



# RI TRANSPARENCY REPORT

## 2019

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 2019 reporting cycle. 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. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		✓	-							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Public							✓
OO 08	Segregated mandates or pooled funds	✓	Public							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Active ownership practices for listed assets	✓	Public							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	✓	Public							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	✓	Public							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	✓	Public							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	⚡	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	✓	Public							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	✓	Public							✓
OO PE 01	Breakdown of private equity investments by strategy	✓	Public							✓
OO PE 02	Typical level of ownership in private equity investments	✓	Public							✓
OO PR 01	Breakdown of property investments	⚡	n/a							✓
OO PR 02	Breakdown of property assets by management	⚡	n/a							✓
OO PR 03	Largest property types	⚡	n/a							✓
OO INF 01	Breakdown of infrastructure investments	⚡	n/a							✓
OO INF 02	Breakdown of infrastructure assets by management	⚡	n/a							✓
OO INF 03	Largest infrastructure sectors	⚡	n/a							✓
OO HF 01	Breakdown of hedge funds investments by strategies	✓	Public							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Public							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Public							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Public							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	✓	Public	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		✓	Public							✓
SG 14	Long term investment risks and opportunity	✓	Public	✓						
SG 14 CC		✓	Public							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 16	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 17	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 18	Innovative features of approach to RI	✓	Public							✓
SG 19	Communication	✓	Public		✓				✓	
SG End	Module confirmation page	✓	-							

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	ESG incorporation strategies	✓	Public	✓						
SAM 02	Selection processes (LE and FI)	✓	Public	✓						
SAM 03	Evaluating engagement and voting practices in manager selection (listed equity/fixed income)	✓	Public		✓					
SAM 04	Appointment processes (listed equity/fixed income)	✓	Public	✓						
SAM 05	Monitoring processes (listed equity/fixed income)	✓	Public	✓						
SAM 06	Monitoring on active ownership (listed equity/fixed income)	✓	Public	✓						
SAM 07	Percentage of (proxy) votes	✓	Public		✓					
SAM 08	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓						
SAM 09	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public	✓					✓	
SAM End	Module confirmation page	✓	-							

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Percentage of each incorporation strategy	✓	Public	✓						
LEI 02	Type of ESG information used in investment decision	✓	Public	✓						
LEI 03	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 04	Types of screening applied	✓	Public	✓						
LEI 05	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 06	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 07	Types of sustainability thematic funds/mandates	✓	Public	✓						
LEI 08	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 09	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 10	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 11	ESG issues in index construction	✓	Public	✓						
LEI 12	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 13	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
LEI End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Role in engagement process	✓	Public		✓		✓			
LEA 07	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 08	Tracking number of engagements	✓	Public		✓					
LEA 09	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 10	Engagement methods	✓	Public		✓					
LEA 11	Examples of ESG engagements	✓	Public		✓					
LEA 12	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 13	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 14	Securities lending programme	✓	Public		✓					
LEA 15	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 16	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 17	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 18	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 19	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 20	Shareholder resolutions	✓	Public		✓					
LEA 21	Examples of (proxy) voting activities	✓	Public		✓					
LEA End	Module confirmation page	✓	-							

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Incorporation strategies applied	✓	Public	✓						
FI 02	ESG issues and issuer research	✓	Public	✓						
FI 03	Processes to ensure analysis is robust	✓	Public	✓						
FI 04	Types of screening applied	✓	Public	✓						
FI 05	Examples of ESG factors in screening process	✓	Public	✓						
FI 06	Screening - ensuring criteria are met	✓	Public	✓						
FI 07	Thematic investing - overview	🔒	n/a	✓						
FI 08	Thematic investing - themed bond processes	🔒	n/a	✓						
FI 09	Thematic investing - assessing impact	🔒	n/a	✓						
FI 10	Integration overview	✓	Public	✓						
FI 11	Integration - ESG information in investment processes	✓	Public	✓						
FI 12	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 13	ESG incorporation in passive funds	✓	Public	✓						
FI 14	Engagement overview and coverage	✓	Public		✓					
FI 15	Engagement method	✓	Public	✓	✓					
FI 16	Engagement policy disclosure	✓	Public	✓	✓					
FI 17	Financial/ESG performance	✓	Public							✓
FI 18	Examples - ESG incorporation or engagement	✓	Public	✓	✓					
FI End	Module confirmation page	✓	-							



Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Description of approach to RI	✓	Public	✓					✓	
PE 02	Investment guidelines and RI	✓	Public		✓					
PE 03	Fund placement documents and RI	✓	Public	✓			✓		✓	
PE 04	Formal commitments to RI	🔒	n/a				✓			
PE 05	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 06	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PE 07	Encouraging improvements in investees	✓	Public	✓	✓					
PE 08	ESG issues impact in selection process	✓	Public	✓						
PE 09	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 10	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 11	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Public		✓					
PE 12	Type and frequency of reports received from portfolio companies	✓	Public		✓	✓				
PE 13	Disclosure of ESG issues in pre-exit	✓	Public		✓					
PE 14	ESG issues affected financial/ESG performance	✓	Public	✓	✓					
PE 15	Examples of ESG issues that affected your PE investments	✓	Public	✓	✓					
PE 16	Approach to disclosing ESG incidents	✓	Public						✓	
PE End	Module confirmation page	✓	-							

Direct - Hedge Funds				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
HF 01	Rationale for adopting a RI policy	✓	Public							✓
HF 02	Normative codes/initiatives in the Hedge Fund industry	✓	Public				✓	✓		
HF 03	Organisation of RI responsibilities	✓	Public							✓
HF 04	RI training programme	✓	Public							✓
HF 05	Performance/remuneration metrics linked to RI incorporation	✓	Public	✓						
HF 06	ESG data, research and other resources used	✓	Public							✓
HF 07	ESG incorporation into quantitative and fundamental analysis	✓	Public	✓	✓					
HF 08	Changes to the RI incorporation process over the past 12 months	✓	Public	✓					✓	
HF 09	Integration of Active Ownership	✓	Public	✓	✓					
HF 10	Examples of ESG risks/opportunities in investment decisions	✓	Public	✓	✓					
HF 11	Derivatives products and ESG impact	✓	Public							✓
HF 12	Long/short exposure and reporting	✓	Public	✓	✓					
HF 13	Metrics/KPI for RI progress	✓	Public	✓	✓					
HF 14	Exposure to climate risk	✓	Public							✓
HF 15	Reports to investors	✓	Public		✓				✓	
HF End	Module confirmation page	✓	-							

# Nykredit Realkredit Group

## Reported Information

### Public version

### Organisational Overview

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Basic information

OO 01

Mandatory

Public

Gateway/Peering

General

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

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Denmark

<b>OO 02.2</b>	Indicate the number of countries in which you have offices (including your headquarters).
<input type="radio"/> 1 <input checked="" type="radio"/> 2-5 <input type="radio"/> 6-10 <input type="radio"/> >10	

<b>OO 02.3</b>	Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).
	FTE
3025	

<b>OO 02.4</b>	Additional information. [Optional]
<p>The Nykredit business is described more in detail on these web-pages:  <a href="http://www.nykredit.com">www.nykredit.com</a>  <a href="https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/corporate_responsibility_report_q4_18_2019-02-05_en.pdf">https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/corporate_responsibility_report_q4_18_2019-02-05_en.pdf</a></p>	

OO 03	Mandatory	Public	Descriptive	General
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<b>OO 03.1</b>	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.
<input type="radio"/> Yes <input checked="" type="radio"/> No	

OO 04	Mandatory	Public	Gateway/Peering	General
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<b>OO 04.1</b>	Indicate the year end date for your reporting year.
31/12/2018	

<b>OO 04.2</b>	Indicate your total AUM at the end of your reporting year.
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Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM		300	614	000	000
Currency	DKK				
Assets in USD		45	958	205	084

☐ Not applicable as we are in the fund-raising process

**OO 04.4**

Indicate the total assets at the end of your reporting year subject to an execution and/or advisory approach.

☒ Not applicable as we do not have any assets under execution and/or advisory approach

**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 06**

**Mandatory**

**Public**

**Descriptive**

**General**

**OO 06.1**

Select how you would like to disclose your asset class mix.

☒ as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	9.3	4.9
Fixed income	79.2	2
Private equity	0.7	0.2
Property	0	0
Infrastructure	0	0.8
Commodities	0	0
Hedge funds	2.9	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

☐ as broad ranges

<b>OO 06.2</b>	Publish asset class mix as per attached image [Optional].
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<b>OO 06.3</b>	Indicate whether your organisation has any off-balance sheet assets [Optional].
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☐ Yes

☒ No

<b>OO 06.5</b>	Indicate whether your organisation uses fiduciary managers.
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☐ 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.

<b>OO 06.6</b>	Provide contextual information on your AUM asset class split. [Optional]
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One third of the assets are our own assets managed by the treasury department. More than 95% of these funds are fixed income. Some of the equity investments are in unnoted equities and these are registered as internally managed private equity in the table above. The rest of the assets are managed on behalf of clients and placed in listed equities, fixed income, fixed income hedge funds and infrastructure. As a fixed income specialist, the majority, more than 75%, is fixed income. Listed equities are 20%. Hedge funds and infrastructure make up the rest.

<b>OO 07</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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<b>OO 07.1</b>	Provide to the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.
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Internally managed		SSA
	9	
		Corporate (financial)
	2	
		Corporate (non-financial)
	3	
		Securitised
	86	
		Total
	100%	
Externally managed		SSA
	77	
		Corporate (financial)
	12	
		Corporate (non-financial)
	11	
		Securitised
	0	
		Total
	100%	

OO 08	Mandatory to Report Voluntary to Disclose	Public	Peering	General
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

OO 08.1	Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds or investments.
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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="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%
[b] Fixed income - SSA	<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%
[c] Fixed income – Corporate (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%
[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 checked="" type="radio"/> 0% <input 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%
[h] Infrastructure	<input checked="" type="radio"/> 0% <input 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.

<b>OO 09</b>	<b>Mandatory</b>	<b>Public</b>	<b>Peering</b>	<b>General</b>
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**OO 09.1**

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

	Developed Markets
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96.7

	Emerging Markets
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3.3

	Frontier Markets
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0

	Other Markets
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0

	Total 100%
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100%

<b>OO 09.2</b>	Additional information. [Optional]
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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.

## Asset class implementation gateway indicators

<b>OO 10</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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<b>OO 10.1</b>	Select the active ownership activities your organisation implemented in the reporting year.
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	Listed equity – engagement
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- ☒ 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.

	Listed equity – voting
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- ☒ We cast our (proxy) votes directly or via dedicated voting providers
- ☐ We require our external managers to vote on our behalf.
- ☐ We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

#### Fixed income SSA – engagement

- ☒ We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers.
- ☒ We require our external managers to engage with SSA bond issuers on ESG factors on our behalf.
- ☐ 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

- ☒ 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 (non-financial) – engagement

- ☒ 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

Public

Gateway

General

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

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

#### Fixed income - SSA

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

#### Fixed income - corporate (financial)

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

#### Fixed income - corporate (non-financial)

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

#### Fixed income - securitised

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

#### Private equity

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

#### Hedge funds

- ☒ We address ESG incorporation.
- ☐ 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	<div> <div></div> <div>Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</div> </div> <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	<div> <div></div> <div>Fixed income - SSA - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</div> </div> <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)	<div> <div></div> <div>Fixed income - corporate (financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</div> </div> <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 (non-financial)	<div> <div></div> <div>Fixed income - corporate (non-financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</div> </div> <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
Private equity	<div> <div></div> <div>Private equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</div> </div> <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
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

##### Public

##### Gateway

##### General

#### 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

- ☒ Organisational Overview
- ☒ Strategy and Governance

##### RI implementation directly or via service providers

##### Direct - Listed Equity incorporation

- ☒ Listed Equity incorporation

##### Direct - Listed Equity active ownership

- ☒ Engagements
- ☒ (Proxy) voting

	Direct - Fixed Income
--	-----------------------

- ☒ Fixed income - SSA
- ☒ Fixed income - Corporate (financial)
- ☒ Fixed income - Corporate (non-financial)
- ☒ Fixed income - Securitised

	Direct - Other asset classes with dedicated modules
--	---

- ☒ Private Equity
- ☒ Hedge Funds and/or Fund of Hedge Funds

	RI implementation via external managers
--	---

	Indirect - Selection, Appointment and Monitoring of External Managers
--	---

- ☒ Listed Equities
- ☒ Fixed income - SSA
- ☒ Fixed income - Corporate (financial)
- ☒ Fixed income - Corporate (non-financial)
- ☒ Private Equity
- ☒ Infrastructure

	Closing module
--	----------------

- ☒ Closing module

Peering questions				
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OO LE 01	Mandatory	Public	Gateway	General
----------	-----------	--------	---------	---------

OO LE 01.1	Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.
------------	---

Update: this indicator has changed from "*Mandatory to report, voluntary to disclose*" to "*Mandatory*". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

#### Percentage of internally managed listed equities

Strategies	Percentage of internally managed listed equities
Passive	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Active - quantitative (quant)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0%
Active - fundamental and active - other	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Total 100%	

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 LE 02	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
----------	---	--------	---------	---------

OO LE 02.1	For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.
------------	---

#### Report on strategy

	All active strategies
--	-----------------------

☒ Yes

☐ No

OO FI 01	Mandatory	Public	Gateway	General
----------	-----------	--------	---------	---------



Update: this indicator has changed from "Mandatory to report, voluntary to disclose" to "Mandatory". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

OO FI 01.1

Provide a breakdown of your internally managed fixed income securities by active and passive strategies

Type	Passive	Active - quantitative	Active - fundamental & others	Total internally managed fixed income security
SSA	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%
Corporate (financial)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%
Corporate (non-financial)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%
Securitised	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%

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

Public

Descriptive

General

Update: this indicator has changed from "Mandatory to report, voluntary to disclose" to "Mandatory". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

**OO FI 03.1**

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

SSA	Developed markets
	89.8
	Emerging markets
	10.2
	Total
	100%

**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="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0%	<b>100%</b>
Corporate (non-financial)	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<b>100%</b>
Securitised	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<b>100%</b>

**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

Public

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)	<div> <div>Passive</div> <div>0</div> </div> <div> <div>Active - quantitative (quant)</div> <div>0</div> </div> <div> <div>Active - fundamental and active - other</div> <div>100</div> <div>100%</div> </div>
Fixed income - SSA	<div> <div>Passive</div> <div>0</div> </div> <div> <div>Active - quantitative (quant)</div> <div>0</div> </div> <div> <div>Active - fundamental and active - other</div> <div>100</div> <div>100%</div> </div>
Fixed income - Corporate (financial)	<div> <div>Passive</div> <div>0</div> </div> <div> <div>Active - quantitative (quant)</div> <div>0</div> </div> <div> <div>Active - fundamental and active - other</div> <div>100</div> <div>100%</div> </div>
Fixed income - Corporate (non-financial)	<div> <div>Passive</div> <div>0</div> </div> <div> <div>Active - quantitative (quant)</div> <div>0</div> </div>

	<table> <tr> <td></td><td>Active - fundamental and active - other</td></tr> <tr> <td>100</td><td></td></tr> <tr> <td>100%</td><td></td></tr> </table>		Active - fundamental and active - other	100		100%	
	Active - fundamental and active - other						
100							
100%							

<b>OO SAM 01.2</b>	Additional information [Optional].
------------------------	------------------------------------

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

<b>OO PE 01</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
-----------------	------------------	---------------	--------------------	----------------

<b>OO PE 01.1</b>	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.

