




The image shows two overlapping forms from the PRI LEA (Leadership Engagement Assessment) toolkit. The top form is LEA 02, titled 'Discretionary', and the bottom form is LEA 03, titled 'Mandatory'. Both forms are designed for assessing engagement with investee companies. LEA 02 includes a section for 'Reason for interaction' with checkboxes for 'To support investment decision-making in a company's transition to a sustainable business model', 'To encourage corporate action on climate change', 'To encourage corporate action on human rights', 'To encourage corporate action on labor practices', 'To encourage corporate action on environmental practices', and 'Other, specify'. LEA 03 includes a section for 'Reason for interaction' with checkboxes for 'To support investment decision-making in a company's transition to a sustainable business model', 'To encourage corporate action on climate change', 'To encourage corporate action on human rights', 'To encourage corporate action on labor practices', 'To encourage corporate action on environmental practices', and 'Other, specify'.

RI TRANSPARENCY REPORT

2013/14

Nykredit Realkredit Group



UNEP Finance Initiative
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

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 2013-14 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. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly 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.

PRI disclaimer

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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	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Public							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	✓	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							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Public							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Public							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Description of RI considerations	✓	Public	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	✓	Public							✓
SAM 05	ESG incorporation strategies	✓	Public	✓	✓					
SAM 06	Selection processes (listed assets)	✓	Public	✓					✓	
SAM 07	Appointment considerations (listed assets)	✓	Public				✓			
SAM 08	Monitoring processes (listed assets)	✓	Public	✓						
SAM 09	Percentage of (proxy) votes cast	🔒	n/a		✓					
SAM 10	Selection processes (non-listed assets)	🔒	n/a	✓					✓	
SAM 11	Appointment considerations (non-listed assets)	🔒	n/a				✓			
SAM 12	Monitoring processes (non-listed assets)	🔒	n/a	✓					✓	
SAM 13	Description of RI considerations in 'other' asset classes	🔒	n/a	✓					✓	
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓					✓	
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	-	n/a		✓					
SAM 16	Disclosure of RI considerations	✓	Public						✓	

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	Description of ESG incorporation	✓	Public	✓						
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	Description of ESG integration	✓	Public	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 14	ESG issues in index construction	✓	Public	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

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 engagement activities	🔒	n/a		✓					
LEA 06	Objectives for engagement activities	🔒	n/a		✓					
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	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 24	Shareholder resolutions	✓	Public		✓					
LEA 25	Examples of (proxy) voting activities	✓	Public		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
FI 02	Breakdown of investments by credit quality	✓	Public							✓
FI 03	Description of ESG incorporation	✓	Public	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Public	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	🔒	n/a	✓						
FI 11	Review of ESG issues while researching companies/sectors	🔒	n/a	✓						
FI 12	Processes to ensure integration is based on robust analysis	🔒	n/a	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	✓	Public	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	
FI 19	Engagement with corporate issuers	✓	Public		✓					
FI 20	Engagement with government issuers	✓	Public		✓					

Nykredit Realkredit Group

Reported Information

Public version

Organisational Overview

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Basic Information

OO 01	Mandatory	Gateway/Peering	General
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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

☐ Other, specify

☐ Execution and advisory only services

OO 01.2 Additional information. [Optional]

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

OO 02	Mandatory	Peering	General
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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

4059

OO 03	Mandatory	Descriptive	General
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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****Gateway/Peering****General****OO 04.1**

Indicate the year end date for your reporting year.

31/12/2013

OO 04.2

Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		241	000	000	000
Currency	DKK				
Assets in USD		42	558	507	109

OO 04.3

Indicate the level of detail you would like to provide about your asset class mix.

☒ Approximate percentage breakdown to the nearest 5% (e.g. 45%)☐ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)**OO 06****Mandatory****Descriptive****General****OO 06.1**

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

☒ Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	9.59	4.94
Fixed income – corporate	2.84	0.37
Fixed income – government	4.14	1.39
Fixed income – other	64.87	0
Private debt	0	0
Private equity	0.26	0
Property	0	0

Infrastructure	0	0
Commodities	0	0
Hedge funds	8.66	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	2.96	0
Other (2), specify	0	0

	'Other (1)' specified
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Funds of funds. These funds are own managed funds, managed under the same policy and principles.

