provides a wide range of financial services from investment management, banking to mortgage finance. A third of funds managed are part of our own funds in treasury and the other two thirds is managed on behalf of customers.

OO 02.1 Select the location of your organisation's headquarters.

Denmark

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

3243

OO 02.4 Additional information. [Optional]

The Nykredit business is described more in detail on these web-pages:
www.nykredit.com
https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/corporate_responsibility_report_q4_18_2019-02-05_en.pdf

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes

OO 03.2 List your subsidiaries that are separate PRI signatories and indicate if you would like to report their RI activities in your organisation's consolidated report.

Name of PRI signatory subsidiary (Up to six subsidiaries may be reported)	RI implementation reported here on a consolidated basis
Sparinvest S.A.	<input type="radio"/> Yes <input checked="" type="radio"/> No

- No

OO 03.3 Additional information. [Optional]

In september 2019 Nykredit bought 75% of the shares in Sparinvest. Sparinvest was, at the end of the year a subsidiary to Nykredit. Both companies have

been signatories to the UNPRI since 2009. Both companies have very similar approaches to responsible investments, but still had at the end of the year separate policies. As this UNPRI report represents the activities of Nykredit during the entire 2019 guided by its policies, this report treats Nykredit as a separate entity. For the reporting year of 2019 the Nykredit report will only cover investments and activities under the Nykredit-group as it was prior to the acquisition of Sparinvest. The same principle is used for the Sparinvest reporting. For the next report covering activities in 2020 the Nykredit report will cover investments and activities in both companies.

OO 04	Mandatory	Gateway/Peering	General
OO 04.1	Indicate the year end date for your reporting year.		
	31/12/2019		
OO 04.2	Indicate your total AUM at the end of your reporting year.		
	Total AUM		
	334,490,584,373 DKK		
	49350657150 USD		
OO 04.3	Indicate the total AUM of subsidiaries you have excluded from your report (as named in OO 03.2 under "No"). Provide this figure based on the end of your reporting year		
	Total excluded subsidiaries AUM		
	103,445,941,120 DKK		
	15262388277 USD		
OO 04.4	Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year		
	Assets under execution and/or advisory only services		
	33,600,000,000 DKK		
	4957335595 USD		
OO 04.5	Additional information. [Optional]		
	A third of funds managed are part of our own funds in treasury and the other two thirds is managed on behalf of customers. These are mainly invested in UCITS and FAIF mutual funds.		

OO 05	Mandatory to Report, Voluntary to Disclose	Gateway	General																																																
OO 05.1	Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes and investment strategies:																																																		
	<table border="1"> <thead> <tr> <th></th> <th>Internally managed (%)</th> <th>Externally managed (%)</th> </tr> </thead> <tbody> <tr> <td>Listed equity</td> <td>15.7</td> <td>4.1</td> </tr> <tr> <td>Fixed income</td> <td>72.7</td> <td>2.2</td> </tr> <tr> <td>Private equity</td> <td>0.7</td> <td>0.5</td> </tr> <tr> <td>Property</td> <td>0</td> <td>0</td> </tr> <tr> <td>Infrastructure</td> <td>0</td> <td>1.5</td> </tr> <tr> <td>Commodities</td> <td>0</td> <td>0</td> </tr> <tr> <td>Hedge funds</td> <td>2.6</td> <td>0</td> </tr> <tr> <td>Fund of hedge funds</td> <td>0</td> <td>0</td> </tr> <tr> <td>Forestry</td> <td>0</td> <td>0</td> </tr> <tr> <td>Farmland</td> <td>0</td> <td>0</td> </tr> <tr> <td>Inclusive finance</td> <td>0</td> <td>0</td> </tr> <tr> <td>Cash</td> <td>0</td> <td>0</td> </tr> <tr> <td>Money market instruments</td> <td>0</td> <td>0</td> </tr> <tr> <td>Other (1), specify</td> <td>0</td> <td>0</td> </tr> <tr> <td>Other (2), specify</td> <td>0</td> <td>0</td> </tr> </tbody> </table>				Internally managed (%)	Externally managed (%)	Listed equity	15.7	4.1	Fixed income	72.7	2.2	Private equity	0.7	0.5	Property	0	0	Infrastructure	0	1.5	Commodities	0	0	Hedge funds	2.6	0	Fund of hedge funds	0	0	Forestry	0	0	Farmland	0	0	Inclusive finance	0	0	Cash	0	0	Money market instruments	0	0	Other (1), specify	0	0	Other (2), specify	0	0
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Inclusive finance	0	0																																																	
Cash	0	0																																																	
Money market instruments	0	0																																																	
Other (1), specify	0	0																																																	
Other (2), specify	0	0																																																	

OO 06	Mandatory	Descriptive	General
OO 06.1	Select how you would like to disclose your asset class mix.		

- as percentage breakdown
- as broad ranges

OO 06.2 Publish asset class mix as per attached image [Optional].

OO 06.3 Indicate whether your organisation has any off-balance sheet assets [Optional].

- Yes
- No

OO 06.5 Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
- No, we do not use fiduciary managers.

OO 06.6 Provide contextual information on your AUM asset class split. [Optional]

The AUM of the Nykredit is two third investments of client funds in mainly UCITS and FAIF funds and one third treasury investments of own capital.

OO 07 Mandatory to Report, Voluntary to Disclose Gateway General

OO 07.1 Provide to the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.

Internally managed	18	SSA
	3.1	Corporate (financial)
	4.2	Corporate (non-financial)
	74.7	Securitised
Externally managed	83	SSA
	3	Corporate (financial)
	14	Corporate (non-financial)
	0	Securitised

OO 08 Mandatory to Report, Voluntary to Disclose Peering General

OO 08.1 Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds or investments.

Asset class breakdown	Segregated mandate(s)	Pooled fund(s) or pooled investment(s)	Total of the asset class (each row adds up to 100%)						
[a] Listed equity	<input type="checkbox"/> 0% <input type="checkbox"/> <10% <input type="checkbox"/> 10-50% <input checked="" type="checkbox"/> >50%	<input checked="" type="checkbox"/> 0% <input type="checkbox"/> <10% <input type="checkbox"/> 10-50% <input type="checkbox"/> >50%	100%						
[b] Fixed income - SSA	<input type="checkbox"/> 0% <input type="checkbox"/> <10% <input type="checkbox"/> 10-50% <input checked="" type="checkbox"/> >50%	<input checked="" type="checkbox"/> 0% <input type="checkbox"/> <10% <input type="checkbox"/> 10-50% <input type="checkbox"/> >50%	100%						
[c] Fixed income – Corporate (financial)	<input type="checkbox"/> 0% <input type="checkbox"/> <10% <input type="checkbox"/> 10-50% <input checked="" type="checkbox"/> >50%	<input checked="" type="checkbox"/> 0% <input type="checkbox"/> <10% <input type="checkbox"/> 10-50% <input type="checkbox"/> >50%	100%						

[d] Fixed income – Corporate (non-financial)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	100%						
[f] Private equity	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %	100%						
[h] Infrastructure	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	100%						

OO 08.2 Additional information. [Optional]

All externally managed Nykredit funds, be it segregated or pooled, need to be compliant with the Nykredit investment policy. ESG is part of the selection process as well as the ongoing due diligence of managers processes and investments.

OO 09 **Mandatory** **Peering** **General**

OO 09.1 Indicate the breakdown of your organisation's AUM by market.



OO 09.2 Additional information. [Optional]

The breakdown is based issuer country and not revenue. Most global companies with significant activities in Emerging Markets have their issuance registered in the US or Europe. Nykredit is very aware of this and considers its exposure on equities alone more in line with the global economic activities, even though Nykredit has sizeable funds dedicated to Danish Equities. Nykredit also has a dedicated EM Equities fund as well as a EMD.

OO 10 **Mandatory** **Gateway** **General**

OO 10.1 Select the active ownership activities your organisation implemented in the reporting year.

Listed equity – engagement
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input checked="" type="checkbox"/> We require our external managers to engage with companies on ESG factors on our behalf. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors.
Listed equity – voting
<input checked="" type="checkbox"/> We cast our (proxy) votes directly or via dedicated voting providers <input type="checkbox"/> We require our external managers to vote on our behalf. <input type="checkbox"/> We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf
Fixed income SSA – engagement
<input checked="" type="checkbox"/> We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers. <input checked="" type="checkbox"/> We require our external managers to engage with SSA bond issuers on ESG factors on our behalf. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with SSA bond issuers on ESG factors. Please explain why you do not.
Fixed income Corporate (financial) – engagement
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input checked="" type="checkbox"/> We require our external managers to engage with companies on ESG factors on our behalf. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.
Fixed income Corporate (non-financial) – engagement
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers.

- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Fixed income Corporate (securitised) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

OO 11	Mandatory	Gateway	General
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OO 11.1 Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Listed equity	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.
Fixed income - SSA	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.
Fixed income - corporate (financial)	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.
Fixed income - corporate (non-financial)	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.
Fixed income - securitised	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.
Private equity	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.
Hedge funds	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.

OO 11.2 Select the externally managed assets classes in which you and/or your investment consultants address ESG incorporation in your external manager selection, appointment and/or monitoring processes.

Asset class	ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes		
Listed equity	<table border="1"> <tr> <td style="background-color: #0070C0; color: white;">Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</td> <td> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation </td> </tr> </table>	Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes	<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes	<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation		
Fixed income - SSA	<table border="1"> <tr> <td style="background-color: #0070C0; color: white;">Fixed income - SSA - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</td> <td> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation </td> </tr> </table>	Fixed income - SSA - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes	<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Fixed income - SSA - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes	<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation		

Fixed income - corporate (financial)	<p>Fixed income - corporate (financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Fixed income - corporate (non-financial)	<p>Fixed income - corporate (non-financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Private equity	<p>Private equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Infrastructure	<p>Infrastructure - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>

OO 11.4 Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

Nykredit demands that all external managed funds are in full compliance with our investment policy.

When Nykredit selects a manager the shortlist of potential candidates are screened as part of the due diligence process. The screening includes due diligence with the managers policy, team, and processes. Nykredit will also do an ESG screen of the existing investments whether or not the manager is signatory to UNPRI is part of the process.

ESG is part of the eventual appointment of the manager. When appointing a manager, Nykredit demands right to exclude investments or be excluded from investments if they conflict with our policy. If the manager is not already a signatory to the UNPRI Nykredit expects that the manager recognize Nykredit as a signatory and expect the investment process of the manager to be in line with the principles.

Nykredit monitors all investments closely. All listed investments are screened on a quarterly basis. The screening is both against norms breaches as well as an ESG-rating of the portfolio and its companies. The results are shared with the managers and forms the basis of the ongoing dialogue with the manager. Once or twice a year Nykredit will meet face to face with the manager and discuss the ESG-performance of the fund as well as the development of new processes.

Nykredit will also share its experiences with our own engagements as well as active ownership with the managers.

OO 12	Mandatory	Gateway	General
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OO 12.1 Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

Core modules	<p><input checked="" type="checkbox"/> Organisational Overview</p> <p><input checked="" type="checkbox"/> Strategy and Governance</p>
RI implementation directly or via service providers	
Direct - Listed Equity incorporation	<p><input checked="" type="checkbox"/> Listed Equity incorporation</p>
Direct - Listed Equity active ownership	<p><input checked="" type="checkbox"/> Engagements</p> <p><input checked="" type="checkbox"/> (Proxy) voting</p>
Direct - Fixed Income	<p><input checked="" type="checkbox"/> Fixed income - SSA</p> <p><input checked="" type="checkbox"/> Fixed income - Corporate (financial)</p>

<input checked="" type="checkbox"/>	Fixed income - Corporate (non-financial)
<input checked="" type="checkbox"/>	Fixed income - Securitised
Direct - Other asset classes with dedicated modules	
<input checked="" type="checkbox"/>	Private Equity
<input checked="" type="checkbox"/>	Hedge Funds and/or Fund of Hedge Funds
RI implementation via external managers	
Indirect - Selection, Appointment and Monitoring of External Managers	
<input checked="" type="checkbox"/>	Listed Equities
<input checked="" type="checkbox"/>	Fixed income - SSA
<input checked="" type="checkbox"/>	Fixed income - Corporate (financial)
<input checked="" type="checkbox"/>	Fixed income - Corporate (non-financial)
<input checked="" type="checkbox"/>	Private Equity
<input checked="" type="checkbox"/>	Infrastructure
Closing module	
<input checked="" type="checkbox"/>	Closing module

OO LE 01	Mandatory to Report, Voluntary to Disclose	Gateway	General
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OO LE 01.1	Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.
19.8	Passive
012.5	Active - quantitative (quant)
67.7	Active - fundamental and active - other

OO LE 01.2 Additional information. [Optional]

The passive strategies are mostly used as part of allocation funds. One fund is an ESG-optimized fund. The majority of the passive funds are beta strategies. The quant strategies use ESG as part of this final evaluation process and ongoing risk evaluations.

The fundamental funds all use ESG as part of initial sector analysis, first selection of companies, valuation and the more fundamental final selection. ESG is part of the ongoing risk evaluation and active ownership. It is a cornerstone in the dialogue with the company.

OO FI 01	Mandatory to Report, Voluntary to Disclose	Gateway	General
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OO FI 01.1	Provide a breakdown of your internally managed fixed income securities by active and passive strategies	
SSA	Passive	0.01
	Active - quantitative (quant)	0
	Active - fundamental and active - other	99.99
Corporate (financial)	Passive	1.1
	Active - quantitative (quant)	0
	Active - fundamental and active - other	98.9
Corporate (non-financial)	Passive	19.6
	Active - quantitative (quant)	0
	Active - fundamental and active - other	80.4

Securitised	0.01	Passive
	0	Active - quantitative (quant)
	99.99	Active - fundamental and active - other

OO FI 01.2 Additional information. [Optional]

Fixed income is a speciality of Nykredit. Nykredit is one of the largest bond issuers in Europe and fixed income was the natural starting point for the Nykredit Asset Management business. Fixed income is also the cornerstone of the investments done by Nykredit treasury. The products are designed to meet the customers specific needs in relation to risk, maturity and yield and thus at anytime mixes the different fixed income asset classes set up here.

OO FI 03 Mandatory Descriptive General

OO FI 03.1 Indicate the approximate (+/- 5%) breakdown of your SSA investments, by developed markets and emerging markets.

SSA	91.55	Developed markets
	8.45	Emerging markets

OO FI 03.2 Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.

Type	Investment grade (+/- 5%)	High-yield (+/- 5%)	Total internally managed
Corporate (financial)	<input checked="" type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input type="checkbox"/> 0%	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input checked="" type="checkbox"/> <10% <input type="checkbox"/> 0%	100%

OO FI 03.3 Additional information. [Optional]

The emerging markets SSA exposure is only through a dedicated EMD portfolio with an extra layer of ESG processes in selection and risk assessment.

OO SAM 01 Mandatory to Report, Voluntary to Disclose Gateway General

OO SAM 01.1 Provide a breakdown of your externally managed listed equities and fixed income by passive, active quant and, active fundamental and other active strategies.

Listed equity (LE)	0	Passive
	0	Active - quantitative (quant)
	100	Active - fundamental and active - other
Fixed income - SSA	0	Passive
	0	Active - quantitative (quant)
	100	Active - fundamental and active - other
Fixed income - Corporate (financial)	0	Passive
	0	Active - quantitative (quant)
	100	Active - fundamental and active - other

Fixed income - Corporate (non-financial)	0	Passive
	0	Active - quantitative (quant)
	100	Active - fundamental and active - other

OO SAM 01.2 Additional information [Optional].

The externally managed fixed income investements are an externally actively managed EMD portfolio.

OO PE 01 Mandatory Descriptive General

OO PE 01.1 Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.

Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)
Venture capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Growth capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
(Leveraged) buy-out	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Distressed/Turnaround/Special Situations	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Secondaries	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Other investment strategy, specify (1)	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Other investment strategy, specify (2)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Total 100%	

Other investment strategy, specify (1)

The internally managed private equity is unlisted equity owned by treasury as part of the strategic equity positions, as part of cooperation with other banks.

OO PE 01.2 Additional information. [Optional]

The unlisted equity is owned as part of a strategic partnership with other banks as part of the Totalkredit-cooperation. Totalkredit is the largest mortgage finance brand in Denmark and its mortgage finance products are distributed by Nykredit and its partners in the Totalkredit-cooperation. The ownership of these strategic equities is a key part of this cooperation and thus very long term and close in nature. Nykredit is not a majority owner in any of these banks.

OO PE 02 Mandatory to Report, Voluntary to Disclose Descriptive General

OO PE 02.1 Indicate the level of ownership you typically hold in your private equity investments.

- a majority stake (>50%)
- 50% stake
- a significant minority stake (between 10-50%)
- a minority stake (<10%)
- a mix of ownership stakes

OO PE 02.2 Additional information. [Optional]

The unlisted equity is owned as part of a strategic partnership with other banks as part of the Totalkredit-cooperation. Totalkredit is the largest mortgage finance brand in Denmark and its mortgage finance products are distributed by Nykredit and its partners in the Totalkredit-cooperation. The ownership of these strategic equity is a key part of this cooperation and thus very long term and close in nature. Nykredit is not a majority owner in any of these banks.

OO HF 01 Mandatory to Report, Voluntary to Disclose Descriptive General

OO HF 01.1 Please describe your hedge fund strategies and classification

Options presented for hedge funds

Main strategy	Strategy as % of hedge fund AUM	Sub-strategy
Equity Hedge	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	
Event Driven	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	
Global Macro	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	
Relative Value	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<input checked="" type="checkbox"/> Fixed Income - Asset Backed <input type="checkbox"/> Fixed Income - Convertible Arbitrage <input type="checkbox"/> Fixed Income - Corporate <input type="checkbox"/> Fixed Income - Sovereign <input checked="" type="checkbox"/> Volatility <input type="checkbox"/> Yield Alternatives: Energy Infrastructure <input type="checkbox"/> Yield Alternatives: Real Estate <input type="checkbox"/> Multi-Strategy
Risk Parity	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	
Blockchain	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	
Total 100% (of internal Hedge Fund AUM)		

OO Checks Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

SG 01.1 Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2 Indicate the components/types and coverage of your policy.

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Other, specify (1) <p style="padding-left: 20px;">Support for COP21 and SDGs</p> <input type="checkbox"/> Other, specify(2)	<input checked="" type="checkbox"/> Applicable policies cover all AUM <input type="checkbox"/> Applicable policies cover a majority of AUM <input type="checkbox"/> Applicable policies cover a minority of AUM

SG 01.3 Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4 Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Nykredit wants to invest in a robust, ambitious and responsible way.

Nykredit invests with an ambition to contribute with a positive impact to the world, which we are all a part of. This applies when we invest our own funds as well as the funds of our customers. We wish to invest in companies, which act in a responsible way towards their customers, employees and the rest of the society. Nykredit believes that companies who seize the opportunity to be part of the solution rather than the problem are better investments.

Nykredit seeks to reach these ambitions in two ways. Firstly, we identify and engage with companies who act in conflict with international norms. Secondly, we want to incorporate sustainability in our investment decisions in order to contribute not only to better risk and returns but also a more sustainable development.

Nykredit tries to benchmark the impact of these efforts against the Paris-agreement and the UN Sustainable Development Goals.

SG 01.5 Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

The Nykredit investment policy covers all portfolios and investments (both active and passive investments). The passive portfolios used in the allocation products are all designed, so they are compliant with the Nykredit policy.

If an externally managed ETF is needed, which rarely happens, Nykredit will select an ETF that matches our policy. In the very rare case when no alternative exists, there is an exemption. However, this is not in use today, and with the widening of ETF alternatives in the market, we do not expect it will be.

No

SG 01.6 CC Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

Det overarching policy has the ambition of ensuring our investments are aligned with the goals in the Paris-agreement. As part of our efforts to reach this goal Nykredit has taken a number of initiatives. Nykredit Asset Management is a supporter of TCFD and has been an active participant in the Climate Action 100+ initiative since its initiation. Nykredit has been carbon foot printing portfolios for a number of years to identify risks, but more importantly we have been integrating ESG-analysis into the active investments processes and thereby make the climate-related risks and

opportunities part of the investment process.

All portfolios are analyzed on an ongoing basis and as part of this Nykredit has identified 16 thermal coal producers and three tarsand companies with extreme transition risk and no strategy to transition. To protect our clients investments from future losses Nykredit has decided to exclude the companies from all of our portfolios.

Nykredit offers our clients a number of different solutions, which addresses the climate risk and opportunities in different ways. Some products focus on integrating climate-related KPI's into the process and combining this with engagement, whereas others supplement this approach with also excluding companies involved in fossil fuel. The data to assess the climate-related physical risk and so far been quite limited, but they also play a part in the ESG-analysis. This area as well as to continue to look beyond energy sector to identify transition risks is a focus area for the coming year.

Especially in infrastructure these risk play an import role in the risk assessment and dialogue with our external manager, as these assets are indeed illiquid an the investment horizon is 10 years. Therefore the managers ability to identify and handle these risk are an import part of our selection and monitoring. Nykredit also tries to identify the risks related to each of the investments don in this perspective as well.

The majority of the Nykredit investmens are in securitized Danish mortgage bonds. These bonds finance the majority of Danish housing as well as farms, ships and buildings of enterprises. As the Danish economy is already far in transitioning to a low carbon economy. This goes for the energy sector, and Denmark is planning to cut emissions by 70% by 2030. Danish authorities have identified the physical risk as mainly risks of draught, flooding and violent weather. The Danish mortgage system lends thorough large pools financed by bond issuance. This means that the physical risks are spread quite evenly from bond to bond. Better disclosure of the use of proceeds will help make better assessment and this is why Nykredit is deeply engaged in sector developments on better disclosure of lending carbon foot print and use of proceeds. The EU-Taxonomy will also improve this. In general the mortgage bonds has great opportunity is being a tool to finance the investment needs in energyoptimization and renewable solutions. This could both be through traditional mortgage loans and green mortgage bonds, where Nykredit issued its first last year.

No

SG 01.7 CC Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

The base line assumption is that the goals of the Paris-agreement on Climate will be reached. This assumes carbon neutrality by 2055. Nykredit is sees different possible scenarios, including 1.5 degrees and the 3 degrees with the larger physical risk it entails.

No

SG 01.8 CC Indicate whether the organisation publicly supports the TCFD?

Yes

No

SG 01.9 CC Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

Nykredit Asset Management supports the TCFD. The investment policy mentions the goals of the Paris-agreement on Climate. Nykredit has a company wide climate policy and is a reporting member of the Carbon Disclosure Project.

No

SG 1.10 CC Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Carbon foot print and actions to handle climate risks are reported in the sustainability reports connected to the annual filings.