<b>OO PE 01.2</b>	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.

<b>OO PE 02</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>OO PE 02.1</b>	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

<b>OO PE 02.2</b>	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.

<b>OO HF 01</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>OO HF 01.1</b>	Please describe your hedge fund strategies and classification
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	Options presented for hedge funds
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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)		



# Nykredit Realkredit Group

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

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.

Select all that apply

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 type="checkbox"/> Engagement policy <input type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Other, specify (1) <b>Support for COP21 and SDGs</b> <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> 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

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

**SG 01 CC****Voluntary****Public****Descriptive****General**

<b>SG 01.6 CC</b>	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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Investing in line with the goals of the Paris-agreement on Climate is a specific target mentioned in the policy. At this stage, the risks are assessed by carbon footprinting and ESG-analysis. The specific actions taken on the basis of the analysis depend on the specific asset class. A number of exclusions have been executed across asset classes. These also apply to passive funds. The exclusions are based on involvement in production of fossil fuels, carbon footprint and lack of identified strategy for any green transition. Nykredit is an active member of Climate Action 100+ and engages with a wide group of companies on climate transition. ESG-analysis is used in a wide number of funds. Here the risks and opportunities depend on the different sectors. So far most of the identified risks have been related to fossil fuel production and most opportunities to clean tech. Next step will be identifying the physical risks.

Nykredit offers fossil free funds to the clients who wants to exit fossil fuels at this stage. Nykredit also offers climate related reporting and this is also part of the sustainability report.

<b>SG 01.7 CC</b>	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
-----------------------	--

☒ Yes

<b>SG 01.8 CC</b>	Indicate 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. In 2019 Nykredit will look into different scenarios, including 1.5 degrees and has the ambition to some extent assess physical risks.

☐ No

<b>SG 01.9 CC</b>	Indicate whether the organisation publicly supports the TCFD?
-----------------------	---

☒ Yes

☐ No

<b>SG 01.10 CC</b>	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

<b>SG 1.12 CC</b>	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

<b>SG 02</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 02.1</b>	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- ☒ Policy setting out your overall approach

	URL/Attachment
--	----------------

- ☒ URL

	URL
--	-----

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

- ☐ Attachment (will be made public)
- ☐ Asset class-specific RI guidelines
- ☐ Sector specific RI guidelines
- ☒ Screening / exclusions policy

	URL/Attachment
--	----------------

- ☒ URL

	URL
--	-----

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

- ☐ Attachment (will be made public)
- ☐ Other, specify (1)
- ☐ We do not publicly disclose our investment policy documents

<b>SG 02.2</b>	Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.
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- ☒ Your organisation's definition of ESG and/or responsible investment and it's relation to investments

	URL/Attachment
--	----------------

☒ URL

	URL
--	-----

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

☐ Attachment

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

	URL/Attachment
--	----------------

☒ URL

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

☐ Attachment

☒ Governance structure of organisational ESG responsibilities

	URL/Attachment
--	----------------

☒ URL

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

☐ Attachment

☒ ESG incorporation approaches

	URL/Attachment
--	----------------

☒ URL

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

☐ Attachment

☒ Active ownership approaches

	URL/Attachment
--	----------------

☒ URL

	URL
--	-----

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

☐ Attachment

☒ Reporting

	URL/Attachment
--	----------------

☒ URL

	URL
--	-----

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

☐ Attachment

☒ Climate change

	URL/Attachment
--	----------------

☒ URL

	URL
--	-----

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

☐ Attachment

☒ Understanding and incorporating client / beneficiary sustainability preferences

	URL/Attachment
--	----------------

☒ URL

	URL
--	-----

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

☐ Attachment

☐ We do not publicly disclose any investment policy components

<b>SG 02.3</b>	Additional information [Optional].
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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\\_18\\_2019-02-05\\_en.pdf](https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/corporate_responsibility_report_q4_18_2019-02-05_en.pdf)

And the mutual funds Nykredit Invest:

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

<b>SG 03.2</b>	Describe your policy on managing potential conflicts of interest in the investment process.
----------------	---

Nykredit has a publicly available governance policy ([www.nykredit.com](http://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	Public	Descriptive	General
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<b>SG 04.1</b>	Indicate if your organisation has a process for identifying and managing incidents that occur within portfolio companies.
----------------	---

☒ Yes

☐ No

<b>SG 04.2</b>	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.

## Objectives and strategies

SG 05	Mandatory	Public	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.

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc basis
- ☐ It is not set/reviewed

**SG 05.2**

Additional information. [Optional]

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

Public

Descriptive

General

**SG 06.1**

List the main responsible investment objectives that your organisation set for the reporting year.

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 the Climate Action 100+

Progress achieved
-------------------

The engagement initiative was joined in December and Nykredit is lead on one company engagement and is a participant in two other engagements.

- ☒ 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

<b>SG 06.2</b>	Additional information.
----------------	-------------------------

Nykredit is in the process of improving the ESG-reporting to institutional and professional 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.

## Governance and human resources

<b>SG 07</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>General</b>
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<b>SG 07.1</b>	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.
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	Roles
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- ☒ Board members or trustees
- ☒ Oversight/accountability for responsible investment
- ☐ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Internal Roles (triggers other options)

Select from the below internal roles

- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
  - ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other Chief-level staff or head of department, specify
  - Head of ESG**
    - ☒ Oversight/accountability for responsible investment
    - ☒ Implementation of responsible investment
    - ☐ No oversight/accountability or implementation responsibility for responsible investment
  - ☒ Portfolio managers
    - ☒ Oversight/accountability for responsible investment
    - ☒ Implementation of responsible investment
    - ☐ No oversight/accountability or implementation responsibility for responsible investment
  - ☐ Investment analysts
  - ☒ Dedicated responsible investment staff
    - ☒ Oversight/accountability for responsible investment
    - ☒ Implementation of responsible investment
    - ☐ No oversight/accountability or implementation responsibility for responsible investment
  - ☐ Investor relations
  - ☒ Other role, specify (1)

Other description (1)

- Manager Selection staff**
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other role, specify (2)
- ☒ External managers or service providers
  - ☐ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ 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.

<b>SG 07.3</b>	Indicate the number of dedicated responsible investment staff your organisation has.
----------------	--

	Number
--	--------

2

<b>SG 07.4</b>	Additional information. [Optional]
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The implementation of responsible investment at Nykredit is integrated into the relevant functions.

	I confirm I have read and understood the Accountability tab for SG 07
--	---

I confirm I have read and understood the Accountability tab for SG 07

<b>SG 07 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>SG 07.5 CC</b>	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Board members or trustees
--	---------------------------

- ☒ Oversight/accountability for climate-related issues
- ☐ Assessment and management of climate-related issues
- ☐ No responsibility for climate-related issues

	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
--	---

- ☐ Oversight/accountability for climate-related issues
- ☐ Assessment and management of climate-related issues
- ☐ No responsibility for climate-related issues

	Other Chief-level staff or head of department
--	---

- ☐ Oversight/accountability for climate-related issues
- ☐ Assessment and management of climate-related issues
- ☐ No responsibility for climate-related issues

	Portfolio managers
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- ☐ Oversight/accountability for climate-related issues
- ☐ Assessment and management of climate-related issues
- ☐ No responsibility for climate-related issues

	Dedicated responsible investment staff
--	--

- ☐ Oversight/accountability for climate-related issues
- ☐ Assessment and management of climate-related issues
- ☐ No responsibility for climate-related issues

	External managers or service providers
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- ☐ Oversight/accountability for climate-related issues
- ☒ Assessment and management of climate-related issues
- ☐ No responsibility for climate-related issues

	Other role, specify (1)
--	-------------------------

	Other description (1)
--	-----------------------

Other role, specify (1)

- ☐ Oversight/accountability for climate-related issues
- ☐ Assessment and management of climate-related issues
- ☐ No responsibility for climate-related issues

<b>SG 07.6 CC</b>	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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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.

The policy is reviewed annually, but the Forum meets quarterly to discuss any issues related to the implementation of the policy.

More importantly the results are reported to clients and discussed. The next step will be a more detailed scenario analysis preformed in 2019.

<b>SG 07.8 CC</b>	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
-----------------------	---

- ☐ Incorporation of TCFD in Annual Report
- ☐ Incorporation of TCFD in regular client reporting
- ☐ Request that investment managers complete PRI Climate indicators
- ☐ Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

<b>SG 08</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>General</b>
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<b>SG 08.1</b>	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
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	Board members/Board of trustees
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**SG 08.1b** RI in personal development and/or training plan

- ☐ Responsible investment included in personal development and/or training plan
- ☒ 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

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ None of the above

**SG 08.1b** RI in personal development and/or training plan

- ☐ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Other C-level staff or head of department

**Head of ESG****SG 08.1a** RI in objectives, appraisal and/or reward

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ None of the above

**SG 08.1b** RI in personal development and/or training plan

- ☐ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Portfolio managers

**SG 08.1a** RI in objectives, appraisal and/or reward

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ None of the above

**SG 08.1b** RI in personal development and/or training plan

- ☐ Responsible investment included in personal development and/or training plan
- ☐ None of the above

**Dedicated responsible investment staff****SG 08.1a** RI in objectives, appraisal and/or reward

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ None of the above

**SG 08.1b** RI in personal development and/or training plan

- ☐ Responsible investment included in personal development and/or training plan
- ☐ None of the above

**Other role (1) [from SG 07]****Manager Selection staff****SG 08.1a** RI in objectives, appraisal and/or reward

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ None of the above

**SG 08.1b** RI in personal development and/or training plan

- ☐ Responsible investment included in personal development and/or training plan
- ☐ 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.

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.

**Promoting responsible investment****SG 09****Mandatory****Public****Core Assessed****PRI 4,5**



**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.

**Select all that apply**

☒ Principles for Responsible Investment

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

- ☐ Basic  
☒ Moderate  
☐ Advanced

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 Oslo, 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  
☐ AFIC – La Commission ESG  
☐ BVCA – Responsible Investment Advisory Board  
☒ CDP Climate Change

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

- ☐ Basic  
☒ Moderate  
☐ Advanced

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
- ☐ Code for Responsible Investment in SA (CRISA)
- ☐ Code for Responsible Finance in the 21st Century
- ☐ 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)
- ☐ Green Bond Principles
- ☐ 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 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)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

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

Nykredit arranged and participated in numerous events. Nykredit is also on the board 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)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

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 the Danish Investment Fund Association

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

- ☐ Basic
- ☐ Moderate
- ☒ 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)

- ☐ Basic
- ☐ Moderate
- ☒ 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

Climate Action 100+

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

- ☐ Basic  
☐ Moderate  
☒ Advanced

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

Nykredit is an active member in several engagement groups under this initiative. It participates in new actions, sharing knowledge and meeting with companies.

☒ Other collaborative organisation/initiative, specify

Women in management

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

- ☐ Basic  
☐ Moderate  
☒ Advanced

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

Since 1996 Nykredit has focused on getting more women in management and has made an active contribution under the "Charter for more women in management" and "Operation Chain Reaction". Nykredit has set targets for the percentage of women on the boards of directors of Nykredit's financial companies and has developed a policy to raise the percentage of women at other management levels. More on our progress on this is found at our website [www.nykredit.com](http://www.nykredit.com). In recent years, Nykredit has recruited more female managers at the lower management levels. There is still room for improvement at the higher management levels and in some career paths. Nykredit has a structured programme to recruit more women for the top management level. The programme identifies and develops management talents at Nykredit, creating a pipeline of staff ready for their first managerial job as well as experienced management staff at executive level. The programme includes objective assessments supporting the identification of management talents with potential for the next rung on the career ladder - regardless of gender.

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

	%
--	---

85

<b>SG 10</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 4</b>
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<b>SG 10.1</b>	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
----------------	--

☒ Yes

<b>SG 10.2</b>	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.
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☒ 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
--	---------------------------

☒ Quarterly or more frequently

☐ Biannually

☐ Annually

☐ Less frequently than annually

☐ Ad hoc

☐ 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
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Presentation of Nykredit analysis on ESG and RI methodology

Frequency of contribution
---------------------------

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ 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
---------------------------

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ 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.

Frequency of contribution
---------------------------

- ☐ Quarterly or more frequently
- ☒ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other
- ☐ Other, specify
- ☐ No

<b>SG 10.3</b>	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.

<b>SG 11</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 4,5,6</b>
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<b>SG 11.1</b>	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

<b>SG 11.2</b>	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

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

☒ Yes, publicly available

	provide URL
--	-------------

<http://financedenmark.dk>

	provide URL
--	-------------

<http://efama.org>

☐ No

☐ No

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

In 2018 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. Nykredit also participated in private and public discussion with the UNDP on promoting the SDG's and the relevance to investors.

