



RI TRANSPARENCY REPORT

2017

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 2016 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 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	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO End	Module confirmation page	✓	-							

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04		✓	Public							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Public							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Public							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
SG 12	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13	Long term investment risks and opportunity	✓	Public	✓						
SG 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 16	ESG issues for externally managed assets not reported in framework	✓	Public							✓
SG 17	Innovative features of approach to RI	✓	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	Role of investment consultants/fiduciary managers	✓	Public				✓			
SAM 02	RI factors in selection, appointment and monitoring across asset classes	✓	Public	✓						
SAM 03	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public							✓
SAM 04	ESG incorporation strategies	✓	Public	✓	✓					
SAM 05	Selection processes (LE and FI)	✓	Public	✓						
SAM 06	Evaluating engagement and voting practices in manager selection (listed equity/fixed income)	✓	Public		✓					
SAM 07.1	Appointment processes (listed equity/fixed income)	✓	Public	✓						
SAM 07.2-5	Appointment processes (listed equity/fixed income)	✓	Public	✓						
SAM 08	Monitoring processes (listed equity/fixed income)	✓	Public	✓						
SAM 09	Monitoring on active ownership (listed equity/fixed income)	✓	Public	✓						
SAM 10	Percentage of (proxy) votes	⚠	n/a		✓					
SAM 11	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓						
SAM 12	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public	✓					✓	
SAM 13	Disclosure of RI considerations	✓	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	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public							✓
LEI 02	Reporting on strategies that are <10% of actively managed listed equities	⚙	n/a							✓
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 09	Types of sustainability thematic funds/mandates	✓	Public	✓						
LEI 10	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 11	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 12	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 13	ESG issues in index construction	✓	Public	✓						
LEI 14	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 15	Measurement of financial and ESG outcomes of ESG incorporation	✓	Public	✓						
LEI 16	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
LEI 17	Disclosure of approach to ESG incorporation	✓	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	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagement methods	✓	Public		✓					
LEA 13	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 14	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 15	Examples of ESG engagements	✓	Public		✓					
LEA 16	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 17	Voting policy & approach	✓	Public	✓	✓	✓				
LEA 18	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 19	Percentage of voting recommendations reviewed	⚙	n/a		✓					
LEA 20	Confirmation of votes	✓	Public		✓					
LEA 21	Securities lending programme	✓	Public		✓					
LEA 22	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 23	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 24	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 25	Shareholder resolutions	✓	Public		✓					
LEA 26	Examples of (proxy) voting activities	✓	Public		✓					
LEA 27	Disclosing 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	Breakdown by passive,active strategies	✓	Public							✓
FI 02	Option to report on <10% assets	🔒	n/a							✓
FI 03	Breakdown by market and credit quality	✓	Public							✓
FI 04	Incorporation strategies applied	✓	Public	✓						
FI 05	ESG issues and issuer research	✓	Public	✓						
FI 06	Processes to ensure analysis is robust	✓	Public	✓						
FI 07	Types of screening applied	✓	Public	✓						
FI 08	Negative screening - overview and rationale	✓	Public	✓						
FI 09	Examples of ESG factors in screening process	✓	Public	✓						
FI 10	Screening - ensuring criteria are met	✓	Public	✓						
FI 11	Thematic investing - overview	🔒	n/a	✓						
FI 12	Thematic investing - themed bond processes	🔒	n/a	✓						
FI 13	Thematic investing - assessing impact	🔒	n/a	✓						
FI 14	Integration overview	✓	Public	✓						
FI 15	Integration - ESG information in investment processes	✓	Public	✓						
FI 16	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 17	ESG incorporation in passive funds	✓	Public	✓						
FI 18	Engagement overview and coverage	✓	Public		✓					
FI 19	Engagement method	✓	Public	✓	✓					
FI 20	Engagement policy disclosure	✓	Public	✓	✓					
FI 21	Financial/ESG performance	✓	Public							✓
FI 22	Examples - ESG incorporation or engagement	✓	Public	✓	✓					
FI 23	Communications	✓	Public		✓				✓	
FI 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 you offer.

☒ Fund management

% of assets under management (AUM) in ranges

- ☐ <10%
☐ 10-50%
☒ >50%

☒ Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

- ☒ <10%
☐ 10-50%
☐ >50%

☐ Other, specify

☐ Execution and advisory services

OO 01.2 Additional information. [Optional]

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

OO 02	Mandatory	Public	Peering	General
-------	-----------	--------	---------	---------

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

Denmark

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

- ☐ 1
☒ 2-5
☐ 6-10
☐ >10

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

	FTE
--	-----

3640

OO 03	Mandatory	Public	Descriptive	General
-------	-----------	--------	-------------	---------

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

☐ Yes

☒ No

OO 04	Mandatory	Public	Gateway/Peering	General
-------	-----------	--------	-----------------	---------

OO 04.1	Indicate the year end date for your reporting year.
---------	-----------------------------------------------------

31/12/2016

OO 04.2	Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on.
---------	---------------------------------------------------------------------------------------------------------------------

	trillions	billions	millions	thousands	hundreds
Total AUM		303	400	000	000
Currency	DKK				
Assets in USD		43	644	637	804

OO 06	Mandatory	Public	Descriptive	General
-------	-----------	--------	-------------	---------

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

OO 06.1	How you would like to disclose your asset class mix.
---------	------------------------------------------------------

☒ as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	11.6	4.8
Fixed income	80.8	1.2
Private equity	0	0.2
Property	0	0
Infrastructure	0	0.4

Commodities	0	0
Hedge funds	1	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

☐ as broad ranges

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

OO 06.3	Provide contextual information on your AUM asset class split. [Optional]
----------------	--------------------------------------------------------------------------

The large majority of internally managed fixed income is Danish covered bonds. If Danish covered bonds were an asset class of its own it would be more than 2/3 of the AUM of Nykredit.

OO 07	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
--------------	--------------------------------------------------	---------------	----------------	----------------

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

Internally managed		SSA
	5	
		Corporate (financial)
	0	
		Corporate (non-financial)
	5	
Externally managed		Securitised
	90	
		Total
	100%	
		SSA
	75	
		Corporate (financial)
	5	
		Corporate (non-financial)
	20	
		Securitised
	0	
		Total
	100%	

OO 08	Mandatory to Report Voluntary to Disclose	Public	Peering	General
-------	-------------------------------------------	--------	---------	---------

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.
---------	--------------------------------------------------------------------------------------------------------------------

Asset class breakdown	Segregated mandate(s)	Pooled fund(s)
[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 %
[b] Fixed income - SSA	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[c] Fixed income – Corporate (financial)	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[d] Fixed income – Corporate (non-financial)	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[e] Fixed income – Securitised	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[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 checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[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 checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
Total externally managed assets	<i>Please ensure the entire table (both columns combined) totals to 100%</i>	

OO 09	Mandatory to Report Voluntary to Disclose	Public	Peering	General
-------	-------------------------------------------	--------	---------	---------

OO 09.1

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

Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
<i>Total</i>	<i>100%</i>

Gateway asset class implementation indicators

OO 10

Mandatory

Public

Gateway

General

OO 10.1

Select the direct or indirect ESG incorporation activities your organisation implemented for listed equities in the reporting year.

- ☒ We incorporate ESG in our investment decisions on our internally managed assets
- ☒ We address ESG incorporation in our external manager selection, appointment and/or monitoring processes
- ☐ We do not incorporate ESG in our directly managed listed equity and/or we do not address ESG incorporation in our external manager selection, appointment and/or monitoring processes.

OO 10.2

Select the direct or indirect engagement activities your organisation implemented for listed equity in the reporting year.

- ☒ 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 issues on our behalf
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors.

OO 10.3

Select the direct or indirect voting activities your organisation implemented for listed equity in the reporting year

- ☒ 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

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).
----------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

- ☒ Fixed income – SSA
- ☒ Fixed income – corporate (non-financial)
- ☒ Fixed income – securitised
- ☒ Hedge funds
- ☐ None of the above

OO 11.2	Select the externally managed assets classes where you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes (during the reporting year)
----------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

- ☒ Fixed income – SSA
- ☒ Fixed income – corporate (financial)
- ☒ Fixed income – corporate (non-financial)
- ☒ Private equity
- ☒ Infrastructure
- ☐ None of the above

OO 12	Mandatory	Public	Gateway	General
--------------	------------------	---------------	----------------	----------------

You will need to make a selection in OO 12.1 only if you have any voluntary modules that you can choose to report on.

OO 12.1	Select from below any additional applicable modules or sections you would like to report on voluntarily. You are only required to report on asset classes that represent 10% or more of your AUM.
----------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	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 (non-financial)
- ☒ Fixed income - Securitised

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

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 checked="" type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <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 01.4

Indicate what norms you have used to develop your investment policy that covers your responsible investment approach.

- ☒ UN Global Compact Principles
- ☒ UN Guiding Principles on Business and Human Rights
- ☒ Universal Declaration of Human Rights
- ☒ International Bill of Human Rights
- ☒ International Labour Organization Conventions
- ☒ United Nations Convention Against Corruption
- ☒ OECD Guidelines for Multinational Enterprises
- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)
- ☐ None of the above

☐ No

SG 01.6

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

The policy is overarching and provides a pledge to be compliant with the aims of international norms in all asset classes as well as a short description of the procedures to do so. More over, the policy describes our ambition to integrate ESG in our investment process as well as be an active owner. Last but not least, it describes the governance structure of our responsible investment efforts as well as participation in networks and the work of UNPRI. The policy is meant to link the efforts within responsible investments to the business concept of Nykredit. This policy is supplemented by other policies like active ownership/proxy voting and group wide policies like battling corruption, conflicts of the interest and climate change.

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

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.

- ☒ Policy setting out your overall approach

URL/Attachment

- ☒ URL

URL

<https://www.nykredit.com/aboutnykredit/info/sustainability/nykredits-sustainable-investments-policy.xml>

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

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

☒ URL

	URL
--	-----

<http://www.nykredit.dk/om-os/vores-virksomhed/i-samspil-med-samfundet/ansvarlige-investeringer/ekskluderede-virksomheder>

☐ Attachment (will be made public)

☐ Engagement policy

☒ (Proxy) voting policy

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

☐ URL

☒ Attachment (will be made public)

	Attachment
--	------------

[Politik for aktivt ejerskab og stemmeafgivelse i Nykredit 2017.pdf](#)

☐ We do not publicly disclose our investment policy documents

SG 02.4	Additional information [Optional].
----------------	------------------------------------

The exemption of financial derivatives etc. from the policy is meant in case of extraordinary events. Nykredit does not have any products based on financial instruments where the underlying assets/companies do not live up to our policy.

SG 03	Mandatory	Public	Core Assessed	General
--------------	------------------	---------------	----------------------	----------------

SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
----------------	-------------------------------------------------------------------------------------------------------------------

☒ Yes

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

Nykredit has a publicly available governance policy (www.nykredit.com) as well as relevant procedures regarding investments professionals.

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

SG 04.1	Indicate if your organisation has a process for identifying and managing incidents that occur within portfolio companies.
----------------	---------------------------------------------------------------------------------------------------------------------------

☒ Yes

☐ No

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

All portfolios are screened on a quarterly basis, but alert systems are set up with the aid of several service providers. If an alert occurs, the ESG-team and the CIO/ investment team will discuss the need for immediate action on a portfolio level i.e. contact with the company or divestment. Parallel to this the ESG team researches the incident further and discusses potential engagement or exclusion with our engagement provider. The Nykredit Forum on Sustainable Investment decides if an engagement process should be initiated and what the goals should be. This Forum also evaluates engagements and decides if a company should be added to the Nykredit exclusion list. Engagements will be evaluated every year and exclusions will be re-evaluated before two years.

Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
-------	-----------	--------	-----------------------	---------

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 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
- ☐ Provide training on ESG engagement
- ☒ Improved communication of ESG activities within the organisation

Key performance indicator

Support client managers in describing the responsible investment efforts.

Progress achieved

Product specific material as well as a generic introduction to customers has been produced as a result of several presentation meetings.

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

Key performance indicator

Perform and communicate ESG-analyses on ESG and alpha.

Progress achieved

Several analyses performed and shared internally. An article on ESG and alpha was published in Finansinvest, the magazine of the Danish CFA-institute.

- ☐ Improved ESG incorporation into investment decision making processes
- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)

Financial performance of investments

- ☒ Increase portfolio performance by consideration of ESG factors
- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)

ESG characteristics of investments

- ☒ Over or underweight companies based on ESG characteristics

Key performance indicator

Launch of a passive ESG fund with over and underweight companies based on ESG.

- ☒ Improve ESG ratings of portfolio

	Key performance indicator
--	---------------------------

ESG-analysis done on individual portfolios and discussed with PM's.

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

ESG-ratings improved on portfolio level.

- ☒ Setting carbon reduction targets for portfolio

	Key performance indicator
--	---------------------------

Development of fossil free equity, IG and HY portfolios.

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

An equity, IG and HY had fossil free guidelines introduced in December 2016.

- ☐ Other, specify (1)
☐ Other, specify (2)
☐ Other, specify (3)

	Other activities
--	------------------

- ☐ Joining and/or participation in RI initiatives
☐ Encouraging others to join a RI initiative
☐ Documentation of best practice case studies
☒ Using case studies to demonstrate engagement and ESG incorporation to clients

	Key performance indicator
--	---------------------------

Describe engagement process in annual reports.

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

The annual reports of the individual mutual funds have enhanced the chapter dedicated to describing responsible investment efforts and engagements.

- ☐ Other, specify (1)
☐ Other, specify (2)
☐ Other, specify (3)

Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
-------	-----------	--------	---------------	---------

SG 07.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- ☒ Board members or trustees
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), 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 SRI**
 - ☒ 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
 - ☒ External managers or service providers
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
 - ☐ Investor relations
 - ☒ Other role, specify (1)

Manager Selection staff

Other description (1)

- ☐ Oversight/accountability for responsible investment
- ☒ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other role, specify (2)

	Other description (2)
--	-----------------------

Group compliance reports to CEO

- ☒ Oversight/accountability for responsible investment
- ☐ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

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

	Number
--	--------

2

SG 07.4	Additional information. [Optional]
----------------	------------------------------------

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

SG 08	Voluntary	Public	Additional Assessed	General
--------------	------------------	---------------	----------------------------	----------------

SG 08.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
----------------	---------------------------------------------------------------------------------------------------------------------------------------------

Board members/Board of trustees

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

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

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

Other C-level staff or head of department

Head of SRI

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

Portfolio managers

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

Dedicated responsible investment staff

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

Other role (1) [from SG 07]

Manager Selection staff

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

Other role (2) [from SG 07]

Group compliance reports to CEO

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ 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.

Responsible investment is a cornerstone in our investment philosophy and, as such, is part of creating good investment results for our customers. Policy compliance and investment results make up the foundation of the appraisal process.

Promoting responsible investment

SG 09	Mandatory	Public	Core Assessed	PRI 4,5
--------------	------------------	---------------	----------------------	----------------

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

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, hosting an event in Copenhagen and participating in a Nordic event in Helsinki. Nykredit has provided input about the PRI to relevant Danish authorities and potential Danish signatories.

☐ AFIC – La Commission ESG

☐ Asian Corporate Governance Association

☐ Australian Council of Superannuation Investors

☐ 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 an investor signatory. Nykredit has been involved in dialogue on the further development on the initiative into different asset classes and improvement of database.

- ☐ 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)
- ☐ ESG Research Australia
- ☐ Eumedion
- ☐ EVCA – Responsible Investment Roundtable
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ 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.

- ☐ 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
Danish Investment Fund Association (IFB)

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 was a part of initiating a standing working group on responsible investments and not least the IFB-standard for responsible investments in mutual funds.

- ☒ Other collaborative organisation/initiative, specify
The Danish Bankers 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]

Inputs and comments on issues regarding responsible investments.

- ☒ Other collaborative organisation/initiative, specify

Global Reporting 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]

The report is available on globalreporting.org and our own webpage. Type G3.1, level B.

- ☒ 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 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. 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 10	Mandatory	Public	Core Assessed	PRI 4
-------	-----------	--------	---------------	-------

SG 10.1

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

- ☒ Yes

SG 10.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☒ Provided financial support for academic or industry research on responsible investment
- ☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☒ Spoke publicly at events and conferences to promote responsible investment
- ☒ Wrote and published in-house research papers on responsible investment
- ☒ Encouraged the adoption of the PRI
- ☒ Wrote articles on responsible investment in the media.
- ☐ Other, specify

☐ No

SG 10.3

Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

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 communication directly with corporates to broaden the understanding and necessity of disclosing ESG-data.

Nykredit also sent out further analysis on ESG i.e. an article in Finansinvest, a magazine dedicated to CFA-institute members and was quoted by several news papers.

SG 11

Voluntary

Public

Additional Assessed

PRI 4,5,6

SG 11.1

Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.

☒ Yes

- ☐ Yes, individually
- ☒ Yes, in collaboration with others

SG 11.2

Select the methods you have used.

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

SG 11.3

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

- ☒ Yes, publicly available
- ☐ No
- ☐ No

SG 11.4

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

Nykredit has actively participated in the EU-shareholder Rights Directive discussion and comments as well as the Danish Stewardship Code launched in November and the Danish Fund Association's standards on responsible investments.

Implementation not in other modules

SG 12**Mandatory****Public****Descriptive****PRI 1**

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

SG 12.1

Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.

- ☒ We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- ☒ We execute scenario analysis which includes factors representing the investment impacts of future social trends
- ☐ We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- ☐ We execute other scenario analysis, specify
- ☐ We do not execute such scenario analysis and/or modelling

SG 12.2

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**Mandatory to Report Voluntary to Disclose****Public****Additional Assessed****PRI 1**

SG 13.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following you act on.
----------------	----------------------------------------------------------------------------------------------------------------------------

- ☒ Changing demographics
- ☒ Climate change

SG 13.2	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
- ☐ 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 13.3	Indicate which of the following tools you use to manage emissions risks and opportunities
----------------	-------------------------------------------------------------------------------------------

- ☒ Carbon footprinting
- ☒ Scenario testing
- ☒ Disclosure on emissions risk to clients/trustees/management/beneficiaries

SG 13.4	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.

- ☐ Target setting for emissions risk reduction
- ☒ Encourage internal and/or external portfolio managers to monitor emissions risk
- ☐ Emissions risk monitoring and reporting are formalised into contracts when appointing managers
- ☐ Other, specify
- ☐ None of the above
- ☒ Resource scarcity
- ☒ Technology developments
- ☐ Other, specify(1)
- ☐ Other, specify(2)
- ☐ None of the above

SG 13.5	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	Mandatory to Report Voluntary to	Public	Descriptive	PRI 1
--------------	-----------------------------------------	---------------	--------------------	--------------

	Disclose			
--	----------	--	--	--

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

SG 14.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
----------------	-------------------------------------------------------------------------------------------------------------------------------

☒ Yes

SG 14.2	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
----------------	--------------------------------------------------------------------------------------------------------------------------------------------------

	Area
--	------

☒ Clean technology (including renewable energy)

	Asset class invested
--	----------------------

- ☒ Listed equity
- ☐ Fixed income - SSA
- ☐ Fixed income - Corporate (financial)
- ☐ Fixed income - Corporate (non-financial)
- ☐ Fixed income - Securitised
- ☐ Private equity
- ☐ Infrastructure
- ☐ Hedge funds

	% of AUM
--	----------

1

Brief description of investment

Nykredit Klima og Miljø SRI invests in companies that provide clean technology solutions i.e. water purification, clean energy and resource saving solutions. On top of this, Nykredit Alternatives has investments in wind farm projects, solar and hydro.

- ☐ Green buildings
- ☐ Sustainable forestry
- ☐ Sustainable agriculture
- ☐ Microfinance
- ☐ SME financing
- ☐ Social enterprise / community investing
- ☐ Affordable housing
- ☐ Education
- ☐ Global health
- ☐ Water
- ☐ Other area, specify

☐ No

SG 15	Mandatory	Public	Descriptive	General
-------	-----------	--------	-------------	---------

SG 15.1

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

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Hedge funds	The hedge funds are based on securitized bonds/ covered bonds. The issuers of these are screened on a quarterly basis and their ESG-performance is used as part of the risk assessment.

SG 16	Mandatory	Public	Descriptive	General
-------	-----------	--------	-------------	---------

SG 16.1

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

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Fixed income - Corporate (financial)	The externally managed portfolios, including corporate fixed income, are screened on a quarterly basis for breaches of our policy. If a breach is identified Nykredit engages or excludes the issuer. ESG is used as a risk management tool. With corporate financial issuers, focus is on corporate governance, exposure to green transition, and access to finance. The ESG report is used as part of the evaluation and dialogue with the manager.

Innovation

SG 17	Voluntary	Public	Descriptive	General
-------	-----------	--------	-------------	---------

SG 17.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
----------------	----------------------------------------------------------------------------------------------------------------

☒ Yes

SG 17.2	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
----------------	-------------------------------------------------------------------------------------------------------------------------

Nykredit's policy on responsible investment in sovereign debt.

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

The thematic fund has been developed further to broaden its exposure while insuring a strict exclusion approach to companies with exposure to fossil fuels and an ESG fundamental inclusion approach with specific focus on green transition. The same has been applied to an IG and HY portfolio.

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.

☐ No

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.

Overview

SAM 01	Mandatory	Public	Core Assessed	PRI 4
---------------	------------------	---------------	----------------------	--------------

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

SAM 01.1	Indicate whether your organisation uses investment consultants and/or fiduciary managers.
-----------------	-------------------------------------------------------------------------------------------

- ☐ Yes, we use investment consultants
- ☐ Yes, we use a fiduciary manager that delegates management of some or all of our assets to third-party managers.
- ☒ No, we do not use investment consultants or fiduciary managers.

SAM 02	Mandatory	Public	Gateway	PRI 1
---------------	------------------	---------------	----------------	--------------

SAM 02.1	Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring
-----------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Select all that apply

Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Listed equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - SSA	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - Corporate (non-financial)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Private equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Infrastructure	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

SAM 02.2	Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.
-----------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Responsible investment is an element of all the steps of selection, appointment and monitoring of external managers. From the valuation of the initial short list to the appointment and, of course, the monitoring. With small differences depending on asset class, the approach is the same: Analyzing underlying assets and comparing this with policies and procedures. When appointing, responsible investment is at the center as a natural consequence of the fact that the Nykredit policy also covers the white labeled fund. The fund is screened and Nykredit votes and engages. If a breach in one of the funds is identified, Nykredit also enters a dialogue with the manager. The funds are also screened in terms of ESG as part of the monitoring and the results are used as part of the evaluation of and the dialogue with the manager.