We currently do not publish TCFD disclosures

SG 02 **Mandatory** **Core Assessed** **PRI 6**

SG 02.1 Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

Policy setting out your overall approach

URL/Attachment

URL

<https://www.nykredit.com/samfundsansvar/investeringer/politik-for-baredygtige-investeringer/>

Attachment (will be made public)

- Asset class-specific RI guidelines
- Sector specific RI guidelines
- Screening / exclusions policy

URL/Attachment

- URL
<https://www.nykredit.com/samfundsansvar/investeringer/politik-for-baredygtige-investeringer/>
- Attachment (will be made public)
- Other, specify (1)
- We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.nykredit.com/samfundsansvar/investeringer/politik-for-baredygtige-investeringer/
<input type="checkbox"/> Attachment

- Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.nykredit.com/samfundsansvar/investeringer/politik-for-baredygtige-investeringer/
<input type="checkbox"/> Attachment

- Governance structure of organisational ESG responsibilities

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.nykredit.com/samfundsansvar/investeringer/politik-for-baredygtige-investeringer/
<input type="checkbox"/> Attachment

- ESG incorporation approaches

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.nykredit.com/samfundsansvar/investeringer/politik-for-baredygtige-investeringer/
<input type="checkbox"/> Attachment

- Active ownership approaches

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.nykredit.com/samfundsansvar/investeringer/politik-for-baredygtige-investeringer/
<input type="checkbox"/> Attachment

- Reporting

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.nykredit.com/samfundsansvar/investeringer/politik-for-baredygtige-investeringer/
<input type="checkbox"/> Attachment

- Climate change

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.nykredit.com/samfundsansvar/investeringer/politik-for-baredygtige-investeringer/
<input type="checkbox"/> Attachment

- Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.nykredit.com/samfundsansvar/investeringer/politik-for-baredygtige-investeringer/
<input type="checkbox"/> Attachment

- We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

Nykredit has tried to integrate the different elements in one policy that covers both the overarching approach, engagement, voting, climate etc.

Reporting is done on several different levels in the CSR-report as well as individual mutual fund reports.

CSR report: https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/corporate_responsibility_report_q4_19_2020-02-05_da.pdf

And the mutual funds Nykredit Invest:

<https://www.nykreditinvest.dk/globalassets/pdf-falles/nykredit-invest/nykredit-invests-rapport-om-samfundsansvar-2019.pdf>

SG 03	Mandatory	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
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Nykredit has a publicly available governance policy (www.nykredit.com) as well as relevant procedures regarding investments professionals.

Chinese walls separate investment decisions from the other activities of the Nykredit Group. The investment decision is purely the responsibility of the individual portfolio manager, provided it is in compliance with the overall investment guidelines. Nykredit's general policy regarding potential conflicts of interest applies in all cases. To avoid potential conflicts of interest, Nykredit has a number of procedures and actions:

- Procedures regarding privacy to ensure that confidential information is only accessible to employees with a legitimate need. All employees of Nykredit are covered by these rules and procedures on handling confidential information in order to respect the privacy of our customers and to avoid insider trading or manipulation. Therefore, there are limits to who can obtain confidential information.
- Physical and organizational limits to IT-systems between departments where conflicts of interest can potentially occur.
- Key employees are forbidden to do speculative trading.
- Group compliance checks the day to day compliance with this policy.

No

SG 04	Voluntary	Descriptive	General
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SG 04.1	Indicate if your organisation has a process for identifying and managing incidents that occur within investee entities.
---------	---

Yes

No

SG 04.2	Describe your process on managing incidents
---------	---

All listed companies are screened quarterly for any incident. The governance structure itself is evaluated as part of the ESG-approach, by another third party before casting votes and by ourselves when in direct dialogue with the company. Unlisted companies are surveyed through our external managers and our dialogue with them.

SG 05	Mandatory	Gateway/Core Assessed	General
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SG 05.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.
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Quarterly or more frequently

Biannually

Annually

Less frequently than annually

Ad-hoc basis

It is not set/reviewed

SG 05.2	Additional information. [Optional]
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The policy is reviewed annually. The Forum on Sustainable Investment meets each quarter. The portfolios are reviewed quarterly and the individual projects are reviewed monthly.

SG 06	Voluntary	Descriptive	General
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SG 06.1	List the main responsible investment objectives that your organisation set for the reporting year.
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Responsible investment processes

Provide training on ESG incorporation

Key performance indicator

ESG part of CIO and PM's status.

Progress achieved

ESG-team participates biannually in the CIO and PM's status meetings

Provide training on ESG engagement

Improved communication of ESG activities within the organisation

Improved engagement to encourage change with regards to management of ESG issues

Improved ESG incorporation into investment decision making processes

Other, specify (1)

Other, specify (2)

Other, specify (3)

None of the above

Financial performance of investments

Increase portfolio performance by consideration of ESG factors

Key performance indicator

ESG-analysis on each portfolio is done quarterly and shared with PM's

Progress achieved

Portfolio-analysis is done quarterly and shared with PM's. These used for biannual evaluation with PM-teams.

Other, specify (1)

Other, specify (2)

Other, specify (3)

None of the above

ESG characteristics of investments

Over or underweight companies based on ESG characteristics

Improve ESG ratings of portfolio

Key performance indicator

Improvement of ESG-ratings of portfolios compared to benchmarks.

Progress achieved

The quarterly portfolio analysis showed improvements in the actively managed portfolios. The quant portfolios improved only slightly.

Setting carbon reduction targets for portfolio

Other, specify (1)

Other, specify (2)

Other, specify (3)

None of the above

Other activities

Joining and/or participation in RI initiatives

Key performance indicator

Join GRESB as part of improving ability to engage with external managers and report to customers

Progress achieved

The engagement initiative was joined in August and Nykredit is using the framework to engage with managers and ask for better disclosure.

Encouraging others to join a RI initiative

Key performance indicator

More investors to join Dansif and UNPRI.

Progress achieved

Nykredit has encouraged a number of investors to join these initiatives and informed several more in detail. Several has joined Dansif and UNPRI, but we see this rather as a result of their own decisions rather than our encouragement.

Documentation of best practice case studies

Using case studies to demonstrate engagement and ESG incorporation to clients

Key performance indicator

Case-studies as part of customer engagement.

Progress achieved

Case studies presented on refurbished home page as well as dedicated customer reports.

Other, specify (1)

Other, specify (2)

Other, specify (3)

None of the above

SG 06.2

Additional information.

Nykredit is in the process of improving the ESG-reporting to institutional and professional clients as well as retail clients. Nykredit hopes to help the clients in their stakeholder dialogue and further improve our dialogue with them on ESG-performance. It is our hope that this dialogue will further improve our innovation.

SG 07

Mandatory

Core Assessed

General

SG 07.1 Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

Roles	
<input checked="" type="checkbox"/>	Board members or trustees
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
<input type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/>	Internal Roles (triggers other options)
Select from the below internal roles	
<input checked="" type="checkbox"/>	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
<input type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/>	Other Chief-level staff or head of department, specify
	Head of ESG
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
<input checked="" type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/>	Portfolio managers
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
<input checked="" type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input type="checkbox"/>	Investment analysts
<input checked="" type="checkbox"/>	Dedicated responsible investment staff
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
<input checked="" type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input type="checkbox"/>	Investor relations
<input checked="" type="checkbox"/>	Other role, specify (1)
Other description (1)	
	Manager Selection staff
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
<input checked="" type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input type="checkbox"/>	Other role, specify (2)
<input checked="" type="checkbox"/>	External managers or service providers
<input type="checkbox"/>	Oversight/accountability for responsible investment
<input checked="" type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment

SG 07.2 For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

The Nykredit Forum on Sustainable Investments meets on a quarterly basis. At these meetings the quarterly screening reports are presented. New engagements or exclusions are decided and old evaluated. The head of ESG also presents how close the ongoing ESG-projects are to completion. The Forum also discuss the need for further development.

The ESG-team and PM-teams not only discusses the portfolio ESG-analysis but also the individual companies. Often the PM teams participate in ESG-related meetings with the companies or vice versa.

The ESG-team and the client managers discuss solutions to clients and how best to communicate the ESG-performance.

SG 07.3 Indicate the number of dedicated responsible investment staff your organisation has.

2

SG 07.4 Additional information. [Optional]

The implementation of responsible investment at Nykredit is integrated into the relevant functions.

SG 07 CC	Mandatory to Report, Voluntary to Disclose	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.														
	<table border="1"> <tr> <td>Board members or trustees</td> </tr> <tr> <td> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> <tr> <td>Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee</td> </tr> <tr> <td> <input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> <tr> <td>Other Chief-level staff or heads of departments</td> </tr> <tr> <td> <input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> <tr> <td>Portfolio managers</td> </tr> <tr> <td> <input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> <tr> <td>Dedicated responsible investment staff</td> </tr> <tr> <td> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> <tr> <td>External managers or service providers</td> </tr> <tr> <td> <input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> <tr> <td>Other role, specify (1)</td> </tr> <tr> <td> Manager Selection staff <input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> </table>	Board members or trustees	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee	<input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues	Other Chief-level staff or heads of departments	<input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues	Portfolio managers	<input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues	Dedicated responsible investment staff	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues	External managers or service providers	<input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues	Other role, specify (1)	Manager Selection staff <input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues
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Other role, specify (1)															
Manager Selection staff <input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues															

SG 07.6 CC	For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
	<p>The Forum on Sustainable Investments overlooks the implementation of the investment policy. The Nykredit senior management and the board overlook the sustainability strategy of Nykredit where climate and investments are a cornerstone, as is the reporting on it.</p> <p>The policy is reviewed annually, but the Forum meets quarterly to discuss any issues related to the implementation of the policy.</p> <p>More importantly the results are reported to clients and discussed. The next step will be a more detailed scenario analysis performed in 2019.</p>

SG 07.7 CC	For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.
	<p>Senior management at Nykredit is responsible for implementing the Nykredit strategy on sustainability. Climate-related issues play an integral part of the strategy on sustainability. The strategy on sustainability is decided by the board members and the senior management reports to them on progress and new initiatives taken. The annual report and the dedicated report on sustainability describes the initiatives and progress and it is signed of by the board. The report has looked at the carbon foot prints of investments at an aggregate level.</p> <p>As part of the implementation the senior management has action plan dedicated to each of the business lines. One of these are Wealth Management which has the overview of investments and where the RI-resources for Nykredit is anchored. The climate actions on investment, lending, own reduction initiatives and green bond issuance is all coordinated through the group wide sustainability working group. Senior management has the role of sustainability committee.</p> <p>The investment mutual has a similar governance structure. Each mutual has a policy on sustainable investments decided by the board members, who also review this annually. Management and the ESG-department implement and reports to the board on an ongoing basis about the initiative, progress and further action. The mutual funds have their own separate sustainability report, which covers carbon foot prints and the work on assessing and handling climate related risks and opportunities. This report is signed of by the boards of the mutual funds.</p>

SG 07.8 CC	Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.
	<input checked="" type="checkbox"/> Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar) <input checked="" type="checkbox"/> Request incorporation of TCFD into regular client reporting

- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other
- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

SG 08	Voluntary	Additional Assessed	General
SG 08.1 Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.			
Board members/Board of trustees			
SG 08.1b RI in personal development and/or training plan			
<input type="checkbox"/> Responsible investment included in personal development and/or training plan <input checked="" type="checkbox"/> None of the above			
Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee			
SG 08.1a RI in objectives, appraisal and/or reward			
<input type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above			
SG 08.1b RI in personal development and/or training plan			
<input type="checkbox"/> Responsible investment included in personal development and/or training plan <input checked="" type="checkbox"/> None of the above			
Other C-level staff or head of department			
SG 08.1a RI in objectives, appraisal and/or reward			
<input type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input checked="" type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above			
SG 08.1b RI in personal development and/or training plan			
<input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan <input type="checkbox"/> None of the above			
Portfolio managers			
SG 08.1a RI in objectives, appraisal and/or reward			
<input type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above			
SG 08.1b RI in personal development and/or training plan			
<input type="checkbox"/> Responsible investment included in personal development and/or training plan <input checked="" type="checkbox"/> None of the above			
Dedicated responsible investment staff			
SG 08.1a RI in objectives, appraisal and/or reward			
<input type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input checked="" type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above			
SG 08.1b RI in personal development and/or training plan			
<input type="checkbox"/> Responsible investment included in personal development and/or training plan <input checked="" type="checkbox"/> None of the above			
Other role (1) [from SG 07]			

Manager Selection staff

SG 08.1a	RI in objectives, appraisal and/or reward
<input type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above	

SG 08.1b	RI in personal development and/or training plan
<input type="checkbox"/> Responsible investment included in personal development and/or training plan <input checked="" type="checkbox"/> None of the above	

SG 08.3	Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.
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Implementation of policies and goals are an integral part of performance management in the organisation. The RI-goals are placed side-by-side with other goals of the organisation. More over sustainability is integrated into our strategy. This also means that Nykredit believes that sustainability can contribute positively to both client satisfaction and returns, which are two very important indicators in the performance programme across the organisation.

SG 09	Mandatory	Core Assessed	PRI 4,5
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SG 09.1	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)
Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--

Nykredit participated in several activities including PRI in Person, a Nordic event i Stockholm, as well as participated in several webinars. Nykredit has provided input about the PRI to relevant Danish authorities and potential Danish signatories.

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AVCA: Sustainability Committee
- France Invest – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)
Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--

Nykredit is both an investor signatory and reporting member. Nykredit has been involved in dialogue on the further development of the initiative.

- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Climate Action 100+

Your organisation's role in the initiative during the reporting period (see definitions)
Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--

Nykredit has been a memeber of this initiatives since its initiation. Nykredit has been an active participant in the overarching discussions and active participant i both the transportation group and the group on construction materials as well as the individual company engagements. Moreover, Nykredit has promoted the initiative to other investors and reported the results to Danish investors in quarterly and annual reports.

- Code for Responsible Investment in SA (CRISA)
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)

Your organisation's role in the initiative during the reporting period (see definitions)
--

Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Nykredit signed the initiative in August 2019 but has already been active user and participant.

- Green Bond Principles
- HKVCA: ESG Committee
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Financial Action in the 21st Century
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

Dansif

Your organisation's role in the initiative during the reporting period (see definitions)

Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Nykredit arranged and participated in numerous events. The Nykredit Head of ESG is a board member of Dansif.

- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Nykredit has been an active reporting member since 2008.

- Other collaborative organisation/initiative, specify

Finance Denmark and Investment Denmark.

Your organisation's role in the initiative during the reporting year (see definitions)

Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Nykredit has provided inputs and comments on issues regarding responsible investments. Nykredit is a part of initiating a standing working group on responsible investments, providing input to Danish and EU authorities new regulatory measures.

- Other collaborative organisation/initiative, specify

Ship Recycling Transparency Initiative

Your organisation's role in the initiative during the reporting year (see definitions)

Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Nykredit has been one of the founding members of this initiative which seeks to drive development of more responsible ship recycling practices through transparency. For more on this see <https://www.shiprecyclingtransparency.org/>.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 09.2	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
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Indicate approximately what percentage (+/- 5%) of your externally managed assets under management are managed by PRI signatories.

97.3%

SG 10	Mandatory	Core Assessed	PRI 4
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SG 10.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

SG 10.2

Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.

- Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description
Sharing methodology and RI-process with clients and companies

Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

- Provided financial support for academic or industry research on responsible investment
- Provided input and/or collaborated with academia on RI related work
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment

Description
Presentation of Nykredit analysis on ESG and RI methodology, future of sustainable investments and need for new initiatives.

Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI

Description
Nykredit has in different fora promoted that the reporting standard with respect to RI could be the PRI.

Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
- Wrote and published articles on responsible investment in the media
- A member of PRI advisory committees/ working groups, specify
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

Description
Reviewing the Dansif report on responsible investing and have taken initiative to other reports i.e. on SDG's.

Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

- Other, specify

No

SG 10.3	Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]
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Nykredit discloses our ambitions and activities to a wide audience. Our yearly reports have space specifically reserved for responsible investment. The specific products also report on procedures and results within responsible investments. Information is also disclosed on our website. Magazines sent to our customers had several articles on responsible investments as well as articles in independent main stream media. RI is part of our continuous dialogue with clients - retail as well as institutional. During the reporting year Nykredit participated in several events with business organisations and communicates directly with corporations to broaden the understanding and necessity of disclosing ESG-data.

SG 11	Voluntary	Additional Assessed	PRI 4,5,6
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SG 11.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.
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Yes

	If yes
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- Yes, individually
- Yes, in collaboration with others

SG 11.2	Select the methods you have used.
---------	-----------------------------------

- Endorsed written submissions to governments, regulators or public policy-makers developed by others
- Drafted your own written submissions to governments, regulators or public-policy markers
- Participated in face-to-face meetings with government members or officials to discuss policy
- Other, specify

SG 11.3	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.
---------	--

- Yes, publicly available
- <http://financedenmark.dk>
- <http://efama.org>

No

No

SG 11.4	Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.
---------	--

In 2019 Nykredit mainly engaged with public policy makers through FinanceDenmark and EFAMA. The most important consultations were the new Danish legislation implementing the Shareholder Rights Directive and the many new initiatives in the EU Action Plan on a more Sustainable European Economy. Nykredit also participated in private and public discussion with the UNDP on promoting the SDG's and the relevance to investors.

SG 12	Mandatory	Core Assessed	PRI 4
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SG 12.1	Indicate whether your organisation uses investment consultants.
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- Yes, we use investment consultants
- No, we do not use investment consultants.

SG 13	Mandatory	Descriptive	PRI 1
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SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
---------	--

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities
- No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.3	Additional information. [OPTIONAL]
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Nykredit is in the process of gathering the necessary data to do a consistent scenario analysis. Nykredit has done analysis on issuer level and these conclusions are used differently in the investment process. The overall allocation is done between asset classes and markets. The different strategies will use the conclusions to allocate between sectors and geographies. In case of EMD the conclusions can result in excluding specific countries or reducing exposure.

SG 14	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1
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SG 14.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.
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- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

- Other, specify(2)
- None of the above

SG 14.2 Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3 Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description
 Indicators on green transitions risk, based on strategy and exposure. Other indicators on revenue related to the fossil fuel industry, especially relevant to servicing companies.

None of the above

SG 14.4 If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

Carbon Disclosure Project database and analysis, MSCI ESG Research and Bloomberg TCFD.

SG 14.5 Additional information [Optional]

The analytic tools for surveying and stress testing are still in their developmental phase, but these are improving - both externally and internally developed ones.

SG 14 CC Voluntary General

SG 14.6 CC Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	Majority of assets	To ensure compliance with the goals of the Paris Agreement	Above or below benchmarks of aggregated funds	CDP-data, accessed through Bloomberg, measured against IEA.
Weighted average carbon intensity	Majority of assets	To ensure compliance with the goals of the Paris Agreement	Above or below benchmarks of aggregated funds	CDP-data, accessed through Bloomberg.
Carbon footprint (scope 1 and 2)	Majority of assets	To ensure compliance with the goals of the Paris Agreement	Above or below benchmarks of aggregated funds	CDP-data, accessed through Bloomberg.
Portfolio carbon footprint	Majority of assets	To ensure compliance with the goals of the Paris Agreement	Above or below benchmarks of aggregated funds	CDP-data, accessed through Bloomberg.
Carbon intensity	Majority of assets	To ensure compliance with the goals of the Paris Agreement	Above or below benchmarks of aggregated funds	CDP-data, accessed through Bloomberg.
Exposure to carbon-related assets	Majority of assets	To ensure compliance with the goals of the Paris Agreement	Depends on the specific asset	Own or sell side analysis

SG 14.7 CC Describe in further detail the key targets.

Target type	Baseline year	Target year	Description	Attachments
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Absolute target	Following the Paris Agreement	2050	This is dynamic, so if the Paris Agreement is strengthened, so is the target.	Files: link
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SG 14.8 CC Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

Processes for climate-related risks are integrated into overall risk management

Please describe

The carbon footprints and ESG portfolio screens are used as part of fund evaluation and policy evaluation together with CIO. The Policy is evaluated in the Forum on Sustainable Investments with representatives of senior management and all relevant departments and is also evaluated in boards of senior management. New analysis and projections are shared actively with the different departments.

Processes for climate-related risks are not integrated into overall risk management

SG 14.9 CC Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

Yes

Please describe

Nykredit is an active member of Climate Action 100+, and find the TCFD adoption as a key engagement tool here. Nykredit also uses TCFD as part of active ownership as such.

No, we do not undertake active ownership activities.

No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15 Mandatory to Report, Voluntary to Disclose Descriptive PRI 1

SG 15.1 Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

No

SG 16 Mandatory Descriptive General

SG 16.1 Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
--------------------	--

SG 16.2 Additional information [Optional].

Nykredit is very happy that the modules have been updated. Especially on hedge funds and infrastructure.

SG 18 Voluntary Descriptive General

SG 18.1 Indicate whether any specific features of your approach to responsible investment are particularly innovative.

Yes

SG 18.2 Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

Nykredit's four dedicated SRI-funds ranging from global equity, investment grade bonds, high yield bonds and a sustainability equity fund.

The quant fund provides an interesting combination of quant with exclusion approaches. This has historically proved very competitive compared with traditional funds.

Three of these have been developed further to a strict exclusion approach to companies with exposure to fossil fuels and an ESG fundamental inclusion approach with specific focus on green transition. This is combined with active ownership efforts. The sustainable equity fund is certified under the Swan labeled and is the first Danish managed fund to be so.

Nykredit's policy on responsible investment in sovereign debt has for more than 8 years combined ESG inclusion and ESG exclusion.

A passive global equity fund that tracks an ESG-benchmark but adds further exclusion criteria which in turn improves ESG-ratings as well as performance.

An equity allocation fund that allocates between different passive funds that all is in compliance with the Nykredit policy, i.e. exclusions.

Working with infrastructure for many years Nykredit has now managed to get acceptance of the UNPRI-principles in many side letters. We know this also used by other UNPRI-signatories.

Nykredit is very happy to be among the founding members of the Ship Recycling Transparency trying to improve responsible shiprecycling practises.

Nykredit launched its first green mortgage bond in 2019.