## Outsourcing to fiduciary managers and investment consultants

<b>SG 12</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 4</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 12.1</b>	Indicate whether your organisation uses investment consultants.
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- ☐ Yes, we use investment consultants
- ☒ No, we do not use investment consultants.

## ESG issues in asset allocation

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 13.1</b>	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- ☒ Yes, to assess future ESG factors

	Describe
--	----------

Nykredit estimates the strategic global trends across asset classes. The relevance of these are then assessed relevant to the different asset classes and fund strategies. At the moment decarbonisation, digitisation and disruption are the key drivers.

- ☒ Yes, to assess future climate-related risks and opportunities

	Describe
--	----------

Nykredit is a supporter of the TCFD. The goals of the Paris Agreement is used as a base scenario and Nykredit are already decarbonising by excluding selected companies, engaging with others and using ESG as part of investment process.

- ☐ No, not to assess future ESG/climate-related issues

<b>SG 13.2</b>	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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We do the following
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- ☐ Allocation between asset classes
- ☐ Determining fixed income duration
- ☒ Allocation of assets between geographic markets
- ☒ Sector weightings
- ☐ Other, specify
- ☐ We do not consider ESG issues in strategic asset allocation

<b>SG 13.3</b>	Additional information. [OPTIONAL]
----------------	------------------------------------

The 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.

<b>SG 13 CC</b>	Voluntary	Public	Descriptive	General
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<b>SG 13.4 CC</b>	Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.
-------------------	--

- ☒ Initial assessment

	Describe
--	----------

Nykredit has reported on carbon foot print the past years. This year professional clients have been offered carbon footprints on the individual fund and in reporting to all clients Nykredit has reported how many funds are below or above their benchmarks. Moreover on the basis of analysis of investment universe 20 companies have been excluded on the basis of involvement in fossil fuel extraction, carbon foot print and lack of green transition strategy. This has been implemented across asset classes and has decarbonised the passive funds. Next step in 2019 is a more elaborate scenario analysis to take the allocation strategy further.

- ☒ Incorporation into investment analysis

	Describe
--	----------

The risk and opportunities related to sectors and individual companies is an integral part of the ESG-analysis used in the Nykredit funds. These are in different ways defined by the fund strategy used in selection and for all funds used as part of the risk and evaluation process.

- ☒ Inform active ownership

	Describe
--	----------

The carbon data and information related to green transition is used in the active ownership of the companies. It is used to raise questions in our direct dialogue with the company and in voting.

- ☐ Other

<b>SG 13.5 CC</b>	Indicate who uses this analysis.
-----------------------	----------------------------------

- ☒ Board members, trustees, C-level roles, Investment Committee
- ☒ Portfolio managers
- ☒ Dedicated responsible investment staff
- ☐ External managers
- ☐ Investment consultants/actuaries
- ☐ Other

<b>SG 13.6 CC</b>	Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.
-----------------------	--

- ☐ Yes
- ☒ No

	Please explain the rationale
--	------------------------------

Assessing the risks within the investment time-horizon have been the natural first step. The next step is to go beyond. The reason for this is first and foremost to inform the clients and hopefully to engage in a further discussion. Secondly, even though these risks seems to be beyond the investment time-horizon, the long term is price in in the short term, when consensus changes. Engaging in the debate on climate change and the risks involved is an important part of raising awareness and hopefully this could change the long term consensus to a more realistic view of the necessity of green transition.

<b>SG 13.7 CC</b>	Indicate whether a range of climate scenarios is used.
-----------------------	--

- ☒ Yes, including analysis based on a 2°C or lower scenario
- ☐ Yes, not including analysis based on a 2°C or lower scenario
- ☐ No, a range is not used

<b>SG 13.8 CC</b>	Indicate the climate scenarios the organisation uses.
-----------------------	---

Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input checked="" type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input checked="" type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input checked="" type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input type="checkbox"/> Other (1)	
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	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.

- ☒ 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

Public

General

**SG 14.6  
CC**

Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Climate-related targets</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority 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.
<b>Weighted average carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To ensure compliance with the goals of the Paris Agreement	Above or below benchmarks of aggregated funds	CDP-data, accessed through Bloomberg.
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To ensure compliance with the goals of the Paris Agreement	Above or below benchmarks of aggregated funds	CDP-data, accessed through Bloomberg.
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To ensure compliance with the goals of the Paris Agreement	Above or below benchmarks of aggregated funds	CDP-data, accessed through Bloomberg.
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To ensure compliance with the goals of the Paris Agreement	Above or below benchmarks of aggregated funds	CDP-data, accessed through Bloomberg.

**SG 14.7  
CC**

Describe in further detail the key targets.

Targettype	Time Frame	Description	Attachments
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	Following the Paris Agreement	This is dynamic, so if the Paris Agreement is strengthened, so is the target.	<a href="#">File 1:Politik for ansvarlige investeringer endelig udgave 040418 uk.pdf</a>
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			

**SG 14.8  
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

- ☒ Process for climate-related risks is 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.

- ☐ Process for climate-related risks is not integrated into our overall risk management

**SG 14.9  
CC**

Indicate whether the organisation undertakes 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 engage

<b>SG 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 15.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
----------------	---

☐ Yes

☒ No

## Asset class implementation not reported in other modules

<b>SG 16</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>SG 16.1</b>	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.
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<b>Asset Class</b>	<b>Describe what processes are in place and the outputs or outcomes achieved</b>
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<b>SG 16.2</b>	Additional information [Optional].
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Nykredit is very happy that the modules have been updated. Especially on hedge funds and infrastructure.

## Innovation

<b>SG 18</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>SG 18.1</b>	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
----------------	--

☒ Yes

<b>SG 18.2</b>	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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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 has just been 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 7 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.

☐ No

## Communication

SG 19	Mandatory	Public	Core Assessed	PRI 2, 6
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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.
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**Caution! The order in which asset classes are presented below has been updated in the online tool to match the Reporting Framework overview.**

If you are transferring data from an offline document, please check your response carefully.

	Selection, Appointment and Monitoring
--	---------------------------------------

	Do you disclose?
--	------------------

- ☐ We do not disclose to either clients/beneficiaries or the public.
- ☐ We disclose to clients/beneficiaries only.
- ☒ We disclose to the public

	The information disclosed to clients/beneficiaries is the same
--	--

- ☒ Yes
- ☐ No



<b>Disclosure to public and URL</b>	
	<div>Disclosure to public and URL</div> <div> <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 </div> <div>Specify</div> <p>This also describes engagements done on portfolio companies in externally managed companies</p>
	<div>Frequency</div> <div> <input type="checkbox"/> Quarterly or more frequently  <input type="checkbox"/> Biannually  <input checked="" type="checkbox"/> Annually  <input type="checkbox"/> Less frequently than annually  <input type="checkbox"/> Ad-hoc/when requested </div>
	<div>URL</div> <div> <a href="https://www.nykreditinvest.dk/globalassets/nykredit-portefolje-administration/pdf/rapport-om-samfundsansvar_2018_final.pdf">https://www.nykreditinvest.dk/globalassets/nykredit-portefolje-administration/pdf/rapport-om-samfundsansvar_2018_final.pdf</a> </div> <div>URL</div> <div> <a href="https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/corporate_responsibility_report_q4_18_2019-02-05_da.pdf">https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/corporate_responsibility_report_q4_18_2019-02-05_da.pdf</a> </div>

	<b>Listed equity - Incorporation</b>
	<div>Do you disclose?</div> <div> <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 </div>

	The information disclosed to clients/beneficiaries is the same
--	--

- ☒ Yes  
☐ No

<b>Disclosure to public and URL</b>	
	Disclosure to public and URL <input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used
	Frequency <input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested
	URL <a href="https://www.nykreditinvest.dk/globalassets/nykredit-portefolje-administration/pdf/rapport-om-samfundsansvar_2018_final.pdf">https://www.nykreditinvest.dk/globalassets/nykredit-portefolje-administration/pdf/rapport-om-samfundsansvar_2018_final.pdf</a>
	URL <a href="https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/corporate_responsibility_report_q4_18_2019-02-05_da.pdf">https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/corporate_responsibility_report_q4_18_2019-02-05_da.pdf</a>

	Listed equity - Engagement
--	----------------------------

	Do you disclose?
--	------------------

- ☐ We do not disclose to either clients/beneficiaries or the public.  
☐ We disclose to clients/beneficiaries only.  
☒ We disclose to the public

	The information disclosed to clients/beneficiaries is the same
--	--

- ☒ Yes  
☐ No

<b>Disclosure to public and URL</b>	
	<div>Disclosure to public and URL</div> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Details on the overall engagement strategy</li> <li><input checked="" type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals</li> <li><input checked="" type="checkbox"/> Number of engagements undertaken</li> <li><input checked="" type="checkbox"/> Breakdown of engagements by type/topic</li> <li><input checked="" type="checkbox"/> Breakdown of engagements by region</li> <li><input checked="" type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives</li> <li><input checked="" type="checkbox"/> Examples of engagement cases</li> <li><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.)</li> <li><input checked="" type="checkbox"/> Details on whether the provided information has been externally assured</li> <li><input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement</li> <li><input type="checkbox"/> Other information</li> </ul>
	<div>Frequency</div> <ul style="list-style-type: none"> <li><input type="checkbox"/> Quarterly or more frequently</li> <li><input type="checkbox"/> Biannually</li> <li><input checked="" type="checkbox"/> Annually</li> <li><input type="checkbox"/> Less frequently than annually</li> <li><input type="checkbox"/> Ad-hoc/when requested</li> </ul>
	<div>URL</div> <p><a href="https://www.nykreditinvest.dk/globalassets/nykredit-portefolje-administration/pdf/rapport-om-samfundsansvar_2018_final.pdf">https://www.nykreditinvest.dk/globalassets/nykredit-portefolje-administration/pdf/rapport-om-samfundsansvar_2018_final.pdf</a></p> <div>URL</div> <p><a href="https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/corporate_responsibility_report_q4_18_2019-02-05_da.pdf">https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/corporate_responsibility_report_q4_18_2019-02-05_da.pdf</a></p>

<b>Listed equity – (Proxy) Voting</b>	
	<div>Do you disclose?</div> <ul style="list-style-type: none"> <li><input type="radio"/> We do not disclose to either clients/beneficiaries or the public.</li> <li><input type="radio"/> We disclose to clients/beneficiaries only.</li> <li><input checked="" type="radio"/> We disclose to the public</li> </ul>

The information disclosed to clients/beneficiaries is the same

☒ Yes

☐ No

#### Disclosure to public and URL

##### Disclosure to public and URL

☐ Disclose all voting decisions

☒ Disclose some voting decisions

☐ Only disclose abstentions and votes against management

##### Frequency

☐ Quarterly or more frequently

☐ Biannually

☒ Annually

☐ Less frequently than annually

☐ Ad hoc/when requested

##### URL

[https://www.nykreditinvest.dk/globalassets/nykredit-portefolje-administration/pdf/rapport-om-samfundsansvar\\_2018\\_final.pdf](https://www.nykreditinvest.dk/globalassets/nykredit-portefolje-administration/pdf/rapport-om-samfundsansvar_2018_final.pdf)

##### URL

[https://www.nykreditinvest.dk/siteassets/pdfer/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport\\_2017\\_investeringsforeningen-nykredit-invest\\_inkl\\_beholdnings....pdf](https://www.nykreditinvest.dk/siteassets/pdfer/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf)

#### Fixed income

##### Do you disclose?

☐ We do not disclose to either clients/beneficiaries or the public.

☐ We disclose to clients/beneficiaries only.

☒ We disclose to the public

The information disclosed to clients/beneficiaries is the same

☒ Yes

☐ No

<b>Disclosure to public and URL</b>	
	<div>Disclosure to public and URL</div> <div> <input type="radio"/> Broad approach to RI incorporation  <input checked="" type="radio"/> Detailed explanation of RI incorporation strategy used         </div>
	<div>Frequency</div> <div> <input type="checkbox"/> Quarterly  <input type="checkbox"/> Biannually  <input checked="" type="checkbox"/> Annually  <input type="checkbox"/> Less frequently than annually  <input type="checkbox"/> Ad hoc/when requested         </div>
	<div>URL</div> <div> <a href="https://www.nykreditinvest.dk/globalassets/nykredit-portefolje-administration/pdf/rapport-om-samfundsansvar_2018_final.pdf">https://www.nykreditinvest.dk/globalassets/nykredit-portefolje-administration/pdf/rapport-om-samfundsansvar_2018_final.pdf</a> </div>
	<div>URL</div> <div> <a href="https://www.nykreditinvest.dk/siteassets/pdfer/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf">https://www.nykreditinvest.dk/siteassets/pdfer/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf</a> </div>

	<b>Private equity</b>
	<div>Do you disclose?</div> <div> <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         </div>
	<div>The information disclosed to clients/beneficiaries is the same</div> <div> <input checked="" type="radio"/> Yes  <input type="radio"/> No         </div>

<b>Disclosure to public and URL</b>	
	<div>Disclosure to public and URL</div> <div> <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 </div> <div>Specify</div> <div>The information disclosed is based on the external manager EQT-reports to our clients.</div>
	<div>Frequency</div> <div> <input type="checkbox"/> Quarterly or more frequently  <input type="checkbox"/> Biannually  <input checked="" type="checkbox"/> Annually  <input type="checkbox"/> Less frequently than annually  <input type="checkbox"/> Ad-hoc/when requested </div>
	<div>URL</div> <div><a href="https://www.eqtpartners.com/sustainability/Responsible-Investment-Policy/">https://www.eqtpartners.com/sustainability/Responsible-Investment-Policy/</a></div>

	Hedge Funds
	<div>Do you disclose?</div> <div> <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 </div> <div> <div>The information disclosed to clients/beneficiaries is the same</div> <div> <input checked="" type="radio"/> Yes  <input type="radio"/> No </div> </div>

<b>Disclosure to public and URL</b>		
	Disclosure to public and URL	
<input checked="" type="radio"/> Broad approach to RI incorporation for all strategies <input type="radio"/> Detailed explanation of RI incorporation for each strategy used		
	Frequency	
<input type="checkbox"/> Quarterly <input type="checkbox"/> Biannually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad hoc/when requested		
	URL	
<a href="https://www.nykreditinvest.dk/globalassets/nykredit-portefolje-administration/pdf/rapport-om-samfundsansvar_2018_final.pdf">https://www.nykreditinvest.dk/globalassets/nykredit-portefolje-administration/pdf/rapport-om-samfundsansvar_2018_final.pdf</a>		

<b>SG 19.2</b>	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.