- ☐ Publish our asset class mix as broad ranges
- ☐ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 07	Mandatory to Report	Voluntary to Disclose	Peering	General
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OO 07.1	Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.
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	% of externally managed assets
Segregated mandate(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Pooled fund(s)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
<i>Total externally managed assets</i>	<i>100%</i>

OO 07.2	Indicate the proportion of your externally managed assets in fund-of-funds.
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	% of externally managed assets
Fund-of-funds	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 08.1	Indicate the breakdown of your organisation's AUM by market.
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Market breakdown	% of AUM
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 %

OO 09	Voluntary	Descriptive	General
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Nykredit is one of Denmark's leading financial services providers with commercial and mortgage banking as cornerstones. In addition, Nykredit has activities within insurance, leasing, pension and estate agency business.

Largest lender

The Nykredit Group is the largest lender in Denmark and one of the major private bond issuers in Europe.

Nykredit in brief

- Founded in 1851 under the name of Nykredit since 1985
- Main activities are commercial and mortgage banking
- Other activities are insurance, leasing, pension and estate agency business
- 4,100 staff
- Group profit before tax: DKK 3,205m (2012)
- Market share of mortgage banking: 43% (2012)
- Market share of commercial banking: 5.7% (2012)
- Products and services are sold under two brands: Nykredit and Totalkredit
- The estate agency business operates under the two brands Nybolig and Estate.

The Nykredit Business concept: Financial sustainability

A changing society needs sound financial enterprises to foster changes and secure sustainable short and long-term financial solutions.

As a market player, Nykredit's business concept is financial sustainability.

This means that we

- operate on the basis of a sharply defined ethical frame of reference and long-term relationships
- create new and dynamic opportunities for customers and investors
- value balanced risk management and a strong capital structure.

This means that you

- as a customer receive holistic advisory services that provide perspective and improve your options
- as a business partner experience competence, respect and determination to realise mutual benefits
- as an investor are offered a broad range of investment options with focus on security and transparency
- as a staff member have room to unfold your full potential while maintaining a balance between your work and home life
- as a member of society can expect us to contribute to securing a stable and efficient financial market, while maintaining a broad sense of community.

Nykredit's sustainable investment policy

Financial sustainability

Nykredit's sustainable investment policy is based on the same awareness as Nykredit's business concept of "Financial Sustainability": That sustainability may be a catalyst for higher returns and lower risk. This is why Nykredit is committed to both Global Compact and UNPRI; accordingly, our investment policy not only pertains to Nykredit's investment funds, but also to the Group's investment of its own funds.

Two legs

Nykredit's policy rests on two legs. One leg is to push for a solution when a company violates national legislation, generally accepted UN conventions or Global Compact's principles. We see this as taking active ownership. The other leg is our objective to increasingly use knowledge about corporate sustainability performance (environment, social and governance criteria) in the investment process.

Screening of portfolios

Each quarter we screen all internally as well as externally managed equity, corporate and mortgage bond portfolios of Nykredit's investment funds, and Nykredit's and its subsidiaries' investment of own funds, with the assistance of our investment adviser.

Active ownership

When we receive confirmed information on breach of conventions etc, we take active ownership of the relevant company in order to make it change its conduct. 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 are the company's core operations in violation of international law, we will exclude the company (see list of companies).

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 exclusion of the company is still warranted.

Financial instruments such as financial derivative instruments and listed index-linked funds are not subject to this policy, as Nykredit does not hold shares in the companies and therefore cannot take active ownership.

Government bonds

Nykredit's ambitions of sustainable investments also include government bond investments. Our investments are based on compliance with international law. Also, we believe that democracy and human rights may improve returns.