No

SG 19 Mandatory Core Assessed PRI 2, 6

SG 19.1 Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Selection, Appointment and Monitoring

Do you disclose?	
<input type="radio"/>	We do not disclose to either clients/beneficiaries or the public.
<input type="radio"/>	We disclose to clients/beneficiaries only.
<input checked="" type="radio"/>	We disclose to the public
The information disclosed to clients/beneficiaries is the same	
<input checked="" type="radio"/>	Yes
<input type="radio"/>	No

Disclosure to public and URL	
Disclosure to public and URL	
<input checked="" type="checkbox"/>	How responsible investment considerations are included in manager selection, appointment and monitoring processes
<input checked="" type="checkbox"/>	Details of the responsible investment activities carried out by managers on your behalf
<input checked="" type="checkbox"/>	E, S and/or G impacts and outcomes that have resulted from your managers' investments and/or active ownership
<input checked="" type="checkbox"/>	Other
Specify	
This also describes engagements done on portfolio companies in externally managed companies	
Annually	
https://www.nykreditinvest.dk/globalassets/pdf-falles/nykredit-invest/nykredit-invests-rapport-om-samfundsansvar-2019.pdf https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/corporate_responsibility_report_q4_19_2020-02-05_en.pdf	

Listed equity - Incorporation

Do you disclose?	
<input type="radio"/>	We do not proactively disclose it to the public and/or clients/beneficiaries
<input type="radio"/>	We disclose to clients/beneficiaries only.
<input checked="" type="radio"/>	We disclose it publicly
The information disclosed to clients/beneficiaries is the same	
<input checked="" type="radio"/>	Yes
<input type="radio"/>	No

Disclosure to public and URL	
Disclosure to public and URL	
<input type="radio"/>	Broad approach to ESG incorporation
<input checked="" type="radio"/>	Detailed explanation of ESG incorporation strategy used
Annually	
https://www.nykreditinvest.dk/globalassets/pdf-falles/nykredit-invest/nykredit-invests-rapport-om-samfundsansvar-2019.pdf https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/corporate_responsibility_report_q4_19_2020-02-05_en.pdf	

Listed equity - Engagement

Do you disclose?	
<input type="radio"/>	We do not disclose to either clients/beneficiaries or the public.
<input type="radio"/>	We disclose to clients/beneficiaries only.
<input checked="" type="radio"/>	We disclose to the public
The information disclosed to clients/beneficiaries is the same	
<input checked="" type="radio"/>	Yes
<input type="radio"/>	No

Disclosure to public and URL	
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Disclosure to public and URL	
<input checked="" type="checkbox"/>	Details on the overall engagement strategy
<input checked="" type="checkbox"/>	Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals
<input checked="" type="checkbox"/>	Number of engagements undertaken
<input checked="" type="checkbox"/>	Breakdown of engagements by type/topic
<input checked="" type="checkbox"/>	Breakdown of engagements by region
<input checked="" type="checkbox"/>	An assessment of the current status of the progress achieved and outcomes against defined objectives
<input checked="" type="checkbox"/>	Examples of engagement cases
<input checked="" type="checkbox"/>	Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.)
<input checked="" type="checkbox"/>	Details on whether the provided information has been externally assured
<input checked="" type="checkbox"/>	Outcomes that have been achieved from the engagement
<input type="checkbox"/>	Other information
Annually	
https://www.nykreditinvest.dk/globalassets/pdf-falles/nykredit-invest/nykredit-invests-rapport-om-samfundsansvar-2019.pdf https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/corporate_responsibility_report_q4_19_2020-02-05_en.pdf	

Listed equity – (Proxy) Voting

Do you disclose?	
<input type="radio"/>	We do not disclose to either clients/beneficiaries or the public.
<input type="radio"/>	We disclose to clients/beneficiaries only.
<input checked="" type="radio"/>	We disclose to the public
The information disclosed to clients/beneficiaries is the same	
<input checked="" type="radio"/>	Yes
<input type="radio"/>	No

Disclosure to public and URL	
Disclosure to public and URL	
<input type="radio"/>	Disclose all voting decisions
<input checked="" type="radio"/>	Disclose some voting decisions
<input type="radio"/>	Only disclose abstentions and votes against management
Annually	
https://www.nykreditinvest.dk/globalassets/pdf-falles/nykredit-invest/nykredit-invests-rapport-om-samfundsansvar-2019.pdf https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/corporate_responsibility_report_q4_19_2020-02-05_en.pdf	

Fixed income

Do you disclose?	
<input type="radio"/>	We do not disclose to either clients/beneficiaries or the public.
<input type="radio"/>	We disclose to clients/beneficiaries only.
<input checked="" type="radio"/>	We disclose to the public
The information disclosed to clients/beneficiaries is the same	
<input checked="" type="radio"/>	Yes
<input type="radio"/>	No

Disclosure to public and URL	
Disclosure to public and URL	
<input type="radio"/>	Broad approach to RI incorporation
<input checked="" type="radio"/>	Detailed explanation of RI incorporation strategy used
Annually	
https://www.nykreditinvest.dk/globalassets/pdf-falles/nykredit-invest/nykredit-invests-rapport-om-samfundsansvar-2019.pdf https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/corporate_responsibility_report_q4_19_2020-02-05_en.pdf	

Private equity

Do you disclose?	
<input type="radio"/>	We do not disclose to either clients/beneficiaries or the public.
<input type="radio"/>	We disclose to clients/beneficiaries only.
<input checked="" type="radio"/>	We disclose to the public
The information disclosed to clients/beneficiaries is the same	
<input checked="" type="radio"/>	Yes
<input type="radio"/>	No

Disclosure to public and URL	
Disclosure to public and URL	
<input checked="" type="checkbox"/>	ESG information in relationship to our pre-investment activities
<input checked="" type="checkbox"/>	ESG information in relationship to our post-investment monitoring and ownership activities
<input type="checkbox"/>	Information on our portfolio companies' ESG performance
<input checked="" type="checkbox"/>	Other
Specify	
The information disclosed is based on the external manager EQT-reports to our clients.	
Annually	
https://www.eqtgroup.com/sustainability/	

Hedge Funds	
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Do you disclose?	
<input type="radio"/>	We do not disclose to either clients/beneficiaries or the public.
<input type="radio"/>	We disclose to clients/beneficiaries only.
<input checked="" type="radio"/>	We disclose to the public
The information disclosed to clients/beneficiaries is the same	
<input checked="" type="radio"/>	Yes
<input type="radio"/>	No

Disclosure to public and URL	
Disclosure to public and URL	
<input checked="" type="checkbox"/>	Broad approach to RI incorporation for all strategies
<input type="checkbox"/>	Detailed explanation of RI incorporation for each strategy used
Annually	
https://www.nykreditinvest.dk/globalassets/pdf-falles/nykredit-invest/nykredit-invests-rapport-om-samfundsansvar-2019.pdf	

SG 19.2	Additional information [Optional]
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Nykredit provides additional information quarterly on a portfolio level if the client wishes to. This is a more detailed report describes ESG-performance, changes and active ownership efforts.

SG Checks		Checks
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If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

SAM 01.1 Indicate which of the following ESG incorporation strategies you require your external manager(s) to implement on your behalf for all your listed equity and/or fixed income assets:

Active investment strategies				
Active investment strategies	Listed Equity	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)
Screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Thematic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SAM 01.2 Additional information. [Optional]

Since the inception of the investment policy, we have screened all externally managed funds and we deliver an exclusion list to all managers, which they need to adhere to. As an extra precautionary measure the list is also uploaded to our portfolio management system, which will block any faulty attempts to buy a company on the list.

We expect the managers to adhere to the policy, which first of all means that the managers should implement our exclusion list. We encourage RI and PRI-membership and expect ESG-integration. However, we see it is our responsibility to ensure compliance with the policy. Therefore we screen all portfolios, assess and engage with companies directly. We expect managers to integrate ESG, but to make sure this is implemented we monitor this ourselves and discuss findings with the managers.

SAM 02.1 Indicate what RI-related information your organisation typically covers in the majority of selection documentation for your external managers

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity	Infrastructure
Your organisation's investment strategy and how ESG objectives relate to it	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG incorporation requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG reporting requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No RI information covered in the selection documentation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SAM 02.2 Explain how your organisation evaluates the investment manager's ability to align between your investment strategy and their investment approach

Strategy							
	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity	Infrastructure	
Assess the time horizon of the investment manager's offering vs. your/beneficiaries' requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Assess the quality of investment policy and its reference to ESG	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Assess the investment approach and how ESG objectives are implemented in the investment process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Review the manager's firm-level vs. product-level approach to RI	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Assess the ESG definitions to be used	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

ESG people/oversight						
	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity	Infrastructure
Assess ESG expertise of investment teams	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the oversight and responsibilities of ESG implementation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review how is ESG implementation enforced /ensured	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Review the manager's RI-promotion efforts and engagement with the industry	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Process/portfolio construction/investment valuation

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity	Infrastructure
Review the process for ensuring the quality of the ESG data used	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree the use of ESG data in the investment decision making process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree the impact of ESG analysis on investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG objectives (e.g. risk reduction, return seeking, real-world impact)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree manager's ESG risk framework	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG risk limits at the portfolio level (portfolio construction) and other ESG objectives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review how ESG materiality is evaluated by the manager	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review process for defining and communicating on ESG incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG reporting frequency and detail	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SAM 02.3 Indicate the selection process and its ESG/RI components

- Review ESG/RI responses to RfP, RfI, DDQ etc.
- Review responses to PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire (LP DDQ)
- Review publicly available information on ESG/RI
- Review assurance process on ESG/RI data and processes
- Review PRI Transparency Reports
- Request and discuss PRI Assessment Reports
- Meetings with the potential shortlisted managers covering ESG/RI themes
- Site visits to potential managers offices
- Other, specify

SAM 02.4 When selecting external managers does your organisation set any of the following:

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity	Infrastructure
ESG performance development targets	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG score	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG weight	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Real world economy targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other RI considerations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

You selected an "Other" option in table SAM 02.4 above, please specify

We expect the managers to keep on improving. So the target is mostly an ongoing benchmarking proces related to their peers.

SAM 02.5 Describe how the ESG information reviewed and discussed affects the selection decision making process.[OPTIONAL]

Nykredit will not select a manager that is not in line with our policy. On top of this ESG plays a vital role in assessing the quality of the managers processes, communication and over all approach. Nykredit expects our external managers to be signatories to UNPRI. If a manager is not a signatory, Nykredit will engage with them to become member and many have.

SAM 03

Mandatory

Additional Assessed

PRI 2

SAM 03.1 Indicate how your organisation typically evaluates the manager's active ownership practices in the majority of the manager selection process.

Engagement				
	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)
Review the manager's engagement policy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's engagement process (with examples and outcomes)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ensure whether engagement outcomes feed back into the investment decision-making process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other engagement issues in your selection process specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

If you select 'Other' option, specify

The active ownership dialogue is especially within SSA very important, as the dialogue with countries representatives from the departments of finance highlight ESG.

SAM 03.2 Describe how you assess if the manager's engagement approach is effective.

- Impact on investment decisions
- Financial impact on target company or asset class
- Impact on ESG profile of company or the portfolio
- Evidence of changes in corporate practices(i.e. ESG policies and implementation activities)
- Other, specify
- None of the above

SAM 03.4 Additional information [OPTIONAL]

The portfolio is review continuously and this is part of dialogue with manager.

SAM 04 Mandatory Core Assessed PRI 1

SAM 04.1 Indicate if in the majority of cases and where the structure of the product allows, your organisation does any of the following as part of the manager appointment and/or commitment process

- Sets standard benchmarks or ESG benchmarks
- Defines ESG objectives and/ or ESG related exclusions/restrictions
- Sets incentives and controls linked to the ESG objectives
- Requires reporting on ESG objectives
- Requires the investment manager to adhere to ESG guidelines, regulations, principles or standards
- Other, specify (1)
- Other, specify (2)
- None of the above

SAM 04.2 Provide an example per asset class of your benchmarks, objectives, incentives/controls and reporting requirements that would typically be included in your managers' appointment.

Asset class									
<input checked="" type="checkbox"/> Listed equity (LE) <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Benchmark</th> </tr> </thead> <tbody> <tr> <td> <input checked="" type="checkbox"/> Standard benchmark <input type="checkbox"/> ESG benchmark, specify </td> </tr> <tr> <th>ESG Objectives</th> </tr> <tr> <td> <input checked="" type="checkbox"/> ESG related strategy, specify We expect the manager to have their own strategy but still in line with Nykredit. </td> </tr> <tr> <td> <input checked="" type="checkbox"/> ESG related investment restrictions, specify The manager needs to adhere to our exclusion list. </td> </tr> <tr> <td> <input checked="" type="checkbox"/> ESG integration, specify The portfolio is analyzed and compared to the ESG-performance of the benchmark. </td> </tr> <tr> <td> <input checked="" type="checkbox"/> Engagement, specify Nykredit engages with norm breaching companies in all our portfolios, including those externally managed, however we do encourage that they engage on their own. </td> </tr> <tr> <td> <input checked="" type="checkbox"/> Voting, specify Nykredit votes on externally managed portfolios, but is in dialogue with the manager on active ownership, including AGM's. </td> </tr> <tr> <td> <input type="checkbox"/> Promoting responsible investment <input type="checkbox"/> ESG specific improvements </td> </tr> </tbody> </table>	Benchmark	<input checked="" type="checkbox"/> Standard benchmark <input type="checkbox"/> ESG benchmark, specify	ESG Objectives	<input checked="" type="checkbox"/> ESG related strategy, specify We expect the manager to have their own strategy but still in line with Nykredit.	<input checked="" type="checkbox"/> ESG related investment restrictions, specify The manager needs to adhere to our exclusion list.	<input checked="" type="checkbox"/> ESG integration, specify The portfolio is analyzed and compared to the ESG-performance of the benchmark.	<input checked="" type="checkbox"/> Engagement, specify Nykredit engages with norm breaching companies in all our portfolios, including those externally managed, however we do encourage that they engage on their own.	<input checked="" type="checkbox"/> Voting, specify Nykredit votes on externally managed portfolios, but is in dialogue with the manager on active ownership, including AGM's.	<input type="checkbox"/> Promoting responsible investment <input type="checkbox"/> ESG specific improvements
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<input type="checkbox"/> Promoting responsible investment <input type="checkbox"/> ESG specific improvements									

- Other, specify
- ESG guidelines/regulation, principles/standards, specify

Nykredit shares knowledge of the European regulation and ensures that this is met. Encourages PRI.

Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

Reporting requirements

- Monthly
- Quarterly
- Bi-annually
- Annually
- Ad-hoc/when requested

- Fixed income - SSA (SSA)

Benchmark

- Standard benchmark, specify
We expect outperformance of benchmark.
- ESG benchmark, specify

ESG Objectives

- ESG related strategy, specify
We expect the manager to have their own strategy but still in line with Nykredit.
- ESG related investment restrictions, specify
The manager needs to adhere to our exclusion list.
- ESG integration, specify
The portfolio is analyzed and compared to the ESG-performance of the benchmark
- Engagement, specify
We expect the manager to engage with countries in line with ESG-analysis.
- Voting, specify
- Promoting responsible investment
- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

Reporting requirements

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

- Fixed income - Corporate (financial)

Benchmark

- Standard benchmark, specify
We expect outperformance of benchmark.
- ESG benchmark, specify

ESG Objectives

- Other, specify
- ESG related strategy, specify

We expect the manager to have their own strategy but still in line with Nykredit.

ESG related investment restrictions, specify

The manager needs to adhere to our exclusion list.

ESG integration, specify

The portfolio is analyzed and compared to the ESG-performance of the benchmark.

Engagement, specify

Nykredit engages with norm breaching companies in all our portfolios, including those externally managed, however we do encourage that they engage on their own.

Voting, specify

Promoting responsible investment

ESG specific improvements

Other, specify

ESG guidelines/regulation, principles/standards, specify

Incentives and controls

Fee based incentive

Communication and remedy of breaches

Termination

No fee/ breach of contract

Reporting requirements

Ad-hoc/when requested

Annually

Bi-annually

Quarterly

Monthly

Fixed income - Corporate (non-financial)

Benchmark

Standard benchmark, specify

We expect outperformance of benchmark.

ESG benchmark, specify

ESG Objectives

Other, specify

ESG related strategy, specify

We expect the manager to have their own strategy but still in line with Nykredit.

ESG related investment restrictions, specify

The manager needs to adhere to our exclusion list.

ESG integration, specify

The portfolio is analyzed and compared to the ESG-performance of the benchmark.

Engagement, specify

Nykredit engages with norm breaching companies in all our portfolios, including those externally managed, however we do encourage that they engage on their own.

Voting, specify

Promoting responsible investment

ESG specific improvements

Other, specify

ESG guidelines/regulation, principles/standards, specify

Incentives and controls

Fee based incentive

Communication and remedy of breaches

Termination

No fee/ breach of contract

Reporting requirements

Ad-hoc/when requested

Annually

- Bi-annually
- Quarterly
- Monthly

Private equity

Benchmark

- Standard benchmark, specify
We expect outperformance of benchmark.
- ESG benchmark, specify

ESG Objectives

- ESG related strategy, specify
We expect the manager to have their own strategy but still in line with Nykredit.
- ESG related investment restrictions, specify
The manager needs to adhere to our exclusion list.
- ESG integration, specify
The outcome of the managers efforts are analysed through own screens and annual dialogue with the manager.
- Engagement, specify
- Voting, specify
- Promoting responsible investment
- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

Reporting requirements

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

Infrastructure

Benchmark

- Standard benchmark, specify
We expect outperformance of benchmark.
- ESG benchmark, specify

ESG Objectives

- ESG related strategy, specify
We expect the manager to have their own strategy but still in line with Nykredit.
- ESG related investment restrictions, specify
The manager needs to adhere to our exclusion list. Nykredit expects the manager to do due diligence regarding international norms and conventions such as Global Compact principles, OECD Guidelines on Multinational Enterprises and UN Guiding Principles on Business and Human Rights.
- ESG integration, specify
The outcome of the managers efforts are analysed through own screens and ongoing dialogue with the manager.
- Engagement, specify
- Voting, specify
- Promoting responsible investment
- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

Nykredit is in dialogue with several managers on improved measurement methodology like WHEB. Nykredit shares knowledge of the

European regulation and ensures that this is met. Encourages PRI.

Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

Reporting requirements

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

SAM 04.3 Indicate which of these actions your organisation might take if any of the requirements are not met

- Discuss requirements not met and set project plan to rectify
- Place investment manager on a "watch list"
- Track and investigate reason for non-compliance
- Re-negotiate fees
- Failing all actions, terminate contract with the manager
- Other, specify
- No actions are taken if any of the ESG requirements are not met

SAM 04.4 Provide additional information relevant to your organisation's appointment processes of external managers. [OPTIONAL]

Together with the manager selection team the ESG team play an integral role in analyzing candidates, recommendations and producing the legally binding contracts.

SAM 05 **Mandatory** **Core Assessed** **PRI 1**

SAM 05.1 When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity	Infrastructure
ESG objectives linked to investment strategy (with examples)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Evidence on how the ESG incorporation strategy(ies) affected the investment decisions and financial / ESG performance of the portfolio/fund	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Compliance with investment restrictions and any controversial investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG portfolio characteristics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
How ESG materiality has been evaluated by the manager in the monitored period	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Information on any ESG incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Metrics on the real economy influence of the investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PRI Transparency Reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
PRI Assessment Reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
RI-promotion and engagement with the industry to enhance RI implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Changes to the oversight and responsibilities of ESG implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other general RI considerations in investment management agreements; specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SAM 05.2 When monitoring external managers, does your organisation set any of the following to measure compliance/progress

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity	Infrastructure
ESG score	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG weight	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG performance minimum threshold	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Real world economy targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other RI considerations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you select any 'Other' option(s), specify

The portfolio is always scored and compared to benchmark. The next step is a deep dive into the portfolio and its construction. This is part of evaluation and dialogue.

SAM 05.3 Provide additional information relevant to your organisation's monitoring processes of external managers. [OPTIONAL]

Improvement of ESG-performance and methodology is expected.

SAM 08 Mandatory to Report, Voluntary to Disclose Descriptive PRI 1

SAM 08.1 Describe how you ensure that best RI practice is applied to managing your assets

Encourage improved RI practices with existing investment managers

Measures

We analyze and evaluate the portfolios on a quarterly basis and this form the foundation of the dialogue with the managers.

Move assets over to investment managers with better RI practices

Measures

If the manager does not perform according to our expectations the cooperation is terminated.

Other, specify

Nykredit tries to continuously to innovate our own practices and expect our managers to improve as well. We do this by analyzing their portfolios each quarter. This is the basis for further discussions on integration of ESG criteria. We also encourage ESG-reporting which we can pass on to clients but which also an important driver in further innovation.

Measures

ESG-analysis of portfolios combined with returns, which forms the basis for discussions on how to improve integration of material ESG-factors.

None of the above

SAM 08.2 Additional information. [Optional]

The Nykredit policy and the obligations apply to all external managers. We expect the managers to have a strategy of their own but that this is within the boundaries of the Nykredit policy. Nykredit will encourage becoming a UNPRI-signatory. Almost all are today.

The managers also play a part in innovating on existing practises like reporting and assessing transition risks.

SAM 09 Mandatory Additional Assessed PRI 1,6

SAM 09.1 Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.

Add Example 1

Topic or issue	Climate change
Conducted by	Internal staff
Asset class	Fixed income – SSA
Scope and process	EMD is specifically exposed to green transition as many of the issuing countries are dependent on oil exports. This makes them and the asset class specifically vulnerable to transition risks. Nykredit reached out for dialogue on appropriate measures and methodology to handle this risk in the portfolio construction.
Outcomes	The external manager received the concerns very well and after several iterations on the issue the past two years, they have implemented a new ESG-scorecard that addresses this as well as addressing this in their fundamental approach to risk and opportunities. It is applied to both SSA and credits in the portfolio. The dialogue on this issue continues with further emphasis on scenario analysis.

Add Example 2

Topic or issue	Improving ESG-integration methodology
Conducted by	Internal staff
Asset class	Listed Equity

Scope and process	The EM-manager had very good fundamental approach that in a good way addressed several material ESG-issues, but the approach lacked the overarching strategy and also had room for improvement in company dialogue and in some cases analysis. Nykredit addressed this asking the manager to become a UNPRI-signatory and to improve methodology.
Outcomes	The manager became a signatory a year and a half ago. Since then the policy has been improved and there is much more consistency in the methodology. We have noticed improvements in the portfolios ESG-performance as the fundmanetal analysis, when we go into the details of the specific cases. The very productive dialogue continues.

Add Example 3

Topic or issue	Improving ESG-integration methodology
Conducted by	Internal staff
Asset class	Listed Equity
Scope and process	The value-manager has a good fundamental approach, but the approach lacks the overarching strategy and also had room for improvement in company dialogue and in some cases analysis. Nykredit addressed this asking the manager to become a UNPRI-signatory and to improve methodology.
Outcomes	The manager signed up for UNPRI last year. During the year Nykredit and the manger has had several iterations on methodology and integration of material issues. This improved he mutual understanding of approaches, but the is still work to be done. The efforts have yet to materialize in better ESG-performance.

Add Example 4

Topic or issue	Improving ESG-integration methodology
Conducted by	Internal staff
Asset class	Infrastructure
Scope and process	The infrastructure-manager has very good fundamental approach that in a good way addressed several material ESG-issues, but the approach had room for improvement to compare with the very best in an ESG-perspective. Nykredit addressed this asking the manager to become a UNPRI-signatory and to improve methodology.
Outcomes	The manager has just become a UNPRI-signatory. Nykredit will continue dialogue on our coomon quest to improve methodology and reporting to clients. Next step will be for the manager to report to the GRESB-framework which will enable us to track improvements and compare to other funds.

Add Example 5

Add Example 6

Add Example 7

We are not able to provide examples

SAM 09.2 Additional information.

Nykredit finds the dialogue with external managers a very positive and fruitfull approach to innovation and improving ESG-approaches. Nykredit would like to thank our managers to be so forthcoming and sharing their insights and ambitions with us. This has not only produced good results but has also meant great learnings for the teams at Nykredit.

SAM Checks Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

LEI 01.1

Indicate which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities; and the breakdown of your actively managed listed equities by strategy or combination of strategies.

- Screening alone (i.e., not combined with any other strategies)
- Thematic alone (i.e., not combined with any other strategies)
- Integration alone (i.e., not combined with any other strategies)
- Screening and integration strategies

Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5% 92%

- Thematic and integration strategies
- Screening and thematic strategies
- All three strategies combined

Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5% 8%

- We do not apply incorporation strategies

LEI 01.3

If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

The 8% is a fossil free fund which combines exclusions of fossil fuels and controversial companies, i.e. weapons and tobacco, with a positive selection based on ESG.