# Nykredit Realkredit Group

## Reported Information

### Public version

#### Indirect – Manager Selection, Appointment and Monitoring

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.



## Listed Equity and Fixed Income Strategies

<b>SAM 01</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>PRI 1</b>
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### 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.

## Selection

<b>SAM 02</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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### 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"/>

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

**SAM 03****Mandatory****Public****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			
Review the manager's engagement policy	<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"/>			
Ensure whether engagement outcomes feed back into the investment decision-making process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Other engagement issues in your selection process specify	<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.

**Appointment****SAM 04**

**Mandatory**

**Public**

**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
-------------

- ☒ Listed equity (LE)

Benchmark
-----------

- ☒ Standard 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  
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  
Nykredit votes on externally managed portfolios, but is in dialogue with the manager on active ownership, including AGM's.
- ☐ Promoting responsible investment
- ☐ ESG specific improvements
- ☒ ESG guidelines/regulation, principles/standards, specify  
Nykredit shares knowledge of the European regulation and ensures that this is met. Encourages PRI.
- ☐ Other, specify



#### 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
- ☐ ESG guidelines/regulation, principles/standards, specify
- ☐ Other, 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
- ☐ ESG guidelines/regulation, principles/standards, specify
- ☐ Other, 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
- ☐ ESG guidelines/regulation, principles/standards, specify
- ☐ Other, 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
- ☐ ESG guidelines/regulation, principles/standards, specify
- ☐ Other, 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
- ☒ 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.
- ☐ Other, specify

## Incentives and controls

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

	Reporting requirements
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- ☐ Ad-hoc/when requested
- ☒ Annually
- ☐ Bi-annually
- ☐ Quarterly
- ☐ Monthly

<b>SAM 04.3</b>	Indicate which of these actions your organisation might take if any of the requirements are not met
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- ☒ 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

Monitoring				
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<b>SAM 05</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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<b>SAM 05.1</b>	When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates
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	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 06****Mandatory****Public****Additional Assessed****PRI 1****SAM 06.1**

When monitoring managers, indicate which of the following active ownership information your organisation typically reviews and evaluates from the investment manager in meetings/calls

Engagement



	LE	FI - SSA			
Report on engagements undertaken (summary with metrics, themes, issues, sectors or similar)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Report on engagement ESG impacts (outcomes, progress made against objectives and examples)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Information on any escalation strategy taken after initial unsuccessful dialogue	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Alignment with any eventual engagement programme done internally	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Information on the engagement activities' impact on investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Other RI considerations relating to engagement in investment management agreements; specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
None of the above	<input type="checkbox"/>	<input type="checkbox"/>			

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

Nykredit reviews its list of excluded SSA biannually. The manager delivers their own input to this process. Any watch list country is naturally part of the dialogue and the engagements with that country plays a vital role in the evaluation for the next review. Nykredit is screening, engaging and evaluation on the portfolio ourselves, but we expect the manager to be an active owner and follow up on their dialogue with companies and the managers engagement on their behalf and as part of their active ownership is discussed when meeting to evaluate.

SAM 07	Mandatory	Public	Core Assessed	PRI 2
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<b>SAM 07.2</b>	For the listed equities for which you have given your external managers a mandate to engage on your behalf, indicate the approximate percentage (+/- 5%) of companies that were engaged with during the reporting year.
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	Number of companies engaged
--	-----------------------------

10

	Proportion (to the nearest 5%)
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5%

<b>SAM 07.3</b>	Additional information [OPTIONAL]
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Nykredit does engagement on all portfolios on its own. However we do encourage the managers to engage together with us or continue their own engagement efforts. Nykredit values these efforts and the dialogue we have with our external managers on these issues.

## Outputs and outcomes

<b>SAM 08</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**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
- ☐ 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 tries to innovate our own practices and expect our managers to improve as well.

<b>SAM 09</b>	<b>Mandatory</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1,6</b>
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**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	Improving ESG-integration in portfolio
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (non financial) <input type="checkbox"/> Private equity <input type="checkbox"/> Infrastructure
Scope and process	The manager has committed itself to integration of ESG. This is done very well on a structural level, however could improve on the individual company level. This could be solved by improving methodology.
Outcomes	The manager has now signed the UNPRI and updated their policy as well as methodology. The ESG-evaluation of the portfolio shows great progress. Financial performance is also improving as it should.

☒ Add Example 2

Topic or issue	Filing for bankruptcy of company
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (non financial) <input checked="" type="checkbox"/> Private equity <input type="checkbox"/> Infrastructure
Scope and process	The manager failed in getting investment to perform as intended. Engagement to ensure that the managers complicity was indeed implemented. Meaning that other solutions were sought and that the manager in the end tried its best to limit unintended consequences to other stakeholders like employees and customers.
Outcomes	Sadly the bunkrupcy was not avoided, but through several contacts Nykredit was reassured that the manager tried to find a solution and secondly limit the negative impact to other stakeholders than the investors.

☒ Add Example 3

Topic or issue	Green transition and its effect on EMD issuance with high oil exposure
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input checked="" type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (non financial) <input type="checkbox"/> Private equity <input type="checkbox"/> Infrastructure
Scope and process	How will green transition effect countries highly dependent on oil renues, and how will this in turn effect their issuance. This issue has been and is and ongoing dialogue, and very important as EMD has high exposure to this issue.
Outcomes	The manager is continously improving its research on this and has become a TCFD supporter.

- ☐ Add Example 4
- ☐ Add Example 5
- ☐ Add Example 6
- ☐ Add Example 7
- ☐ We are not able to provide examples

# Nykredit Realkredit Group

## Reported Information

### Public version

#### Direct - Listed Equity Incorporation

## PRI disclaimer

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## ESG incorporation in actively managed listed equities

### Implementation processes

LEI 01	Mandatory	Public	Gateway	PRI 1
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#### LEI 01.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%)

#### ESG incorporation strategy (select all that apply)

- ☐ 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	<div> <div></div> <div>%</div> </div>
	92

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

Percentage of active listed equity to which the strategy is applied	<div> <div></div> <div>%</div> </div>
	8

- ☐ We do not apply incorporation strategies

Total actively managed listed equities

100%

#### LEI 01.2

Describe your organisation's approach to incorporation and the reasons for choosing the particular ESG incorporation strategy/strategies.

The systematic ESG-strategy builds on top of the responsible investment policy of screening against breaches of international rights and exclusion/engagement. Nykredit believes that ESG can be a catalyst for better returns and lower risk. As a desirable biproduct we get support for a more sustainable future.

The different funds have different approaches to integration. The fundamental approach uses ESG to identify trends and narrow universe, then value and identify risk and opportunities and plan for active ownership. Lastly, ESG is used as part of valuation and identifying further improvements. The quant funds use ESG as part of the fundamental due diligence process and the risk evaluation of the fund.

**LEI 01.3**

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

The 4% 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****Voluntary****Public****Additional Assessed****PRI 1****LEI 02.1**

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

**Type of ESG information**

- ☒ Raw ESG company data

**Indicate who provides this information**

- ☒ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Company-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Sector-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Country-related analysis or ratings

**Indicate who provides this information**

- ☐ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ Screened stock list



**Indicate who provides this information**

- ☒ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ ESG issue-specific analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☐ Other, specify

**LEI 02.2**

Indicate if 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 03****Voluntary****Public****Additional Assessed****PRI 1****LEI 03.1**

Indicate if 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]
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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.

## (A) Implementation: Screening

LEI 04	Mandatory	Public	Descriptive	PRI 1
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LEI 04.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.
----------	--

### Type of screening

- ☒ Negative/exclusionary screening

#### Screened by

- ☒ 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

#### Screened by

- ☒ 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.

☒ Norms-based screening

#### Screened by

- ☒ 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.

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

<b>LEI 05</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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**LEI 05.1**

Indicate which processes your organisation uses to ensure screening 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
- ☒ 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 or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided 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]

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.

<b>LEI 06</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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**LEI 06.1**

Indicate which processes your organisation uses to ensure fund criteria are not breached.

- ☒ Systematic checks are performed to ensure that stocks meet the funds' 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.

**(B) Implementation: Thematic****LEI 07****Mandatory****Public****Descriptive****PRI 1****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.

**(C) Implementation: Integration of ESG factors****LEI 08****Mandatory****Public****Core Assessed****PRI 1****LEI 08.1**

Indicate the ESG factors you systematically research as part of your investment analysis and the proportion of actively managed listed equity portfolios that is impacted by this analysis.

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

**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.

<b>LEI 09</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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**LEI 09.1**

Indicate which processes your organisation uses to ensure ESG integration is based on a 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.

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

**LEI 09.5**

Describe how ESG information is held and used by your portfolio managers.

- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☒ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☒ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify
- ☐ None of the above

**LEI 09.6**

Additional information.[Optional]

A portfolio ESG-analysis is conducted on all funds quarterly and this is used to follow development according to benchmark, but also historically.

The data from ESG-specialists and sell-side is shared and discussed between teams.

**LEI 10****Mandatory to Report Voluntary to Disclose****Public****Core Assessed****PRI 1**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEI 10.1**

Indicate which aspects of investment analysis you integrate material ESG information into.

☒ Economic analysis

Proportion of actively managed listed equity exposed to investment analysis

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

☒ Industry analysis

Proportion of actively managed listed equity exposed to investment analysis

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

☒ Quality of management

Proportion of actively managed listed equity exposed to investment analysis

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

☒ Analysis of company strategy



Proportion of actively managed listed equity exposed to investment analysis

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

☒ Portfolio weighting

Proportion of actively managed listed equity exposed to investment analysis

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

☐ Sensitivity and/or scenario analysis

☒ Fair value/fundamental analysis

Proportion of actively managed listed equity exposed to investment analysis

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

☐ Other, specify

**LEI 10.2**

Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis and/or portfolio construction.

- ☐ Adjustments to forecasted company financials (sales, operating costs, earnings, cash flows)
- ☒ Adjustments to valuation-model variables (discount rates, terminal value, perpetuity growth rates)
- ☐ Valuation multiples
- ☐ 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. Underweighing 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.

**ESG incorporation in passively managed listed equities**

LEI 11	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
--------	---	--------	-------------	-------

LEI 11.1	Indicate if you manage passive listed equity funds that incorporate ESG issues in the index construction methodology.
----------	---

- ☒ Yes  
☐ No

LEI 11.2	Indicate the percentage of your total passive listed equity funds for which ESG issues are incorporated in the index construction methodology.
----------	--

	(% of total passive listed equity funds)
--	--

- ☐ <10%  
☒ 10-50%  
☐ 51-90%  
☐ >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.
----------	---

- ☒ Index/fund 1

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 issues <input type="checkbox"/> Other

- ☐ Index/fund 2  
☐ Index/fund 3  
☐ Index/fund 4  
☐ Index/fund 5

## Outputs and outcomes

LEI 12	Voluntary	Public	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.
----------	---

- ☒ 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 20%.

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 issues (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

Public

Descriptive

PRI 1

LEI 13.1

Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.

☒ ESG factor 1

	ESG factor and explanation
<p>Privacy and data security: The new ESG-issue materialised even more in 2018. 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.</p>	
	ESG incorporation strategy applied
<p>Integration</p> <p><input type="checkbox"/> Screening</p> <p><input type="checkbox"/> Thematic</p> <p><input checked="" type="checkbox"/> Integration</p> <p><input type="checkbox"/> Index incorporating ESG issues</p>	
	Impact on investment decision or performance
<p>Facebook is still challenged by the privacy issue in its business model. The new regulation results in rising cost and cash flow from clients were hit. Nykredit decided to reduce its holding from early spring. Some funds exiting completely in June and all during the fall. This supported performance throughout the year.</p>	

☒ ESG factor 2

	ESG factor and explanation
<p>Poor governance resulting in the cover up of money laundering issues in Danske Bank.</p>	
	ESG incorporation strategy applied
<p>Integration</p> <p><input type="checkbox"/> Screening</p> <p><input type="checkbox"/> Thematic</p> <p><input checked="" type="checkbox"/> Integration</p> <p><input type="checkbox"/> Index incorporating ESG issues</p>	
	Impact on investment decision or performance
<p>Nykredit has been in dialogue with Danske Bank for years on this issue. This has intensified with more concrete allegations in spring of 2018. With the publication of their report regarding the irregularities in their Estonian subsidiary, this became much more material. On the basis of this the exposure was reduced, while the PM and ESG-team continued the dialogue. Eventually an EGM in December elected a new chairman. The incorporation of the information helped handle the risks and supported the performance.</p>	

☒ ESG factor 3

	ESG factor and explanation				
	<p><b>Tobacco producers</b></p> <p>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.</p>				
	<p><input type="checkbox"/> Screening</p> <p><input type="checkbox"/> Thematic</p> <p><input type="checkbox"/> Integration</p> <p><input type="checkbox"/> Index incorporating ESG issues</p>				
	<table border="1"> <thead> <tr> <th></th> <th>Impact on investment decision or performance</th> </tr> </thead> <tbody> <tr> <td></td> <td> <p>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.</p> </td> </tr> </tbody> </table>		Impact on investment decision or performance		<p>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.</p>
	Impact on investment decision or performance				
	<p>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.</p>				

- ☐ ESG factor 4
- ☐ ESG factor 5

# Nykredit Realkredit Group

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

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## Overview

LEA 01

Mandatory

Public

Core Assessed

PRI 2

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

LEA 01.1

Indicate whether your organisation has an active ownership policy.

