



Type of engagement	Reason for interaction	Status
Individualist/one-off engagements	<input type="checkbox"/> To support investment decisions in a company <input type="checkbox"/> To influence corporate practice for more sustainable business <input type="checkbox"/> To encourage improved ESG practices <input type="checkbox"/> Other: specify	
Collaborative engagements	<input type="checkbox"/> To support investment decisions in a company <input type="checkbox"/> To influence corporate practice for more sustainable business <input type="checkbox"/> To encourage improved ESG practices <input type="checkbox"/> Other: specify	
Service provider engagements	<input type="checkbox"/> To support investment decisions in a company <input type="checkbox"/> To influence corporate practice for more sustainable business <input type="checkbox"/> To encourage improved ESG practices <input type="checkbox"/> Other: specify	

CLIMATE TRANSPARENCY REPORT

2019

Nykredit Realkredit Group

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here (https://guestreporting.unpri.org/surveys/PRI-reporting-framework-2019/-26B65246-FEE0-4D3E-A9E5-45D096F8BED9/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Private				
SG 01.2	✓	Private				
SG 01.3	✓	Private				
SG 01.4	✓	Private				
SG 01.5	✓	Private				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	-	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	✓	Public				

SG 14.5	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	✓	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	-	Public				
SG 15.3	-	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS

Name	Nykredit Realkredit Group
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ 30 - 50 billion AUM
Main Asset Class	>50% Fixed Income SEC Internally Managed
Signed PRI Initiative	2009
Region	Europe
Country	Denmark
Disclosure of Voluntary Indicators	100% from 38 Voluntary indicators

Nykredit Realkredit Group

Reported Information

Private 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) Support for COP21 and SDGs <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

**SG 01.6
CC**

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.

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.

**SG 01.7
CC**

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

Yes

**SG 01.8
CC**

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

**SG 01.9
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.10
CC**

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

Yes

Describe

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

No

SG 1.12 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

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

SG 02.1	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
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- URL

	URL
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<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
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- URL

	URL
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<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

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

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

SG 02.3	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

And the mutual funds Nykredit Invest:

https://www.nykreditinvest.dk/globalassets/nykredit-portefolje-administration/pdf/rapport-om-samfundsansvar_2018_final.pdf

Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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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
- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues
- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues
- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues
- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

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

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

SG 07.6
CC

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

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.

**SG 07.8
CC**

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

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

SG 13.1

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.).

- 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

SG 13.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- 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

SG 13.3

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.

SG 13 CC	Voluntary	Public	Descriptive	General
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SG 13.4 CC	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.
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Initial assessment

	Describe
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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 ahs reported how many funds are below are 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 accross 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
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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
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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

SG 13.5 CC	Indicate who uses this analysis.
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Board members, trustees, C-level roles, Investment Committee

Portfolio managers

Dedicated responsible investment staff

External managers

Investment consultants/actuaries

Other

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

SG 13.7
CC

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

SG 13.8
CC

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
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**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
Climate-related targets	<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.
Weighted average carbon intensity	<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.
Carbon footprint (scope 1 and 2)	<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.
Portfolio carbon footprint	<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.
Carbon intensity	<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.	File 1:Politik for ansvarlige investeringer endelig udgave 040418 uk.pdf
<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

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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- Yes
- No