LEI 02.1

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

- Raw ESG company data
- ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Company-related analysis or ratings
- ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Sector-related analysis or ratings
- ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Country-related analysis or ratings
- ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Screened stock list
- ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- ESG issue-specific analysis or ratings
- ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Other, specify

LEI 02.2

Indicate whether you incentivise brokers to provide ESG research.

Yes

LEI 02.3 Describe how you incentivise brokers.

The ESG-research is part of their research offering to Nykredit, and they have been chosen for that complete package.

No

LEI 02.4 Additional information. [Optional]

In general the ESG-data is improving and Nykredit has more and more sources for its ESG-data.

LEI 03

Voluntary

Additional Assessed

PRI 1

LEI 03.1 Indicate whether your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.

Engagement

- We have a systematic process to ensure the information is made available.
- We occasionally make this information available.
- We do not make this information available.

(Proxy) voting

- We have a systematic process to ensure the information is made available.
- We occasionally make this information available.
- We do not make this information available.

LEI 03.2 Additional information. [Optional]

Background and evaluation on all engagements are available to portfolio managers and the cases are discussed on an ongoing basis. When relevant, the engagement with the company is done with the portfolio manager. The information is collected and shared for use on the company evaluation. Regarding proxy voting, the voting decision is the result of a discussion between the ESG-team and the PM's. In case of disagreement, the PM's have the final word unless it is a question related directly to compliance with the Nykredit investment policy. The information on voting and engagements as well as ESG-ratings are shared with institutional clients on a quarterly basis.

LEI 04

Mandatory

Descriptive

PRI 1

LEI 04.1 Indicate and describe the type of screening you apply to your internally managed active listed equities.

Negative/exclusionary screening

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

All companies producing weapons in conflict with the Oslo and Ottawa Conventions are excluded. Moreover, two equity funds and two corporate debt funds apply a negative SRI-screening that excludes producers and distributors of alcohol, tobacco, weapons, pornography, and gambling, as well as companies in breach with our norms based screening. Three of these funds also excludes companies with more than 5% revenue exposure to production, distribution or servicing of fossil fuels.

Positive/best-in-class screening

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

Screenings based on ESG-ratings are applied to the focus funds and the thematic fund with the systematic ESG-integration, but more important the ESG-data is used for the fundamental analysis and evaluation done by the PM's. The strategies has a positive ESG-integration approach which also incorporates ESG-momentum.

Norms-based screening

- UN Global Compact Principles
- The UN Guiding Principles on Business and Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises

Other, specify

Description
All funds are screened on a quarterly basis against these criteria.

LEI 04.2	Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.
-----------------	---

The screening criteria are decided by the Nykredit Forum on Sustainable Investments and, when relevant, the boards of the mutual funds. The criteria are discussed with clients and reviewed internally on an ongoing basis as part of the general yearly review of the policy. Changes are always communicated to clients. Most often changes are made as a result of dialogue with clients. In September, Nykredit excluded a number of fossil fuel companies as a result of the policy goal of investing in line with the Paris Agreement. The decision was communicated through up dates to clients, quarterly reports and is also mentioned in the annual report.

LEI 05	Mandatory	Core Assessed	PRI 1
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LEI 05.1	Indicate which processes your organisation uses to ensure ESG screening is based on robust analysis.
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- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies.
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar.
- Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- Trading platforms blocking / restricting flagged securities on the black list.
- A committee, body or similar with representatives independent of the individuals who conduct company research reviews some or all screening decisions.
- A periodic review of internal research is carried out.
- Review and evaluation of external research providers.
- Other; specify
- None of the above

LEI 05.2	Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.
-----------------	--

- <10%
- 10-50%
- 51-90%
- >90%

LEI 05.3	Indicate how frequently third party ESG ratings are updated for screening purposes.
-----------------	--

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 05.4	Indicate how frequently you review internal research that builds your ESG screens.
-----------------	---

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 05.5	Additional information. [Optional]
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ESG-data are continuously surveyed. List are at least updated on a weekly basis. PM's have access to ESG-data, reports and other research. The quarterly fund reports are shared and discussed with PM's.

LEI 06	Voluntary	Additional Assessed	PRI 1
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LEI 06.1	Indicate which processes your organisation uses to ensure fund criteria are not breached.
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- Systematic checks are performed to ensure that stocks meet the fund's screening criteria
- Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria
- Audits of fund holdings are undertaken regularly by internal audit function
- Periodic auditing/checking of the organisations RI funds by external party
- Other; specify
- None of the above

LEI 06.2	If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.
-----------------	--

No breaches during the reporting year. Pretrade screening against the exclusion list is in place.

If a breach is identified, group compliance and the committee on responsible investment will be informed. Analysis to uncover the fault will be initiated. On the basis of the conclusions of the analysis, measures will be implemented to insure the breach will not happen again.

As part of the Swan labelling of the fund Bæredygtige Aktier, a separate audit system has been applied to ensure that the fund is at all time compliant with the labelling criteria.

LEI 07	Mandatory	Descriptive	PRI 1
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LEI 07.1 Indicate the type of sustainability thematic funds or mandates your organisation manages.

- Environmentally themed funds
- Socially themed funds
- Combination of themes

LEI 07.2 Describe your organisation's processes relating to sustainability themed funds. [Optional]

The fund combines exclusion of fossil fuels with a positive ESG selection process as well as active ownership. Climate transition risk and opportunities play an important part in the investments process from assessing structural trends to selecting the individual stocks.

LEI 08	Mandatory	Core Assessed	PRI 1
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LEI 08.1 Indicate the proportion of actively managed listed equity portfolios where E, S and G factors are systematically researched as part of your investment analysis.

ESG issues	Proportion impacted by analysis
Environmental	Environmental
	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%
Social	Social
	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%
Corporate Governance	Corporate Governance
	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%

LEI 08.2 Additional information. [Optional]

The ESG-data is, as previously mentioned, systematically integrated into our internally managed equity funds. If a company is not covered by data provided by external service providers then the internal team researches the company. The PM and ESG teams discuss the companies as part of the fundamental process.

LEI 09	Mandatory	Core Assessed	PRI 1
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LEI 09.1 Indicate which processes your organisation uses to ensure ESG integration is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Third-party ESG ratings are updated regularly
- A periodic review of the internal research is carried out
- Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ESG risk profile of a portfolio against benchmark
- Analysis of the impact of ESG factors on investment risk and return performance
- Other; specify
- None of the above

LEI 09.2 Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.

- <10%
- 10-50%
- 51-90%
- >90%

LEI 09.3 Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.

- Quarterly or more frequently
- Bi-Annually

- Annually
- Less frequently than annually

LEI 09.4	Indicate how frequently you review internal research that builds your ESG integration strategy.
<ul style="list-style-type: none"> <input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Bi-Annually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually 	

LEI 09.5	Describe how ESG information is held and used by your portfolio managers.
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> ESG information is held within centralised databases or tools, and it is accessible by all relevant staff <input checked="" type="checkbox"/> ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff <input checked="" type="checkbox"/> Systematic records are kept that capture how ESG information and research were incorporated into investment decisions <input type="checkbox"/> Other; specify <input type="checkbox"/> None of the above 	

LEI 09.6	Additional information. [Optional]
<p>A portfolio ESG-analysis is conducted on all funds quarterly and this is used to follow development according to benchmark, but also historically.</p> <p>The data from ESG-specialists and sell-side is shared and discussed between teams.</p>	

LEI 10	Mandatory to Report, Voluntary to Disclose	Core Assessed	PRI 1
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LEI 10.1	Indicate which aspects of investment analysis you integrate material ESG information into.										
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Economic analysis <table border="1" style="margin-left: 20px;"> <tr> <td style="background-color: #0070C0; color: white;">Proportion of actively managed listed equity exposed to investment analysis</td> </tr> <tr> <td> <ul style="list-style-type: none"> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90% </td> </tr> </table> <input checked="" type="checkbox"/> Industry analysis <table border="1" style="margin-left: 20px;"> <tr> <td style="background-color: #0070C0; color: white;">Proportion of actively managed listed equity exposed to investment analysis</td> </tr> <tr> <td> <ul style="list-style-type: none"> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90% </td> </tr> </table> <input checked="" type="checkbox"/> Quality of management <table border="1" style="margin-left: 20px;"> <tr> <td style="background-color: #0070C0; color: white;">Proportion of actively managed listed equity exposed to investment analysis</td> </tr> <tr> <td> <ul style="list-style-type: none"> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90% </td> </tr> </table> <input checked="" type="checkbox"/> Analysis of company strategy <table border="1" style="margin-left: 20px;"> <tr> <td style="background-color: #0070C0; color: white;">Proportion of actively managed listed equity exposed to investment analysis</td> </tr> <tr> <td> <ul style="list-style-type: none"> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90% </td> </tr> </table> <input checked="" type="checkbox"/> Portfolio weighting <table border="1" style="margin-left: 20px;"> <tr> <td style="background-color: #0070C0; color: white;">Proportion of actively managed listed equity exposed to investment analysis</td> </tr> <tr> <td> <ul style="list-style-type: none"> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90% </td> </tr> </table> <input type="checkbox"/> Security sensitivity and/or scenario analysis <input checked="" type="checkbox"/> Fair value/fundamental analysis 		Proportion of actively managed listed equity exposed to investment analysis	<ul style="list-style-type: none"> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90% 	Proportion of actively managed listed equity exposed to investment analysis	<ul style="list-style-type: none"> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90% 	Proportion of actively managed listed equity exposed to investment analysis	<ul style="list-style-type: none"> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90% 	Proportion of actively managed listed equity exposed to investment analysis	<ul style="list-style-type: none"> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90% 	Proportion of actively managed listed equity exposed to investment analysis	<ul style="list-style-type: none"> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%
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Proportion of actively managed listed equity exposed to investment analysis											
<ul style="list-style-type: none"> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90% 											

	Proportion of actively managed listed equity exposed to investment analysis
<input type="radio"/>	<10%
<input type="radio"/>	10-50%
<input type="radio"/>	51-90%
<input checked="" type="radio"/>	>90%
<input type="checkbox"/>	Other; specify

LEI 10.2	Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis.
<input type="checkbox"/>	Adjustments to forecasted company financials (sales, operating costs, earnings, cash flows)
<input checked="" type="checkbox"/>	Adjustments to valuation-model variables (discount rates, terminal value, perpetuity growth rates)
<input type="checkbox"/>	Valuation multiples
<input type="checkbox"/>	Other adjustments; specify

LEI 10.3	Describe how you integrate ESG information into portfolio weighting.
ESG is used to identify the structural risk in the benchmark. The sector allocation is heavily effected by ESG as is company selection. Our approach as an active manager is to decide whether to be invested. If our analysis has a negative outcome the PM will decide not to invest. Underweighting is not used.	

LEI 10.4	Describe the methods you have used to adjust the income forecast/valuation tool.
For the global portfolios, the ESG-rating of the individual company plays directly into the quantification tool that converts quality indicators into a valuation.	

LEI 11	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
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LEI 11.1	Indicate if you manage passive listed equity funds that incorporate ESG factors in the index construction methodology.
<input checked="" type="radio"/>	Yes
<input type="radio"/>	No

LEI 11.2	Indicate the percentage of your total passive listed equity funds for which ESG factors are incorporated in the index construction methodology.
	ESG incorporation in index construction methodology (% of total passive listed equity funds)
<input checked="" type="radio"/>	<10%
<input type="radio"/>	10-50%
<input type="radio"/>	51-90%
<input type="radio"/>	>90%

LEI 11.3	Specify index/fund name, provide a brief description of ESG methodology and indicate which of the following ESG incorporation strategies you apply.				
<input checked="" type="checkbox"/>	Index/fund 1				
	<table border="1"> <thead> <tr> <th>Index/fund name and brief description of ESG methodology</th> <th>ESG incorporation strategy</th> </tr> </thead> <tbody> <tr> <td>Nykredit Invest Engros Globale Basis ESG with MSCI ACWI ESG Leaders as benchmark but excluding companies in the second lowest ESG rating category as well (B's) as well as companies on the Nykredit exclusions list, coal, companies and producers of controversial weapons, i.e. cluster munitions, landmines and nuclear weapons.</td> <td> <input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration of ESG factors <input type="checkbox"/> Other </td> </tr> </tbody> </table>	Index/fund name and brief description of ESG methodology	ESG incorporation strategy	Nykredit Invest Engros Globale Basis ESG with MSCI ACWI ESG Leaders as benchmark but excluding companies in the second lowest ESG rating category as well (B's) as well as companies on the Nykredit exclusions list, coal, companies and producers of controversial weapons, i.e. cluster munitions, landmines and nuclear weapons.	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration of ESG factors <input type="checkbox"/> Other
Index/fund name and brief description of ESG methodology	ESG incorporation strategy				
Nykredit Invest Engros Globale Basis ESG with MSCI ACWI ESG Leaders as benchmark but excluding companies in the second lowest ESG rating category as well (B's) as well as companies on the Nykredit exclusions list, coal, companies and producers of controversial weapons, i.e. cluster munitions, landmines and nuclear weapons.	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration of ESG factors <input type="checkbox"/> Other				
<input type="checkbox"/>	Index/fund 2				
<input type="checkbox"/>	Index/fund 3				
<input type="checkbox"/>	Index/fund 4				
<input type="checkbox"/>	Index/fund 5				

LEI 12	Voluntary	Descriptive	PRI 1
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LEI 12.1	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
<input checked="" type="checkbox"/>	Screening
	Describe any reduction in your starting investment universe or other effects.
The two negatively screened listed SRI-funds exclude producers and distributors of alcohol, tobacco, weapons, pornography, and gambling as well as companies that breach international norms. One also excludes producers, distributors and servicing companies of fossil fuels. Utilities with more than 50% of energy input deriving from coal are also excluded. These exclude up to 15%.	

Specify the percentage reduction (+/- 5%)

10%

- Thematic
- Integration of ESG factors

Select which of these effects followed your ESG integration.

- Reduce or prioritise the investment universe
- Overweight/underweight at sector level
- Overweight/underweight at stock level
- Buy/sell decisions
- Engagement / Voting
- Other; specify
- None of the above

- Index incorporating ESG factors (for passively managed funds)

Describe the influence on composition or other effects.

The portfolio has a distinct overweight in higher ranked companies and a lower carbon footprint than both the ESG benchmark and the traditional benchmarks. We expect and have experience that the ESG-data and process has a positive influence on performance.

LEI 13	Voluntary	Descriptive	PRI 1
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LEI 13.1 Provide examples of ESG factors that affected your investment view and/or performance during the reporting year.

- ESG factor 1

ESG factor and explanation	Privacy and data security: The new ESG-issue materialised in 2018 but the scope was expanded to beyond the IT-sector. Business models focussed on harvesting and profiting on users data were challenged. Short time this has proved very profitable but as users and regulators understood the misuse of the business model this proves more and more unsustainable.
ESG incorporation strategy applied	
Impact on investment decision or performance	This perspective had a profound effect on the risk assesment in many different sectors and companies leading to not selecting specific stocks.

- ESG factor 2

ESG factor and explanation	Climate change and green green transition
ESG incorporation strategy applied	
Impact on investment decision or performance	Nykredit has analyzed the effect of the exclusions of fossil fuels defined as any company with more than 5% revenue from producing or distributing coal, oil or gas as well as companies with more than 5% revenue from servicing these companies. Also utilities with more than 50% electricity produced from therma coal is excluded. A shadow MSCI without fossil fuel companies was constructed from exclusionslist as its performance was compared to the traditional ACWI. The conclusions was that during the past three years the fossil exclusions meant a 2,5% market out performance. This finding was reported to the investors in the fund as part of the annual fund report. Find it here: https://www.nykreditinvest.dk/globalassets/pdf-falles/nykredit-invest/ni_baeredygtige_aktier_aarsrapport_2019.pdf

- ESG factor 3

ESG factor and explanation	Tobacco: Our actively managed funds have no exposure to tobacco production. Some have a negative screening and some have decided not to invest from an ESG approach.
ESG incorporation strategy applied	
Impact on investment decision or performance	Even though tobacco producers have done extraordinarily well historically, the performance has changed. In the past 5 years the performance has been neutral and last year the performance was helped by not investing in tobacco producers.

- ESG factor 4

ESG factor and explanation
Access to finance in merging markets
ESG incorporation strategy applied
Impact on investment decision or performance
Access to finance in emerging markets has been the reasoning for investing in EM-banks in i.e. India.

ESG factor 5

LEI Checks

Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

LEA 01.1 Indicate whether your organisation has an active ownership policy (includes engagement and/or voting).

Yes

LEA 01.2 Attach or provide a URL to your active ownership policy.

Attachment provided:

URL provided:

<https://www.nykredit.com/en-gb/samfundsansvar/investments/politik-for-baredygtige-investeringer/>

LEA 01.3 Indicate what your active engagement policy covers:

General approach to Active Ownership

- Conflicts of interest
- Alignment with national stewardship code requirements
- Assets/funds covered by active ownership policy
- Expectations and objectives
- Engagement approach

Engagement

- ESG issues
- Prioritisation of engagement
- Methods of engagement
- Transparency of engagement activities
- Due diligence and monitoring process
- Insider information
- Escalation strategies
- Service Provider specific criteria
- Other, (specify)

(Proxy) voting approach

Voting

- ESG issues
- Prioritisation and scope of voting activities
- Methods of voting
- Transparency of voting activities
- Regional voting practice approaches
- Filing or co-filing resolutions
- Company dialogue pre/post-vote
- Decision-making processes
- Securities lending processes
- Other, (specify)

Other

None of the above

No

LEA 01.4 Do you outsource any of your active ownership activities to service providers?

Yes

LEA 01.5 Where active ownership activities are conducted by service providers, indicate whether your active ownership policy covers any of the following:

- Outline of service provider's role in implementing your organisation's active ownership policy
- Description of considerations included in service provider selection and agreements
- Identification of key ESG frameworks which service providers must follow
- Outline of information sharing requirements of service providers
- Description of service provider monitoring processes
- Other, (specify)
- None of the above

No

LEA 01.6	Additional information [optional]
<p>Service providers assist Nykredit in our engagement process. All decisions whether to engage or exclude are made exclusively by the Nykredit Forum on Sustainable Investments. Any voting decisions are made by PM and ESG-teams. The service providers have a role similar to legal counsel or sell side analysts. The contracts are reviewed and if relevant RFP's conducted every 3 years.</p>	

LEA 02	Mandatory	Core Assessed	PRI 1,2,3
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LEA 02.1	Indicate the method of engagement, giving reasons for the interaction.
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Type of engagement	Reason for interaction
Individual / Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via service providers

LEA 02.2	Indicate whether your organisation plays a role in the engagement process that your service provider conducts.
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Yes

LEA 02.3	Indicate the role(s) you play in engagements that your service provider conducts on your behalf.
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- We discuss the topic of the engagement (or ESG issue(s)) of engagement
- We discuss the rationale for the engagement
- We discuss the objectives of the engagement
- We select the companies to be engaged with
- We discuss the frequency/intensity of interactions with companies
- We discuss the next steps for engagement activity
- We participate directly in certain engagements with our service provider
- Other; specify
- We play no role in engagements that our service provider conducts.

No

LEA 02.4	Additional information. [Optional]
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The Nykredit Forum for Sustainable Investments decides whether to initiate an engagement. The goal and milestones are decided together with the service provider. The Forum evaluates each engagement at least once a year. The Forum decides when to end the engagement and if no significant progress have been made to exclude the company.

The internal staff are also involved in the active ownership and at times the active ownership takes a form similar to that of an engagement, but without any breach of norms being identified.

LEA 03	Mandatory	Core Assessed	PRI 2
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LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagements.
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Yes

LEA 03.2	Indicate the criteria used to identify and prioritise engagements for each type of engagement.
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Type of engagement	Criteria used to identify/prioritise engagements

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No

LEA 03.3	Additional information. [Optional]
<p>The Nykredit Forum on Sustainable Investments make decisions on initiation of engagements related to breaches of international norms and participation in collaborative engagements. Before deciding validation of breach is required as is specific goal and milestones for the engagement. The Forum also evaluates the engagement and decides there is reason to conclude, prolong or end engagement.</p>	

LEA 04	Mandatory	Core Assessed	PRI 2
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LEA 04.1	Indicate whether you define specific objectives for your organisation's engagement activities.
Individual / Internal staff engagements	<input checked="" type="checkbox"/> All engagement activities <input type="checkbox"/> Majority of engagement activities <input type="checkbox"/> Minority of engagement activities <input type="checkbox"/> We do not define specific objectives for engagement activities carried out by internal staff

Collaborative engagements	<input checked="" type="checkbox"/> All engagement activities <input type="checkbox"/> Majority of engagement activities <input type="checkbox"/> Minority of engagement activities <input type="checkbox"/> We do not define specific objectives for engagement activities carried out through collaboration
Service-provider engagements	<input checked="" type="checkbox"/> All engagement activities <input type="checkbox"/> Majority of engagement activities <input type="checkbox"/> Minority of engagement activities <input type="checkbox"/> We do not define specific objectives for engagement activities carried out by our service providers

LEA 04.2 Additional information. [Optional]
 The engagements and their objectives are decided by the Nykredit Forum on Sustainable Investments.

LEA 05 Mandatory Core Assessed PRI 2

LEA 05.1 Indicate whether you monitor and/or review engagement outcomes.

Individual / Internal staff engagements	<input checked="" type="checkbox"/> Yes, in all cases <input type="checkbox"/> Yes, in a majority of cases <input type="checkbox"/> Yes, in a minority of cases <input type="checkbox"/> We do not monitor, or review engagement outcomes when the engagement is carried out by our internal staff.
Collaborative engagements	<input checked="" type="checkbox"/> Yes, in all cases <input type="checkbox"/> Yes, in a majority of cases <input type="checkbox"/> Yes, in a minority of cases <input type="checkbox"/> We do not monitor, or review engagement outcomes when the engagement is carried out through collaboration.
Service-provider engagements	<input checked="" type="checkbox"/> Yes, in all cases <input type="checkbox"/> Yes, in a majority of cases <input type="checkbox"/> Yes, in a minority of cases <input type="checkbox"/> We do not monitor, or review engagement outcomes when the engagement is carried out by our service providers.

LEA 05.2 Indicate whether you do any of the following to monitor and/or review the progress of engagement activities.

Individual / Internal staff engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify
Collaborative engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify
Service-provider engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify

LEA 05.3 Additional information. [Optional]
 The Nykredit Forum on Sustainable Investments decides on initiation of engagements, evaluation and concludes.

LEA 06 Mandatory Additional Assessed PRI 2,4

LEA 06.1 Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.

Yes

LEA 06.2 Indicate the escalation strategies used at your organisation following unsuccessful engagements.

- Collaborating with other investors
 - Issuing a public statement
 - Filing/submitting a shareholder resolution
 - Voting against the re-election of the relevant directors
 - Voting against the board of directors or the annual financial report
 - Submitting nominations for election to the board
 - Seeking legal remedy / litigation
 - Reducing exposure (size of holdings)
 - Divestment
 - Other; specify
- No

LEA 06.3 Additional information. [Optional]

Voting activities is a standard tool in our engagement tool box. If an engagement based on breach of international norms is without result then Nykredit will decide to exclude the company from its entire investment universe.

LEA 07 Voluntary Additional Assessed PRI 1,2

LEA 07.1 Indicate whether insights gained from your organisation's engagements are shared with investment decision-makers.