Listed Equity and Fixed Income Strategies

SAM 03	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
SAM 03.1	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></div> <div>Passive</div> </div> <div>0</div>
	<div> <div></div> <div>Active - quantitative (quant)</div> </div> <div>0</div>
	<div> <div></div> <div>Active - fundamental and active - other</div> </div> <div>100</div> <div>100%</div>
Fixed income - SSA	<div> <div></div> <div>Passive</div> </div> <div>0</div>
	<div> <div></div> <div>Active - quantitative (quant)</div> </div> <div>0</div>
	<div> <div></div> <div>Active - fundamental and active - other</div> </div> <div>100</div> <div>100%</div>
Fixed income - Corporate (non-financial)	<div> <div></div> <div>Passive</div> </div> <div>0</div>
	<div> <div></div> <div>Active - quantitative (quant)</div> </div> <div>0</div>
	<div> <div></div> <div>Active - fundamental and active - other</div> </div> <div>100</div> <div>100%</div>

SAM 04	Mandatory	Public	Gateway	PRI 1,2
---------------	------------------	---------------	----------------	----------------

SAM 04.1	Indicate which of the following ESG incorporation strategies you require your external manager(s) to implement on your behalf:
-----------------	--------------------------------------------------------------------------------------------------------------------------------

	Active investment strategies
--	------------------------------

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

SAM 04.3

Additional information. [Optional]

Since the inception of the investment policy, we have screened all externally managed funds. 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. 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 into listed equities, but to make sure this is implemented we monitor this ourselves and discuss findings with the managers.

Selection

SAM 05

Mandatory

Public

Core Assessed

PRI 1

SAM 05.1

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

	LE	FI - SSA	FI - Corporate (non-financial)	Private equity	Infrastructure
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"/>
ESG incorporation requirements	<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"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No RI information covered in the RFPs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SAM 05.2

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 (non-financial)	Private equity	Infrastructure
Assess the time horizon of the investment manager's investment strategy	<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"/>
Assess the investment approach and how ESG objectives are implemented in the investment process (asset class specific)	<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"/>
Other	<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"/>

ESG people/oversight

	LE	FI - SSA	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"/>
Review the ownership of the ESG implementation	<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"/>
Other	<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"/>

Process/portfolio construction/investment valuation

	LE	FI - SSA	FI - Corporate (non-financial)	Private equity	Infrastructure
Review the process 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"/>
Review and agree the investment decision making process (and ESG data use in it)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree the ESG incorporation strategy 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"/>
Review and agree how the manager is targeting returns and ESG objectives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree how the manager identifies, measures and manages ESG risk	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree return and risk in combination at a portfolio level (portfolio construction) and ESG objectives	<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 in the monitored period	<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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, specify	<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"/>

SAM 05.3

Describe the selection process

- ☒ Review responses to RfP, RfI, DDQ etc.
- ☒ Review Limited Partners' Responsible Investment Due Diligence Questionnaire (PE DDQ)
- ☒ Review publicly available information
- ☒ Review assurance process
- ☒ Review PRI Transparency Reports
- ☒ Request and discuss PRI Assessment Reports
- ☒ Meetings with the potential shortlisted managers
- ☒ Site visits to potential managers offices
- ☐ Other, specify

SAM 05.4

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

	LE	FI - SSA	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"/>
ESG weight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Real world economy targets	<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"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

The short list of managers are rated relative to the others and to the best practices of the market. The managers are scored by mixing the qualitative evaluation of procedures and strategy with the ESG-rating of the assets in their products (or former products if it is a new product).

SAM 06**Mandatory****Public****Additional Assessed****PRI 2****SAM 06.1**

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

Engagement

	FI - SSA	FI - Corporate (non-financial)
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 that 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"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

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

We engage with the manager on these issues on a biannual basis or more frequently.

SAM 06.2 Describe how you assess if the manager's engagement approach is effective.

- ☒ Impact on investment decisions
- ☒ Impact on company / asset level
- ☒ Impact on ESG profile or the portfolio
- ☒ Evidence of changes in corporate practices
- ☐ Other, specify
- ☐ None of the above

SAM 06.4 Additional information [OPTIONAL]

Clear evidence of changes is rare, but the objective is good to have in mind when discussing impact.

Appointment

SAM 07.1	Mandatory	Public	Core Assessed	PRI 1
----------	-----------	--------	---------------	-------

SAM 07.1 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

- ☒ Sets standard or ESG benchmarks
- ☒ Defines ESG objectives
- ☒ Sets incentives and controls linked to the objectives
- ☒ Requires reporting on these objectives
- ☐ None of the above
- ☐ None of the above, we invest only in pooled funds and have a thorough selection process

SAM 07.2-5	Mandatory	Public	Core Assessed	PRI 1
------------	-----------	--------	---------------	-------

SAM 07.2 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, specify
MSCI EM NR USD
- ☐ ESG benchmark, specify

Objectives

☐ Voting, specify

☐ Engagement, specify

☒ Integration, specify

We expect the manager, through their ESG-approach, to reduce risk and enhance returns, not in a best in class approach, but by making informed choices.

☒ Investment restrictions, specify

The Nykredit restriction list applies. Nykredit also has the opportunity to engage with companies in the portfolio as well as exclude them.

☒ Strategy, specify

The manager was selected for its modern EM strategy with a focus on development and demographics instead of the more traditional resource focused strategy.

☐ Other, specify

Incentives and controls

☐ Fee based incentive

☒ Termination

☐ No fee/ breach of contract

Reporting requirements

☒ Ad-hoc/when requested

☐ Annually

☐ Bi-annually

☐ Quarterly

☐ Monthly

☒ Fixed income - SSA (SSA)

Benchmark

☒ Standard benchmark, specify

Blended strategy, 50% JPM GBI EM GD, 25% JPM EMBI GD EUR, 25% JPM CEMBI BD EUR

☐ ESG benchmark, specify

Objectives

☐ Other, specify

☐ Voting, specify

☐ Engagement, specify

☒ Integration, specify

We expect the manager, through their ESG-approach, to reduce risk and enhance returns, not in a best in class approach but by making informed choices. The manager shares a ESG-rationale report and this is the basis for dialogue.

☒ Investment restrictions, specify

The Nykredit restriction list applies. Nykredit also evaluates the ESG-rationale report biannually and decides whether to exclude countries or postpone investments until better ESG-data is available.

- ☐ Strategy, specify

Incentives and controls

- ☐ Fee based incentive
- ☒ 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
Blended strategy, 50% JPM GBI EM GD, 25% JPM EMBI GD EUR, 25% JPM CEMBI BD EUR
- ☐ ESG benchmark, specify

Objectives

- ☐ Other, specify
- ☐ Voting, specify
- ☐ Engagement, specify
- ☒ Integration, specify
We expect the manager, through their ESG-approach, to reduce risk and enhance returns, not in a best in class approach, but by making informed choices.
- ☒ Investment restrictions, specify
The Nykredit restriction list applies. Nykredit also has the opportunity to engage with companies in the portfolio as well as exclude them.
- ☐ Strategy, specify

Incentives and controls

- ☐ Fee based incentive
- ☒ Termination
- ☐ No fee/ breach of contract

Reporting requirements

- ☐ Ad-hoc/when requested
- ☐ Annually
- ☒ Bi-annually
- ☐ Quarterly
- ☐ Monthly
- ☒ Private equity

Benchmark

- ☒ Standard benchmark, specify
Nordic Market Equivalent
- ☐ ESG benchmark, specify

Objectives

- ☐ Voting, specify
- ☐ Engagement, specify
- ☒ Integration, specify
We expect the manager, through their ESG-approach, to reduce risk and enhance returns, not in a best in class approach, but by making informed choices. We test this through media screens, looking at samples, and dialogue with manager.
- ☒ Investment restrictions, specify
The Nykredit policy and exclusion list applies.
- ☐ Strategy, specify

Incentives and controls

- ☐ Fee based incentive
- ☒ Termination
- ☐ No fee/ breach of contract

Reporting requirements

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

Benchmark

- ☒ Standard benchmark, specify
Market equivalent

- ☐ ESG benchmark, specify

Objectives

- ☐ Other, specify
- ☐ Voting, specify
- ☐ Engagement, specify
- ☒ Integration, specify

We expect the manager, through their ESG-approach, to reduce risk and enhance returns, not in a best in class approach, but by making informed choices. We test this through media screens, looking at samples, and dialogue with manager.

- ☐ Investment restrictions, specify
- ☐ Strategy, specify

Incentives and controls

- ☐ Fee based incentive
- ☒ Termination
- ☐ No fee/ breach of contract

Reporting requirements

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

SAM 07.3

Explain how your organisation evaluates the reporting capacity of the manager to meet your reporting requirements during the selection process

	LE	FI - SSA		FI - Corporate (non-financial)		Private equity		Infrastructure
Agree upon ESG reporting requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Review ESG reporting processes and capacity in place	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Agree processes for raising ad-hoc ESG issues	<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"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>

SAM 07.4

Explain which of these actions your organisation might take if any of the requirements are not met

- ☒ Discuss requirements not met and set project plan to rectify
- ☒ Review performance in more detail
- ☒ Place investment manager on a “watch list”
- ☒ Investigate reason for non-compliance
- ☒ Require action plan from the manager
- ☐ Negotiate fees
- ☒ Failing all actions, terminate contract with the manager
- ☐ Other, specify
- ☐ No actions are taken if any of the requirements are not met

Monitoring

SAM 08

Mandatory

Public

Core Assessed

PRI 1

SAM 08.1

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

	LE	FI - SSA	FI - Corporate (non-financial)	Private equity	Infrastructure
ESG objectives linked to investment strategy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
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"/>
ESG incorporation objectives (with examples)	<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"/>
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"/>
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"/>
Metrics on the real economy influence of the investments	<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"/>
PRI Assessment Reports	<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"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SAM 08.2

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

	LE	FI - SSA	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"/>
ESG weight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Real world economy targets	<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"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

All assets are screened on ESG. With LE and SSA we have consistent databases that cover almost all constituents. The results are discussed with our managers. With private equity, we use an over all screening combined with samples provided by random selection and high risk sectors. If possible, the data is compared to data in our other databases. If not, we have discussions with the manager.

SAM 09	Mandatory	Public	Additional Assessed	PRI 1
---------------	------------------	---------------	----------------------------	--------------

SAM 09.1

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

	FI - SSA	FI - Corporate (non-financial)
Report on engagements undertaken (outcomes and examples)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Account on engagement ESG impacts	<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

The engagements differ from country to country. The efforts, knowledge and results are part of the overall ESG-evaluation of the SSA. Regarding corporates, these efforts feed into our own engagement considerations and efforts.

Outputs and outcomes

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

SAM 11.1 Indicate approximately what percentage (+/- 5%) of your externally managed assets are managed by PRI signatories.

%

70

SAM 11.2 Describe how you ensure that best RI practice is applied to managing your assets

☒ Encourage improved RI practices with existing investment managers

Measures

Measure ESG on the individual portfolio, compare it with performance and discuss risk. Highlight any issues that might lead to lower performance or that lead to engagement/exclusions. This is the basis for a more strategic discussion on new initiatives that could improve the RI practise.

☒ Move assets over to investment managers with better RI practices

Measures

Externally rated products are ESG-rated and the ambition is to have an ESG-rating at least above average.

☐ Other, specify

☐ None of the above

SAM 11.3 Additional information. [Optional]

The Nykredit policy and the obligations apply to all external managers.

SAM 12	Mandatory	Public	Additional Assessed	PRI 1,6
--------	-----------	--------	---------------------	---------

SAM 12.1 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	How to ensure ESG integration in an externally managed EM 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"/> Private equity <input type="checkbox"/> Infrastructure
Scope and process	The manager had been selected as the best EM-manager in ESG-strategy and historic performance. However, the ESG-ratings in the portfolio were low and there were several prominent ESG-questions. A meeting with the manager reassured us that resources and procedures very as expected in place. The differences were not so much in view but in handling. The dialogue an evaluation continues.
Outcomes	The ESG-ratings are improving slightly as is the performance, but it is still work in progress. Also, a more generic issue cam out of this how to measure more strategic ESG-allocations when measuring companies sector to sector.