Government bond investments may contribute positively to the development in a country, but this requires that investors are vigilant. Therefore, Nykredit's guidelines are based on three steps:

1. Exclusion of countries that are subject to financial transaction sanctions or sanctions against the leaders of specific countries.
2. Inclusion of democracy and human rights in the investment process.
3. The OECD country risk classification is used for continuous monitoring of investments.

If a portfolio manager or an external manager wants to buy government bonds from a country in the lowest or second-lowest category of the OECD country risk classification, the portfolio manager or external manager must make a sustainability assessment of the investment. Nykredit's Sustainable Investment Committee will then decide, on the basis of the sustainability assessment, whether the investment is in compliance with Nykredit's policy. If not, the country is excluded.

Specialised products

Nykredit offers specialised products to customers that have another approach to responsible investments. As a minimum, all such products comply with Nykredit's sustainable investment policy.

Nykredit's Sustainable Investment Committee

Nykredit's Sustainable Investment Committee operates within the framework of Nykredit's

sustainable investment policy. The Committee meets four times a year to decide on active ownership and exclusions, and to further integrate sustainability in the investment process.

Knowledge sharing and development

Sustainable and responsible investment is not an exact science. Consequently, part of our work in the area of sustainable investment is to understand new trends and share our knowledge, which we do in UNPRI, Dansif and through the direct contact with our customers.

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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OO 10.1

Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- ☒ We incorporate ESG issues into investment decisions on our internally managed assets
- ☒ We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes
- ☒ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☒ We cast our (proxy) votes directly or via service providers
- ☐ None of the above

OO 10.2

Indicate if your combined internally and externally managed listed equities are 10% or more of your total AUM.

- ☒ Yes, our total listed equities are 10% or more of our total AUM
- ☐ No, our total listed equities are less than 10% of our total AUM

OO 11	Mandatory	Gateway	General
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OO 11.1

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- ☒ Fixed income – corporate
- ☒ Fixed income – government
- ☒ Fixed Income – other
- ☐ Private equity
- ☐ Hedge funds
- ☒ Other (1)
- ☐ None of the above

'Other (1)' [as defined in OO 05]

Funds of funds. These funds are own managed funds, managed under the same policy and principles.

OO 11.2

Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

- ☒ Fixed income – corporate
- ☒ Fixed income – government
- ☐ None of the above

OO 12

Mandatory

Gateway

General

OO 12.1

The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

Core modules

- ☒ Organisational Overview
- ☒ Overarching Approach (including assets which do not have a separate module)

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 - Corporate
- ☒ Fixed Income - Government

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

- ☒ Listed Equities
- ☒ Fixed Income - Corporate
- ☒ Fixed Income - Government

Closing module

- ☒ Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

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Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1 Indicate if you have a responsible investment policy.

☒ Yes

☐ No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

☐ Yes

☒ No

Nykredit's sustainable investments policy**Financial sustainability**

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Two legs

Nykredit's policy rests on two legs. One leg is to push for a solution when a company violates national legislation, generally accepted UN conventions or Global Compact's principles. We see this as taking active ownership. The other leg is our objective to increasingly use knowledge about corporate sustainability performance (environment, social and governance criteria) in the investment process.

Screening of portfolios

Each quarter we screen all internally as well as externally managed equity, corporate and mortgage bond portfolios of Nykredit's investment funds, and Nykredit's and its subsidiaries' investment of own funds, with the assistance of our investment adviser.

Active ownership

When we receive confirmed information on breach of conventions etc, we take active ownership of the relevant company in order to make it change its conduct. 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 are the company's core operations in violation of international law, we will exclude the company (see list of companies).

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1. Exclusion of countries that are subject to financial transaction sanctions or sanctions against the leaders of specific countries.
2. Inclusion of democracy and human rights in the investment process.
3. The OECD country risk classification is used for continuous monitoring of investments.

If a portfolio manager or an external manager wants to buy government bonds from a country in the lowest or second-lowest category of the OECD country risk classification, the portfolio manager or external manager must make a sustainability assessment of the investment. Nykredit's Sustainable Investment Committee will then decide, on the basis of the sustainability

assessment, whether the investment is in compliance with Nykredit's policy. If not, the country is excluded.