☒ Yes

LEA 01.2

Attach or provide a URL to your active ownership policy.

☐ Attachment provided:

☒ URL provided:

URL

<https://www.nykredit.com/samfundsansvar/investeringer/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
- ☒ Method 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

<b>LEA 01.4</b>	Do you outsource any of your active ownership activities to service providers?
-----------------	--

☒ Yes

<b>LEA 01.5</b>	Where active ownership activities are conducted by service providers, indicate whether your active ownership policy covers any of the following.
-----------------	--

- ☒ Outline of service providers role in implementing organisation's active ownership policy
- ☐ Description of considerations included in service provider selection and agreements
- ☒ Identification of key ESG frameworks 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

<b>LEA 01.6</b>	Additional information [optional]
-----------------	-----------------------------------

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.

## Engagement

<b>LEA 02</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 1,2,3</b>
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<b>LEA 02.1</b>	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) 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) 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) 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.

☒ Yes

#### LEA 02.3

Indicate the role(s) you play in engagements that your service provider conducts on your behalf.

- ☒ Discuss the topic (or ESG issue(s)) of engagement
- ☒ Discuss the rationale for engagement
- ☒ Discuss the objectives of the engagement
- ☒ Select the companies to be engaged with
- ☒ Discuss the frequency/intensity of interactions with companies
- ☒ Discuss next steps for engagement activity
- ☒ Participate directly in certain engagements with your service provider
- ☐ Other; specify
- ☐ We play no role in engagements that our service provider conducts.

☐ No

#### LEA 02.4

Additional information. [Optional]

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	Public	Core Assessed	PRI 2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

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
Individual / Internal engagements	<div>Internal / Individual engagements</div> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Geography / market of the companies</li> <li><input checked="" type="checkbox"/> Materiality of the ESG factors</li> <li><input type="checkbox"/> Exposure (size of holdings)</li> <li><input checked="" type="checkbox"/> Responses to ESG impacts that have already occurred</li> <li><input type="checkbox"/> Responses to divestment pressure</li> <li><input type="checkbox"/> Consultation with clients/beneficiaries</li> <li><input checked="" type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)</li> <li><input checked="" type="checkbox"/> Follow-up from a voting decision</li> <li><input type="checkbox"/> Client request</li> <li><input checked="" type="checkbox"/> Breaches of international norms</li> <li><input type="checkbox"/> Other, specify</li> <li><input type="checkbox"/> We do not outline engagement criteria for our individual engagements.</li> </ul>
Collaborative engagements	<div>Collaborative engagements</div> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Potential to enhance knowledge of ESG issues from other investors</li> <li><input checked="" type="checkbox"/> Ability to have greater impact on ESG issues</li> <li><input checked="" type="checkbox"/> Ability to add value to the collaboration</li> <li><input checked="" type="checkbox"/> Geography/market of the companies targeted by the collaboration</li> <li><input checked="" type="checkbox"/> Materiality of ESG factors addressed by the collaboration</li> <li><input type="checkbox"/> Exposure (size of holdings) to companies targeted by the collaboration</li> <li><input checked="" type="checkbox"/> Responses to ESG impacts addressed by the collaboration that have already occurred</li> <li><input type="checkbox"/> Responses to divestment pressure</li> <li><input type="checkbox"/> Follow-up from a voting decision</li> <li><input checked="" type="checkbox"/> Alleviate the resource burden of engagement</li> <li><input checked="" type="checkbox"/> Consultation with clients/beneficiaries</li> <li><input checked="" type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)</li> <li><input type="checkbox"/> Other, specify</li> <li><input type="checkbox"/> We do not outline engagement criteria for our collaborative engagements.</li> </ul>
Service Provider engagements	<div>Service Provider engagements</div> <ul style="list-style-type: none"> <li><input type="checkbox"/> Geography / market of the companies</li> <li><input checked="" type="checkbox"/> Materiality of ESG factors</li> <li><input type="checkbox"/> Exposure (size of holdings)</li> <li><input checked="" type="checkbox"/> Responses to ESG impacts that have already occurred</li> <li><input type="checkbox"/> Responses to divestment pressure</li> </ul>

	<input type="checkbox"/> Consultation with clients/beneficiaries <input checked="" type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input type="checkbox"/> Follow-up from voting decision <input type="checkbox"/> Client request <input checked="" type="checkbox"/> Breaches of international norms <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not outline engagement criteria for our service providers.
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☐ No

#### LEA 03.3

Additional information. [Optional]

All Nykredit holdings are screened on a quarterly basis by internal staff. Any new information on a potential breach of norms is researched further. This also goes if the news is available between screens. Together with input from the service providers, the engagement's goals and milestones are decided. This type of engagement are always based on a breach of norms. Collaborative engagements like the Climate Action 100+ and the Ship Recycling Transparency initiative are based on structural ESG issues and do not necessarily mean that the companies engaged with are breaching norms.

#### LEA 04

Mandatory

Public

Core Assessed

PRI 2

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

#### LEA 04.1

Indicate whether you define specific objectives for your organisation's engagement activities.

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

<b>LEA 04.2</b>	Additional information. [Optional]
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The activities in the three categories are different in nature and, as such, also in scope.

<b>LEA 05</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 05.1</b>	Indicate if you monitor and/or review engagement outcomes.
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Individual / Internal engagements	<input checked="" type="radio"/> Yes, in all cases <input type="radio"/> Yes, in majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes carried out by our internal staff.
Collaborative engagements	<input checked="" type="radio"/> Yes, in all cases <input type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes via collaborative engagement activities.
Service provider engagements	<input checked="" type="radio"/> Yes, in all cases <input type="radio"/> Yes, in majority of cases <input type="radio"/> Yes, in minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes carried out by our service providers.

<b>LEA 05.2</b>	Indicate if you do any of the following to monitor and review the progress of engagement activities.
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Individual / Internal staff engagements	<input 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 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 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 continuous basis <input type="checkbox"/> Other; specify

LEA 06	Mandatory	Public	Additional Assessed	PRI 2,4
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LEA 06.1	Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.
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☒ Yes

LEA 06.2	Indicate the escalation strategies used at your organisation following unsuccessful engagements.
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- ☒ 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 the annual financial report
- ☐ Submitting nominations for election to the board
- ☐ Seeking legal remedy / litigation
- ☐ Reducing exposure (size of holdings)
- ☒ Divestment
- ☐ Other, specify

☐ No

<b>LEA 06.3</b>	Additional information. [Optional]
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In case of an unsuccessful engagement on a norms breach this will always result in divestment and exclusion from future investments. If the company has any subsidiaries these are also excluded. The exclusions are reviewed every three years.

<b>LEA 07</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1,2</b>
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<b>LEA 07.1</b>	Indicate whether insights gained from your organisation's engagements are shared with investment decision-makers.
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Type of engagement	Insights shared
<b>Individual / Internal staff engagements</b>	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
<b>Collaborative engagements</b>	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
<b>Service provider engagements</b>	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

<b>LEA 07.2</b>	Indicate the practices used to ensure information and insights collected through engagements are shared with investment decision-makers.
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- ☒ Involving investment decision-makers when developing 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

<b>LEA 07.3</b>	Indicate whether insights gained from your organisation's engagements are shared with your clients/beneficiaries.
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Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Service provider engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> 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 reinstate 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.

<b>LEA 08</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>PRI 2</b>
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**LEA 08.1** Indicate if you track the number of your engagement activities.

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

**LEA 08.2** Additional information. [OPTIONAL]

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



## Outputs and outcomes

LEA 09	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 2
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### LEA 09.1

Indicate the proportion of companies from your listed equities portfolio with which your organisation engaged with 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"/>	22	2
Collaborative engagements	<input type="checkbox"/>	120	10
Service provider engagements	<input type="checkbox"/>	22	2

### LEA 09.2

Indicate the proportion 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="radio"/> >76% <input type="radio"/> 51-75% <input type="radio"/> 11-50% <input checked="" type="radio"/> 1-10% <input type="radio"/> None
2 to 3 interactions	<input type="radio"/> >76% <input type="radio"/> 51-75% <input checked="" type="radio"/> 11-50% <input type="radio"/> 1-10% <input type="radio"/> None
More than 3 interactions	<input checked="" type="radio"/> >76% <input type="radio"/> 51-75% <input type="radio"/> 11-50% <input type="radio"/> 1-10% <input type="radio"/> None
Total	<b>100%</b>

**LEA 09.3**

Indicate the percentage of your collaborative engagements for which you were a leading organisation during the reporting year.

Type of engagement	% Leading role
Collaborative engagements	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

**LEA 09.4**

Indicate the percentage of your service provider engagements that you had some involvement in 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

<b>LEA 09.5</b>	Additional information. [Optional]
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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.

<b>LEA 10</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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<b>LEA 10.1</b>	Indicate which of the following your engagement involved.
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- ☒ 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 the 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

<b>LEA 10.2</b>	Additional information. [Optional]
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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.

<b>LEA 11</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 11.1</b>	Provide examples of the engagements that your organisation or your service provider carried out during the reporting year.
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☒ Add Example 1

ESG Topic	<p>Human rights, Company leadership issues, Pollution, Health and Safety, Sustainability reporting, Labour practices and supply chain management</p> <p><input type="checkbox"/> Executive Remuneration</p> <p><input type="checkbox"/> Climate Change</p> <p><input checked="" type="checkbox"/> Human rights</p> <p><input checked="" type="checkbox"/> Company leadership issues</p> <p><input checked="" type="checkbox"/> Pollution</p> <p><input type="checkbox"/> General ESG</p> <p><input type="checkbox"/> Diversity</p> <p><input type="checkbox"/> Shareholder rights</p> <p><input checked="" type="checkbox"/> Health and Safety</p> <p><input checked="" type="checkbox"/> Sustainability reporting</p> <p><input type="checkbox"/> Water risks</p> <p><input checked="" type="checkbox"/> Labour practices and supply chain management</p> <p><input type="checkbox"/> Anti-bribery and corruption</p> <p><input type="checkbox"/> Deforestation</p> <p><input type="checkbox"/> Aggressive tax planning</p> <p><input type="checkbox"/> Cyber security</p> <p><input type="checkbox"/> Other governance</p> <p><input type="checkbox"/> Plastics</p> <p><input type="checkbox"/> Other</p>
Conducted by	<p><input type="checkbox"/> Individual / Internal</p> <p><input checked="" type="checkbox"/> Collaborative</p> <p><input type="checkbox"/> Service provider</p>
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>The SRTI has garnered the support of a number of leaders from across the shipping value chain including The China Navigation Company, GES International, Hapag Lloyd, Lloyd's Register, A.P. Moeller-Maersk, NORDEN, Nykredit, Standard Chartered Bank, Stolt Tankers and Wallenius Wilhelmsen. Investors including pension funds MP Pension and PBU, as well as cargo owners such as BMW and truck and bus manufacturer Scania have also signed up to the Initiative.</p> <p>In December a disclosure website was launched with data was submitted . This reflects the ship recycling approaches of seven large shipowners operating a total of 1,661 vessels.</p>

	The data-set is available to all at <a href="http://www.shiprecyclingtransparency.org">www.shiprecyclingtransparency.org</a> .
Outcomes	<input type="checkbox"/> Company changed practice <input type="checkbox"/> Company committed to change <input checked="" type="checkbox"/> Disclosure / report published <input type="checkbox"/> Divestment <input type="checkbox"/> Failed/no outcome <input type="checkbox"/> Increased understanding / information <input type="checkbox"/> Invested in company <input type="checkbox"/> Ongoing <input type="checkbox"/> Voting <input type="checkbox"/> Other

☒ Add Example 2

ESG Topic	<p>Human rights, Pollution</p> <p><input type="checkbox"/> Executive Remuneration</p> <p><input type="checkbox"/> Climate Change</p> <p><input checked="" type="checkbox"/> Human rights</p> <p><input type="checkbox"/> Company leadership issues</p> <p><input checked="" type="checkbox"/> Pollution</p> <p><input type="checkbox"/> General ESG</p> <p><input type="checkbox"/> Diversity</p> <p><input type="checkbox"/> Shareholder rights</p> <p><input type="checkbox"/> Health and Safety</p> <p><input type="checkbox"/> Sustainability reporting</p> <p><input type="checkbox"/> Water risks</p> <p><input type="checkbox"/> Labour practices and supply chain management</p> <p><input type="checkbox"/> Anti-bribery and corruption</p> <p><input type="checkbox"/> Deforestation</p> <p><input type="checkbox"/> Aggressive tax planning</p> <p><input type="checkbox"/> Cyber security</p> <p><input type="checkbox"/> Other governance</p> <p><input type="checkbox"/> Plastics</p> <p><input type="checkbox"/> Other</p>
Conducted by	<p><input type="checkbox"/> Individual / Internal</p> <p><input type="checkbox"/> Collaborative</p> <p><input checked="" type="checkbox"/> Service provider</p>
Objectives	<p>BHP Billiton needs to identify the cause(s) of the dam failure and assess the other dams within its operational control and/or ownership to prevent similar failures at Samarco and elsewhere in the future. They should also ensure that there is a system for the monitoring and maintenance of all dams within its operational control and/or ownership. Emergency procedures should be in place, which the local communities are made aware of and the necessary authorities have agreed to, should such an incident re-occur. BHP Billiton need to develop, through consultation with the community and authorities, and together with Samarco Mineracao and Vale, a long-term strategy for the reconstruction or resettlement of the affected community. They need to develop a long-term strategy for the environmental remediation of the river and affected land.</p>
Scope and Process	<p>The company should recognize the violation. Be willing to communicate. Conduct a responsible course of action to remediate affected and understand the reason for the accident. And change designs and procedure to avoid future accidents.</p> <p>The engagement was solved in 2019. The incident had been researched. The information had been used to improve its own practises and was shared industry wide. The effected were compensated and the communities rebuilt.</p>
Outcomes	<p><input checked="" type="checkbox"/> Company changed practice</p> <p><input type="checkbox"/> Company committed to change</p> <p><input type="checkbox"/> Disclosure / report published</p>