☒ Add Example 2

Topic or issue	Western Sahara occupation and sourcing of natural resources
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"/> Private equity <input type="checkbox"/> Infrastructure
Scope and process	Sourcing of natural resources from occupied territories has been an ongoing focus. Earlier in the year one corporate had been excluded from continuously trading in phosphate rock from Western Sahara. Despite the managers policies it invested in debt from a state owned company mining phosphate rock. Nykredit and the manager had a dialogue on the issue and whether an engagement with a state owned corporate made sense in this context.
Outcomes	Nykredit concluded later that engagement would not make sense, as the corporate would be aligned with the Moroccan policy. However this leads to a discussion on Morocco as a partner to the EU, but also as an occupier of Western Sahara.

☒ Add Example 3

Topic or issue	Systematic integration of ESG into infrastructure vs. ad hoc due diligence
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"/> Private equity <input checked="" type="checkbox"/> Infrastructure
Scope and process	Engage with the best infrastructure manager in our portfolio to support their efforts and then use them as a benchmark for existing and new managers.
Outcomes	Looking at new standards i.e. Gresb to benchmark. Next step is to risk assess and benchmark the individual portfolios, which will be the basis of dialogue.

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

Communication

SAM 13	Mandatory	Public	Core Assessed	PRI 6
---------------	------------------	---------------	----------------------	--------------

SAM 13.1	Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.
-----------------	-----------------------------------------------------------------------------------------------------------------------------------------------

- ☒ Yes, we disclose information publicly

provide URL

<http://doc.morningstar.com/document/8eb872ec679c0c5107c30d50d76d15dd.msdoc/?clientid=nykredit&key=jsrh783sjdhk>

provide URL

<http://doc.morningstar.com/document/b78d51038211ff7bd67bac9aa1427dd4.msdoc/?clientid=nykredit&key=jsrh783sjdhk>

SAM 13.2

Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.

☒ Yes

SAM 13.3

Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.

☒ How responsible investment considerations are included in manager selection, appointment and monitoring processes

☒ Details of the responsible investment activities carried out by managers on your behalf

☐ E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership

☐ Other, specify

☐ No

☐ Yes, we disclose information to clients/beneficiaries only

☐ We do not proactively disclose information to the public and/or clients/beneficiaries

SAM 13.4

Additional information. [Optional]

We disclose more detailed analyses on ESG-performance of the individual products to customers on their request.

Nykredit Realkredit Group

Reported Information

Public version

Direct - Listed Equity Incorporation

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

LEI 01	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
--------	-------------------------------------------	--------	---------	---------

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

Percentage of internally managed listed equities

	Passive	15
	Active - quantitative (quant)	15
	Active - fundamental and active - other	70
	Total	100%

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Public	Gateway	PRI 1
--------	-----------	--------	---------	-------

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

LEI 03.1 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)

Percentage of active listed equity to which the strategy is applied	<div> <div></div> <div>%</div> </div> 0
---------------------------------------------------------------------	--------------------------------------------

- ☐ 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> 98
---------------------------------------------------------------------	---------------------------------------------

- ☐ 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> 2
---------------------------------------------------------------------	--------------------------------------------

- ☐ We do not apply incorporation strategies

	Total actively managed listed equities
100%	

LEI 03.2

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. The ESG integration into quant strategies is limited to risk evaluation.

LEI 03.3

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

The 2% is a clean technology fund combined with a negative SRI-screening excluding specific sectors i.e. companies involved in production of weapons.

LEI 04	Voluntary	Public	Additional Assessed	PRI 1
--------	-----------	--------	---------------------	-------

LEI 04.1

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 04.2	Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.
-----------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------

The main source of ESG information is provided by MSCI ESG Research. When relevant we build on this with additional publicly available information provided by the companies themselves or organisations i.e. CDP, UN OECD. More and more frequently we get useful ESG-analysis from sell-side brokers.

LEI 04.3	Indicate if you incentivise brokers to provide ESG research.
-----------------	--------------------------------------------------------------

- ☐ Yes
- ☒ No

LEI 05	Voluntary	Public	Additional Assessed	PRI 1
---------------	------------------	---------------	----------------------------	--------------

LEI 05.1	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 05.2	Additional information. [Optional]
-----------------	------------------------------------

Background and evaluation on all engagements are available to portfolio managers and the cases are discussed on an ongoing basis. When relevant, the engagement with the company is done with the portfolio manager.

(A) Implementation: Screening

LEI 06	Mandatory	Public	Descriptive	PRI 1
---------------	------------------	---------------	--------------------	--------------

LEI 06.1	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 normsbased screening.

- ☒ 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 thematic fund with 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.

LEI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
-----------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------

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.

LEI 07	Mandatory	Public	Core Assessed	PRI 1
---------------	------------------	---------------	----------------------	--------------

LEI 07.1	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
- ☒ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ 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
- ☐ Other, specify
- ☐ None of the above

LEI 08	Voluntary	Public	Additional Assessed	PRI 1
---------------	------------------	---------------	----------------------------	--------------

LEI 08.1	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
- ☐ Other, specify
- ☐ None of the above

LEI 08.2	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.

(B) Implementation: Thematic

LEI 09	Mandatory	Public	Descriptive	PRI 1
--------	-----------	--------	-------------	-------

LEI 09.1 Indicate the type of sustainability thematic funds or mandates your organisation manages.

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

LEI 09.2 Describe your organisation's processes for sustainability themed funds. [Optional]

The fund focus on clean tech companies provides solutions to global issues i.e. clean water, carbon reduction, clean energy, resources and waste recovery.

(C) Implementation: Integration of ESG issues

LEI 10	Mandatory	Public	Core Assessed	PRI 1
--------	-----------	--------	---------------	-------

LEI 10.1 Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<div>Environmental</div> <p> <input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues </p>
Social	<div>Social</div> <p> <input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues </p>
Corporate Governance	<div>Corporate Governance</div> <p> <input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues </p>

LEI 10.2 Additional information. [Optional]

The ESG-data is, as previously mentioned, systematically integrated into our internally managed equity funds. In the quant fund, ESG is only used as a risk measurement and evaluation tool.

LEI 11	Voluntary	Public	Additional Assessed	PRI 1
--------	-----------	--------	---------------------	-------

LEI 11.1

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
- ☒ Company information and/or ratings on ESG are updated regularly
- ☒ A periodic review of the quality of the research undertaken or provided 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
- ☐ Other, specify
- ☐ None of the above

LEI 11.2

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 11.3

Additional information.[Optional]

The ESG information and records are applicable to the previously mentioned equity funds and part of the risk assessment in our actively managed funds.

LEI 12	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 12.1

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

- ☒ Economic analysis
 - ☒ Systematically
 - ☐ Occasionally
- ☒ Industry analysis
 - ☒ Systematically
 - ☐ Occasionally
- ☒ Quality of management
 - ☒ Systematically
 - ☐ Occasionally
- ☒ Analysis of company strategy
 - ☒ Systematically
 - ☐ Occasionally
- ☒ Portfolio construction
 - ☒ Systematically
 - ☐ Occasionally

LEI 12.2a

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 tools (discount rates, terminal value)
- ☐ Other adjustments to fair value projections, specify

LEI 12.3

Describe how you integrate ESG information into portfolio construction

ESG is used to identify the structural risk in the benchmark.

LEI 12.4a

Describe the methods you have used to adjust the income forecast / valuation tool

In some portfolios the exposure to different sectors is directly adjusted based on ESG-analysis. For other portfolios with more narrow benchmarks, the company's exposure to the structural risk in their sector is valued by quantification of their exposure relative to peers. This is also used in the dialogue with the company.

- ☒ Fair value/fundamental analysis
 - ☒ Systematically
 - ☐ Occasionally

LEI 12.2b

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 tools (discount rates, terminal value)
- ☐ Other adjustments to fair value projections, specify

LEI 12.4b

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.

☐ Other, specify

LEI 12.5

Additional information.

This specifically applies to the focussed equity funds and the thematic fund.

ESG incorporation in passively managed listed equities

LEI 13

Mandatory to Report Voluntary to Disclose

Public**Descriptive****PRI 1****LEI 13.1**

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

☒ Yes

LEI 13.2

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 13.3

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 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

☐ No

Outputs and outcomes

LEI 14	Voluntary	Public	Descriptive	PRI 1
--------	-----------	--------	-------------	-------

LEI 14.1	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 four negatively screened SRI-funds exclude producers and distributors of alcohol, tobacco, weapons, pornography and gambling as well as companies that breach international norms.

Specify the percentage reduction (+/- 5%)

%

12

☐ Thematic

☒ Integration of ESG issues

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
- ☐ 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.

LEI 15

Voluntary

Public

Additional Assessed

PRI 1

LEI 15.1

Indicate whether your organisation measures how your approach to ESG issues in listed equity investments has affected financial and/or ESG performance.

- ☐ We measure whether our approach to ESG issues impacts funds' reputation
- ☒ We measure whether our approach to ESG issues impacts funds' financial performance: return

b) Funds' financial performance: return

Describe the impact on:	Describe the impact	Which strategies were analysed?
Funds' financial performance: return	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact	<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Thematic <input checked="" type="checkbox"/> Index construction (passive funds)

- ☒ We measure whether our approach to ESG issues impacts funds' financial performance: risk

c) Funds' financial performance: risk

Describe the impact on:	Describe the impact	Which strategies were analysed?
Funds' financial performance: risk	<input type="radio"/> Positive <input type="radio"/> Negative <input checked="" type="radio"/> No impact	<input checked="" type="checkbox"/> Screening <input type="checkbox"/> Integration <input type="checkbox"/> Thematic <input type="checkbox"/> Index construction (passive funds)

- ☒ We measure whether our approach to ESG issues impacts funds' ESG performance

Describe the impact on:	Describe the impact	Which strategies were analysed?
Funds' ESG performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact	<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Thematic <input type="checkbox"/> Index construction (passive funds)

☐ None of the above

LEI 16	Voluntary	Public	Descriptive	PRI 1
--------	-----------	--------	-------------	-------

LEI 16.1	Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.
----------	-----------------------------------------------------------------------------------------------------------------

☒ ESG issue 1

	ESG issue and explanation
<p>Green transition - how will fossil fuel exclusions effect risk and performance on a portfolio level? Before the construction of an equity, IG and HY portfolio we looked at projections and stress-tested these. They did not capture the disruptive element of technology, nor the fact that even in bullish years, like 2016, it is possible to create good returns without fossil fuels. It is also clear that while everybody talked about oversupply, only at the end of 2016 was any focus placed to the really relevant - demand.</p>	
	ESG incorporation strategy applied
<p> <input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies <input type="checkbox"/> Index incorporating ESG issues </p>	
	Impact on investment decision or performance
<p>The portfolios have been created and the strategic view of fossil fuels is now more multifaceted. The portfolios are performing very well.</p>	

☒ ESG issue 2

	ESG issue and explanation
<p>Recycling of ships in the shipping industry. Even though responsible recycling strategies have been implemented in many shipping companies, the vast majority of ships are being recycled in an unsustainable way. How do we assess actions more precisely and the risks attached to those actions?</p>	
	ESG incorporation strategy applied
<p><input type="checkbox"/> Screening</p> <p><input type="checkbox"/> Thematic</p> <p><input type="checkbox"/> Integration</p> <p><input checked="" type="checkbox"/> Combination of ESG incorporation strategies</p> <p><input type="checkbox"/> Index incorporating ESG issues</p>	
	Impact on investment decision or performance
<p>Awareness of the risk attached to recycling in the shipping industry is the first step. The next step is evaluating the consequences of upcoming regulation from IMO and UN and the possibilities of companies deciding to walk their talk. This will lead to more systematic engagement going forward. It is still too early to conclude on performance, but there is no doubt that the risks attached to this issue are profound.</p>	