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Nykredit offers specialised products to customers that have another approach to responsible investments. As a minimum, all such products comply with Nykredit's sustainable investment policy.

Nykredit's Sustainable Investment Committee

Nykredit's Sustainable Investment Committee operates within the framework of Nykredit's sustainable investment policy. The Committee meets four times a year to decide on active ownership and exclusions, and to further integrate sustainability in the investment process.

Knowledge sharing and development

Sustainable and responsible investment is not an exact science. Consequently, part of our work in the area of sustainable investment is to understand new trends and share our knowledge, which we do in UNPRI, Dansif and through the direct contact with our customers.

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1	Indicate if your responsible investment policy is publicly available.
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☒ Yes

OA 02.2	Provide a URL to your responsible investment policy.
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	URL
--	-----

<https://pri.probench.eu/surveys/PRI-Reporting-Framework-2013/fce2e071-ae6f-4c05-91ab-4d80d339026b/50b7dbdd407d4059b47b6d42535903d0/>

☐ No

OA 02.5	Additional information. [Optional]
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The information is available in a Danish and an English version.

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
---------	--

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input checked="" type="checkbox"/> Other, specify ESG integration aspiration <input type="checkbox"/> Other, specify	<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

OA 04	Mandatory	Core Assessed	General
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OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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☒ Yes

OA 04.2	Describe your policy on managing potential conflicts of interest in the investment process. [Optional]
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Nykredit has a publicly available governance policy (www.nykredit.com) as well as relevant procedures regarding investments professionals.

Chinese walls separates investments 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 investments guidelines. Nykredit's general policy regarding potential conflicts of interest applies. To avoid potential conflict of interest, Nykredit has a number of procedures and actions:

- Procedures to contain information for internal use only to reassure that confidential information is only accessible for employees with a legitimate need. All employees of Nykredit are covered by these rules and procedures to handle confidential information to avoid insider trading or manipulation. Thus the rules who can obtain confidential information and why is very clear.
- Physical and organizational limits to IT-systems between departments where conflict of interest potentially could occur.
- Key employees are forbidden to do speculative trading.
- Group compliance checks the day to day compliance with this policy.

☐ No

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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OA 05.1 Indicate if your organisation sets objectives for its responsible investment activities.

☒ Yes

OA 05.2 Indicate how frequently your organisation sets or revises objectives for responsible investment.

- ☒ At least once per year
- ☐ Less than once per year

OA 05.3 Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- ☒ Quarterly
- ☐ Biannually
- ☐ Annually
- ☐ Every two years or less
- ☐ It is not reviewed
- ☐ No

OA 06	Voluntary	Descriptive	General
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OA 06.1 List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.

☒ Add responsible investment objective 1

Objective 1	Implement complete ESG-integration procedure in four equity portfolios.
Key performance indicators	All companies in the four portfolios are monitored, selected and evaluated on ESG.
Describe the progress achieved	Goal achieved in the Nykredit portfolios Globale Fokusaktier, Europæiske Fokusaktier, Nordiske Fokusaktier og Danske Fokusaktier

☒ Add responsible investment objective 2

Objective 2	Facilitate balanced investment solutions to investors with stringent demands for a negative SRI-screening/ethical overlay
Key performance indicators	Implement negative SRI-screening i three additional portfolios, two covered bonds and one thematic
Describe the progress achieved	SRI-exclusion criteria for Globale Aktier SRI used in the Nykredit portfolios European High Yiled, Europæiske Erhvervsobligationer and Klima og miljø

☒ Add responsible investment objective 3

Objective 3	Develop further on guidelines for responsible investment in sovereign debt
Key performance indicators	Develop and implement procedures for exclusion and evaluation of countries
Describe the progress achieved	Procedures implemented.