Type of engagement	Insights shared
Individual / Internal staff engagements	<input checked="" type="checkbox"/> Yes, systematically <input type="checkbox"/> Yes, occasionally <input type="checkbox"/> No
Collaborative engagements	<input checked="" type="checkbox"/> Yes, systematically <input type="checkbox"/> Yes, occasionally <input type="checkbox"/> No
Service-provider engagements	<input checked="" type="checkbox"/> Yes, systematically <input type="checkbox"/> Yes, occasionally <input type="checkbox"/> No

LEA 07.2 Indicate the practices used to ensure that information and insights gained through engagements are shared with investment decision-makers.

- Involving investment decision-makers when developing an engagement programme
- Holding investment team meetings and/or presentations
- Using IT platforms/systems that enable data sharing
- Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels
- Other; specify
- None

LEA 07.3 Indicate whether insights gained from your organisation's engagements are shared with your clients/beneficiaries.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="checkbox"/> Yes, systematically <input type="checkbox"/> Yes, occasionally <input type="checkbox"/> No
Collaborative engagements	<input checked="" type="checkbox"/> Yes, systematically <input type="checkbox"/> Yes, occasionally <input type="checkbox"/> No
Service-provider engagements	<input checked="" type="checkbox"/> Yes, systematically <input type="checkbox"/> Yes, occasionally <input type="checkbox"/> No

LEA 07.4 Additional information. [Optional]

All information on the background for engagements, and not least progress, are shared with portfolio managers. Portfolio managers have access to information including the documents put forward as part of the Forum review. Insights from the engagements are discussed in detail with the PM teams. Some of the portfolios exclude any company involved in a breach of norms. To reinclude the company, the engagement, needs to be resolved. In collaborative engagement cases findings are used as input to investments decisions and dialogue with external managers.

LEA 08.1 Indicate whether you track the number of your engagement activities.

Type of engagement	Tracking engagements
Individual/Internal staff engagements	<input checked="" type="checkbox"/> Yes, we track the number of our engagements in full <input type="checkbox"/> Yes, we partially track the number of our engagements <input type="checkbox"/> We do not track
Collaborative engagements	<input checked="" type="checkbox"/> Yes, we track the number of collaborative engagements in full <input type="checkbox"/> Yes, we partially track the number of our collaborative engagements <input type="checkbox"/> We do not track
Service-provider engagements	<input checked="" type="checkbox"/> Yes, we track the number of service-provider engagements in full <input type="checkbox"/> Yes, we partially track the number of our service-provider engagements <input type="checkbox"/> We do not track

LEA 08.2 Additional information. [Optional]

The Forum on sustainable investments receives information on the engagements each quarter.

LEA 09.1 Indicate the proportion of companies in your listed equities portfolio with which your organisation engaged during the reporting year.

	We did not complete any engagements in the reporting year.	Number of companies engaged (avoid double counting, see explanatory notes)	Proportion of companies engaged with, out of total listed equities portfolio
Individual / Internal staff engagements	<input type="checkbox"/> We did not complete any engagements in the reporting year.	4	1
Collaborative engagements	<input type="checkbox"/> We did not complete any engagements in the reporting year.	128	6
Service-provider engagements	<input type="checkbox"/> We did not complete any engagements in the reporting year.	22	3

LEA 09.2 Indicate the breakdown of engagements conducted within the reporting year by the number of interactions (including interactions made on your behalf).

No. of interactions with a company	% of engagements
One interaction	<input type="checkbox"/> >76% <input type="checkbox"/> 51-75% <input type="checkbox"/> 11-50% <input type="checkbox"/> 1-10% <input checked="" type="checkbox"/> None
2 to 3 interactions	<input type="checkbox"/> >76% <input type="checkbox"/> 51-75% <input type="checkbox"/> 11-50% <input checked="" type="checkbox"/> 1-10% <input type="checkbox"/> None
More than 3 interactions	<input checked="" type="checkbox"/> >76% <input type="checkbox"/> 51-75% <input type="checkbox"/> 11-50% <input type="checkbox"/> 1-10% <input type="checkbox"/> None
Total	100%

LEA 09.3 Indicate the percentage of your collaborative engagements in which you were the leading organisation during the reporting year.

Type of engagement	% leading role
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Collaborative engagements	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None
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LEA 09.4 Indicate the percentage of your service-provider engagements in which you had some involvement during the reporting year.

Type of engagement	% of engagements with some involvement
Service-provider engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

LEA 09.5 Additional information. [Optional]

Nykredit aims to play a substantial part in any of our service provider engagements. This means that we decide goals and evaluate them, but it also means that we participate in meetings with the company and, if it is opportune, always meets with the company bilaterally.

The internal engagements noted here are engagements, which only internal staff have been involved in. These types of engagements are not retrospectively triggered by norm breaches, but rather proactively related to risk or action that could be problematic. Engagements related to infrastructure investments were all directed via the manager to the management of the companies and were all related to potential norms breaches that needed clarification and relevant action. Others were triggered by governance issues, some related to voting activities. A handful were related to clarify and understand fossil fuel involvement and its relevance to the company strategy.

All the service provider engagements are also collaborative in nature, as we engage with other investors, the discussions with these investors also plays an important role in the success of the engagement.

The collaborative engagement is Climate Action 100+ and Ship Recycling Transparency Initiative where Nykredit is a founding and steering group committee member.

LEA 10	Voluntary	Additional Assessed	PRI 2
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LEA 10.1 Indicate which of the following your engagement involved.

- Letters and emails to companies
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Meetings and/or calls with board/senior management
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Meetings and/or calls with the CSR, IR or other management
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Visits to operations
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Visits to supplier(s) in supplier(s) from the company's supply chain
- Participation in roadshows
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Other

LEA 10.2 Additional information. [Optional]

The goals and tools differ very much from the internal, collaborative and service provider engagement. The PM's often play an integral role in the internal engagements getting dialogue and feed back from the companies themselves.

LEA 11	Voluntary	Descriptive	PRI 2
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LEA 11.1 Provide examples of the engagements that your organisation or your service provider carried out during the reporting year.

- Add Example 1

ESG Topic	<input checked="" type="checkbox"/> Human rights <input checked="" type="checkbox"/> Company leadership issues <input checked="" type="checkbox"/> Pollution <input checked="" type="checkbox"/> Health and Safety <input checked="" type="checkbox"/> Sustainability reporting <input checked="" type="checkbox"/> Labour practices and supply chain management
Conducted by	Collaborative
Objectives	<p>In 2018 a group of sustainability leaders across the shipping supply chain came together and realised something could be done to change the industry narrative, creating a new norm through the simple act of being transparent. They collectively launched the Ship Recycling Transparency Initiative (SRTI) at Tradewinds' Annual Ship Recycling Forum in Hamburg in March 2018 and the SRTI online platform went live in December the same year.</p> <p>The SRTI aims to accelerate a voluntary market driven approach to responsible ship recycling practices through transparency; and subsequently to influence and improve the decision making about ship recycling, creating an industry-wide level playing field.</p> <p>Our vision is of a world where ships are recycled responsibly – socially, environmentally and economically – going beyond international conventions and setting a new norm for responsible ship recycling.</p> <p>Nykredit is a founding member of the initiative.</p>
Scope and Process	<p>Ship Recycling Transparency Initiative 2020 Report</p> <p>The Ship Recycling Transparency Initiative (SRTI) report is published annually and presents data collected through the SRTI online platform. As the second issue published since the SRTI's launch in 2018, this report aims to provide industry stakeholders with a snapshot on the SRTI's progress, serving as a basis for discussion at the 5 March 2020 SRTI Roundtable at Standard Chartered Bank's offices in London.</p> <p>The report presents a compilation of data¹ on the ship recycling approaches of nine major shipowners that combined operate a total of 2,433 vessels. Describing progress since the last SRTI report, it highlights trends in sustainability and updates on ship recycling regulation. The report also shares the perspectives of shipowners, financiers and shippers on how transparency contributes to raising the bar on responsible ship recycling.</p> <p>The data-set is available to all at www.shiprecyclingtransparency.org.</p>
Outcomes	Disclosure / report published

Add Example 2

ESG Topic	<input checked="" type="checkbox"/> Climate Change
Conducted by	Collaborative
Objectives	Climate Action 100+ tries to support green transition and reduce climate change risks by engaging with the 100 largest emitters. For a more detailed description, see www.climateaction100.org .
Scope and Process	Nykredit is lead together with two different asset owners on two different companies, one in the transport sector and one in the building materials sector. Nykredit is also active in the building materials overarching working group.
Outcomes	Company committed to change

Add Example 3

ESG Topic	<input checked="" type="checkbox"/> Company leadership issues
Conducted by	Individual / Internal
Objectives	Danske Bank handle the issue regarding money laundering, specifically in its Estonian branch and thereby reestablish trust in its responsible business practises among investors, customers and stakeholders. This is paramount to the societies it is active in as well as a prerequisite to future profitability.
Scope and Process	<p>It should share its knowledge about the issue in full, make sure the money laundering is stopped, improve practises and ensure reestablishment of good governance practises in its entire business.</p> <p>The engagement is and has been conducted by Danish Equities PM team and ESG team. The process has been dialogue conducted with RI-team, voting and with other investors. The engagement has been vital to the ESG-integration process as well.</p> <p>The engagement is ongoing. The company has, however travelled a long way the past year. Disclosing relevant information, cooperating with authorities, improving process, change of senior management as well as chairman and electing a new chairman at EGM in December. Nykredit has not played the central role, this was done by the two largest shareholders, but supported in any way possible.</p> <p>The efforts in 2019 to follow up towards the new management team and support efforts to change. However Nykredit still sees steps to take. One is to find a new candidate for the board in stead of Carol Sergeant, who still serves despite the fact that she was heading the audit committee during the questionable years. This is why Nykredit opposed reelectin</p>
Outcomes	Company changed practice

Add Example 4

ESG Topic	<input checked="" type="checkbox"/> Anti-bribery and corruption
Conducted by	Service provider
Objectives	The main objective of the engagement was to change the company's business conduct to cease violation of the Global Compact.
Scope and Process	The scope of the engagement was for the company to conduct a responsible course of action to stop the violations, remediate and understand the reasons for the violations, and change procedures to avoid future incidents. The company made significant improvements to its governance. The company also improved its inclusion of business ethics into its business culture. The milestones set out for the engagement were achieved and the engagement has been resolved.
Outcomes	Company changed practice

- Add Example 5
- Add Example 6
- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10

LEA 12	Mandatory	Descriptive	PRI 2
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LEA 12.1 Indicate how you typically make your (proxy) voting decisions.

Approach	
<input type="radio"/> We use our own research or voting team and make voting decisions without the use of service providers. <input checked="" type="radio"/> We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.	
Based on	
<input type="radio"/> The service-provider voting policy we sign off on <input checked="" type="radio"/> Our own voting policy <input type="radio"/> Our clients' requests or policies <input type="radio"/> Other (explain)	
<input type="radio"/> We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions. <input type="radio"/> We hire service providers who make voting decisions on our behalf.	

LEA 12.2 Provide an overview of how you ensure that your agreed-upon voting policy is adhered to, giving details of your approach when exceptions to the policy are made.

Nykredit decides the vote on each individual AGM.

The Nykredit policy is used as a template for the initial screening and voting recommendation from our proxy voting advisor.

The AGM agenda and the recommendation is then reviewed by internal Nykredit staff. In the case of any issues with the agenda items or the recommendation, or if there are any specific issues in our active ownership plans with the company, this is discussed between the ESG-team and the PM-team. The PM-team has the final say unless the issue is related to the ESG-policy.

If at all possible, Nykredit will contact the company before casting votes against the management recommendation. If this is not possible, or if the issue is lack of compliance with international governance standards, Nykredit will take this up with the company in our dialogue as part of our active ownership.

Thus, the Nykredit approach is a mix of template screens and a more hands on approach. In our experience, this is necessary as the issues change from year to year and, especially with ESG-issues, other engagement efforts should be taken into account.

LEA 12.3 Additional information.[Optional]

We use recommendations from proxy voting advisors aligned to our policy and use ESG-reports on top of this, but each vote on each AGM is confirmed or adjusted accordingly by the PM/ESG-team. Annually the voting activities and records are evaluated by the RI-committee as well as by the boards of the mutuals. In this case any adjustments to the policy are discussed as well.

LEA 14	Voluntary	Additional Assessed	PRI 2
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LEA 14.1 Does your organisation have a securities lending programme?

Yes

LEA 14.3 Indicate how the issue of voting is addressed in your securities lending programme.

- We recall all securities for voting on all ballot items
- We maintain some holdings, so that we can vote at any time
- We systematically recall some securities so that we can vote on their ballot items (e.g., in line with specific criteria)
- We recall some securities so that we can vote on their ballot items on an ad-hoc basis

- We empower our securities-lending agent to decide when to recall securities for voting purposes
- We do not recall our securities for voting purposes
- Other (specify)
- No

LEA 14.4	Additional information. [Optional]
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There are no securities lending during the dividend and AGM season. This is to ensure that the securities are not misused for tax evasion and to ensure voting is executed.

LEA 15	Mandatory	Descriptive	PRI 2
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LEA 15.1	Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting.
----------	--

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- Neither we nor our service provider(s) raise concerns with companies ahead of voting

LEA 15.2	Indicate the reasons for raising your concerns with these companies ahead of voting.
----------	--

- Vote(s) concerned selected markets
- Vote(s) concerned selected sectors
- Vote(s) concerned certain ESG issues
- Vote(s) concerned companies exposed to controversy on specific ESG issues
- Vote(s) concerned significant shareholdings
- Client request
- Other

LEA 15.3	Additional information. [Optional]
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Nykredit will to its best abilities try raise concerns ahead of AGM. In some cases the question had occurred earlier, like overboarding or lack of transparency, and was part of engagement since last AGM, and in other cases it could be an ESG-issue related to ongoing engagement.

LEA 16	Mandatory	Core Assessed	PRI 2
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LEA 16.1	Indicate the proportion of votes where you, and/or the service provider(s) acting on your behalf, communicated the rationale to companies for abstaining or voting against management recommendations. Indicate this as a percentage out of all eligible votes.
----------	---

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers did not abstain or vote against management recommendations

LEA 16.2	Indicate the reasons why your organisation would communicate to companies, the rationale for abstaining or voting against management recommendations.
----------	---

- Vote(s) concern selected markets
- Vote(s) concern selected sectors
- Vote(s) concern certain ESG issues
- Vote(s) concern companies exposed to controversy on specific ESG issues
- Vote(s) concern significant shareholdings
- Client request
- Other

LEA 16.3	In cases where your organisation does communicate the rationale for abstaining or voting against management recommendations, indicate whether this rationale is made public.
----------	--

- Yes
- No

LEA 16.4	Additional information. [Optional]
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Nykredit reports on its voting activities and specifically on votes against management recommendations. The reports are in aggregate numbers, but with specific cases described. Nykredit will disclose any voting activity to our stakeholders.

LEA 17	Mandatory	Core Assessed	PRI 2
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LEA 17.1	For listed equities in which you or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.		
<input checked="" type="checkbox"/> We do track or collect this information			
	<table border="1"> <tr> <td>Votes cast (to the nearest 1%)</td> </tr> <tr> <td>88%</td> </tr> </table>	Votes cast (to the nearest 1%)	88%
Votes cast (to the nearest 1%)			
88%			
	<table border="1"> <tr> <td>Specify the basis on which this percentage is calculated</td> </tr> <tr> <td> <input type="checkbox"/> Of the total number of ballot items on which you could have issued instructions <input type="checkbox"/> Of the total number of company meetings at which you could have voted <input checked="" type="checkbox"/> Of the total value of your listed equity holdings on which you could have voted </td> </tr> </table>	Specify the basis on which this percentage is calculated	<input type="checkbox"/> Of the total number of ballot items on which you could have issued instructions <input type="checkbox"/> Of the total number of company meetings at which you could have voted <input checked="" type="checkbox"/> Of the total value of your listed equity holdings on which you could have voted
Specify the basis on which this percentage is calculated			
<input type="checkbox"/> Of the total number of ballot items on which you could have issued instructions <input type="checkbox"/> Of the total number of company meetings at which you could have voted <input checked="" type="checkbox"/> Of the total value of your listed equity holdings on which you could have voted			
<input type="checkbox"/> We do not track or collect this information			

LEA 17.2	Explain your reason(s) for not voting on certain holdings
<input type="checkbox"/> Shares were blocked <input type="checkbox"/> Notice, ballots or materials not received on time <input type="checkbox"/> Missed deadline <input type="checkbox"/> Geographical restrictions (non-home market) <input checked="" type="checkbox"/> Cost <input type="checkbox"/> Conflicts of interest <input checked="" type="checkbox"/> Holdings deemed too small <input type="checkbox"/> Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement) <input type="checkbox"/> Client request <input type="checkbox"/> Other (explain)	

LEA 17.3	Additional information. [Optional]
<p>Nykredit participated in 839 AGM's in 2019. Nykredit voted on more than 10.000 proposals. For 7.8 of the proposals, Nykredit voted against managements recommendations. Most often the reasons for voting against management were governance issues with independence first and remuneration second. Other ESG-issues played a smaller yet growing role.</p> <p>Nykredit has an ambition to vote at the AGM's of the companies in our actively internally managed funds. In 2019 we managed to vote at almost all AGM's in the actively managed funds. We did not reach 100% due to trading or registration issues. As a consequence of this prioritization only half of the AGM's in the passive funds were voted.</p> <p>Some votes were not implemented as planned due to technical issues between the proxy advisor and depository service. Nykredit also experienced issues regarding the lack of power of attorneys on some issuers. Nykredit and its service provider is continuously monitoring this.</p>	

LEA 18	Voluntary	Additional Assessed	PRI 2
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LEA 18.1	Indicate whether you track the voting instructions that you or your service provider on your behalf have issued.				
<input checked="" type="checkbox"/> Yes, we track this information					
LEA 18.2	Of the voting instructions that you and/or third parties on your behalf have issued, indicate the proportion of ballot items that were:				
<table border="1"> <tr> <td>Voting instructions Breakdown as percentage of votes cast</td> </tr> <tr> <td>For (supporting) management recommendations 92.1%</td> </tr> <tr> <td>Against (opposing) management recommendations 7.8%</td> </tr> <tr> <td>Abstentions 0.1%</td> </tr> </table>		Voting instructions Breakdown as percentage of votes cast	For (supporting) management recommendations 92.1%	Against (opposing) management recommendations 7.8%	Abstentions 0.1%
Voting instructions Breakdown as percentage of votes cast					
For (supporting) management recommendations 92.1%					
Against (opposing) management recommendations 7.8%					
Abstentions 0.1%					
<input type="checkbox"/> No, we do not track this information					

LEA 18.3	In cases where your organisation voted against management recommendations, indicate the percentage of companies which you have engaged.
50	

LEA 18.4	Additional information. [Optional]
Nykredit is an active manager. When voting against management, this is naturally part of the PM-team dialogue with the company.	

LEA 19	Mandatory	Core Assessed	PRI 2
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LEA 19.1	Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

LEA 19.2	Indicate the escalation strategies used at your organisation following abstentions and/or votes against management.
<input checked="" type="checkbox"/> Contacting the company's board <input checked="" type="checkbox"/> Contacting the company's senior management <input checked="" type="checkbox"/> Issuing a public statement explaining the rationale	

- Initiating individual/collaborative engagement
- Directing service providers to engage
- Reducing exposure (holdings) / divestment
- Other

LEA 19.3 Additional information. [Optional]

The specific strategy used depends on the specific case. The concerns are grounded in an analysis on how best to protect our customers investments and respective of how the company reacts this will naturally feed into the investment decisions of our active management teams.

LEA 20	Voluntary	Descriptive	PRI 2
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LEA 20.1 Indicate whether your organisation, directly or through a service provider, filed or co-filed any ESG shareholder resolutions during the reporting year.

- Yes
- No

LEA 21	Voluntary	Descriptive	PRI 2
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LEA 21.1 Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.

Add Example 1

ESG Topic	<input checked="" type="checkbox"/> Company leadership issues
Conducted by	Individual/Internal
Objectives	Lack of independent directors at Atlas-Copco.
Scope and Process	At the Atlas-Copco AGM, Nykredit voted against chairman Hans Stråberg because of a lack of independent directors. Nykredit PM's are engaging with the company to improve the number of independent directors. This has sadly been going on for more than one year.
Outcomes	Ongoing

Add Example 2

ESG Topic	<input checked="" type="checkbox"/> Human rights
Conducted by	Service provider
Objectives	Improving governance standards is part of engagement with Facebook.
Scope and Process	Facebook should implement its commitments to privacy and data security by ensuring that it has in place adequate internal controls systems and risk management procedures to manage the cybersecurity risks. Specifically, the company should ensure an adequate protection level for personal data. Facebook should increase transparency in reporting on the management of data security and users' privacy. At the 2019-AGM Nykredit supported shareholder proposal regarding greater efficacy in their content policies and other proposals supporting improved governance practises.
Outcomes	Ongoing

Add Example 3

ESG Topic	<input checked="" type="checkbox"/> Executive Remuneration
Conducted by	Individual/Internal
Objectives	Genmab should change its remuneration programme in line with international standards, so members of the board do not receive avariable pay like equity options..
Scope and Process	Vote against plan followed up with PM's engaging with company.
Outcomes	Ongoing

Add Example 4

ESG Topic	<input checked="" type="checkbox"/> Climate Change
Conducted by	Individual/Internal
Objectives	Exxon should include climate in their strategi in line with TCFD recommendations and at least allow Climate Action 100+ signatories put forward shareholder proposal, som the shareholders can make their voice heard on this critical issue.

Scope and Process	As Exxon succeeded in removing the proposal put forward by Climate Action 100+ signatories, Nykredit decided to vote against management on all proposals.
Outcomes	Voting

Add Example 5

ESG Topic	<input checked="" type="checkbox"/> Political spending / lobbying
Conducted by	Individual/Internal
Objectives	Nucor should disclose lobbying activities and political spending.
Scope and Process	Nykredit supported shareholder proposal.
Outcomes	Voting

Add Example 6

ESG Topic	<input checked="" type="checkbox"/> Executive Remuneration
Conducted by	Individual/Internal
Objectives	Alixon Pharmaceuticals should improve its remuneration plan so pay and performance connect.
Scope and Process	The company has improved practices, but the variable pay is still out of line with good practise and inustry standards.
Outcomes	Increased understanding / information

Add Example 7

Add Example 8

Add Example 9

Add Example 10

LEA Checks

Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

FI 01.1 Indicate (1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and (2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.

SSA	Screening alone	0
	Thematic alone	0
	Integration alone	0
	Screening + integration strategies	100
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0
Corporate (financial)	Screening alone	0
	Thematic alone	0
	Integration alone	0
	Screening + integration strategies	100
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0
Corporate (non-financial)	Screening alone	0
	Thematic alone	0
	Integration alone	0
	Screening + integration strategies	100
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0



FI 01.2 Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

The most advanced ESG-integration approach is used for SSA. This involves using ratings and internally produced evaluation based on input from numerous governmental organisation and NGO's. This is used to determine if the SSA should be excluded, but is also used in dialogue with external manager, who have their own analytical tools to integrate ESG in the investment decision.