☒ ESG issue 3

	ESG issue and explanation
<p>Downgrade of US-retailer due to systematic mismanagement of working conditions. Beforehand low rating on clean tech, water stress, carbon etc.</p>	
	ESG incorporation strategy applied
<p><input type="checkbox"/> Screening</p> <p><input type="checkbox"/> Thematic</p> <p><input type="checkbox"/> Integration</p> <p><input type="checkbox"/> Combination of ESG incorporation strategies</p> <p><input checked="" type="checkbox"/> Index incorporating ESG issues</p>	
	Impact on investment decision or performance
<p>Because of the downgrade the company was excluded from the passive fund. The company severely underperformed the index and thus the exclusion led to improved performance.</p>	

☐ ESG issue 4

☐ ESG issue 5

Communication

LEI 17	Mandatory	Public	Core Assessed	PRI 2,6
--------	-----------	--------	---------------	---------

LEI 17.1 Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- ☒ We disclose it publicly

Provide URL

https://www.nykredit.com/aboutnykredit/ressourcer/dokumenter/pdf/stock_exchange_2017/realkredit/nykredit-engaging-with-society-csr-publication-2016.pdf

Provide URL

http://www.nykreditinvest.dk/nykreditinvestdk/ressourcer/pdf/aarsrapporter/aarsrapport_Inv_Nykredit_invest_in_kl_beholdningslister.pdf

LEI 17.2 Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ☐ Yes
☒ No

LEI 17.3 Indicate the information your organisation proactively discloses to the public regarding your approach to ESG incorporation.

- ☒ Broad approach to ESG incorporation
☐ Detailed explanation of ESG incorporation strategy used

LEI 17.4 Indicate how frequently you typically report this information to the public.

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

LEI 17.5 Indicate the information your organisation proactively discloses to clients/ beneficiaries regarding your approach to ESG incorporation.

- ☐ Broad approach to ESG incorporation
☒ Detailed explanation of ESG incorporation strategy used

LEI 17.6

Indicate how frequently you typically report this information to clients/beneficiaries.

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☒ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc/when requested
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

LEI 17.7

Additional information. [Optional]

We receive more and more ad hoc request, as well as proactively discuss with our clients how to expand our ESG-reporting to meet the evolving needs of our clients.

Nykredit Realkredit Group

Reported Information

Public version

Direct - Listed Equity Active Ownership

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.

Engagement

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 a formal engagement policy.

☒ Yes

LEA 01.2

Indicate what your engagement policy covers:

- ☒ Conflicts of interest
- ☒ Prioritisation of engagements
- ☒ Transparency
- ☒ Environmental factors
- ☒ Social factors
- ☒ Governance factors
- ☒ Engagements following on from decisions
- ☐ Other, describe
- ☐ None of the above

LEA 01.3

Attach or provide a URL to your engagement policy. [Optional]

URL

<https://www.nykredit.com/aboutnykredit/info/sustainability/nykredits-sustainable-investments-policy.xml>

LEA 01.4

Provide a brief overview of your organization's approach to engagement

If the screening reveals information on breaches of international norms, we conduct further research together with our engagement provider. This leads to a recommendation to our Sustainable Investment Committee including a specified goal for the engagement. The committee decides if an engagement should be initiated and evaluates this annually. Our engagement providers are involved, but so are our own ESG-specialists and investment teams in the day to day contact with the company. We may cooperate with other investors, or we may choose to cast our vote at the company's general meeting. Should the dialogue prove unsuccessful or if the company's core operations are in violation of international law, we will exclude the company.

If the Sustainable Investment Committee decides to exclude a company, an evaluation will be undertaken within two years of the decision in order to determine whether the exclusion of the company is still warranted.

○ No

LEA 01.5	Additional information [optional]
-----------------	-----------------------------------

Naturally, Nykredit is also an active owner as part the management of assets in a broader context. Nykredit will vote on its equity positions as part of its active ownership. With attention paid to efficiency Nykredit will prioritize voting on the largest positions and in any circumstance of principle importance. Nykredit aims to vote on more than half of its equity positions. The approach to engagement is naturally interlinked with our approach to active ownership/stewardship in general which is describe in detail in a seperate policy.

LEA 02	Mandatory	Public	Gateway	PRI 1,2,3
---------------	------------------	---------------	----------------	------------------

LEA 02.1	Indicate the method of engagement, giving reasons for the interaction.
-----------------	------------------------------------------------------------------------

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 type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input 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 type="checkbox"/> Other, specify <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 type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers

Process

Process for engagements run internally

LEA 03	Mandatory	Public	Core Assessed	PRI 2
---------------	------------------	---------------	----------------------	--------------

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 engagement activities carried out by internal staff.

☒ Yes

LEA 03.2

Describe the criteria used to identify and prioritise engagement activities carried out by internal staff.

- ☐ Geography/market of the companies targeted
- ☒ Materiality of ESG factors
- ☐ Systemic risks to global portfolios
- ☐ Exposure (holdings)
- ☒ In reaction to ESG impacts which has already taken place
- ☐ As a response to divestment pressure
- ☒ As a follow-up from a voting decision
- ☐ Client request
- ☐ Other, describe

☐ No

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 if you define specific objectives for your engagement activities.

- ☒ Yes
 - ☒ Yes, for all engagement activities
 - ☐ Yes, for the majority of engagement activities
 - ☐ Yes, for a minority of engagement activities
- ☐ We do not define specific objectives for engagement activities carried out by internal staff.

LEA 04.2

Indicate if you monitor the actions that companies take following your engagements.

- ☒ Yes
 - ☒ Yes, in all cases
 - ☐ Yes, in the majority of cases
 - ☐ Yes, in the minority of cases
- ☐ We do not monitor the actions that companies take following engagement activities carried out by internal staff.

LEA 04.3

Indicate whether your organisation defines milestones and goals for engagement activities carried out by internal staff.

☒ Yes

LEA 04.4

Indicate if you do any of the following to monitor and evaluate the progress of your engagement activities carried out by internal staff.

- ☒ Define timelines for milestones and goals
- ☒ Tracking, monitoring progress against defined milestones and goals
- ☒ Establish a process for when the goals are not met
- ☐ Revisit and, if necessary revise goals on continuous basis
- ☐ Other, please specify

☐ No

LEA 04.5

Additional information. [Optional]

The milestones are defined together with our service provider as well as the evaluation. Any decision is made by the Nykredit Forum on Sustainable Investments.

Process for engagements conducted via collaborations

LEA 05**Mandatory****Public****Core Assessed****PRI 2**

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

LEA 05.1

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements

☒ Yes

LEA 05.2

Describe the criteria used to identify and prioritise collaborative engagements

- ☐ Potential to learn from other investors
- ☒ Ability to add value to the collaboration
- ☐ Geography / market of the companies targeted
- ☒ Materiality of ESG factors
- ☐ Systemic risks to global portfolios
- ☐ Exposure (holdings)
- ☒ In response to ESG impacts which has already taken place
- ☐ In response to divestment pressure
- ☐ Client requests
- ☐ Other, describe

☐ No

LEA 06**Mandatory****Public****Core Assessed****PRI 2**

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

LEA 06.1

Indicate if you define specific objectives for your engagement activities carried out collaboratively.

- ☒ Yes
 - ☒ Yes, for all engagement activities
 - ☐ Yes, for the majority of engagement activities
 - ☐ Yes, for a minority of engagement activities
- ☐ We do not define specific objectives for engagement activities carried out collaboratively.

LEA 06.2

Indicate if you monitor the actions companies take following your collaborative engagements.

- ☒ Yes
 - ☒ Yes, in all cases
 - ☐ Yes, in the majority of cases
 - ☐ Yes, in the minority of cases
- ☐ We do not monitor the actions that companies take following engagement activities carried out collaboratively

LEA 06.3

Indicate whether your organisation defines milestones and goals related to engagement activities carried out via collaborations.

- ☒ Yes

LEA 06.4

Indicate if you do any of the following to monitor and evaluate the progress of your collaborative engagement activities.

- ☒ Define timelines for milestones and goals
- ☒ Tracking, monitoring progress against defined milestones and goals
- ☒ Establish a process for when the goals are not met
- ☐ Revisit and, if necessary revise the goals on a continuous basis
- ☐ Other, please specify
- ☐ No

LEA 06.5

Additional information. [Optional]

Most collaborative engagements are conducted together with an engagement provider. A few more informal focused more on ESG and less on breaches of norms alone are conducted without a service provider.

Process for engagements conducted with/on your behalf by service providers

LEA 07**Mandatory****Public****Core Assessed****PRI 2,4**

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

LEA 07.1

Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

☒ Yes

LEA 07.2

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 progress towards the engagement objectives
- ☒ Monitor and review outcomes that have been achieved from the engagement
- ☒ Discuss next steps for engagement activity
- ☒ Participate directly in certain engagements with your service provider
- ☐ Ad hoc monitoring and review of engagement processes.
- ☐ Other, specify

☐ No

LEA 07.3

Additional information. [Optional]

Nykredit initiates the engagements; specifies the objectives and concludes. More and more we participate directly in meetings with the companies so the contact is not only through our service provider. In our experience this adds to the success rate of the engagements via supporting the credibility of the engagement partner, but it also adds important insights about the company that can be shared internally to improve our investment process.

LEA 08

Mandatory

Public

Core Assessed

PRI 2,6

LEA 08.1

Indicate whether you monitor and/or discuss the following information provided to you by your service provider

Please select all that apply

- ☒ The subject (or ESG issue(s)) of engagement
- ☒ The objectives of the engagement
- ☒ The rationale for engagement
- ☒ The frequency/intensity of interactions with companies
- ☒ Progress towards achieving engagement goals
- ☒ Outcomes that have been achieved from the engagement
- ☒ Next steps for engagement activity
- ☐ Other, specify
- ☐ None of the above

General processes for all three groups of engagers

LEA 09	Voluntary	Public	Additional Assessed	PRI 1,2
--------	-----------	--------	---------------------	---------

LEA 09.1 Indicate if insights gained from your engagements are shared with your internal or external investment managers.

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 type="radio"/> Yes, systematically <input checked="" 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 09.2 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 committee review.

LEA 10	Mandatory	Public	Gateway	PRI 2
--------	-----------	--------	---------	-------

LEA 10.1 Indicate if you track the number of engagements your organisation participates in.

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 and cannot estimate our engagements
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 and cannot estimate our engagements

LEA 10.2 Additional information. [OPTIONAL]

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

Outputs and outcomes

LEA 11	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 2
---------------	--------------------------------------------------	---------------	----------------------	--------------

LEA 11.1

Indicate the amount of your listed equities portfolio with which your organisation engaged during the reporting year.