	<input type="checkbox"/> Divestment <input type="checkbox"/> Failed/no outcome <input type="checkbox"/> Increased understanding / information <input type="checkbox"/> Invested in company <input type="checkbox"/> Ongoing <input type="checkbox"/> Voting <input type="checkbox"/> Other
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☒ Add Example 3



ESG Topic	<p>Company leadership issues</p> <p><input type="checkbox"/> Executive Remuneration</p> <p><input type="checkbox"/> Climate Change</p> <p><input type="checkbox"/> Human rights</p> <p><input checked="" type="checkbox"/> Company leadership issues</p> <p><input type="checkbox"/> Pollution</p> <p><input type="checkbox"/> General ESG</p> <p><input type="checkbox"/> Diversity</p> <p><input type="checkbox"/> Shareholder rights</p> <p><input type="checkbox"/> Health and Safety</p> <p><input type="checkbox"/> Sustainability reporting</p> <p><input type="checkbox"/> Water risks</p> <p><input type="checkbox"/> Labour practices and supply chain management</p> <p><input type="checkbox"/> Anti-bribery and corruption</p> <p><input type="checkbox"/> Deforestation</p> <p><input type="checkbox"/> Aggressive tax planning</p> <p><input type="checkbox"/> Cyber security</p> <p><input type="checkbox"/> Other governance</p> <p><input type="checkbox"/> Plastics</p> <p><input type="checkbox"/> Other</p>
Conducted by	<p><input checked="" type="checkbox"/> Individual / Internal</p> <p><input type="checkbox"/> Collaborative</p> <p><input type="checkbox"/> Service provider</p>
Objectives	<p>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.</p>
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>
Outcomes	<p><input checked="" type="checkbox"/> Company changed practice</p> <p><input type="checkbox"/> Company committed to change</p> <p><input type="checkbox"/> Disclosure / report published</p>

	<input type="checkbox"/> Divestment <input type="checkbox"/> Failed/no outcome <input type="checkbox"/> Increased understanding / information <input type="checkbox"/> Invested in company <input type="checkbox"/> Ongoing <input type="checkbox"/> Voting <input type="checkbox"/> Other
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☒ Add Example 4

ESG Topic	<p>Human rights, Pollution, Health and Safety</p> <p><input type="checkbox"/> Executive Remuneration</p> <p><input type="checkbox"/> Climate Change</p> <p><input checked="" type="checkbox"/> Human rights</p> <p><input type="checkbox"/> Company leadership issues</p> <p><input checked="" type="checkbox"/> Pollution</p> <p><input type="checkbox"/> General ESG</p> <p><input type="checkbox"/> Diversity</p> <p><input type="checkbox"/> Shareholder rights</p> <p><input checked="" type="checkbox"/> Health and Safety</p> <p><input type="checkbox"/> Sustainability reporting</p> <p><input type="checkbox"/> Water risks</p> <p><input type="checkbox"/> Labour practices and supply chain management</p> <p><input type="checkbox"/> Anti-bribery and corruption</p> <p><input type="checkbox"/> Deforestation</p> <p><input type="checkbox"/> Aggressive tax planning</p> <p><input type="checkbox"/> Cyber security</p> <p><input type="checkbox"/> Other governance</p> <p><input type="checkbox"/> Plastics</p> <p><input type="checkbox"/> Other</p>
Conducted by	<p><input type="checkbox"/> Individual / Internal</p> <p><input type="checkbox"/> Collaborative</p> <p><input checked="" type="checkbox"/> Service provider</p>
Objectives	<p>Rio Tinto should change its business conduct to cease violation of a number of the Global Compact principles.</p>
Scope and Process	<p>The company should recognize the violations. Be willing to communicate. 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.</p> <p>The milestones has been reached and the engagement has been resolved.</p>
Outcomes	<p><input checked="" type="checkbox"/> Company changed practice</p> <p><input type="checkbox"/> Company committed to change</p> <p><input type="checkbox"/> Disclosure / report published</p> <p><input type="checkbox"/> Divestment</p> <p><input type="checkbox"/> Failed/no outcome</p> <p><input type="checkbox"/> Increased understanding / information</p> <p><input type="checkbox"/> Invested in company</p> <p><input type="checkbox"/> Ongoing</p> <p><input type="checkbox"/> Voting</p>

	<input type="checkbox"/> Other
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☒ Add Example 5

ESG Topic	<p><b>Climate Change</b></p> <p><input type="checkbox"/> Executive Remuneration</p> <p><input checked="" type="checkbox"/> Climate Change</p> <p><input type="checkbox"/> Human rights</p> <p><input type="checkbox"/> Company leadership issues</p> <p><input type="checkbox"/> Pollution</p> <p><input type="checkbox"/> General ESG</p> <p><input type="checkbox"/> Diversity</p> <p><input type="checkbox"/> Shareholder rights</p> <p><input type="checkbox"/> Health and Safety</p> <p><input type="checkbox"/> Sustainability reporting</p> <p><input type="checkbox"/> Water risks</p> <p><input type="checkbox"/> Labour practices and supply chain management</p> <p><input type="checkbox"/> Anti-bribery and corruption</p> <p><input type="checkbox"/> Deforestation</p> <p><input type="checkbox"/> Aggressive tax planning</p> <p><input type="checkbox"/> Cyber security</p> <p><input type="checkbox"/> Other governance</p> <p><input type="checkbox"/> Plastics</p> <p><input type="checkbox"/> Other</p>
Conducted by	<p><input type="checkbox"/> Individual / Internal</p> <p><input checked="" type="checkbox"/> Collaborative</p> <p><input type="checkbox"/> Service provider</p>
Objectives	<p>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 <a href="http://www.climateaction100.org">www.climateaction100.org</a> .</p>
Scope and Process	<p>Nykredit is lead together with two different asset owners on two different companies, one in the transport sector and one in the buildingsmaterials. Nykredit is also active in the building materials overarching working group.</p>
Outcomes	<p><input type="checkbox"/> Company changed practice</p> <p><input type="checkbox"/> Company committed to change</p> <p><input type="checkbox"/> Disclosure / report published</p> <p><input type="checkbox"/> Divestment</p> <p><input type="checkbox"/> Failed/no outcome</p> <p><input type="checkbox"/> Increased understanding / information</p> <p><input type="checkbox"/> Invested in company</p> <p><input checked="" type="checkbox"/> Ongoing</p> <p><input type="checkbox"/> Voting</p>

	<input type="checkbox"/> Other
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- ☐ Add Example 6
- ☐ Add Example 7
- ☐ Add Example 8
- ☐ Add Example 9
- ☐ Add Example 10

## (Proxy) voting and shareholder resolutions

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

### Approach

- ☐ We use our own research or voting team and make voting decisions without the use of service providers.
- ☒ We hire service provider(s) who make voting recommendations and/or provide research that we use to guide our voting decisions.

### Based on

- ☐ the service provider voting policy we sign off on
- ☒ our own voting policy
- ☐ our clients' requests or policies
- ☐ other, explain
- ☐ We hire service provider(s) who make voting decisions on our behalf, except for some pre-defined scenarios where we review and make voting decisions.
- ☐ We hire service provider(s) who make voting decisions on our behalf.

**LEA 12.2** Provide an overview of how you ensure your 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.

<b>LEA 12.3</b>	Additional information.[Optional]
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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.

<b>LEA 14</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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<b>LEA 14.1</b>	Indicate if your organisation has a securities lending programme.
-----------------	---

☒ Yes

<b>LEA 14.3</b>	Indicate how voting is addressed in your securities lending programme.
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- ☒ We recall all securities for voting on all ballot items
- ☐ We maintain some holdings, so 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 shares for voting purposes
- ☐ Other specify;

☐ No

<b>LEA 14.4</b>	Additional information.
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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.

<b>LEA 15</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 2</b>
---------------	------------------	---------------	--------------------	--------------

<b>LEA 15.1</b>	Indicate the proportion of votes where you or the service providers acting on your behalf have 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

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

- ☐ Vote(s) for selected markets
- ☐ Vote(s) for selected sectors
- ☒ Vote(s) relating to certain ESG issues
- ☐ Vote(s) on companies exposed to controversy on specific ESG issues
- ☐ Vote(s) for significant shareholdings
- ☐ On request by clients
- ☐ Other

<b>LEA 15.3</b>	Additional information. [Optional]
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The dialogue could be part of the ongoing engagement between the company and Nykredit. It could be the service provider disclosing its recommendation. More and more, Nykredit is contacted by companies and consultants asking for disclosure of votes.

<b>LEA 16</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2</b>
---------------	------------------	---------------	----------------------	--------------

<b>LEA 16.1</b>	Indicate the proportion of votes participated in within the reporting year in which, you and/or the service provider(s) acting on your behalf, have communicated to companies the rationale for abstaining or voting against management recommendations.
-----------------	--

- ☐ 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 do not abstain or vote against management recommendations

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

- ☐ Votes for selected markets
- ☐ Votes for selected sectors
- ☒ Votes relating to certain ESG issues
- ☐ Votes on companies exposed to controversy on specific ESG issues
- ☐ Votes for significant shareholdings
- ☐ On request by clients
- ☐ Other



**LEA 16.3**

In cases where your organisation does communicate the rationale for the abstention or the vote against management recommendations, indicate whether this rationale is made public.

- ☒ Yes  
☐ No

**LEA 16.4**

Additional information. [Optional]

Nykredit will always disclose its voting activity and the rationale to any stakeholder. Reporting is done on an aggregate level, but Nykredit is collecting the rationales from all votes and is disclosing these to any enquiries. Nykredit is an active owner as part of its active management and voting is part of this.

**LEA 17****Mandatory****Public****Core Assessed****PRI 2****LEA 17.1**

For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- ☒ We do track or collect this information

Votes cast (to the nearest 1%)

%

85

Specify the basis on which this percentage is calculated

- ☐ of the total number of ballot items on which you could have issued instructions  
☐ of the total number of company meetings at which you could have voted  
☒ of the total value of your listed equity holdings on which you could have voted  
☐ We do not track or collect this information

**LEA 17.2**

Explain your reason(s) for not voting on certain holdings

- ☐ Shares were blocked  
☐ Notice, ballots or materials not received in time  
☐ Missed deadline  
☐ Geographical restrictions (non-home market)  
☒ Cost  
☐ Conflicts of interest  
☒ Holdings deemed too small  
☐ Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)  
☐ Client request  
☐ Other

**LEA 17.3** Additional information. [Optional]

Nykredit participated in 772 AGM's in 2018. Nykredit voted on more than 10.000 proposals. For 8,1 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.

Nykredit has an ambition to vote at the AGM's of the companies in our actively internally managed funds. In 2018 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.

Some votes were not implemented as planned due to technical issues between the proxy advisor and depositary service. Nykredit also experienced issues regarding the lack of power of attorneys on some issuers. Nykredit and its service provider is continuously monitoring this.

**LEA 18** Voluntary Public Additional Assessed PRI 2

**LEA 18.1** Indicate if you track the voting instructions that you and/or your service provider on your behalf have issued.

☒ Yes, we track this information

**LEA 18.2** Of the voting instructions that you and/or third parties on your behalf issued, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	<div> <div></div> <div>%</div> </div> 91.8
Against (opposing) management recommendations	<div> <div></div> <div>%</div> </div> 8.1
Abstentions	<div> <div></div> <div>%</div> </div> 0.1

100%

☐ No, we do not track this information

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

50

<b>LEA 18.4</b>	Additional information. [Optional]
-----------------	------------------------------------

Nykredit is an active manager. When voting against management, this is naturally part of the PM-team dialogue with the company.

<b>LEA 19</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2</b>
---------------	------------------	---------------	----------------------	--------------

<b>LEA 19.1</b>	Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.
-----------------	--

- ☒ Yes  
☐ No

<b>LEA 19.2</b>	Indicate the escalation strategies used at your organisation following abstentions and/or votes against management.
-----------------	---

- ☐ Contacting the company's board  
☒ Contacting the company's senior management  
☒ Issuing a public statement explaining the rationale  
☒ Initiating individual/collaborative engagement  
☐ Directing service providers to engage  
☒ Reducing exposure (holdings) / divestment  
☐ Other

<b>LEA 19.3</b>	Additional information. [Optional]
-----------------	------------------------------------

Insights from voting activities inform the investment management on vital functions of the company, not only fundamental governance but also on its behavior handling stakeholders. This plays a vital role in active ownership with company, but naturally also effects the investment decisions.

<b>LEA 20</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 2</b>
---------------	------------------	---------------	--------------------	--------------

<b>LEA 20.1</b>	Indicate if your organisation directly or through a service provider filed or co-filed any ESG shareholder resolutions during the reporting year.
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- ☐ Yes  
☒ No

<b>LEA 20.6</b>	Describe whether your organisation reviews ESG shareholder resolutions filed by other investors.
-----------------	--

Nykredit supported a number of ESG shareholder resolutions. We support a number of collaborative engagements that have taken initiative to put forward resolutions, but have yet to do so on our own.