For financial and non-financial corporate issuers the ESG-data is mainly used for risk-surveillance and analysis. The research and procedures capture a number of ESG-elements, but Nykredit has yet to launch a systemic approach to use ESG data as part of the valuation of a specific company. Nykredit is working on a model for this. These corporate bond portfolios all have ESG-ratings above their benchmarks.

The securitised bond are the most challenging in this context. The issuers are screened and rated. As there are only few Danish issuers of these, this is not challenging. The bond rating companies are working on incorporating ESG, and naturally this rating plays a vital role in our process. The credit rating procedures of the individual issuers are also analyzed and used together with the ESG-rating.

FI 01.3 Additional information [Optional].

Securitized bonds in the form of Danish mortgage bonds play an important role for any Danish investor. More than half of our investments are in this type of securitized bonds. The mortgage finance system plays an integral role in financing homes, buildings, enterprises, farm and infrastructure. The mortgage bonds is the primary tool for financing in Denmark, and since they are AAA-rated and have never had a default, they also play an important role for the institutional investor. This goes both for banks and insurance companies as their capital buffers are primarily placed in this type of bonds. Pension funds are also major investors as the bonds are used to balance risk in most Danish investment portfolios. The mortgage bonds has played an integral role in developing the Danish society. The climate friendly houses and high tech industry and farming have been mostly financed by mortgage bonds. Even some wind turbines are financed by mortgage bonds. The strength of the system is the unique combination of linking what has been financed with the bond in a large scale way. The high quality and very low default risk attracts international investors and today more than a third of the bonds are held by international investors. As a result the system offer the probably cheapest financing for private individuals and companies today. This sound like the future of green bonds, but the existing systems has its limitations when it comes to tracking, what has indeed been financed by the bonds.

Nykredit has been engaging with the largest issuers on this issue for years. The many discussions on how finance can play an active role in green transition gave us a unique opportunity to address the issue of better disclosure of the use of proceeds from the bond issuance as well. The discussions were structured as industry wide discussions organized by Finance Denmark. The members of Finance Denmark are both the banks, the issuers of mortgage bonds as well as asset managers and mutual funds. The chairman of Finance Denmark is the CEO of Nykredit, Michael Rasmussen. This unique set up proved very successful, as an advisory committee came up with 20 recommendations. Two of these were committing the industry to do carbon foot printing of not only investments but also their lending activities. This will provide essential data necessary for the future disclosures on mortgage bonds. Nykredit is still engaging with the industry on issuer side and is involved in Finance Denmark committees on sustainable investments and specifically on carbon foot printing.

Documentation:

<https://finansdanmark.dk/nyheder/2019/20-skridt-i-finanssektoren-skal-goere-verden-mere-baeredygtig/>

<https://finansdanmark.dk/aktuelle-emner/finanssektorens-klimapartnerskab-forum-for-baeredygtig-finans/finans-danmarks-arbejde-med-forum-anbefalingerne-og-baeredygtig-finans-i-2020/>

<https://finansdanmark.dk/nyheder/2020/finans-danmark-vil-i-2020-udvikle-en-model-for-opgoerelse-af-co2-aftryk/>

FI 02 Mandatory to Report, Voluntary to Disclose Core Assessed PRI 1

FI 02.1 Indicate which ESG factors you systematically research as part of your analysis on issuers.

	SSA	Corporate (financial)	Corporate (non-financial)	Securitized
Environmental data	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Social data	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Governance data	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

FI 02.2 Indicate what format your ESG information comes in and where you typically source it

- Raw ESG company data
 - ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – FI analyst, PM or risk team
 - Other, specify
- ESG factor specific analysis
 - ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – FI analyst, PM or risk team
 - Other, specify
- Issuer-level ESG analysis
 - ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – FI analyst, PM or risk team
 - Other, specify
- Sector-level ESG analysis
 - ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – FI analyst, PM or risk team
 - Other, specify
- Country-level ESG analysis
 - ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – FI analyst, PM or risk team
 - Other, specify

FI 02.3 Provide a brief description of the ESG information used, highlighting any differences in sources of information across your ESG incorporation strategies.

The main source of ESG-data is our data provider MSCI ESG-research. Nykredit uses Bloomberg for carbon footprinting. This is supplemented by sell side research and data from NGO's.

For corporates the approach is quite similar to our approach to listed equities. The data is used for quarterly screens and ESG-risk assessments. And the data is used by the PM's, however not as systematically as on listed equities.

For SSA the data is sourced from OECD, UN and a number of NGO's to construction in-house custom made screen and rating approach used for the analysis of the SSA. The approach has a high emphasis on political freedoms and democratic procedures.

The securitized bonds have a number of sources. The issuers are rated, but Nykredit also uses the credit approach. The bond rating agencies play a vital role. Nykredit is in dialogue with the two largest issuers to get better data from the underlying loans/proceeds behind the issued bonds.

FI 03	Mandatory	Additional Assessed	PRI 1
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FI 03.1 Indicate how you ensure that your ESG research process is robust:

- Comprehensive ESG research is undertaken internally to determine companies' activities; and products and/or services
- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits and regular reviews of ESG research are undertaken in a systematic way.
- A materiality/sustainability framework is created and regularly updated that includes all the key ESG risks and opportunities for each sector/country.
- Other, specify
- None of the above

FI 03.2 Describe how your ESG information or analysis is shared among your investment team.

- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is displayed on front office research platforms
- ESG information is a standard item on all individual issuer summaries, research notes, 'tear sheets', or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings

- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

FI 03.3 Additional information. [Optional]

All funds are screened and rated each quarter. This is part of the ongoing dialogue between the CIO, PM and ESG-teams. Biannually the CIO, PM and ESG-teams discuss each portfolio.

All data are updated weekly to the PM's systems.

Nykredit uses a critical approach to all the data and does its own analysis as part of assurance. All data providers are reevaluated every three years, where the quality of data is compared to peers.

FI 04 Mandatory Gateway PRI 1

FI 04.1 Indicate the type of screening you conduct.

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Negative/exclusionary screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Positive/best-in-class screening	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Norms-based screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

FI 04.2 Describe your approach to screening for internally managed active fixed income

All funds are screened quarterly against norms breaches. The Nykredit exclusion list, which consists of companies in breach with conventions on weapons as well as breaches of Global Compact principles, which engagement has not been able to change, also applies.

Two funds, a HY and an IG, also exclude fossil fuels and controversial companies i.e. alcohol, tobacco and breaches of international norms.

Nykredit will engage with any company in a portfolio that breaches a norm.

Nykredit has set up systems that block any issuance from the excluded companies. The negative screening list is updated weekly. The system is set up to identify the issuer and exclude any new issuance. Benchmarks are also screened as a precautionary measure.

SSA is also screened quarterly and the exclusion list is revisited ongoing and at least evaluated biannually.

FI 05 Voluntary Additional Assessed PRI 1

FI 05.1 Provide examples of how ESG factors are included in your screening criteria.

Example 1

Type of fixed income
<input checked="" type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input type="checkbox"/> Corporate (non-financial) <input type="checkbox"/> Securitised
ESG factors
<input type="checkbox"/> Environmental <input type="checkbox"/> Social <input checked="" type="checkbox"/> Governance
Screening
<input checked="" type="checkbox"/> Negative/ exclusionary <input checked="" type="checkbox"/> Norms-based
Description of how ESG factors are used as the screening criteria
Input from NGO's and think tanks play an important role in the screening of SSA-issuers respect for human rights. Key input on this is delivered from NGO's like Freedom House, Amnesty International and Human Rights Watch. This is used to screen existing and new SSA-investments. In some instances Nykredit will decide to exclude the country's SSA until we have identified improvements. This has been the case for Egypt in 2019. Because of improvements Nykredit decided to reinclude Eritrea.

Example 2

Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial) <input type="checkbox"/> Securitised

ESG factors	
<input type="checkbox"/>	Environmental
<input checked="" type="checkbox"/>	Social
<input type="checkbox"/>	Governance

Screening	
<input checked="" type="checkbox"/>	Negative/ exclusionary
<input checked="" type="checkbox"/>	Norms-based

Description of how ESG factors are used as the screening criteria	
The SRI-fixed income portfolios exclude any company with a confirmed norms breach. During 2019 a pharmaceutical company involved in numerous issues concerning their products safety and also involvement in questionable marketing practises regarding opioids was excluded.	

Example 3

Type of fixed income	
<input type="checkbox"/>	SSA
<input checked="" type="checkbox"/>	Corporate (financial)
<input type="checkbox"/>	Corporate (non-financial)
<input type="checkbox"/>	Securitised

ESG factors	
<input type="checkbox"/>	Environmental
<input type="checkbox"/>	Social
<input checked="" type="checkbox"/>	Governance

Screening	
<input checked="" type="checkbox"/>	Negative/ exclusionary
<input checked="" type="checkbox"/>	Norms-based

Description of how ESG factors are used as the screening criteria	
The SRI-fixed income portfolios exclude any company with a confirmed norms breach. A US-bank was excluded from the funds on the grounds of corrupts practices.	

Example 4

Type of fixed income	
<input type="checkbox"/>	SSA
<input type="checkbox"/>	Corporate (financial)
<input checked="" type="checkbox"/>	Corporate (non-financial)
<input type="checkbox"/>	Securitised

ESG factors	
<input checked="" type="checkbox"/>	Environmental
<input type="checkbox"/>	Social
<input type="checkbox"/>	Governance

Screening	
<input checked="" type="checkbox"/>	Negative/ exclusionary
<input checked="" type="checkbox"/>	Norms-based

Description of how ESG factors are used as the screening criteria	
The SRI-fixed income portfolios also excludes companies involved in fossil fuels. This quite extensive list is continuously up dated. During 2019 a demerger of a company specialized in oil drilling services from a shipping company meant that the drilling company was added to the list of companies excluded from the fossil free portfolios.	

Example 5

FI 05.2	Additional information.
The exclusionlist are up dated continuously. The exclusion lists for funds applying sector screens are up dated on a weekly basis. The list are up loaded to the portfolio management systems to ensure compliance with the fund criteria at all times.	

FI 06	Mandatory	Core Assessed	PRI 1
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FI 06.1	Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.
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Type of screening	Checks
Negative/exclusionary screening	<input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year. <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above
Norms-based screening	<input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year. <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above

FI 06.2	Additional information. [Optional]
All data in our IT-system used to prevent any investing in excluded issuers is updated at weekly. The data is at the issuer level to ensure that any new issuance is also targeted. Updated benchmarks are also screened to be at the forefront.	

FI 10	Mandatory	Descriptive	PRI 1
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FI 10.1	Describe your approach to integrating ESG into traditional financial analysis.
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Nykredit believes that companies that care about their customers, employees and the rest of society are more profitable. A company that decides to be part of the solution rather than the problem will have reduced their risk and improved opportunities all other things being equal.

When applied to bonds the improved risk assesment is at the forefront, but the future should capture the opportunity part as well.

FI 10.2	Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.
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SSA
<p>The SSA issuer focussing on improved education, reduction of corruption, or freedom of speech could be a be good opportunity. This is part of the evaluation.</p> <p>Nykredit's ambitions of sustainable investments also include government bond investments. Our investments are based on compliance with international law. Also, we believe that democracy and human rights may improve returns.</p> <p>Government bond investments may contribute positively to the development of a country but require vigilant investors. Therefore, Nykredit's guidelines consist of three steps:</p> <p>Exclusion of countries that are subject to financial transaction sanctions or sanctions against the leaders of specific countries. Inclusion of democracy and human rights in the investment process. The OECD country risk classification is used for continuous monitoring of investments.</p> <p>If a portfolio manager or an external manager wants to buy government bonds from a country in the lowest or second-lowest category of the OECD country risk classification (6 or 7), the portfolio manager or external manager must make a sustainability assessment of the investment. Nykredit's Sustainable Investment Forum will then decide, on the basis of the sustainability assessment, whether the investment is in compliance with Nykredit's policy. If not, the country is excluded.</p>
Corporate (financial)
<p>Nykredit believes that sustainability can reduce risk and has the potential to add to returns. The first step is to ensure the compliance with international norms and the guidelines of our clients. In some funds, a breach in international norms will trigger an engagement with the company, and in others it will result in the exclusion of the company. Nykredit is an active owner in dialogue with the companies we invest in. This dialogue is a cornerstone in our efforts to identify ESG risk and opportunities in the investment process. The dialogue is supplemented by third party research as well as ESG-databases. This forms the basis of the Nykredit ESG-position paper provided by the ESG-team, which is used by the investment team to structure active ownership and the materiality of ESG-factors in the investments process. The ESG risk and opportunity are very diverse in nature, but all have a material financial relevance. Examples of these are work place standards, efforts to reduce packing and anti-corruption efforts.</p>
Corporate (non-financial)
<p>Nykredit believes that sustainability can reduce risk and has the potential to add to returns. The first step is to ensure the compliance with international norms and the guidelines of our clients. In some funds, a breach in international norms will trigger an engagement with the company, and in others it will result in the exclusion of the company. Nykredit is an active owner in dialogue with the companies we invest in. This dialogue is a cornerstone in our efforts to identify ESG risk and opportunities in the investment process. The dialogue is supplemented by third party research as well as ESG-databases. This forms the basis of the Nykredit ESG-position paper provided by the ESG-team, which is used by the investment team to structure active ownership and the materiality of ESG-factors in the investments process. The ESG risk and opportunity are very diverse in nature, but all have a material financial relevance. Examples of these are work place standards, efforts to reduce packing and anti-corruption efforts.</p>

Securitized
<p>The issuer of securitized bonds with a very strong credit policy and a loan book a high porportion of ecological farmers and climate friendly housing might have reduced risks compared to traditional analysis.</p> <p>Securitized bonds in the form of Danish mortgage bonds play an important role for any Danish investor. More than half of our investments are in this type of securitized bonds. The mortgage finance system plays an integral role in financing homes, buildings, enterprises, farm and infrastructure. The mortgage bonds is the primary tool for financing in Denmark, and since they are AAA-rated and have never had a default, they also play an important role for the institutional investor. This goes both for banks and insurance companies as their capital buffers are primarily placed in this type of bonds. Pension funds are also major investors as the bonds are used to balance risk in most Danish investment portfolios. The mortgage bonds has played an integral role in developing the Danish society. The climate friendly houses and high tech industry and farming have been mostly financed by mortgage bonds. Even some wind turbines are financed by mortgage bonds. The strength of the system is the unique combination of linking what has been financed with the bond in a large scale way. The high quality and very low default risk attracts international investors and today more than a third of the bonds are held by international investors. As a result the system offer the probably cheapest financing for private individuals and companies today. This sound like the future of green bonds, but the existing systems has its limitations when it comes to tracking, what has indeed been financed by the bonds.</p> <p>Nykredit has been engaging with the largest issuers on this issue for years. The many discussions on how finance can play an active role in green transition gave us a unique opportunity to address the issue of better disclosure of the use of proceeds from the bond issuance as well. The discussions were structured as industry wide discussions organized by Finance Denmark. The members of Finance Denmark are both the banks, the issuers of mortgage bonds as well as asset managers and mutual funds. The chairman of Finance Denmark is the CEO of Nykredit, Michael Rasmussen. This unique set up proved very successful, as an advisory committee came up with 20 recommendations. Two of these were committing the industry to do carbon foot printing of not only investments but also their lending activities. This will provide essential data necessary for the future disclosures on mortgage bonds. Nykredit is still engaging with the industry on issuer side and is involved in Finance Denmark committees on sustainable investments and specifically on carbon foot printing.</p> <p>Documentation:</p> <p>https://finansdanmark.dk/nyheder/2019/20-skridt-i-finanssektoren-skal-goere-verden-mere-baeredygtig/</p> <p>https://finansdanmark.dk/aktuelle-emner/finanssektorens-klimapartnerskab-forum-for-baeredygtig-finans/finans-danmarks-arbejde-med-forum-anbefalingerne-og-baeredygtig-finans-i-2020/</p> <p>https://finansdanmark.dk/nyheder/2020/finans-danmark-vil-i-2020-udvikle-en-model-for-opgoerelse-af-co2-aftryk/</p>

FI 11	Mandatory	Core Assessed	PRI 1
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FI 11.1	Indicate how ESG information is typically used as part of your investment process.
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	SSA	Corporate (financial)	Corporate (non-financial)	Securitized
ESG analysis is integrated into fundamental analysis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is used to adjust the internal credit assessments of issuers.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is used to adjust forecasted financials and future cash flow estimates.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis impacts the ranking of an issuer relative to a chosen peer group.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
An issuer's ESG bond spreads and its relative value versus its sector peers are analysed to find out if all risks are priced in.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The impact of ESG analysis on bonds of an issuer with different durations/maturities are analysed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sensitivity analysis and scenario analysis are applied to valuation models to compare the difference between base-case and ESG-integrated security valuation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG analysis is integrated into portfolio weighting decisions.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Companies, sectors, countries and currency and monitored for changes in ESG exposure and for breaches of risk limits.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The ESG profile of portfolios is examined for securities with high ESG risks and assessed relative to the ESG profile of a benchmark.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, specify in Additional Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 11.2	Additional information [OPTIONAL]
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The KPI's are very different in nature and availability in the four different categories. Our experience is that the available data improves analysis and that viability is improving. Nykredit is especially focussed on the questions related to securitized bonds/mortgage bonds, where the data is mostly related to the issuer and not to proceeds. Nykredit is in dialogue with issuers to discuss future development in light of ratings agencies developments and not least the EU Action Plan on a more Sustainable European Economy.

FI 12	Mandatory	Additional Assessed	PRI 1
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FI 12.1	Indicate the extent to which ESG issues are reviewed in your integration process.
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	Environment	Social	Governance
SSA	Environmental	Social	Governance
	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all

Corporate (financial)	Environmental <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	Social <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	Governance <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (non-financial)	Environmental <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	Social <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	Governance <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Securitised	Environmental <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	Social <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	Governance <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all

FI 12.2 Please provide more detail on how you review E, S and/or G factors in your integration process.

SSA	<p>The E is focused on a combination of reliance on fossil fuels/fossil fuel production, pollution and biodiversity. This is captured in some of the rating methodology, but also in more detail on the specific country.</p> <p>The S is basic developmental metrics such as education, unemployment rates, crime and health as well as demographics.</p> <p>The G is democratic governance, basic freedoms and human rights. Another very important G-KPI is anti corruption. The G is extremely important when looking into securitised bonds.</p>
Corporate (financial)	<p>Governance is at the heart of this analysis, this is governance in a very broad sense, from board level to procedures, all are exposed to potential customer covered by international sanction, but some more than others. This is just one more example to highlight to importance of good governance in an industry deeply effected by malpractice and the resulting fines. Part of this metric is also financial stability.</p> <p>The S is related to financial product safety and access to finance. Privacy and human capital are very important as well.</p> <p>Financing environmental impact is the natural E and could be combined with aspects og green bonds.</p>
Corporate (non-financial)	<p>The E, S and G depends of the specific sector the issuers are doing business in. However the G is naturally very important.</p>
Securitised	<p>The governance of the issuer is equally as important here as with financial coporates. So is the part it plays in the financial stability. Access to finance and financing environmental impact could be a signal towards the use of proceeds. Going forward it will be more interesting to look into what the proceeds themselves are financing and naturally the credit policy.</p>

FI 13 Voluntary Descriptive PRI 1

FI 13.1	Describe your RI approach for passively managed fixed income assets.
	<p>The fund is based on a benchmark of the Danish SSA and securitised bonds/mortgage bonds. The issuers are the Danish government and four mortgage finance institutes, Nykredit, Realkredit Danmark, Nordea Kredit and Jyske Kredit. There are no ESG-considerations integrated in the benchmark. However, the fund is covered by the Nykredit policy on Sustainable Investments and as such is screened on a quarterly basis. The fund is also analysed on ESG as part of ESG-risk analysis.</p>

FI 14 Mandatory to Report, Voluntary to Disclose Core Assessed PRI 2

FI 14.1 Indicate the proportion of your fixed income assets on which you engage. Please exclude any engagements carried out solely in your capacity as a shareholder.

Category	Proportion of assets			
SSA	<input checked="" type="radio"/> >50% <input type="radio"/> 26-50% <input type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5%			
	<table border="1"> <tr> <td>FI 14.2</td> <td>Indicate your motivations for conducting engagement (SSA fixed income assets).</td> </tr> <tr> <td></td> <td> <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue </td> </tr> </table>	FI 14.2	Indicate your motivations for conducting engagement (SSA fixed income assets).	
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	<input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue			

Corporate (financial)	<input type="radio"/> >50% <input checked="" type="radio"/> 26-50% <input type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5%			
	<table border="1"> <tr> <td>FI 14.2</td> <td>Indicate your motivations for conducting engagement (Corporate, Financial fixed income assets)</td> </tr> <tr> <td colspan="2"> <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue </td> </tr> </table>	FI 14.2	Indicate your motivations for conducting engagement (Corporate, Financial fixed income assets)	<input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue
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Corporate (non-financial)	<input type="radio"/> >50% <input checked="" type="radio"/> 26-50% <input type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5%			
	<table border="1"> <tr> <td>FI 14.2</td> <td>Indicate your motivations for conducting engagement (Corporate, non-financial fixed income assets)</td> </tr> <tr> <td colspan="2"> <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue </td> </tr> </table>	FI 14.2	Indicate your motivations for conducting engagement (Corporate, non-financial fixed income assets)	<input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue
FI 14.2	Indicate your motivations for conducting engagement (Corporate, non-financial fixed income assets)			
<input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue				
Securitized	<input checked="" type="radio"/> >50% <input type="radio"/> 26-50% <input type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5%			
	<table border="1"> <tr> <td>FI 14.2</td> <td>Indicate your motivations for conducting engagement (Securitized fixed income assets).</td> </tr> <tr> <td colspan="2"> <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue </td> </tr> </table>	FI 14.2	Indicate your motivations for conducting engagement (Securitized fixed income assets).	<input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue
FI 14.2	Indicate your motivations for conducting engagement (Securitized fixed income assets).			
<input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue				

FI 14.3	Additional information.[OPTIONAL]
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The engagement is generally part of the active ownership activities. However the Climate Action 100+ and engagements on norms also interact on the corporate bonds.

Securitized bonds in the form of Danish mortgage bonds play an important role for any Danish investor. More than half of our investments are in this type of securitized bonds. The mortgage finance system plays an integral role in financing homes, buildings, enterprises, farm and infrastructure. The mortgage bonds is the primary tool for financing in Denmark, and since they are AAA-rated and have never had a default, they also play an important role for the institutional investor. This goes both for banks and insurance companies as their capital buffers are primarily placed in this type of bonds. Pension funds are also major investors as the bonds are used to balance risk in most Danish investment portfolios. The mortgage bonds has played an integral role in developing the Danish society. The climate friendly houses and high tech industry and farming have been mostly financed by mortgage bonds. Even some wind turbines are financed by mortgage bonds. The strength of the system is the unique combination of linking what has been financed with the bond in a large scale way. The high quality and very low default risk attracts international investors and today more than a third of the bonds are held by international investors. As a result the system offer the probably cheapest financing for private individuals and companies today. This sound like the future of green bonds, but the existing systems has its limitations when it comes to tracking, what has indeed been financed by the bonds.