	Number of companies engaged (avoid double counting, see explanatory notes)	Proportion (to the nearest 5%)	Specify the basis on which this percentage is calculated
Individual / Internal staff engagements	<div>Number of companies engaged</div> 5	<div>Proportion (to the nearest 5%)</div> 3.5	<div>Specify the basis on which this percentage is calculated</div> <p> <input type="radio"/> of the total number of companies you hold <input checked="" type="radio"/> of the total value of your listed equity holdings </p>
Collaborative engagements	<div>Number of companies engaged</div> 4	<div>Proportion (to the nearest 5%)</div> 2.8	<div>Specify the basis on which this percentage is calculated</div> <p> <input type="radio"/> of the total number of companies you hold <input checked="" type="radio"/> of the total value of your listed equity holdings </p>
Service provider engagements	<div>Number of companies engaged</div> 26	<div>Proportion (to the nearest 5%)</div> 6.3	<div>Specify the basis on which this percentage is calculated</div> <p> <input type="radio"/> of the total number of companies you hold <input checked="" type="radio"/> of the total value of your listed equity holdings </p>

LEA 11.2

Indicate the proportion of engagements that involved multiple, substantive and detailed discussions or interactions with a company during the reporting year relating to ESG issue.

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> > 50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None
Collaborative engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None
Service provider engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

LEA 11.3

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 11.4

Indicate the percentage of your service provider engagements that you were highly involved in during the reporting year.

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

LEA 11.5

Additional information. [Optional]

The ambition is to be deeply involved in all engagements and not only through internal ESG-dedicated staff but also through PM's in their dialogue with the company.

LEA 12	Voluntary	Public	Additional Assessed	PRI 2
---------------	------------------	---------------	----------------------------	--------------

LEA 12.1	Indicate which of the following your engagement involved.
-----------------	-----------------------------------------------------------

- ☒ Letters to outline the engagement and the objectives
 - ☐ In some cases
 - ☒ In majority cases
 - ☐ In all cases
- ☒ Meetings and/or calls with the appropriate team
 - ☐ In some cases
 - ☐ In majority cases
 - ☒ In all cases
- ☒ Visits to operations
 - ☐ In some cases
 - ☒ In majority cases
 - ☐ In all cases
- ☒ Roadshows
 - ☒ In some cases
 - ☐ In majority cases
 - ☐ In all cases
- ☒ ESG research
 - ☐ In some cases
 - ☐ In majority cases
 - ☒ In all cases
- ☐ Other, specify

LEA 12.2	Additional information. [Optional]
-----------------	------------------------------------

Some of the engagements are initial efforts to outline or reinterpret the goal and milestones needed to define the engagement, which must be created before we can send a letter. Other engagements do not have specific breaches of international norms involved, but are focussed on resolving issues before breaches occur.

LEA 13	Voluntary	Public	Additional Assessed	PRI 2
---------------	------------------	---------------	----------------------------	--------------

LEA 13.1	Indicate if your engagements in the reporting year covered E, S and/or G issues, providing an estimation of the breakdown.
-----------------	----------------------------------------------------------------------------------------------------------------------------

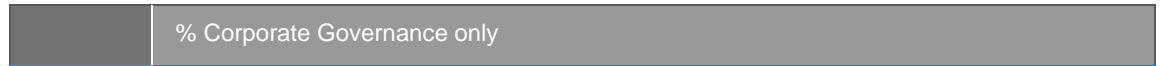
	Individual / Internal staff engagements
--	-----------------------------------------

	% Environmental only
--	----------------------

90

	% Social only
--	---------------

10



0



0



100%



50



50



0



0



100%



25



16



0

	% Overlapping ESG issues
--	--------------------------

59

	Total
--	-------

100%

LEA 14	Voluntary	Public	Descriptive	PRI 2
---------------	------------------	---------------	--------------------	--------------

LEA 14.1	Indicate whether you track the number of cases during the reporting year where a company changed its practices, or made a formal commitment to do so, following your organisation's and/or your service provider's engagement activities.
-----------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

☒ Yes

LEA 14.2	Indicate the number of companies that changed or committed to change in the reporting year following your organisation's and/or your service provider's engagement activities.
-----------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	Number of company changes or commitments to change
Individual / Internal staff engagements	1
Collaborative engagements	1
Service provider engagements	7

☐ No

LEA 15	Voluntary	Public	Descriptive	PRI 2
---------------	------------------	---------------	--------------------	--------------

LEA 15.1	Provide examples of the engagements that your organisation or your service provider carried out during the reporting year.
-----------------	----------------------------------------------------------------------------------------------------------------------------

☒ Add Example 1

Topic or ESG issue	BP - fatal blow out
Conducted by	<input type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	The company should meet its responsibilities and compensate the relevant parties following the Macondo blow out and change its safety procedures.
Scope and Process	Nykredit has met directly with BP regularly and participated actively in the BP-engagement mainly driven by our service provider.
Outcomes	We have been satisfied with the progress made and in the summer of 2016, we concluded that the objectives had been successfully met albeit at a huge cost to the company and its stakeholders, which underlines the necessity for ESG-integration as a risk handling tool.

☒ Add Example 2

Topic or ESG issue	Potash Corporation of Saskatchewan - sourcing from occupied territories
Conducted by	<input type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	The company should stop sourcing phosphate rock mined in the occupied territory of Western Sahara and initiate procedures for a responsible supply chain policy.
Scope and Process	Our service provider has had frequent meetings with the company. In 2015 a new cooperation between the company and a NGO looked hopeful, however the promises were never fulfilled.
Outcomes	During the annual evaluation of the company the Nykredit Committee concluded that the company is unlikely to change its sourcing and meet the objectives any time soon and thus the company was excluded from our investment universe.

☒ Add Example 3

Topic or ESG issue	BHP Billiton - collapse of Samarco dam
Conducted by	<input type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
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>Our external service provider has had a number of meetings with the company and visits to the site. Nykredit has participated in a call with the company.</p>
Outcomes	<p>The company has already agreed on compensation with the Brazilian authorities and is on the way to rebuild or move the affected communities. Plans to monitor the environmental remediation is being implemented and the company has hired external experts to find cause of the collapse and the conclusions from this are being implemented throughout the company. The target has not been met yet, but it is under way.</p>

☒ Add Example 4

Topic or ESG issue	Heidelberg Cement - doing business in occupied territories
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	The company should provide clear evidence that it is adhering to the UNGP recommendations focused on companies with activities in occupied territories.
Scope and Process	The company should resolve issues regarding quarry which is part of earlier acquired company prior to UNGP and show how it can align its business activities with the UNGP.
Outcomes	The company has shown great progress in aligning business activities with the UNGP and assuring that the remedy is not deteriorating the situation for stakeholders. At the same time the company set new standards for handling these issues that could in time make it a benchmark company in this regard.

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

Communication

LEA 16	Mandatory	Public	Core Assessed	PRI 2,6
--------	-----------	--------	---------------	---------

LEA 16.1 Indicate whether your organisation proactively discloses information on its engagements.

- ☉ We disclose it publicly

provide URL

http://www.nykreditinvest.dk/nykreditinvestdk/ressourcer/pdf/aarsrapporter/aarsrapport_Inv_Nykredit_invest_inkl_beholdningslister.pdf

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

http://www.nykreditinvest.dk/nykreditinvestdk/ressourcer/pdf/aarsrapporter/aarsrapport_2016_Multi_Manager_Invest_inkl_beholdningslister.pdf

LEA 16.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
-----------------	-------------------------------------------------------------------------------------------------------------

☒ Yes

LEA 16.3	Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.
-----------------	--------------------------------------------------------------------------------------------------------------------------

	Engagement information disclosed
--	----------------------------------

- ☒ Details of the selections, priorities and specific goals of engagement
- ☒ Number of engagements
- ☐ Breakdown of engagements by type/topic
- ☐ Breakdown of engagements by region
- ☒ An assessment of the current status of the engagement
- ☒ Outcomes that have been achieved from the engagement
- ☐ Other information

LEA 16.4	Indicate how frequently you report engagements information.
-----------------	-------------------------------------------------------------

- ☐ Disclosed continuously (prior to and post engagements)
- ☐ Disclosed quarterly or more frequently
- ☐ Disclosed biannually
- ☒ Disclosed annually
- ☐ Disclosed less frequently than annually
- ☐ Ad hoc/when requested
- ☐ No
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries.

LEA 16.8	Additional information. [Optional]
-----------------	------------------------------------

Nykredit receives many ad hoc enquiries from customers and the public regarding engagement with individual companies. We always answer these enquiries to the greatest extent possible. This could be providing details on the goals and progress to a customer, or this could be participation in a NGO-report on the subject. Frequently Nykredit is cited in media coverage on these issues.

(Proxy) voting and shareholder resolutions

Overview

LEA 17

Mandatory

Public

Gateway

PRI 1,2,3

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

LEA 17.1

Indicate whether your organisation has a formal voting policy.

☒ Yes

LEA 17.2

Indicate what your voting policy covers:

- ☒ Conflicts of interest
- ☒ Prioritisation of voting activities
- ☒ Transparency
- ☒ Decision making processes
- ☒ Environmental factors
- ☒ Social factors
- ☒ Governance factors
- ☐ Filing/co-filing resolutions
- ☐ Extraordinary meetings
- ☒ Share blocking
- ☒ Regional voting practices
- ☒ Record keeping
- ☒ Company dialogue pre/post vote
- ☒ Securities lending process
- ☐ Other, describe
- ☐ None of the above

LEA 17.4

Provide a brief overview of your organization's approach to (proxy) voting.

The policy combines the ambition to be an active owner, especially in the actively managed portfolios, with the objectives of the RI-policy. The policy states that Nykredit wants to decide by itself on each AGM and wants the votes to be aligned with the dialogue we have with the company and wants to be transparent.

In November 2016 the Danish Advisory Committee on Corporate Governance published their recommendations on stewardship. Nykredit has a clear ambition to comply with these and has already adjusted our policy accordingly.

LEA 17.5

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 (if applicable).

Nykredit decides the vote on each individual AGM. 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 exceptions are discussed as well.

☐ No

Process

LEA 18**Mandatory****Public****Descriptive****PRI 2****LEA 18.1**

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) that make voting recommendations or provide research that we use to inform our voting decisions.

Based on

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

LEA 20**Voluntary****Public****Descriptive****PRI 2**

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

LEA 20.1

Describe your involvement in any projects to improve the voting trail and/or to obtain vote confirmation .

We are delighted to support our proxy voting provider's extensive efforts to improve voting trail and confirmation - this has already improved.

LEA 21**Voluntary****Public****Additional Assessed****PRI 2**

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

LEA 21.1	Indicate if your organisation has a securities lending programme.
----------	-------------------------------------------------------------------

☒ Yes

LEA 21.2	Indicate how voting is addressed in your securities lending programme.
----------	------------------------------------------------------------------------

- ☐ We recall all securities for voting on all ballot items
- ☐ We systematically recall some securities to vote on their ballot items
- ☒ We recall some securities to vote on their ballot items on an ad hoc basis
- ☐ Our securities lending agent is free to decide when and which securities to recall for voting purposes.
- ☐ We communicate our voting instructions to the borrowing entity.
- ☐ We do not recall our shares for voting purposes.
- ☐ Others

☐ No

LEA 22	Mandatory	Public	Core Assessed	PRI 2
--------	-----------	--------	---------------	-------

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

LEA 22.1	Indicate whether you or the service providers acting on your behalf raise any concerns with companies ahead of voting
----------	-----------------------------------------------------------------------------------------------------------------------

- ☒ Yes, in most cases
- ☐ Sometimes, in the following cases:
- ☐ Neither we nor our service provider raise concerns with companies ahead of voting

LEA 22.2	Indicate whether you and/or the service provider(s) acting on your behalf, communicate the rationale to companies, when , you abstain or vote against management recommendations.
----------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

- ☒ Yes, in most cases
- ☐ Sometimes, in the following cases.
- ☐ 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

Outputs and outcomes

LEA 23	Mandatory	Public	Core Assessed	PRI 2
--------	-----------	--------	---------------	-------

LEA 23.1	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%)
--	--------------------------------

	%
--	---

50

	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

LEA 23.2	Explain your reason(s) for not voting 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)
- ☐ We do not vote on environmental resolutions
- ☐ We do not vote on social resolutions
- ☐ On request by clients
- ☐ Other
- ☐ We do not track or collect this information

LEA 23.3	Additional information. [Optional]
-----------------	------------------------------------

Nykredit had the goal to vote at least at the AGM's of the 300 largest holding issuers in our portfolios, which would mean that we would have voted at more than 50% of the value of the holdings. We managed to participate in more than 400 thus exceeding the goal. We put the participation at 50%. Due to technical issues some were rejected and a few segregated portfolios were voted on by our clients.