<b>LEA 21</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 2</b>
---------------	------------------	---------------	--------------------	--------------

**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	<p>Company leadership issues</p> <p><input type="checkbox"/> Executive Remuneration</p> <p><input type="checkbox"/> Climate Change</p> <p><input type="checkbox"/> Human rights</p> <p><input checked="" type="checkbox"/> Company leadership issues</p> <p><input type="checkbox"/> Pollution</p> <p><input type="checkbox"/> General ESG</p> <p><input type="checkbox"/> Diversity</p> <p><input type="checkbox"/> Shareholder rights</p> <p><input type="checkbox"/> Health and Safety</p> <p><input type="checkbox"/> Sustainability reporting</p> <p><input type="checkbox"/> Water risks</p> <p><input type="checkbox"/> Labour practices and supply chain management</p> <p><input type="checkbox"/> Anti-bribery and corruption</p> <p><input type="checkbox"/> Deforestation</p> <p><input type="checkbox"/> Aggressive tax planning</p> <p><input type="checkbox"/> Cyber security</p> <p><input type="checkbox"/> Political spending / lobbying</p> <p><input type="checkbox"/> Other governance</p> <p><input type="checkbox"/> Plastics</p> <p><input type="checkbox"/> Other</p>
Conducted by	<p><input checked="" type="checkbox"/> Individual/Internal</p> <p><input type="checkbox"/> Service provider</p>
Objectives	<p>Lack of independent directors at Atlas-Copco.</p>
Scope and Process	<p>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.</p>
Outcomes	<p><input type="checkbox"/> Company changed practice</p> <p><input type="checkbox"/> Company committed to change</p> <p><input type="checkbox"/> Disclosure / report published</p> <p><input type="checkbox"/> Divestment</p> <p><input type="checkbox"/> Failed/no outcome</p> <p><input type="checkbox"/> Increased understanding / information</p> <p><input type="checkbox"/> Invested in company</p> <p><input checked="" type="checkbox"/> Ongoing</p> <p><input type="checkbox"/> Voting</p> <p><input type="checkbox"/> Other</p>

☒ Add Example 2

ESG Topic	<p><b>Human rights</b></p> <p><input type="checkbox"/> Executive Remuneration</p> <p><input type="checkbox"/> Climate Change</p> <p><input checked="" type="checkbox"/> Human rights</p> <p><input type="checkbox"/> Company leadership issues</p> <p><input type="checkbox"/> Pollution</p> <p><input type="checkbox"/> General ESG</p> <p><input type="checkbox"/> Diversity</p> <p><input type="checkbox"/> Shareholder rights</p> <p><input type="checkbox"/> Health and Safety</p> <p><input type="checkbox"/> Sustainability reporting</p> <p><input type="checkbox"/> Water risks</p> <p><input type="checkbox"/> Labour practices and supply chain management</p> <p><input type="checkbox"/> Anti-bribery and corruption</p> <p><input type="checkbox"/> Deforestation</p> <p><input type="checkbox"/> Aggressive tax planning</p> <p><input type="checkbox"/> Cyber security</p> <p><input type="checkbox"/> Political spending / lobbying</p> <p><input type="checkbox"/> Other governance</p> <p><input type="checkbox"/> Plastics</p> <p><input type="checkbox"/> Other</p>
Conducted by	<p><input type="checkbox"/> Individual/Internal</p> <p><input checked="" type="checkbox"/> Service provider</p>
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.
Outcomes	<p><input type="checkbox"/> Company changed practice</p> <p><input type="checkbox"/> Company committed to change</p> <p><input type="checkbox"/> Disclosure / report published</p> <p><input type="checkbox"/> Divestment</p> <p><input type="checkbox"/> Failed/no outcome</p> <p><input type="checkbox"/> Increased understanding / information</p> <p><input type="checkbox"/> Invested in company</p> <p><input checked="" type="checkbox"/> Ongoing</p> <p><input type="checkbox"/> Voting</p>

	<input type="checkbox"/> Other
--	--------------------------------

☒ Add Example 3



ESG Topic	<b>Executive Remuneration</b> <input checked="" type="checkbox"/> Executive Remuneration <input type="checkbox"/> Climate Change <input type="checkbox"/> Human rights <input type="checkbox"/> Company leadership issues <input type="checkbox"/> Pollution <input type="checkbox"/> General ESG <input type="checkbox"/> Diversity <input type="checkbox"/> Shareholder rights <input type="checkbox"/> Health and Safety <input type="checkbox"/> Sustainability reporting <input type="checkbox"/> Water risks <input type="checkbox"/> Labour practices and supply chain management <input type="checkbox"/> Anti-bribery and corruption <input type="checkbox"/> Deforestation <input type="checkbox"/> Aggressive tax planning <input type="checkbox"/> Cyber security <input type="checkbox"/> Political spending / lobbying <input type="checkbox"/> Other governance <input type="checkbox"/> Plastics <input type="checkbox"/> Other
Conducted by	<input checked="" type="checkbox"/> Individual/Internal <input type="checkbox"/> Service provider
Objectives	Genmab should make its remuneration programme in line with international standards.
Scope and Process	Vote against plan followed up with PM's engaging with company.
Outcomes	<input type="checkbox"/> Company changed practice <input type="checkbox"/> Company committed to change <input type="checkbox"/> Disclosure / report published <input type="checkbox"/> Divestment <input type="checkbox"/> Failed/no outcome <input type="checkbox"/> Increased understanding / information <input type="checkbox"/> Invested in company <input checked="" type="checkbox"/> Ongoing <input type="checkbox"/> Voting <input type="checkbox"/> Other

☐ Add Example 4

☐ Add Example 5

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

# Nykredit Realkredit Group

## Reported Information

### Public version

#### Direct - Fixed Income













## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.













## ESG incorporation in actively managed fixed income

### Implementation processes

FI 01	Mandatory	Public	Gateway	PRI 1
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
		100%
Corporate (financial)	 Screening alone	0
	 Thematic alone	0
	 Integration alone	0
	 Screening + integration strategies	100

	<div> <div></div> <div>Thematic + integration strategies</div> </div> <div>0</div>
	<div> <div></div> <div>Screening + thematic strategies</div> </div> <div>0</div>
	<div> <div></div> <div>All three strategies combined</div> </div> <div>0</div>
	<div> <div></div> <div>No incorporation strategies applied</div> </div> <div>0</div>
	100%

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
		100%
Securitised	 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
		100%

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].
---------	------------------------------------

The really challenging part is integrating ESG in the securitised bonds. The big issue is the proceeds/ loans pooled and financed by the issued bond. Most of these finance a variety elements - housing and small businesses - in the Danish society. Most frequently we use the Danish society as a proxy for the ESG-aspects of the bond. However, this does not satisfy us and thus we are in dialogue with the two largest issuers on the possibilities better data insights to the ESG loan characteristics behind the bonds.

FI 02	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 1
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FI 02.1	Indicate which ESG factors you systematically research as part of your analysis on issuers.
---------	---

Select all that apply



	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
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

### Indicate who provides this information

- ☒ 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

### Indicate who provides this information

- ☒ 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

### Indicate who provides this information

- ☒ 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

### Indicate who provides this information

- ☒ 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

**Indicate who provides this information**

- ☐ 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**

**Public**

**Additional Assessed**

**PRI 1**

**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.

**(A) Implementation: Screening****FI 04****Mandatory****Public****Gateway****PRI 1****FI 04.1**

Indicate the type of screening you conduct.

Select all that apply

	<b>SSA</b>	<b>Corporate (financial)</b>	<b>Corporate (non-financial)</b>	<b>Securitised</b>
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	Public	Additional Assessed	PRI 1
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FI 05.1	Provide examples of how ESG factors are included in your screening criteria.
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☒ Example 1

	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 checked="" 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
<p>Several corporate fixed income fund is excluding any company breaching international norms. This mean that ie. VW is excluded because of the emissions scandal and that Shell is excluded because of the pollution in Niger Delta.</p>	

☒ Example 2

	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 checked="" type="checkbox"/> Environmental <input checked="" 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
<p>Countries are screened against not only sanctions but also on progression on ESG-issues. ESG analysis is supplemented by UN and NGO-data. Specific emphasis is given to human rights, free speech and any political suppression. This is the reason for excluding investments in Egyptian SSA.</p>	

- ☐ Example 3
- ☐ Example 4
- ☐ Example 5

FI 06	Mandatory	Public	Core Assessed	PRI 1
FI 06.1	Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.			

Type of screening	Checks
<b>Negative/exclusionary screening?</b>	<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
<b>Norms-based screening</b>	<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.

### (C) Implementation: Integration

FI 10	Mandatory	Public	Descriptive	PRI 1
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FI 10.1

Describe your approach to integrating ESG into traditional financial analysis.

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.

## SSA

The SSA issuer focussing on improved education, reduction of corruption, or freedom of speech could be a good opportunity.

## Corporate (financial)

The strong governance of the financial corporate issuance is a strong way to reduce risk. Access to finance could be an opportunity. A risk assessment related to the TCFD will soon be a must.

## Corporate (non-financial)

A corporate issuer deeply rooted in the oil industry and with a strong balance sheet has huge risks related to green transition.

## Securitised

The issuer of securitised bonds with a very strong credit policy and a loan book a high proportion of ecological farmers and climate friendly housing might have reduced risks compared to traditional analysis.

FI 11	Mandatory	Public	Core Assessed	PRI 1
FI 11.1	Indicate how ESG information is typically used as part of your investment process.			

Select all that apply

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

#### FI 11.2

#### Additional information [OPTIONAL]

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 securitised 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

#### Public

#### Additional Assessed

#### PRI 1



**FI 12.1**

Indicate the extent to which ESG issues are reviewed in your integration process.

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

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.

The S is basic developmental metrics such as education, unemployment rates, crime and health as well as demographics.

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.

**Corporate (financial)**

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.

The S is related to financial product safety and access to finance. Privacy and human capital are very important as well.

Financing environmental impact is the natural E and could be combined with aspects of green bonds.

#### Corporate (non-financial)

The E, S and G depends of the specific sector the issuers are doing business in. However the G is naturally very important.

#### Securitized

The governance of the issuer is equally as important here as with financial corporates. 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.

### ESG incorporation in passively managed fixed income

FI 13	Voluntary	Public	Descriptive	PRI 1
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#### FI 13.1 Describe your RI approach for passively managed fixed income assets.

The fund is based on a benchmark of the Danish SSA and securitized 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.

### Fixed income - Engagement

FI 14	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 2
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#### 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	<p> <input checked="" type="radio"/> &gt;50%  <input type="radio"/> 26-50%  <input type="radio"/> 5-25%  <input type="radio"/> More than 0%, less than 5% </p> <div> <b>FI 14.2</b> Indicate your motivations for conducting engagement (SSA fixed income assets). </div> <p> <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 </p>
Corporate (financial)	<p> <input type="radio"/> &gt;50%  <input checked="" type="radio"/> 26-50%  <input type="radio"/> 5-25%  <input type="radio"/> More than 0%, less than 5% </p> <div> <b>FI 14.2</b> Indicate your motivations for conducting engagement (Corporate, Financial fixed income assets) </div> <p> <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 </p>
Corporate (non-financial)	<p> <input type="radio"/> &gt;50%  <input checked="" type="radio"/> 26-50%  <input type="radio"/> 5-25%  <input type="radio"/> More than 0%, less than 5% </p> <div> <b>FI 14.2</b> Indicate your motivations for conducting engagement (Corporate, non-financial fixed income assets) </div> <p> <input 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 </p>
Securitised	<p> <input checked="" type="radio"/> &gt;50%  <input type="radio"/> 26-50%  <input type="radio"/> 5-25%  <input type="radio"/> More than 0%, less than 5% </p> <div> <b>FI 14.2</b> Indicate your motivations for conducting engagement (Securitised fixed income assets). </div> <p> <input type="checkbox"/> To gain an understanding of ESG strategy and/or management  <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure </p>

	<input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue
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<b>FI 14.3</b>	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. On securitised bonds the engagement is partly related to improving disclosure on the bond issuance level to enable improvement of analysis and to be able to meet expected future requirements. The other part has been on the Danske Bank money laundering issue.

<b>FI 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1,2</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>FI 15.1</b>	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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Select all that apply

Type of engagement	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
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"/>

<b>FI 15.2</b>	Indicate how your organisation prioritises engagements with issuers.
----------------	--

Select all that apply

	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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input 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.

Select all that apply

	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.

Select all that apply

	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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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.

Select all that apply

	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	Public	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.
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☒ Yes

FI 16.2	Please attach or provide a URL to your fixed income engagement policy document. [Optional]
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	URL
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<https://www.nykredit.com/en-gb/samfundsansvar/investments/politik-for-baredygtige-investeringer/>

☐ No

<b>FI 16.3</b>	Additional information [OPTIONAL]
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We find it irrational to differentiate the communication of the malpractice of the company relative to 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.

## Outputs and outcomes

<b>FI 17</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>General</b>
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<b>FI 17.1</b>	Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or performance.
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Select all that apply

	<b>SSA</b>	<b>Corporate (financial)</b>	<b>Corporate (non-financial)</b>	<b>Securitised</b>
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"/>

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

<b>FI 18</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1,2</b>
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<b>FI 18.1</b>	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.
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☒ Example 1



	Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input type="checkbox"/> Corporate (non-financial) <input checked="" type="checkbox"/> Securitised	
	ESG issue and explanation
<p>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.</p>	
	RI strategy applied
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Engagement <input type="checkbox"/> ESG incorporation in passively managed funds	
	Impact on investment decision or performance
<p>The case did effect the bond issuance. Partly due to downgrades from rating agencies reacting to the future risk of fines among other things. And partly due to reactions from investors from new published information, especially the internal report. Integration of ESG in the fundamental process and the parallel engagement efforts helped navigate the ESG-risk in this case. It is difficult to conclude if this effected performance positively, but the effected funds all outperformed their benchmarks.</p>	

- ☐ Example 2
- ☐ Example 3
- ☐ Example 4
- ☐ Example 5

# Nykredit Realkredit Group

## Reported Information

### Public version

#### Direct – Private Equity

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

PE 01	Voluntary	Public	Descriptive	PRI 1-6
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PE 01.1	Provide a brief overview of your organisation's approach to responsible investment in private equity.
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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.

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.

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.

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.

PE 02	Mandatory	Public	Core Assessed	PRI 2
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PE 02.1	Indicate whether your organisation's investment activities are guided by a responsible investment policy / follow responsible investment guidelines.
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- ☒ Our investment activities are guided by a responsible investment policy

PE 02.2	Describe how your organisation outlines expectations on staff and portfolio companies' approach towards ESG issues in investment activities.
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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.

All investments are covered by the Nykredit policy on Sustainable Investments and as such are screened etc.

- ☐ Our investment activities are not guided by a responsible investment policy
- ☐ We do not have a responsible investment policy

## Fundraising of private equity funds

PE 03	Mandatory	Public	Core Assessed	PRI 1,4,6
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<b>PE 03.1</b>	Indicate if your most recent fund placement documents (private placement memorandums (PPM) or similar) refer to responsible investment.
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- ☐ Yes  
☐ No  
☒ Not applicable as our organisation does not fundraise

<b>PE 03.4</b>	Explain why your organisation does not fund-raise.
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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.