Nykredit has been engaging with the largest issuers on this issue for years. The many discussions on how finance can play an active role in green transition gave us a unique opportunity to address the issue of better disclosure of the use of proceeds from the bond issuance as well. The discussions were structured as industry wide discussions organized by Finance Denmark. The members of Finance Denmark are both the banks, the issuers of mortgage bonds as well as asset managers and mutual funds. The chairman of Finance Denmark is the CEO of Nykredit, Michael Rasmussen. This unique set up proved very successful, as an advisory committee came up with 20 recommendations. Two of these were committing the industry to do carbon foot printing of not only investments but also their lending activities. This will provide essential data necessary for the future disclosures on mortgage bonds. Nykredit is still engaging with the industry on issuer side and is involved in Finance Denmark committees on sustainable investments and specifically on carbon foot printing.

Documentation:

<https://finansdanmark.dk/nyheder/2019/20-skridt-i-finanssektoren-skjal-goere-verden-mere-baeredygtig/>

<https://finansdanmark.dk/aktuelle-emner/finanssektorens-klimapartnerskab-forum-for-baeredygtig-finans/finans-danmarks-arbejde-med-forum-anbefalingerne-og-baeredygtig-finans-i-2020/>

<https://finansdanmark.dk/nyheder/2020/finans-danmark-vil-i-2020-udvikle-en-model-for-opgoerelse-af-co2-aftryk/>

FI 15	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1,2
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FI 15.1	Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)
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Type of engagement	SSA	Corporate (financial)	Corporate (non-financial)	Securitized
Individual/Internal staff engagements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Collaborative engagements	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Service provider engagements	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

FI 15.2 Indicate how your organisation prioritises engagements with issuers.

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Size of holdings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Credit quality of the issuer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Duration of holdings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of transparency on ESG	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Specific markets and/or sectors	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Specific ESG themes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Issuers in the lowest ranks of ESG benchmarks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Issuers in the highest ranks of ESG benchmarks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Specific issues considered priorities for the investor based on input from clients and beneficiaries	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 15.3 Indicate when your organisation conducts engagements with issuers.

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
We engage pre-investment.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage post-investment.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage proactively in anticipation of specific ESG risks and/or opportunities.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage in reaction to ESG issues that have already affected the issuer.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage prior to ESG-related divestments.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 15.4 Indicate what your organisation conducts engagements with issuers on.

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
We engage on ESG risks and opportunities affecting a specific bond issuer or its issuer.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage on ESG risks and opportunities affecting the entire industry or region that the issuer belongs to.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage on specific ESG themes across issuers and industries (e.g., human rights).	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 15.5 Indicate how your organisation ensures that information and insights collected through engagement can feed into the investment decision-making process.

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Ensuring regular cross-team meetings and presentations.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Sharing engagement data across platforms that is accessible to ESG and investment teams.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Encouraging ESG and investment teams to join engagement meetings and roadshows.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Delegating some engagement dialogue to portfolio managers/credit analysts.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Involving portfolio managers when defining an engagement programme and developing engagement decisions.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Establishing mechanisms to rebalance portfolio holdings based on levels of interaction and outcomes of engagements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Considering active ownership as a mechanism to assess potential future investments.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We do not ensure that information and insights collected through engagement can feed into the investment decision-making process.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 16	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1,2
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FI 16.1 Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.

Yes

FI 16.2 Please attach or provide a URL to your fixed income engagement policy document. [Optional]

<https://www.nykredit.com/en-gb/samfundsansvar/investments/politik-for-baredygtige-investeringer/>

No

FI 16.3 Additional information [OPTIONAL]

We find it irrational to differentiate the communication of the malpractice of the company relative to asset class and/or issuance. It should be the way it does business that define, why you engage. The specific issuance might then define how, i.e. with SSA in the linked to above.

FI 17	Mandatory to Report, Voluntary to Disclose	Additional Assessed	General
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FI 17.1 Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or performance.

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
We measure whether incorporating ESG impacts portfolio risk.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We measure whether incorporating ESG impacts portfolio returns.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We measure the ESG performance/profile of portfolios (relative to the benchmark).	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 17.2 Describe how your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance. [OPTIONAL]

The portfolios are analysed on a quarterly basis and compared to their benchmarks. They all integrate ESG in their fundamental approach and they all outperform their benchmarks. There is a clear correlation. ESG-related events effected many issuance during the year. This goes for ie. the case of the Danske Bank money laundering case, where bond rates were effected during the autumm. The effect of positive ESG-outperformance is more difficult, but differences in portfolios and benchmarks shows correlation as well. We cannot however at this point establish any causality on this.

FI 18	Voluntary	Descriptive	PRI 1,2
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FI 18.1 Provide examples of how your incorporation of ESG analysis and/or your engagement of issuers has affected your fixed income investment outcomes during the reporting year.

Example 1

Securitised			
	<table border="1"> <thead> <tr> <th>ESG issue and explanation</th> </tr> </thead> <tbody> <tr> <td>Danske Bank has been involved in money laundering via its Estonian branch. After several allegations the company decided to do its own internal investigation with the aid of an external law firm. This report was published in September. The effect of the case and reactions on the report have been extensive. Senior management and chairman has changed. Authorities have started or renewed investigations. Clients and investors have reacted negatively as well. The case has developed positive since new members and a new chairman of the board was elected in December 2018. During 2019 a new CEO has been hired. Some but all issues have been solved, i.e. board member responsible for the audit committee is still on the board, but overall the situation have improved and risks to some degree been reduced.</td> </tr> </tbody> </table>	ESG issue and explanation	Danske Bank has been involved in money laundering via its Estonian branch. After several allegations the company decided to do its own internal investigation with the aid of an external law firm. This report was published in September. The effect of the case and reactions on the report have been extensive. Senior management and chairman has changed. Authorities have started or renewed investigations. Clients and investors have reacted negatively as well. The case has developed positive since new members and a new chairman of the board was elected in December 2018. During 2019 a new CEO has been hired. Some but all issues have been solved, i.e. board member responsible for the audit committee is still on the board, but overall the situation have improved and risks to some degree been reduced.
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Danske Bank has been involved in money laundering via its Estonian branch. After several allegations the company decided to do its own internal investigation with the aid of an external law firm. This report was published in September. The effect of the case and reactions on the report have been extensive. Senior management and chairman has changed. Authorities have started or renewed investigations. Clients and investors have reacted negatively as well. The case has developed positive since new members and a new chairman of the board was elected in December 2018. During 2019 a new CEO has been hired. Some but all issues have been solved, i.e. board member responsible for the audit committee is still on the board, but overall the situation have improved and risks to some degree been reduced.			
Integration			
	<table border="1"> <thead> <tr> <th>Impact on investment decision or performance</th> </tr> </thead> <tbody> <tr> <td>Some funds have an exclusionary approach to norms breaches while other engage. This is very evident in the case of Volkswagen, which due to the emission scandal is excluded from some funds, while other funds invest while engaging i dialogue directly and via service provider. This means that Nykredit has been able to track the positive development of the company, while identifying the difficulties of implementing a decarbonation strategy. Engagement is still ongoing so the company is still excluded from some funds, while others have the opportunity to strengthen exposure, as we identify a positive development.</td> </tr> </tbody> </table>	Impact on investment decision or performance	Some funds have an exclusionary approach to norms breaches while other engage. This is very evident in the case of Volkswagen, which due to the emission scandal is excluded from some funds, while other funds invest while engaging i dialogue directly and via service provider. This means that Nykredit has been able to track the positive development of the company, while identifying the difficulties of implementing a decarbonation strategy. Engagement is still ongoing so the company is still excluded from some funds, while others have the opportunity to strengthen exposure, as we identify a positive development.
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Example 2

Example 3

Example 4

Example 5

PE 01	Voluntary	Descriptive	PRI 1-6
PE 01.1	Provide a brief overview of your organisation's approach to responsible investment in private equity.		
<p>In Nykredit's investment universe, we strive to make a contribution to the world we all live in. This is true when we invest our customers' money as well as our own. We aim to invest in companies that exercise diligence and care with respect of their customers, staff and society at large. Companies that seize opportunities and want to be a part of the solution, not the problem, are simply just better investments.</p> <p>Nykredit's policy rests on two legs. One leg is to push for a solution when a company violates national legislation, generally accepted UN conventions or Global Compact's principles. We call that active ownership. The other leg is our objective to use knowledge about corporate sustainability performance (environment, social and governance criteria) in the investment process.</p> <p>The Nykredit approach to private equity is the same as with listed equity, but with greater emphasis on using the opportunities in more detailed due diligence and active ownership.</p> <p>The private equity offered to clients is done exclusively via an external manager. The direct private equity in this module is solely unnoted equity invested by the Nykredit treasury as part of strategic partnership with the issuers. The issuers or their owners are all participants in the mortgage cooperation called Totalkredit. Nykredit is a very long term and dedicated owner of this equity. Even though Nykredit is a minority owner as part of the strategic partnership with the issuers, Nykredit is cooperating with on a wide range of issues.</p>			
PE 02	Mandatory	Core Assessed	PRI 2
PE 02.1	Indicate whether your organisation's investment activities are guided by a responsible investment policy / follow responsible investment guidelines.		
<p><input checked="" type="checkbox"/> Our investment activities are guided by a responsible investment policy</p>			
PE 02.2	Describe how your organisation outlines expectations on staff and portfolio companies' approach towards ESG issues in investment activities.		
<p>The Nykredit policy on sustainable investments cover all of our investments. The internally managed private equity investments is solely unnoted equity invested by the Nykredit treasury as part of a strategic partnership with the issuers. The issuers or their owners are all participants in the mortgage cooperation called Totalkredit. Nykredit is a very long term and dedicated owner of this equity. Even though Nykredit is a minority owner as part of the strategic partnership with the issuers Nykredit is cooperating with on a wide range of issues. All investments are covered by the Nykredit policy on Sustainable Investments and as such are screened etc.</p> <p><input type="checkbox"/> Our investment activities are not guided by a responsible investment policy</p> <p><input type="checkbox"/> We do not have a responsible investment policy</p>			
PE 03	Mandatory	Core Assessed	PRI 1,4,6
PE 03.1	Indicate if your most recent fund placement documents (private placement memorandums (PPM) or similar) refer to responsible investment.		
<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><input checked="" type="checkbox"/> Not applicable as our organisation does not fundraise</p>			
PE 03.4	Explain why your organisation does not fund-raise.		
<p>The direct private equity in this module is solely unnoted equity invested by the Nykredit treasury as part of a strategic partnership with the issuers. The issuers or their owners are all participants in the mortgage cooperation called Totalkredit. Nykredit is a very long term and dedicated owner of this equity. Even though Nykredit is a minority owner as part of the strategic partnership with the issuers Nykredit is cooperating with on a wide range of issues.</p>			
PE 05	Mandatory	Gateway	PRI 1
PE 05.1	During due-diligence indicate if your organisation typically incorporates ESG issues when selecting private equity investments.		
<p><input checked="" type="checkbox"/> Yes</p>			
PE 05.2	Describe your organisation's approach to incorporating ESG issues in private equity investment selection.		
<p>The direct private equity in this module is solely unnoted equity invested by the Nykredit treasury as part of strategic partnership with the issuers. The issuers or their owners are all participants in the mortgage cooperation called Totalkredit. Nykredit is a very long term and dedicated owner of this equity. Eventhough Nykredit is a minority owner as part of the strategic partnership with the issuers Nykredit is cooperating on a wide range of issues.</p> <p>ESG-issues are a natural part of due diligence. With the strategic and long term nature of these investments changes are very limited.</p> <p><input type="checkbox"/> No</p>			
PE 06	Mandatory	Core Assessed	PRI 1,3
PE 06.1	Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.		
<p><input checked="" type="checkbox"/> Raw data from target company</p> <p><input checked="" type="checkbox"/> Benchmarks against other companies</p> <p><input type="checkbox"/> Sector level data/benchmarks</p> <p><input type="checkbox"/> Country level data/benchmarks</p> <p><input type="checkbox"/> Reporting standards, industry codes and certifications</p> <p><input checked="" type="checkbox"/> International initiatives, declarations or standards</p> <p><input type="checkbox"/> Engagements with stakeholders (e.g. customers and suppliers)</p>			

- Advice from external resources
- Other, specify
 - As these investments are strategic in nature Nykredit is deeply familiar with the company and its activities before investing.
- We do not track this information

PE 06.2 Describe how this information is reported to, considered and documented by the Investment Committee or similar.

The treasury collects the relevant information relevant for senior management to make the decision.

PE 07	Voluntary	Additional Assessed	PRI 1,2
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PE 07.1 During deal structuring, what is the process for integrating ESG-related considerations into the deal documentation and/or the post-investment action plan?.

Yes

If yes
<input type="checkbox"/> Formally/through a post-investment action plan or value enhancement plan <input checked="" type="checkbox"/> Verbally/through dialogue <input type="checkbox"/> Other, specify

PE 07.2 Describe the nature of these improvements and provide examples (if any) from the reporting year

The direct private equity in this module is solely unnoted equity invested by the Nykredit treasury as part of a strategic partnership with the issuers. The issuers or their owners are all participants in the mortgage cooperation called Totalkredit. Nykredit is a very long term and dedicated owner of this equity. Even though Nykredit is a minority owner as part of the strategic partnership with the issuers Nykredit is cooperating with on a wide range of issues.

These investments mainly date back to 2003 when Nykredit bought Totalkredit from the partner banks. Nykredit has an ongoing dialogue with all the partners. The partners can expect Nykredit to be in full compliance with Danish legal requirements and recommendations and Nykredit expects the same from them. These are not formal requirements but forms part of basic understanding of this close strategic cooperation.

We do not set expectations for portfolio companies on ESG-related considerations

PE 08	Voluntary	Additional Assessed	PRI 1
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PE 08.1 Indicate how ESG issues impacted your private equity investment selection processes during the reporting year.

- ESG issues helped identify risks
- ESG issues helped identify opportunities for value creation.
- ESG issues led to the abandonment of potential investments.
- ESG issues were considered but did not have an impact on the investment selection process
- Other, specify

As the assets are strategic positions dating back to 2003, no new investments were made during the reporting year.

We do not track this potential impact

PE 08.2 Indicate how ESG issues impacted your private equity investment deals during the reporting year.

- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues were included in the post-investment action plan/100-day plan
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the deal structuring process
- Other, specify

As these assets are strategic positions dating back to 2003, no new investments were made during the reporting year.

We do not track this potential impact

PE 09	Mandatory	Gateway/Core Assessed	PRI 2
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PE 09.1 Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.

Yes

PE 09.2 Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies

PE 09.3 Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.

- Environmental

Example 1	Adherence to Danish environmental regulation.
<input checked="" type="checkbox"/> Social	
Example 1	Adherence to GDPR.
Example 2 (optional)	Adherence to Danish labour regulation.
<input checked="" type="checkbox"/> Governance	
Example 1	Compliance with the Danish Corporate Governance Code.
<input type="checkbox"/> We do not set and/or monitor against targets	
<input type="radio"/> No	

PE 09.4	Additional information. [Optional]
<p>The direct private equity in this module is solely unnoted equity invested by the Nykredit treasury as part of a strategic partnership with the issuers. The issuers or their owners are all participants in the mortgage cooperation called Totalkredit. Nykredit is a very long term and dedicated owner of this equity. Even though Nykredit is a minority owner as part of the strategic partnership with the issuers Nykredit is cooperating with on a wide range of issues.</p> <p>These investments mainly date back to 2003 when Nykredit bought Totalkredit from the partner banks. Nykredit has an ongoing dialogue with all the partners. The partners can expect Nykredit to be in full compliance with Danish legal requirements and recommendations and Nykredit expects the same from them. These are not formal requirements but part of basiv understanding behind this close strategic cooperation.</p>	

PE 10	Mandatory	Core Assessed	PRI 2
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PE 10.1	Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).
<input type="radio"/> Yes <input checked="" type="radio"/> No	

PE 10.3	Additional information. [Optional]
<p>The direct private equity in this module is solely unnoted equity invested by the Nykredit treasury as part of a strategic partnership with the issuers. The issuers or their owners are all participants in the mortgage cooperation called Totalkredit. Nykredit is a very long term and dedicated owner of this equity. Even though Nykredit is a minority owner as part of the strategic partnership with the issuers Nykredit is cooperating with on a wide range of issues.</p> <p>All the companies are financial companies regulated by Danish financial law and thus are required to have a policy and/or report on why they do not. So a sustainability policy is already standard for these companies and their peers.</p>	

PE 11	Voluntary	Additional Assessed	PRI 2
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PE 11.1	Indicate the types of actions taken by your portfolio companies to incorporate ESG issues into operations and what proportion of your portfolio companies have implemented these actions.
<input type="checkbox"/> Allocate responsibility for ESG issues to board/senior management <input type="checkbox"/> Composition of board ensure ESG expertise <input type="checkbox"/> Consider ESG issues in risk management processes <input type="checkbox"/> Define performance targets for applicable ESG issues in operations <input type="checkbox"/> Identify and engage external parties or stakeholders that could add value or decrease risk through ESG issues <input type="checkbox"/> Developing/implementing an environmental/social management system (ESMS) or similar <input checked="" type="checkbox"/> Other actions, specify <p style="margin-left: 20px;">The companies are required by Danish law to have a policy that describes how they work with sustainability issues.</p> <input checked="" type="radio"/> >90% of portfolio companies <input type="radio"/> 51-90% of portfolio companies <input type="radio"/> 10-50% of portfolio companies <input type="radio"/> <10% of portfolio companies <input type="radio"/> We do not track this information <input type="checkbox"/> None of the above	

PE 11.2	Describe how your organisation contributes to the portfolio companies' resourcing and management of ESG issues.
<p>The direct private equity in this module is solely unnoted equity invested by the Nykredit treasury as part of a strategic partnership with the issuers. The issuers or their owners are all participants in the mortgage cooperation called Totalkredit. Nykredit is a very long term and dedicated owner of this equity. Even though Nykredit is a minority owner as part of the strategic partnership with the issuers Nykredit is cooperating with on a wide range of issues.</p>	

PE 12	Voluntary	Descriptive	PRI 2,3
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PE 12.1	Indicate the type and frequency of reports you request and/or receive from portfolio companies covering ESG issues.
<input checked="" type="checkbox"/> Overarching portfolio company reports (or similar) where management disclosure, financial and ESG data are integrated	

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad-hoc/when requested, specify
- Standalone reports highlighting targets and/or KPIs covering ESG issues
 Other, specify
 No reporting on ESG issues requested and/or provided by portfolio companies

PE 12.2 Describe what level of reporting you require from portfolio companies, and indicate what percentage of your assets are covered by ESG reporting. [OPTIONAL]

The companies are required by Danish law to have a policy on sustainability, and report on how they have worked accordingly during the financial year.

PE 13 Voluntary Additional Assessed PRI 2

PE 13.1 Indicate whether during the reporting year your organisation disclosed information on ESG issues to potential buyers prior to exit for private equity investments.

- We included ESG issues in pre-exit information
- We did not include ESG issues in pre-exit information
- N/A, we did not have any exits in the reporting year

PE 13.2 Apart from disclosure, describe how your organisation considers ESG issues at exit.

The direct private equity in this module is solely unnoted equity invested by the Nykredit treasury as part of a strategic partnership with the issuers. The issuers or their owners are all participants in the mortgage cooperation called Totalkredit. Nykredit is a very long term and dedicated owner of this equity. Even though Nykredit is a minority owner as part of the strategic partnership with the issuers Nykredit is cooperating with on a wide range of issues.

These investments mainly date back to 2003 when Nykredit bought Totalkredit from the partner banks. Nykredit has an ongoing dialogue with all the partners. The partners can expect Nykredit to be in full compliance with Danish legal requirements and recommendations and Nykredit expects the same from them. These are not formal requirements but part of a mutual basic understanding behind this close strategic cooperation.

If any exit should be necessary, ESG, and especially the effects on financial stability in the Danish market, will be at the core of the decision.

PE 14 Voluntary Additional Assessed PRI 1,2

PE 14.1 Indicate whether your organisation measures how your approach to responsible investment in Private Equity investments has affected financial and/or ESG performance.

- We measure whether our approach to ESG issues impacts the financial performance of investments
- We measure whether our approach to ESG issues impacts the ESG performance of investments
- None of the above

PE 14.2 Describe how you are able to determine these outcomes.

The direct private equity in this module is solely unnoted equity invested by the Nykredit treasury as part of a strategic partnership with the issuers. The issuers or their owners are all participants in the mortgage cooperation called Totalkredit. Nykredit is a very long term and dedicated owner of this equity. Even though Nykredit is a minority owner as part of the strategic partnership with the issuers Nykredit is cooperating with on a wide range of issues.

These investments mainly date back to 2003 when Nykredit bought Totalkredit from the partner banks. Nykredit has an ongoing dialogue with all the partners. The partners can expect Nykredit to be in full compliance with Danish legal requirements and recommendations and Nykredit expects the same from them. These are not formal requirements.

PE 15 Mandatory to Report, Voluntary to Disclose Descriptive PRI 1,2

PE 15.1 Provide examples of ESG issues that you identified in your potential and/or existing private equity investments during the reporting year.

Add Example 1

Investment Stage	Investment monitoring								
ESG issues	<table border="1"> <tr> <th colspan="2">ESG issues</th> </tr> <tr> <td><input checked="" type="checkbox"/> Environmental</td> <td>New EU-regulation as part of Action Plan</td> </tr> <tr> <td><input checked="" type="checkbox"/> Social</td> <td>New EU-regulation as part of Action Plan</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td>New EU-regulation as part of Action Plan</td> </tr> </table>	ESG issues		<input checked="" type="checkbox"/> Environmental	New EU-regulation as part of Action Plan	<input checked="" type="checkbox"/> Social	New EU-regulation as part of Action Plan	<input checked="" type="checkbox"/> Governance	New EU-regulation as part of Action Plan
	ESG issues								
<input checked="" type="checkbox"/> Environmental	New EU-regulation as part of Action Plan								
<input checked="" type="checkbox"/> Social	New EU-regulation as part of Action Plan								
<input checked="" type="checkbox"/> Governance	New EU-regulation as part of Action Plan								
Sector(s)	Financial								

Impact (or potential impact) on the investment	For any European financial company the regulation will have direct impact on requirements on the activities, but also indirectly on financial markets as is the prerequisite for the plan.
Activities undertaken to influence the investment and its response	Knowledge sharing from own participation in dialogue with authorities.

- Add Example 2
- Add Example 3
- Add Example 4
- Add Example 5

PE 15.2	Describe how you define and evaluate the materiality of ESG factors.
All these companies are financial companies. The governance is the most material, however the EU Action Plan has re-emphasized the board spectrum of ESG factors relevant to any financial company.	