LEA 24	Mandatory	Public	Additional Assessed	PRI 2
---------------	------------------	---------------	----------------------------	--------------

LEA 24.1	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 24.2	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> 84.9
Against (opposing) management recommendations	<div> <div></div> <div>%</div> </div> 11.6
Abstentions	<div> <div></div> <div>%</div> </div> 3.5

100%

LEA 24.3 Describe the actions you take after voting against management recommendations.

This depends on the company. Some companies we already have an extensive engagement with. At other companies, we would discuss this with the company when we meet with them. Depending on the severity this could be speeded up. Sometimes the issues are clear breaches of corporate governance best practice and we mention it ad hoc. We have the ambition to communicate more systematically with the companies on these issues before and after the AGM, as this is not always the case today.

☐ No, we do not track this information

LEA 25	Voluntary	Public	Descriptive	PRI 2
--------	-----------	--------	-------------	-------

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

LEA 25.1 Indicate if your organisation directly or via a service provider filed or co-filed any ESG shareholder resolutions during the reporting year.

☐ Yes

☒ No

LEA 26	Voluntary	Public	Descriptive	PRI 2
--------	-----------	--------	-------------	-------

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

LEA 26.1 Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.

☒ Add Example 1

Topic or ESG issue	Environmental risk
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	To have Chevron improve environmental efforts and reassert its strategy in light of the COP21 agreement.
Scope and Process	Nykredit supported shareholder proposals regarding environmental expertise in senior management and reasserting the strategy in light of the COP21-agreement.
Outcomes	The proposals did not gather a majority, however it remains an important showcase for the support that these views can gather. At the same time it gives us valuable information about the company and how it positions itself.

- ☐ 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

Communication

LEA 27	Mandatory	Public	Core Assessed	PRI 2,6
--------	-----------	--------	---------------	---------

LEA 27.1 Indicate if your organisation proactively discloses information on your voting activities.

☒ We disclose it publicly

provide URL

http://www.nykreditinvest.dk/nykreditinvestdk/ressourcer/pdf/aarsrapporter/aarsrapport_Inv_Nykredit_invest_inkl_beholdningslister.pdf

provide URL

http://www.nykreditinvest.dk/nykreditinvestdk/ressourcer/pdf/aarsrapporter/aarsrapport_2016_Multi_Manager_Invest_inkl_beholdningslister.pdf

LEA 27.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☒ Yes

LEA 27.3

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- ☐ All voting decisions
- ☒ Some voting decisions
- ☐ Only abstentions and opposing vote decisions
- ☐ Summary of votes only

Indicate what level of explanation you provide

- ☐ Explain all voting decisions
- ☒ Explain some voting decisions
- ☐ Only explain abstentions and votes against management
- ☐ No explanations provided

LEA 27.4

Indicate how frequently you typically report voting information.

- ☐ Continuously (primarily before meetings)
- ☐ Continuously (soon after votes are cast)
- ☐ Quarterly or more frequently
- ☐ Biannually
- ☒ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc/as requested
- ☐ No
- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

Nykredit Realkredit Group

Reported Information



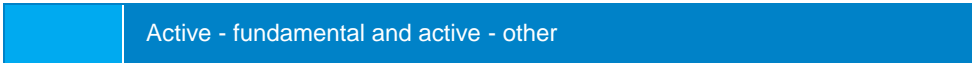



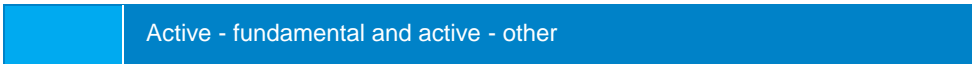





Public version

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.

Overview				
FI 01	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
FI 01.1	Provide a breakdown of your internally managed fixed income securities by active and passive strategies			

SSA	 1
	 0
	 99
	 100%
Corporate (non-financial)	 23
	 0
	 77
	 100%
Securitised	 0
	 0
	 100
	 100%

FI 03	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
-------	-------------------------------------------	--------	-------------	---------

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













SSA	Developed markets	100
	Emerging markets	0
	Total	100%

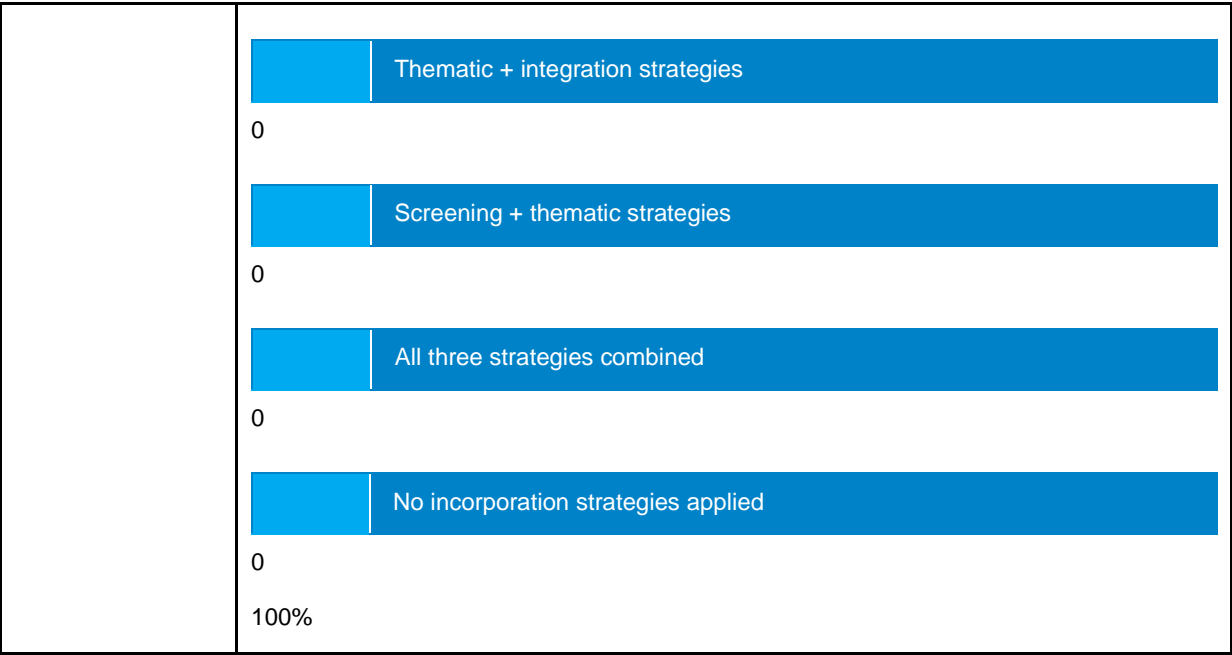
FI 03.2	Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.
---------	-----------------------------------------------------------------------------------------------------------------------------------------

Corporate (non-financial)	High-yield	23
	Investment grade	77
	Total	100%
Securitised	High-yield	0
	Investment grade	100
	Total	100%

ESG incorporation in actively managed fixed income

Implementation processes				
FI 04	Mandatory	Public	Gateway	PRI 1
FI 04.1	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
	100
	 Thematic alone
	0
	 Integration alone
	0
	 Screening + integration strategies
	0
Corporate (non-financial)	 Thematic + integration strategies
	0
	 Screening + thematic strategies
	0
	 All three strategies combined
	0
	 No incorporation strategies applied
	0
	100%
Corporate (non-financial)	 Screening alone
	0
	 Thematic alone
	0
Corporate (non-financial)	 Integration alone
	0
Corporate (non-financial)	 Screening + integration strategies
	100



Securitized		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 04.2

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

SSA is almost only AAA or AA rated Northern European issues. We screen and follow the ESG-characteristics of the issuers. The SSA bonds are used as alternative allocation in mainly securitized bond portfolios or in our treasury as part of regulation. A strict SSA portfolio with many issuers gives room to under og over weight according to different issuers. This is very limited in the internally managed mixed SSA and securitized bond portfolios. However we do track and discuss these issues and it is relevant to state that these also remains best in class in ESG-terms. Therefore the approach is very different for SSA in internal portfolios than in our EMD SSA portfolios, where we make use of ESG very extensively.

For securitized and corporate issuers the integration effort is, for now, limited to risk monitoring and handling.

FI 05	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 1
-------	-------------------------------------------	--------	---------------	-------

FI 05.1

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

Select all that apply

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

FI 05.2

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 05.3

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

SSA issuers are mainly monitored and analyzed in-house with raw data from the countries themselves as well as UN, OECD, EU and NGO's.

The corporate and securitized issuers are mainly covered by our ESG-provider. The few holes in the coverage are mended in-house. More and more we add other sources such as sector analysis from sell-side brokers or NGO's. We also provide our own research i.e. scenario analysis to fossil fuels. We are looking at ways to identify the securities tied to the securitized issuers. We can do this on an aggregate level, but are looking to get to a more detailed level. This is in the early stages though.

FI 06

Mandatory

Public

Additional Assessed

PRI 1

FI 06.1

Indicate how you ensure that your ESG research process is robust:

- ☒ 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 of ESG research are undertaken in a systematic way
- ☒ ESG analysis is benchmarked for quality against other providers
- ☐ Other, specify
- ☐ None of the above

FI 06.2

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 a standard item on all individual issuer summaries, 'tear sheets', 'dashboards' 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

(A) Implementation: Screening**FI 07****Mandatory****Public****Gateway****PRI 1****FI 07.1**

Indicate the type of screening you conduct.

Select all that apply

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

FI 07.2

Describe your approach to screening for internally managed active fixed income

All funds are screened on a quarterly basis against breaches of international norms. If a breach occurs we will engage with the issuer. Besides not being able to vote, we do not engage differently with corporate bond issuers than we do with equity issuers. Our experience is that engagement with bond issuers can be equally successful. ESG-reports are frequently performed on a portfolio level and discussed with PM's.

An IG and a HY portfolio are also negatively screened for fossil fuel producers with a 5% threshold and for controversial business activities such as alcohol, tobacco, weapons, gaming and pornography. Any company in breach with international norms is also excluded.

FI 08**Mandatory****Public****Descriptive****PRI 1****Corporate (non-financial)**

	Corporate (non-fin)
--	---------------------

- ☒ For legal reasons
- ☒ For non-legal reasons

FI 08.2	Describe your approach to ESG-based negative screening of issuers from your investable universe.
----------------	--------------------------------------------------------------------------------------------------

ESG is used as a strategic tool to assess risk across markets.

An IG and a HY portfolio are also negative screened for fossil fuel producers with a 5% threshold and for controversial business activities such as alcohol, tobacco, weapons, gaming and pornography. Any company in breach with international norms is also excluded.