OA 06.2	List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress.
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- ☒ Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	Advance the use of the PRI-principles
Key performance indicators	Progress in width and depth of implementation

- ☒ Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	Evaluate the existing proxy voting result and procedures
Key performance indicators	Decision on how Nykredit should proxy vote

- ☒ Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	Participate in the public debate of relevance and effect of responsible investments
Key performance indicators	Participate in public conferences and disclose own research

Governance and human resources

OA 07	Voluntary	Descriptive	General
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OA 07.1

Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

Nykredit's Sustainable Investment Committee operates within the framework of Nykredit's sustainable investment policy. The Committee meets four times a year to decide on active ownership and exclusions, and to further integrate sustainability in the investment process. The members of the committee is appointed by the Nykredit Group Executive Board. The committee is chaired by MD of Nykredit Bank and members include a member of the Nykredit Group Executive Board and MD of Group Treasury. Head of Group Compliance is included as an observer to the committee. The day to day implementation of the policy and the committee's decision is placed with the Head of SRI. The Head of SRI is placed at Nykredit Asset Management and refers to CEO at Nykredit Asset Management, also MD at Nykredit Bank. The Head of SRI assists both Nykredit Group Treasury with investments and ownership obligations and Nykredit Asset Management Investment Management with its investment obligations as well as related questions in other Group functions. The integration of ESG into the investment process is placed with the individual portfolio managers but with the assistance of the Head of SRI. Investment controlling controls the implementation of exclusion criteria with assistance of the Head of SRI. Group compliance screens compliance with policy and provides advice on internal governance issues. Nykredit is assisted by ESG-advisors and proxyvoting agency. The policy and the implementation is evaluated by the sustainable investment committee every year.

☐ I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OA 08
Mandatory
Gateway/Core Assessed
General
OA 08.1

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
- ☒ External managers or service providers
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other role, specify
 - Manager Selection staff**
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
 - ☒ Other role, specify
 - Group compliance reports to CEO**
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
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Number

1

OA 08.3	Additional information. [Optional]
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The implementation of RI at Nykredit is integrated in the relevant functions.

OA 09	Voluntary	Additional Assessed	General
OA 09.1	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

Other role

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

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

OA 09.3

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 part of creating good investment results for our customers. Compliance with policy and not least investment results is the foundation of the appraisal process.

Promoting responsible investment

OA 10**Mandatory****Core Assessed****PRI 4,5****OA 10.1**

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

☒ Yes

OA 10.2

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

- ☐ Asian Corporate Governance Association
- ☐ Association for Sustainable & Responsible Investment in Asia
- ☐ Australian Council of Superannuation Investors
- ☒ 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]

Investor signatory. Has been involved in dialogue on the further development on the initiative into different asset classes.

- ☐ CDP Forests
- ☐ CDP Water
- ☐ CFA Institute Centre for Financial Market Integrity
- ☐ Council of Institutional Investors (CII)
- ☐ Eumedion
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ Global Investors Governance Network (GIGN)
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☐ 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)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☒ 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]

Participated in several activities including PRI in Person. Helped arrange the Nordic PRI-meeting. Hosted the Dansif Executive meeting with participation of the PRI-chair. Participated in the discussion on sovereign debt.

- ☒ 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]

Represented on the Dansif-board. Arranged and participated in numerous events. Hosted the Nordic SIF meeting. Involved in the making of the Dansif-report 'International Financial Sanctions and Investments'.

- ☐ 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]

Active reporting member since 2008.

- ☒ Other collaborative organisation/initiative, specify
Investeringsforeningsrådet

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 to the guidance report on responsible investments in sovereign debt from the Danish Governments Advisory Board on CSR.

- ☒ Other collaborative organisation/initiative, specify
Finansrådet

	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]
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Inputs and comments to the guidance report on responsible investments and the Ottawa/Oslo conventions from the Danish Governments Advisory Board on CSR.

- ☒ 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]
--	--

Reporting on level B during the reporting year.

- ☒ Other collaborative organisation/initiative, specify

Women in management

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

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.