## Pre-investment (selection)

<b>PE 05</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>PRI 1</b>
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<b>PE 05.1</b>	During due-diligence indicate if your organisation typically incorporates ESG issues when selecting private equity investments.
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- ☒ Yes

<b>PE 05.2</b>	Describe your organisation's approach to incorporating ESG issues in private equity investment selection.
----------------	---

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ESG-issues are a natural part of due diligence. With the strategic and long term nature of these investments changes are very limited.

- ☐ No

<b>PE 06</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 1,3</b>
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<b>PE 06.1</b>	Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.
----------------	--

- ☒ Raw data from target company
- ☒ Benchmarks against other companies
- ☐ Sector level data/benchmarks
- ☐ Country level data/benchmarks
- ☐ Reporting standards, industry codes and certifications
- ☒ International initiatives, declarations or standards
- ☐ Engagements with stakeholders (e.g. customers and suppliers)
- ☐ 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

<b>PE 06.2</b>	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.

<b>PE 07</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1,2</b>
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<b>PE 07.1</b>	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
--	--------

- ☐ Formally/through a post-investment action plan or value enhancement plan
- ☒ Verbally/through dialogue
- ☐ Other, specify

<b>PE 07.2</b>	Describe the nature of these improvements and provide examples (if any) from the reporting year
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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	Public	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

## Post-investment (monitoring)

PE 09	Mandatory	Public	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.
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- ☒ Yes

PE 09.2	Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.
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- ☒ >90% of portfolio companies
- ☐ 51-90% of portfolio companies
- ☐ 10-50% of portfolio companies
- ☐ <10% of portfolio companies

(in terms of total number 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.
---------	---

## ESG issues

☒ Environmental

List up to three example targets of environmental issues

Example 1

Adherence to Danish environmental regulation.

☒ Social

List up to three example targets of social issues

Example 1

Adherence to GDPR.

Example 2 (optional)

Adherence to Danish labour regulation.

☒ Governance

List up to three example targets of governance issues

Example 1

Compliance with the Danish Corporate Governance Code.

☐ We do not set and/or monitor against targets

☐ No

**PE 09.4**

Additional information. [Optional]

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**PE 10**

**Mandatory**

**Public**

**Core Assessed**

**PRI 2**

**PE 10.1**

Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).

☐ Yes

☒ No

PE 10.3	Additional information. [Optional]
---------	------------------------------------

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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.

PE 11	Voluntary	Public	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.
---------	---

#### Types of actions taken by portfolio companies

- ☐ Allocate responsibility for ESG issues to board/senior management
- ☐ Composition of board ensure ESG expertise
- ☐ Consider ESG issues in risk management processes
- ☐ Define performance targets for applicable ESG issues in operations
- ☐ Identify and engage external parties or stakeholders that could add value or decrease risk through ESG issues
- ☐ Developing/implementing an environmental/social management system (ESMS) or similar
- ☒ Other actions, specify

#### Implemented by percentage of portfolio companies

The companies are required by Danish law to have a policy that describes how they work with sustainability issues.

- ☒ >90% of portfolio companies
- ☐ 51-90% of portfolio companies
- ☐ 10-50% of portfolio companies
- ☐ <10% of portfolio companies
- ☐ We do not track this information

(in terms of total number of portfolio companies)

- ☐ None of the above

PE 11.2	Describe how your organisation contributes to the portfolio companies' resourcing and management of ESG issues.
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PE 12	Voluntary	Public	Descriptive	PRI 2,3
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<b>PE 12.1</b>	Indicate the type and frequency of reports you request and/or receive from portfolio companies covering ESG issues.
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#### Type of reporting

- ☒ Overarching portfolio company reports (or similar) where management disclosure, financial and ESG data are integrated

#### Typical reporting frequency

- ☐ 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

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

<b>PE 13</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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<b>PE 13.1</b>	Indicate whether during the reporting year your organisation disclosed information on ESG issues to potential buyers prior to exit for private equity investments.
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- ☐ 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

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

## Outputs and outcomes

PE 14	Voluntary	Public	Additional Assessed	PRI 1,2
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<b>PE 14.1</b>	Indicate whether your organisation measures how your approach to responsible investment in Private Equity investments has affected financial and/or ESG performance.
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- ☐ 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

<b>PE 14.2</b>	Describe how you are able to determine these outcomes.
----------------	--

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PE 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1,2
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<b>PE 15.1</b>	Provide examples of ESG issues that you identified in your potential and/or existing private equity investments during the reporting year.
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- ☒ Add Example 1

Investment Stage	<input type="checkbox"/> Initial screening <input type="checkbox"/> Due diligence <input type="checkbox"/> Investment decision <input checked="" type="checkbox"/> Investment monitoring <input type="checkbox"/> Prior to exit
ESG issues	<div>ESG issues</div> <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.

### Communication

PE 16	Mandatory to Report Voluntary to Disclose	Public	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).

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So there are no investor clients but the treasury it self in this case.

# Nykredit Realkredit Group

## Reported Information

### Public version

#### Direct - Hedge Funds

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Policy

HF 01	Mandatory	Public	Descriptive	General
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**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.

- ☒ 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).
- ☒ To provide a framework of the fund governance structure.
- ☐ Because ESG incorporation is perceived as a competitive advantage in the industry.
- ☐ Growing momentum of sustainable investing in Hedge Funds in the financial community.
- ☐ Other
- ☐ None of the above (we don't have a policy addressing RI incorporation into Hedge Funds).

**HF 01.2**

Additional information. [Optional]

The Nykredit Sustainable Investment Policy applies to all Nykredit funds and thus also these funds.

HF 02	Voluntary	Public	Descriptive	4,5
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**HF 02.1**

To which normative codes and initiatives are you a signatory to, or a voluntary adherent?

- ☐ AOI Hedge Funds Principles 2014
- ☐ Standards Board for Alternative Investments (SBAI)
- ☐ Alternative Investment Management Association (AIMA)
- ☐ International Organisation of Securities Commissions (IOSCO)
- ☒ CFA's Asset Manager Code of Professional Conduct
- ☐ Other
- ☐ None of the above

## Governance

HF 03	Mandatory	Public	Descriptive	General
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**HF 03.1**

Indicate whether and how your organisation has organised RI implementation and/or oversight responsibilities.

- ☐ We have dedicated internal staff with RI oversight responsibility for Hedge Funds (CEO, CIO, PM, etc.)
- ☒ We have dedicated internal staff with RI implementation responsibility for Hedge Funds (CEO, CIO, PM, etc.).

Specify

The Nykredit ESG Team has oversight and reports to CIO. The team also reports to the Nykredit Forum on Sustainable Investments and the fund board.

- ☐ We use external consultants that have oversight and/or RI implementation responsibilities.
- ☐ Other
- ☐ We do not have staff dedicated to RI oversight and implementation.

<b>HF 03.2</b>	Additional information. [Optional]
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The fund is screened and analyzed on a quarterly basis as part of the overarching approach. On a day to day basis, ESG questions are discussed between the PM's and ESG-team.

<b>HF 04</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>HF 04.1</b>	Please indicate whether you implemented any RI training program regarding hedge funds investments for your staff during the reporting year.
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- ☐ Yes, we have a formal RI training/educational program covering hedge funds.
- ☐ Yes, we have a RI training program to educate staff regarding our hedge funds policies.
- ☐ Yes, we regularly train our staff on code of ethics/compliance manuals covering hedge funds investments.
- ☒ Other

	Specify
--	---------

Nykredit Asset Management has a small team of PM's and ESG-specialists. Training is done through daily interactions, quarterly meetings etc.

- ☐ No, we don't have a RI training program.

<b>HF 04.2</b>	Explain how the RI training program is conducted?
----------------	---

The training is 'on the job' training discussing individual issuance, new emerging issues and trends. The quarterly reports are a natural anchor in the discussion on process and methodology. Participation i seminars, events etc. are add ons.

<b>HF 05</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>1</b>
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<b>HF 05.1</b>	In incorporating RI into Hedge Funds, what is(are) the main consideration(s) your organisation follows? Please select all applicable to your organisation.
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- ☒ To achieve a robust governance structure for our Hedge Funds investments.
- ☒ To attain relevant/existing ESG data.
- ☒ To clearly identify/manage the ESG opportunities associated with each strategies.
- ☐ To clearly identify each strategy and associated financial risks.
- ☐ Other
- ☐ None of the above

<b>HF 05.2</b>	Does the annual employee(s) performance review or remuneration metrics reflect any component for the inclusion of RI into Hedge Funds?
----------------	--

- ☐ Yes
- ☒ No

If you responded no in HF 05.2, please explain the reasons.

The employees are expected to be in compliance with the policy. Nykredit is also of the opinion that ESG adds to performance, so the performance review is adding this indirectly.

## Investment process

HF 06	Mandatory	Public	Descriptive	General
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HF 06.1	Please describe the ESG resources and tools used in your investment decision-making process.
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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.
<input type="checkbox"/> ESG research (broker, etc.)	
<input type="checkbox"/> Consultants	
<input type="checkbox"/> Other resources/tools/practices	

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	Public	Descriptive	1,2
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HF 07.1	Does your organisation uses quantitative analysis?
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☒ 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.

☐ 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.

<b>HF 08</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>1,6</b>
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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 08.3	If not, please explain.
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We have found the data and human resources sufficient to the strategy.

HF 09	Mandatory	Public	Descriptive	1,2
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HF 09.1	Please select and explain how active ownership practices are integrated into investment decisions.
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☒ (Proxy) Voting

Nykredit has exposure to equity of all the issuers. The overarching engagement to the issuers will be reflected in the voting decisions.

☒ Engagement

Engagement with issuer.

☐ Shareholder resolution

☐ None of the above

☐ Not applicable (N/A)

HF 10	Mandatory	Public	Descriptive	1,2
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HF 10.1	Please provide examples of where ESG risks and opportunities were incorporated into the investment decisions over the past 12 months.
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☒ Add Example 1

Hedge Funds Strategy	<b>Relative value</b> <input type="checkbox"/> Global macro <input type="checkbox"/> Equity Hedge <input type="checkbox"/> Event driven <input checked="" type="checkbox"/> Relative value <input type="checkbox"/> Risk parity <input type="checkbox"/> Blockchain <input type="checkbox"/> Fund of Hedge Funds
ESG factors	<b>Governance</b> <input type="checkbox"/> Environmental <input type="checkbox"/> Social <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, at which the new chairman was elected, the scenario turned more positive. However, risks remain high.

- ☐ 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 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

Public

Descriptive

General



HF 11.5	Additional information [OPTIONAL]
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The issuers of derivatives are handled as if the issuance was a bond.

## Monitoring and reporting

HF 12	Mandatory	Public	Descriptive	1,2
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HF 12.1	Could you indicate whether you report separately on your funds' long/short/net exposures?
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☐ Yes

☒ No

	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	Public	Descriptive	1,2
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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	<b>Relative value</b> <input type="checkbox"/> Global macro <input type="checkbox"/> Equity Hedge <input type="checkbox"/> Event driven <input checked="" type="checkbox"/> Relative value <input type="checkbox"/> Fund of Hedge Funds <input type="checkbox"/> Risk parity <input type="checkbox"/> Blockchain	
Metrics/Initiatives	<div>Metrics</div> <input checked="" type="checkbox"/> RI policy implementation <input type="checkbox"/> RI Recommendation changes <input type="checkbox"/> ESG Alpha <input type="checkbox"/> ESG Beta <input type="checkbox"/> GHG Emissions	<div>Initiatives</div> <input type="checkbox"/> Transparency <input checked="" type="checkbox"/> Integration of ESG data <input type="checkbox"/> Education <input type="checkbox"/> Other
Internal/external	<input type="checkbox"/> Internal <input checked="" type="checkbox"/> 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	Public	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?
---------	---

- ☒ Yes
- ☐ No

**HF 14.2**

If yes, explain the methodology followed and assessment process.

☒ Add Example 1

Hedge Funds Strategy	<p>Relative value</p> <p><input type="checkbox"/> Global macro</p> <p><input type="checkbox"/> Equity Hedge</p> <p><input type="checkbox"/> Event driven</p> <p><input checked="" type="checkbox"/> Relative value</p> <p><input type="checkbox"/> Fund of Hedge Funds</p> <p><input type="checkbox"/> Risk parity</p> <p><input type="checkbox"/> Blockchain</p>
KPI	<p><input checked="" type="checkbox"/> Climate-related targets</p> <p><input type="checkbox"/> Weighted average carbon intensity</p> <p><input type="checkbox"/> Carbon footprint (scope 1 and 2)</p> <p><input type="checkbox"/> Portfolio carbon footprint</p> <p><input type="checkbox"/> Total carbon emissions</p> <p><input type="checkbox"/> Carbon intensity</p> <p><input type="checkbox"/> Exposure to carbon-related assets</p> <p><input type="checkbox"/> Other emissions metrics</p>
Methodology	As the bonds are mainly Danish mortgage bonds and these are linked to real assets in Denmark, the Danish climate risk resilience can be used as a proxy for the bonds.
Assessment	Denmark is well prepared to climate change, but risks related to low lying buildings and farming are present. The real assets are placed countrywide and as such related to the overarching Danish risks. Nykredit Asset Management is asking issuers to improve their disclosure on the use of proceeds and real assets behind the bonds.

- ☐ 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****Public****Descriptive****2,6**

**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.

☒ Add Example 1

Frequency of reporting	<input checked="" type="radio"/> Annually <input type="radio"/> More frequently than annually <input type="radio"/> 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: <a href="https://www.nykreditinvest.dk/globalassets/nykredit-portefolje-administration/pdf/rapport-om-samfundsansvar_2018_final.pdf">https://www.nykreditinvest.dk/globalassets/nykredit-portefolje-administration/pdf/rapport-om-samfundsansvar_2018_final.pdf</a>

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☐ Add Example 10  
☐ We are not able to provide examples