PE 16	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 6
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PE 16.1	Describe your organisation's approach to disclosing ESG incidents in private equity investments to your investor clients (LPs).
<p>The direct private equity in this module is solely unnoted equity invested by the Nykredit treasury as part of a strategic partnership with the issuers. The issuers or their owners are all participants in the mortgage cooperation called Totalkredit. Nykredit is a very long term and dedicated owner of this equity. Even though Nykredit is a minority owner as part of the strategic partnership with the issuers Nykredit is cooperating on a wide range of issues.</p> <p>These investments mainly date back to 2003 when Nykredit bought Totalkredit from the partner banks. Nykredit has an ongoing dialogue with all the partners. The partners can expect Nykredit to be in full compliance with Danish legal requirements and recommendations and Nykredit expects the same from them. These are not formal requirements but are part of mutual basic understanding behind this close strategic cooperation.</p> <p>So there are no investor clients but the treasury it self in this case.</p>	

HF 01	Mandatory	Descriptive	General
HF 01.1	What is your rationale for adopting a policy to incorporate RI into the investment decision-making process? Please select all options that apply to your organisation.		
<input checked="" type="checkbox"/> To provide a framework and ESG applicability to security selection (the strategy) and decision-making in Hedge Funds (e.g. breaking the strategy into different components and focus on risk/return). <input checked="" type="checkbox"/> To provide a framework of the fund governance structure. <input type="checkbox"/> Because ESG incorporation is perceived as a competitive advantage in the industry. <input type="checkbox"/> Growing momentum of sustainable investing in Hedge Funds in the financial community. <input checked="" type="checkbox"/> Other			
		specify	
The Nykredit policy on Sustainable Investments covers all funds and naturally also the hedge funds.			
<input type="checkbox"/> None of the above (we don't have a policy addressing RI incorporation into Hedge Funds).			
HF 01.2	Additional information. [Optional]		
The funds are only fixed income hedge funds with a specific focus on the spread between the different bonds.			
HF 02	Voluntary	Descriptive	4,5
HF 02.1	To which normative codes and initiatives are you a signatory to, or a voluntary adherent?		
<input type="checkbox"/> AOI Hedge Funds Principles 2014 <input type="checkbox"/> Standards Board for Alternative Investments (SBAI) <input type="checkbox"/> Alternative Investment Management Association (AIMA) <input type="checkbox"/> International Organisation of Securities Commissions (IOSCO) <input checked="" type="checkbox"/> CFA's Asset Manager Code of Professional Conduct <input checked="" type="checkbox"/> Other			
		specify	
Nykredit is a signatory to the UNPRI, Dansif among just a few.			
<input type="checkbox"/> None of the above			
HF 03	Mandatory	Descriptive	General
HF 03.1	Indicate whether and how your organisation has organised RI implementation and/or oversight responsibilities.		
<input checked="" type="checkbox"/> We have dedicated internal staff with RI oversight responsibility for Hedge Funds (CEO, CIO, PM, etc.)			
		Specify	
The CIO, mutual fund boards and Forum on Sustainable Investments have oversight as with all other funds.			
<input checked="" type="checkbox"/> We have dedicated internal staff with RI implementation responsibility for Hedge Funds (CEO, CIO, PM, etc.).			
		Specify	
The ESG-team address the implementation of the policy and holds the responsible accountable for integrating ESG into the decisions.			
<input type="checkbox"/> We use external consultants that have oversight and/or RI implementation responsibilities. <input type="checkbox"/> Other <input type="checkbox"/> We do not have staff dedicated to RI oversight and implementation.			
HF 03.2	Additional information. [Optional]		
ESG is addressed in a very similar way as with the fixed income in general.			
HF 04	Mandatory	Descriptive	General
HF 04.1	Please indicate whether you implemented any RI training program regarding hedge funds investments for your staff during the reporting year.		
<input type="checkbox"/> Yes, we have a formal RI training/educational program covering hedge funds. <input type="checkbox"/> Yes, we have a RI training program to educate staff regarding our hedge funds policies. <input checked="" type="checkbox"/> Yes, we regularly train our staff on code of ethics/compliance manuals covering hedge funds investments. <input checked="" type="checkbox"/> Other			
		Specify	
The RI-training is applied as with other RI-training activities.			
<input type="checkbox"/> No, we don't have a RI training program.			
HF 04.2	Explain how the RI training program is conducted?		
This applied as part of our general code of ethics.			

HF 05	Voluntary	Descriptive	1
HF 05.1	In incorporating RI into Hedge Funds, what is(are) the main consideration(s) your organisation follows? Please select all applicable to your organisation.		
<input checked="" type="checkbox"/> To achieve a robust governance structure for our Hedge Funds investments. <input checked="" type="checkbox"/> To attain relevant/existing ESG data. <input checked="" type="checkbox"/> To clearly identify/manage the ESG opportunities associated with each strategies. <input type="checkbox"/> To clearly identify each strategy and associated financial risks. <input checked="" type="checkbox"/> Other			
		specify	
The comply with the Nykredit policy on sustainable investments.			
<input type="checkbox"/> None of the above			
HF 05.2	Does the annual employee(s) performance review or remuneration metrics reflect any component for the inclusion of RI into Hedge Funds?		
<input checked="" type="checkbox"/> Yes			
If yes, please select and describe all that applies to your organisation (at least one KPI should be linked to the variable pay).			
	KPI	Variable pay linked	Explanation
	<input checked="" type="checkbox"/> Risk management	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Compliance with the Nykredit policies is expected.
	<input checked="" type="checkbox"/> Financial performance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Compliance with the Nykredit policies is expected.
	<input type="checkbox"/> Yes <input type="checkbox"/> No		
<input type="checkbox"/> No			

HF 06	Mandatory	Descriptive	General
HF 06.1	Please describe the ESG resources and tools used in your investment decision-making process.		
	Category of ESG	Reason for use	
	<input checked="" type="checkbox"/> ESG data (proprietary, 3rd party, etc.)	The data provides a standard to assess risks and opportunities.	
HF 06.2	Select and explain how these resources are incorporated into the investment and risk management process?		
	Category of ESG	Investment/risk management process	Additional text (optional)
	ESG data (proprietary, 3rd party, etc.)	<input type="checkbox"/> Investment origination <input checked="" type="checkbox"/> Investment analysis <input type="checkbox"/> Portfolio construction <input type="checkbox"/> Trade management <input checked="" type="checkbox"/> Risk management	

HF 07	Mandatory	Descriptive	1,2
HF 07.1	Does your organisation uses quantitative analysis?		
<input checked="" type="checkbox"/> Yes			
Please indicate at which level ESG is incorporated into the analysis.			
	Quantitative modelling	ESG incorporation	Outcomes and assessment/review

<input type="checkbox"/> Multi-factors models <input type="checkbox"/> Fractal Market Hypothesis (FMH) modelling <input type="checkbox"/> Models Yield <input type="checkbox"/> Technical analysis (Fibonacci retracements, Bollinger bands, etc.) <input type="checkbox"/> Univariate models (Box-Jenkins) <input checked="" type="checkbox"/> Monte-Carlo simulations <input checked="" type="checkbox"/> Multiple regression analysis <input checked="" type="checkbox"/> Correlation analysis <input type="checkbox"/> Other	<input type="checkbox"/> Pre-defined ESG parameters are added in our quantitative models. <input checked="" type="checkbox"/> We conduct scenario analysis to define ESG parameters separately. <input type="checkbox"/> Variance/Value at Risk analysis with embedded ESG-risks. <input type="checkbox"/> Other	ESG-risk on issuer level.
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We don't use quantitative analysis.

HF 07.2 Does your organisation uses fundamental analysis?

Yes

Please indicate at which level ESG is incorporated into the analysis.

Fundamental approach	ESG incorporation	Outcomes and assessment/review
<input checked="" type="checkbox"/> Top-down <input checked="" type="checkbox"/> Bottom-up	<input type="checkbox"/> At a micro level - ESG factors are integrated into financial models (DCF, multiples, etc.) <input checked="" type="checkbox"/> Financial ratios with embedded ESG factors. <input checked="" type="checkbox"/> At a macro level - ESG factors are embedded with economic indicators (GDP, inflation, etc.) <input type="checkbox"/> Other	ESG information on issuer level.

We don't use fundamental analysis.

HF 07.3 Additional information [OPTIONAL]

The ESG-information is available on a issuer level. This information is used to better assess any ESG-risks related to the bond performance.

Securitized bonds in the form of Danish mortgage bonds play an important role for any Danish investor. More than half of our investments are in this type of securitized bonds. The mortgage finance system plays an integral role in financing homes, buildings, enterprises, farm and infrastructure. The mortgage bonds is the primary tool for financing in Denmark, and since they are AAA-rated and have never had a default, they also play an important role for the institutional investor. This goes both for banks and insurance companies as their capital buffers are primarily placed in this type of bonds. Pension funds are also major investors as the bonds are used to balance risk in most Danish investment portfolios. The mortgage bonds has played an integral role in developing the Danish society. The climate friendly houses and high tech industry and farming have been mostly financed by mortgage bonds. Even some wind turbines are financed by mortgage bonds. The strength of the system is the unique combination of linking what has been financed with the bond in a large scale way. The high quality and very low default risk attracts international investors and today more than a third of the bonds are held by international investors. As a result the system offer the probably cheapest financing for private individuals and companies today. This sound like the future of green bonds, but the existing systems has its limitations when it comes to tracking, what has indeed been financed by the bonds.

Nykredit has been engaging with the largest issuers on this issue for years. The many discussions on how finance can play an active role in green transition gave us a unique opportunity to address the issue of better disclosure of the use of proceeds from the bond issuance as well. The discussions were structured as industry wide discussions organized by Finance Denmark. The members of Finance Denmark are both the banks, the issuers of mortgage bonds as well as asset managers and mutual funds. The chairman of Finance Denmark is the CEO of Nykredit, Michael Rasmussen. This unique set up proved very successful, as an advisory committee came up with 20 recommendations. Two of these were committing the industry to do carbon foot printing of not only investments but also their lending activities. This will provide essential data necessary for the future disclosures on mortgage bonds. Nykredit is still engaging with the industry on issuer side and is involved in Finance Denmark committees on sustainable investments and specifically on carbon foot printing.

Documentation:

<https://finansdanmark.dk/nyheder/2019/20-skridt-i-finanssektoren-skal-goere-verden-mere-baeredygtig/>

<https://finansdanmark.dk/aktuelle-emner/finanssektorens-klimapartnerskab-forum-for-baeredygtig-finans/finans-danmarks-arbejde-med-forum-anbefalingerne-og-baeredygtig-finans-i-2020/>

<https://finansdanmark.dk/nyheder/2020/finans-danmark-vil-i-2020-udvikle-en-model-for-opgoerelse-af-co2-aftryk/>

HF 08	Mandatory	Descriptive	1,6
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HF 08.1 Could you please indicate whether there have been any changes to your RI incorporation process over the past 12 months (e.g. additional resources, information sources)?

Yes
 No

HF 08.2 If yes, please describe them.

The process remains essential the same, but Nykredit is addressing the need for better disclosures of the proceeds of the funds. This is also very relevant in the light of not only the green transition but also the EU-taxonomy which has the potential of changing the risk assessment of the different funds.

HF 09	Mandatory	Descriptive	1,2
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HF 09.1 Please select and explain how active ownership practices are integrated into investment decisions.

- (Proxy) Voting

The funds only invest in fixed income issuance, but Nykredit has exposure to equity of all the issuers. The overarching engagement to the issuers will be reflected in the voting decisions.
- Engagement

Nykredit is an active owner and engages on ESG issues like norms breaches and better disclosure.
- Shareholder resolution
- None of the above
- Not applicable (N/A)

HF 10 **Mandatory** **Descriptive** **1,2**

HF 10.1 Please provide examples of where ESG risks and opportunities were incorporated into the investment decisions over the past 12 months.

Add Example 1

Hedge Funds Strategy	<input checked="" type="checkbox"/> Relative value
ESG factors	<input checked="" type="checkbox"/> Governance
ESG risks/opportunities	Risk related to money laundering scandal in Danske Bank.
Financial risks	Risk of downgrade and sell off of bonds effecting the price on the underlying bonds.
Scope and process	Dialogue with the company to ensure that this does not occur again and to ensure cooperation with authorities.
Outcomes	After the EGM in December 2018, at which the new chairman was elected, the scenario turned. A new CEO was hired. Risk remains high but are decreasing. Nykredit voted against appointment of board member, who had earlier been responsible for audit committee.

Add Example 2

Hedge Funds Strategy	<input checked="" type="checkbox"/> Relative value
ESG factors	<input checked="" type="checkbox"/> Environmental
ESG risks/opportunities	Green transition and climate change.
Financial risks	Risk and opportunities related to the green transition.
Scope and process	Better disclosure of the proceeds behind the fixed income issuance.
Outcomes	The financial sector in Denmark and thereby the issuers of the relevant bonds have all committed to improve disclosure of lending activities and carbon footprint as a first.

- Add Example 3
- Add Example 4
- Add Example 5
- Add Example 6
- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10
- We are not able to provide examples

HF 10.2 Based on your example(s) provided above, please specify whether the incorporation of ESG factors affected the risk-adjusted returns of your hedge funds.

- The incorporation of ESG risks positively affected the risk adjusted returns of the hedge funds
- The incorporation of ESG risks negatively affected the risk adjusted returns of the hedge funds
- The incorporation of ESG risks had an overall neutral effect on the risk adjusted returns of the hedge funds
- No impact, or we do not track this information.

HF 11 **Mandatory** **Descriptive** **General**

HF 11.1 Do you use derivatives instruments as part of your hedge funds strategies and/or Funds of Hedge Funds?

- Yes
- No

HF 11.2 Please select all the applicable categories of derivatives used.

Listed/OTC	Category of derivatives
<input checked="" type="checkbox"/> Listed derivatives	<input checked="" type="checkbox"/> Futures <input type="checkbox"/> Options (Equity, Index, ETF, FX, IR, etc.) <input type="checkbox"/> Other <input type="checkbox"/> None of the above
<input checked="" type="checkbox"/> OTC derivatives	<input checked="" type="checkbox"/> Swaps <input type="checkbox"/> FRA <input type="checkbox"/> Exotic derivatives <input type="checkbox"/> CDS <input checked="" type="checkbox"/> Other <div style="border: 1px solid black; padding: 2px; margin: 5px 0;">specify</div> <input type="checkbox"/> None of the above

HF 11.3 Please explain whether and how these derivatives impacted the risk-adjusted returns of your hedge funds investments?

Positive impact

Outcomes

They form part of the strategy and are the main reason to keep duration around zero and allowing leverage in the portfolio.

Negative impact
 Neutral impact
 No impact or we do not track this information

HF 11.4 Please indicate whether the use of derivatives triggered ESG risks/opportunities at the fund level?

Yes
 No, or undetermined

HF 11.5 Additional information [OPTIONAL]

The issuers of derivatives are handled as if the issuance was a bond.

HF 12 Mandatory Descriptive 1,2

HF 12.1 Could you indicate whether you report separately on your funds' long/short/net exposures?

Yes
 No

Please explain

The reporting captures long and short positions. Nykredit offers to report on ESG on the individual issuer level in the fund to all investors.

Not Applicable

HF 13 Mandatory Descriptive 1,2

HF 13.1 Please describe what metrics/initiatives (internal and/or external) your organisation uses to measure its progress in incorporating RI into the investment process.

Add Example 1

Hedge Funds Strategy	<input checked="" type="checkbox"/> Relative value	
Metrics/Initiatives	RI policy implementation	Integration of ESG data
Internal/external	External	
Metrics/Initiatives definition	Compliance with the policy.	
Assessment/outcomes	The fund is compliant. Nykredit looks to improve ESG-data related to bond issuance and use of proceeds.	

Add Example 2
 Add Example 3

- Add Example 4
- Add Example 5
- Add Example 6
- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10
- We are not able to provide examples

HF 14	Voluntary	Descriptive	General
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HF 14.1	Does your organisation assess the funds' exposure to climate-related risks, measure and monitor the carbon footprint of its investment portfolio?
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

HF 14.2	If yes, explain the methodology followed and assessment process.
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- Add Example 1

Hedge Fund Strategy	<input checked="" type="checkbox"/> Relative value
KPI	Other emissions metrics
Methodology	Lacking data on the use of proceeds from the issued mortgage bonds Nykredit look at the aggregate number from Denmark, which is a good proxy as almost all proceeds are used here.
Assessment	The risk and opportunities related to transition remain low as the exposure to fossil energy is low while exposure to renewable industries are high. The risk related to the risk physical change is low in a global perspective, but risks as flooding on housing, draught effects on farming and violent weather events in general are evident. The assessments by the Danish government agencies are followed closely. The exposure to this is quite evenly spread, but better disclosure on proceeds will enable a more granular assessment.

- Add Example 2
- Add Example 3
- Add Example 4
- Add Example 5
- Add Example 6
- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10
- We are not able to provide examples

HF 15	Mandatory	Descriptive	2,6
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HF 15.1	How often and in what format (e.g. meetings, written reports) does your organisation report to its investors on ESG activities risks assessments? Please provide reporting examples.
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- Add Example 1

Frequency of reporting	<input checked="" type="checkbox"/> Annually <input type="checkbox"/> More frequently than annually <input type="checkbox"/> Other
Format	<input type="checkbox"/> Minutes of meetings <input checked="" type="checkbox"/> Written reports <input type="checkbox"/> Side letters/emails <input type="checkbox"/> Other
ESG activities	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Governance

Portfolio ESG risks assessment	<input checked="" type="checkbox"/> Fund governance <input type="checkbox"/> Linear constrains <input type="checkbox"/> Quadratic constraints <input type="checkbox"/> Other
Outcomes	Annual report: https://www.nykreditinvest.dk/globalassets/pdf-falles/nykredit-invest/nykredit-invests-rapport-om-samfundsansvar-2019.pdf

- Add Example 2
- Add Example 3
- Add Example 4
- Add Example 5
- Add Example 6
- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10
- We are not able to provide examples

CM1 01	Mandatory	Additional Assessed	General
CM1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:		
	<input type="checkbox"/> Third party assurance over selected responses from this year's PRI Transparency Report <input checked="" type="checkbox"/> Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year <input type="checkbox"/> Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year) <input checked="" type="checkbox"/> Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year) <input type="checkbox"/> Internal verification of responses before submission to the PRI (e.g. by the CEO or the board) <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above		
CM1 01.2	Additional information [OPTIONAL]		
	The data points are sourced from two separate public reports on CSR and on sustainable investments. The external audit is done on the formal reporting requirements related to sustainability reporting requirements following from the policies in place. Some of the data points are more granular in this report, but they are from the same subset audited internally.		
CM1 02	Mandatory	Descriptive	General
CM1 02.1	We undertook third party assurance on last year's PRI Transparency Report		
	<input type="radio"/> Whole PRI Transparency Report was assured last year <input type="radio"/> Selected data was assured in last year's PRI Transparency Report <input checked="" type="radio"/> We did not assure last year's PRI Transparency report <input type="radio"/> None of the above, we were in our preparation year and did not report last year.		
CM1 02.3	Additional information [OPTIONAL]		
	The data used in last years report was sourced from public annual reports. Both the overarching Nykredit report on corporate responsibility and the reports on the mutual funds.		
CM1 03	Mandatory	Descriptive	General
CM1 03.1	We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:		
	<input checked="" type="checkbox"/> We adhere to an RI certification or labelling scheme		
CM1 03.2	Which scheme?		
	<input type="checkbox"/> National SRI label based on the EUROSIF Transparency guidelines <input type="checkbox"/> B-corporation <input type="checkbox"/> UK Stewardship code <input type="checkbox"/> GRESB <input type="checkbox"/> Commodity type label (e.g. BCI) <input type="checkbox"/> Social label <input type="checkbox"/> Climate label <input type="checkbox"/> RIAA <input checked="" type="checkbox"/> Other		
	Specify		
	The Nordic Ecolabel (Svanemærket) applies to the global equity fund "Bæredygtige Aktier"		
	% of total AUM the scheme applies		
	<input checked="" type="radio"/> < 25% <input type="radio"/> 25-50 % <input type="radio"/> 50-70 % <input type="radio"/> >75 %		
	<input type="checkbox"/> We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report <input type="checkbox"/> ESG audit of holdings <input checked="" type="checkbox"/> Other, specify <p>The assurance is only done to ensure reporting meets the formal requirements on financial reporting which includes reporting on sustainability in line with policies.</p> <input type="checkbox"/> None of the above		
CM1 03.5	Additional information [OPTIONAL]		
	The overarching CSR-report is linked to the annual report audited by Deloitte. The sustainability report related to the mutual funds is linked to the mutual funds annual reports audited by Ernst and Young.		
CM1 04	Mandatory	Descriptive	General

CM1 04.1	Do you plan to conduct third party assurance of this year's PRI Transparency report?
<input type="radio"/> Whole PRI Transparency Report will be assured <input type="radio"/> Selected data will be assured <input checked="" type="radio"/> We do not plan to assure this year's PRI Transparency report	

CM1 04.3	Additional information [OPTIONAL]
The Danish reporting requirements already apply. Nykredit expecting to revisit the reporting in light of the new EU-Disclosure Criteria and EU Non-Financial-Reporting criteria. At the same time we expect to expand TCFD-reporting as well client specific reporting.	

CM1 05	Mandatory	Descriptive	General
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CM1 05.1	Provide details related to the third party assurance over selected responses from this year's PRI Transparency Report and/or over data points from other sources that have subsequently been used in your PRI responses this year
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What data has been assured

- Financial and organisational data
- Data related to RI activities
- RI Policies
- RI Processes (e.g. engagement process)
- ESG operational data of the portfolio
- Other

Relevant modules

- Organisational Overview
- Strategy and Governance
- Indirect – Manager Selection, Appointment and Monitoring
- Direct - Listed Equity Incorporation
- Direct - Listed Equity Active Ownership
- Direct - Fixed Income
- Direct – Private Equity

Who has conducted the assurance

Deloitte has conducted the assurance on the CSR-report, where as E&Y has conducted assurance on the mutual funds = 90% data.

Assurance standard used

- ISAE/ASEA 3000
- ISAE 3402
- ISO standard
- AAF01/06
- AA1000AS
- IFC performance standards
- ISAE/ASAE 3410 Assurance Engagements on Greenhouse Gas Statements.
- National standard

Specify

The Danish §199a requirements on reporting on responsibility.

- Other

Level of assurance sought

- Limited or equivalent
- Reasonable or equivalent

Please provide:

https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit/2019/nykredit_q4_19_2020-02-05_en.pdf
<https://www.nykreditinvest.dk/globalassets/pdf-falles/nykredit-invest/nykredit-invests-rapport-om-samfundsansvar-2019.pdf>

CM1 06	Mandatory	Descriptive	General
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CM1 06.1	Provide details of the third party assurance of RI related processes, and/or details of the internal audit conducted by internal auditors of RI related processes (that have been reported to the PRI this year)
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What RI processes have been assured

- Data related to RI activities
- RI policies

Specify

https://www.nykreditinvest.dk/siteassets/pdf/er-fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2019_inv_nykredit_invest_inkl_beholdningslister.pdf

- RI related governance
- Engagement processes
- Proxy voting process
- Integration process in listed assets
- Screening process in listed assets
- Thematic process in listed assets
- Investment selection process in non-listed assets
- Manager selection process for externally managed assets
- Manager appointment process for externally managed assets
- Manager monitoring process for externally managed assets
- ESG incorporation in selection process for private equity investments
- Other

When was the process assurance completed(dd/ mm/yy)

01032020

Assurance standard used

- IIA's International Standards for the Professional Practice of Internal Auditing
- ISAE 3402
- ISO standard
- AAF 01/06
- SSE18
- AT 101 (excluding financial data)
- Other