☐ No

OA 11	Mandatory	Core Assessed	PRI 4
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OA 11.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

☒ Yes

OA 11.2 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
- ☐ Other, specify

☐ No

OA 11.3	Additional information. [Optional]
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Nykredit discloses our ambition and activities to a wide audience. Our yearly reports has room reserved specifically for responsible investment. The specific products also reports on procedures and results within responsible investments. Information is also disclosed on our webpage and Nykredit has a dedicated blogpost on responsible investments. Magazines sent to our customers had several articles on responsible investments.

OA 12	Voluntary	Additional Assessed	PRI 4,5,6
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OA 12.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.
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- ☒ Yes
- ☐ Yes, individually
- ☒ Yes, in collaboration with others

OA 12.2	Select the methods you have used.
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- ☒ Endorsed written submissions to governments, regulators or standard-setters developed by others
- ☒ Drafted your own written submissions to governments, regulators or standard-setters
- ☒ Participated in face-to-face meetings with government members or officials to discuss policy
- ☐ Other, specify

OA 12.3	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.
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- ☒ Yes, publicly available

provide URL

http://raadettorsamfundsansvar.dk/file/431139/vejledning_statsobligationer.pdf

- ☐ No

- ☐ No

ESG issues in asset allocation

OA 13	Voluntary	Descriptive	PRI 1
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OA 13.1	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.
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☐ Yes

☒ No

OA 14	Voluntary	Descriptive	PRI 1
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OA 14.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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☒ Yes

OA 14.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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	% of total AUM
--	----------------

1

OA 14.3	Please specify which thematic area(s) you invest in and provide a brief description.
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	Area
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☒ Clean technology

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

☒ Listed equity

☐ Fixed income - corporate

☐ Fixed income - government

☐ Fixed income - other

☐ Other (1)

Brief description of investment

Nykredit Klima og Miljø SRI invests in companies that provides clean technology solutions i.e. waterpurification, clean energy og ressource saving solutions.

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

☐ No

Asset class implementation not reported in other modules

OA 15	Voluntary	Descriptive	General
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OA 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
Fixed income - other	All issuers are screened on a quarterly basis against breaches of international right. In case of any breach Nykredit will engage with the issuer as if it had issued listed equity or corporate debt.
Other (1) [as defined in Organisational Overview module]	Assets within this asset class is treated as other assets in regards to the Nykredit policy on sustainable investments.

Innovation

OA 18	Voluntary	Descriptive	General
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OA 18.1

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

Policy on responsible investment in sovereign debt

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

Assurance of responses

OA 19

Voluntary

Additional Assessed

General

OA 19.1

Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.

☒ Yes

OA 19.2

Indicate who has reviewed, validated and/or assured your reported information.

- ☒ Reviewed by Board, CEO, CIO or Investment Committee
- ☒ Validated by internal audit or compliance function
- ☐ Assured by an external independent provider, specify name

OA 19.3

Describe the steps you have taken to review, validate and/or assure the content of your reported information.

Data are validated as part of the Nykredit reporting on CSR and GRI.

☐ 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	Voluntary	Descriptive	PRI 1-6
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SAM 01.1

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

Nykredit's sustainable investment policy is based on the same awareness as Nykredit's business concept of "Financial Sustainability": That sustainability may be a catalyst for higher returns and lower risk. This view is a natural part of our approach to manager selection. The PRI-guidelines for manager selection has inspired us for our procedures in considering responsible investment not only when selecting and appointing managers but also in the monitoring of the managers. All externally managed portfolios are screened on a quarterly basis as part of our policy. If Nykredit decides to engage with a company in one of the externally managed portfolios, we share information and views with our external manager. As a part of the selection process ESG-cases are discussed with portfolio managers and new portfolios are screened for breaches of international right and analyzed on ESG. This naturally plays a vital part of the analysis and appointment.

SAM 02	Mandatory	Core Assessed	PRI 4
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SAM 02.1

Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.