FI 09	Voluntary	Public	Additional Assessed	PRI 1
--------------	------------------	---------------	----------------------------	--------------

FI 09.1	Provide examples of how ESG factors are included in your screening criteria.
----------------	------------------------------------------------------------------------------

- ☒ Example 1

	Type of fixed income
<input checked="" type="checkbox"/> SSA <input type="checkbox"/> Corporate (non-financial) <input type="checkbox"/> Securitised	
	ESG factors
<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input type="checkbox"/> Governance	
	Screening
<input checked="" type="checkbox"/> Negative/ exclusionary <input checked="" type="checkbox"/> Positive/ best-in-class <input checked="" type="checkbox"/> Norms-based	
	Description of how ESG factors are used as the screening criteria
<p>How well functioning is the democracy, how well are basic freedoms defended and have breaches been identified? How is efforts to battle corruption progressing? What are investments in infrastructure og education improving relative to the demand?</p>	

- ☒ Example 2

	Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (non-financial) <input checked="" type="checkbox"/> Securitised	
	ESG factors
<input checked="" type="checkbox"/> Environmental <input type="checkbox"/> Social <input type="checkbox"/> Governance	
	Screening
<input type="checkbox"/> Negative/ exclusionary <input checked="" type="checkbox"/> Positive/ best-in-class <input type="checkbox"/> Norms-based	
	Description of how ESG factors are used as the screening criteria
How are the securities exposed to climate change and do the issuers have policies that could effect this?	

☒ Example 3

	Type of fixed income
<input type="checkbox"/> SSA <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 type="checkbox"/> Positive/ best-in-class <input checked="" type="checkbox"/> Norms-based	
	Description of how ESG factors are used as the screening criteria
<p>An IG and a HY portfolio are also negatively screened for fossil fuel producers with a 5% threshold and for controversial business activities such as alcohol, tobacco, weapons, gaming and pornography. Any company in breach with international norms is also excluded.</p>	

- ☐ Example 4
☐ Example 5

FI 10	Mandatory	Public	Core Assessed	PRI 1
FI 10.1	Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.			

Type of screening	Checks
Negative/exclusionary screening	<input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> Data used for the screening criteria is updated at least every 2 years <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 regularly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above
Positive/best-in-class screening	<input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> Data used for the screening criteria is updated at least every 2 years <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 regularly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above
Norms-based screening	<input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> Data used for the screening criteria is updated at least every 2 years <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 regularly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above

FI 10.2

Additional information. [Optional]

Identifiers are always a big issue in handling fixed income, which is why we do manual pretrade screens and frequent audits, which is why we do manual pretrade screens and frequent audits on top of the automated systems.

(C) Implementation: Integration

FI 14	Mandatory	Public	Descriptive	PRI 1
-------	-----------	--------	-------------	-------

FI 14.1

Describe your approach to integrating ESG into traditional financial analysis.

Our approach is still limited to risk monitoring and handling. When issues occur this leads to a recalculation of the individual issuer adding in this relevant information.

Corporate (non-financial)

The ESG-data is used to assess the risk of default or at least reassure the momentum of the company.

Securitised

The data touches on very relevant governance data as well as environmental and social data on the security level as result of credit policies. However the granularity and precision of this data is still lacking and needs more development.

FI 15

Mandatory

Public

Core Assessed

PRI 1

FI 15.1

Indicate how ESG information is typically used as part of your investment process.

Select all that apply

			Corporate (non-financial)	Securitised
ESG analysis is integrated into fundamental analysis			<input type="checkbox"/>	<input type="checkbox"/>
ESG analysis is integrated into security weighting decisions			<input checked="" type="checkbox"/>	<input type="checkbox"/>
ESG analysis is integrated into portfolio construction decisions			<input checked="" type="checkbox"/>	<input type="checkbox"/>
ESG analysis is a standard part of internal credit ratings or assessment			<input type="checkbox"/>	<input type="checkbox"/>
ESG analysis for issuers is a standard agenda item at investment committee meetings			<input type="checkbox"/>	<input type="checkbox"/>
ESG analysis is regularly featured in internal research notes or similar			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is a standard feature of ongoing portfolio monitoring			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis features in all internal issuer summaries or similar documents			<input type="checkbox"/>	<input type="checkbox"/>
Other, specify			<input type="checkbox"/>	<input type="checkbox"/>

FI 16

Mandatory

Public

Additional Assessed

PRI 1

FI 16.1

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

	Environment	Social	Governance
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

Corporate (non-financial)

Our ESG-data provider reviews the data at least annually. We update the data continuously and as our approach develops the data is updated even more frequently.

Securitised

Our ESG-data provider reviews the data at least annually. The data on the securities level is updated whenever new data from EU or Danish authorities becomes available.

ESG incorporation in passively managed fixed income

FI 17	Voluntary	Public	Descriptive	PRI 1
-------	-----------	--------	-------------	-------

FI 17.1

Describe your RI approach for passively managed fixed income assets.

The issuers are screened as in other portfolios and our exclusion list applies. The issuers are also rated. The specific portfolio is being shutdown.

Fixed income - Engagement

FI 18	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 2
-------	-------------------------------------------	--------	---------------	-------

FI 18.1

Indicate if you engage on your fixed income assets. Please exclude any engagements carried out solely in your capacity as a shareholder.

Category	Proportion of assets
SSA	<input type="radio"/> >50% <input type="radio"/> 26-50% <input type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5% <input checked="" type="radio"/> We do not engage
Corporate (non-financial)	<input type="radio"/> >50% <input type="radio"/> 26-50% <input type="radio"/> 5-25% <input checked="" type="radio"/> More than 0%, less than 5% <div style="background-color: #0070C0; color: white; padding: 5px; margin-top: 10px;"> FI 18.2 Indicate your motivations for conducting engagement. </div> <input type="checkbox"/> To gain insights into ESG (i.e. enhance disclosure) <input checked="" type="checkbox"/> To effect change (i.e. ask an issuer to manage ESG risk and/or opportunity) <input type="checkbox"/> Other, specify <input type="radio"/> We do not engage
Securitised	<input type="radio"/> >50% <input type="radio"/> 26-50% <input type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5% <input checked="" type="radio"/> We do not engage

FI 18.3	Additional information.[OPTIONAL]
----------------	-----------------------------------

We did not engage in the SSA or securitized categories as there were no identified breaches of our policy.

FI 19	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1,2
--------------	--------------------------------------------------	---------------	----------------------------	----------------

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

FI 19.1	Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)
----------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Select all that apply

Type of engagement			Corporate (non-financial)	
Individual/Internal staff engagements			<input checked="" type="checkbox"/>	
Collaborative engagements			<input checked="" type="checkbox"/>	
Service provider engagements			<input checked="" type="checkbox"/>	
We do not engage with issuers as a fixed income investor or as both a fixed income and listed equity investor			<input type="checkbox"/>	

FI 19.2

Indicate how your organisation prioritises engagements with issuers

Select all that apply

			Corporate (non-financial)	
Based on potential materiality of ESG factors			<input type="checkbox"/>	
Based on systemic risks to global portfolios			<input type="checkbox"/>	
Based on our exposure (holdings) to ESG risks			<input type="checkbox"/>	
Other			<input checked="" type="checkbox"/>	
We do not prioritise engagements with issuers			<input type="checkbox"/>	

If 'other' has been selected, please give a description

The engagements are chosen if the company acts in breach of international norms.

FI 19.3

Indicate when your organisation conducts engagements with issuers.

Select all that apply

			Corporate (non-financial)	
Engagements are conducted pre-investment			<input type="checkbox"/>	
Engagements are conducted post-investment			<input checked="" type="checkbox"/>	
Other, describe			<input checked="" type="checkbox"/>	
We do not conduct engagements with issuers			<input type="checkbox"/>	

If 'other' has been selected, please give a description

We also discuss ESG-related issues with issuers that are not in breach of international norms, but this is not done systematically.

FI 19.4

Indicate how your organisation conducts engagements with issuers.

Select all that apply

			Corporate (non-financial)	
We systematically engage prior to ESG-related divestments			<input checked="" type="checkbox"/>	
We engage proactively in anticipation of specific ESG risks and/or opportunities			<input type="checkbox"/>	
We engage in reaction to ESG issues which have already affected the issuer			<input checked="" type="checkbox"/>	
Investment and ESG analysts systematically conduct ESG-related engagements together			<input checked="" type="checkbox"/>	
Other, describe			<input type="checkbox"/>	
We do not conduct engagements with issuers			<input type="checkbox"/>	

FI 19.5

Indicate what your organisation conducts engagements with issuers on.

Select all that apply

			Corporate (non-financial)	
We conduct engagements with individual issuers			<input checked="" type="checkbox"/>	
We conduct engagements across sectors and industries			<input type="checkbox"/>	
We conduct engagements on specific ESG themes (e.g. human rights)			<input checked="" type="checkbox"/>	
Other, describe			<input type="checkbox"/>	
We do not conduct engagements with issuers			<input type="checkbox"/>	

FI 19.6

Indicate how your organisation shares the outcomes of the engagements internally.

Select all that apply

			Corporate (non-financial)	
We have a systematic process to ensure the outcomes of engagements are made available			<input checked="" type="checkbox"/>	
We occasionally make the outcomes of engagements available			<input type="checkbox"/>	
Other, describe			<input type="checkbox"/>	
We do not make this information available			<input type="checkbox"/>	
We do not share the outcomes of the engagements internally			<input type="checkbox"/>	

FI 20

Mandatory to Report Voluntary to Disclose

Public

Additional Assessed

PRI 1,2

FI 20.1

Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.

☐ Yes

☒ No

Outputs and outcomes

FI 21

Mandatory to Report Voluntary to Disclose

Public

Additional Assessed

General

FI 21.1

Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance.

Select all that apply

	SSA	Corporate (non-financial)	Securitised
We measure whether incorporating ESG impacts funds' reputation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We measure whether incorporating ESG impacts financial returns	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We measure whether incorporating ESG impacts risk	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We measure whether incorporating ESG impacts funds' ESG performance	<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"/>

FI 21.2

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

Nykredit does frequent ESG-portfolio analysis and this analysis is compared to the financial outcomes of the portfolio. We have identified some interesting trends, but it is too early to make a conclusion based on this data.

FI 22

Voluntary

Public

Descriptive

PRI 1,2

FI 22.1

Provide examples of how your incorporation of ESG analysis and/or your engagement of issuers has affected your fixed income investment outcomes during the reporting year.

☒ Example 1

	Type of fixed income
<input type="checkbox"/> SSA <input checked="" type="checkbox"/> Corporate (non-financial) <input type="checkbox"/> Securitised	
	ESG issue and explanation
Volkswagen - fraudulent actions	
	RI strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Integration <input checked="" type="checkbox"/> Engagement <input type="checkbox"/> ESG incorporation in passively managed funds	
	Impact on investment decision or performance
The engagement has provided additional information on how the company will compensate affected parties and mend its reputation. Some portfolios have completely excluded the company while others have reduced their exposure.	

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

Communication

FI 23	Mandatory	Public	Core Assessed	PRI 2,6
-------	-----------	--------	---------------	---------

FI 23.1	Indicate if your organisation proactively discloses information on your approach to RI across all of your fixed income investments.
---------	-------------------------------------------------------------------------------------------------------------------------------------

- ☒ We disclose it publicly

	Provide URL
--	-------------

<https://www.nykredit.com/aboutnykredit/info/sustainability/nykredits-sustainable-investments-policy.xml>

Provide URL

<http://doc.morningstar.com/document/219246532da89edd4135531f83dcf5ec.msdoc/?clientid=nykredit&key=jsrh783sjdhk>

FI 23.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☒ Yes

FI 23.3

Indicate the information your organisation proactively discloses to the public regarding your approach to RI incorporation.

- ☒ Broad approach to RI incorporation
- ☐ Detailed explanation of RI incorporation strategy used

FI 23.4

Indicate how frequently you typically report this information.

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☒ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc/when requested
- ☐ No
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

FI 23.7

Additional information. [Optional]

Additional information is disclosed to clients and through public inquiries.