- ☐ Yes
☒ No

SAM 03	Mandatory	Gateway	General
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SAM 03.1

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 - corporate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - government	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Listed equity (LE), fixed income corporate (FIC) and fixed income government (FIG)

Overview

SAM 04	Mandatory to Report	Voluntary to Disclose	Gateway/Peering	General
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SAM 04.1

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

Listed equity (LE)

Type of strategy	As % of externally managed listed equity
Passive	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - quantitative (quant)	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - fundamental and other active	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%

Fixed income - corporate (FIC)

Type of strategy	As % of externally managed corporate fixed income
Passive	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - quantitative (quant)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - fundamental and other active	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%

Fixed income - government (FIG)

Type of strategy	As % of externally managed government fixed income
Passive	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - quantitative (quant)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - fundamental and other active	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%

SAM 05

Mandatory

Gateway

PRI 1,2

**SAM
05.1**

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

Active investment strategies

Active investment strategies	LE	FIC	FIG
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 checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SAM
05.2**

Indicate if - on your externally managed assets - you engage directly, via service providers, or via your external manager.

	LE	FIC
We engage directly or via service providers on our externally managed assets	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We require our external managers to engage on our behalf	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

**SAM
05.3**

Indicate if - on your externally managed listed equities - you cast your (proxy) votes directly, via service providers, or via your external manager.

	LE
We cast our (proxy) votes directly or via service providers on our externally managed assets	<input checked="" type="checkbox"/>
We require our external managers to cast our (proxy) votes on our behalf	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

**SAM
05.4**

Additional information. [Optional]

We encourage our external managers to join UN PRI and implement the principles. We engage mostly through service providers, however we share information and views with our external managers. Our view is that this is very fruitful for a positive outcome to the engagement process.

Selection

SAM 06

Mandatory

Core Assessed

PRI 1-6

**SAM
06.1**

Indicate whether your organisation, and/or your investment consultant, in the manager selection process for listed assets, typically do any of the following:

General

	LE	FIC	FIG
Review the manager's responsible investment policies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss managers' governance and management of responsible investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Meet staff with responsible investment responsibilities to assess their skills and competence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discuss minimum responsible investment expectations that managers must meet	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss the role managers have played in collaborative initiatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's responsible investment reporting to clients and/or the public, including PRI reporting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss the type of ESG reporting you expect	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assign specific weighting to ESG factors in your manager evaluation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other general aspects in your selection process, specify	<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"/>

ESG incorporation

	LE	FIC	FIG
Evaluate the quality and coverage of ESG research used by managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assess how the manager incentivises brokers to provide ESG research	<input type="checkbox"/>	n/a	n/a
Assess managers' ESG incorporation strategies and ability to identify and manage ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss with managers how ESG issues have impacted specific investment decisions and, where relevant, stock or portfolio performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other ESG incorporation issues in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

As part of the selection process we screen the portfolios on breaches of international rights and ESG.

Appointment

SAM 07	Voluntary	Additional Assessed	PRI 4
SAM 07.1	When appointing managers, indicate which of the following responsible investment considerations your organisation typically includes in investment management agreements/contracts for your listed assets:		
	General		

	LE	FIC	FIG
Acting in accordance with your organisation's overall investment beliefs or policy on responsible investment and ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other general RI considerations in investment management agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ESG incorporation

	LE	FIC	FIG
Specific requirements relating to the incorporation of ESG issues into investment decision-making	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other RI considerations relating to ESG incorporation in investment management agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Reporting

	LE	FIC	FIG
Reporting on the agreed responsible investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Reporting on the ESG characteristics of the portfolio	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Reporting on the impact of ESG issues on financial performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other RI considerations relating to reporting in investment management agreements, specify	<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"/>

Monitoring

SAM 08

Mandatory

Core Assessed

PRI 1

**SAM
08.1**

Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:

General

	LE	FIC	FIG
Include responsible investment as a standard agenda item at performance review meetings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Highlight examples of good responsible investment practice by other managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's responsible investment reporting, for example PRI-generated responsible investment reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Encourage your managers to consider joining responsible investment initiatives/organisations or participate in collaborative projects with other investors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other general aspects of your monitoring, specify	<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"/>

ESG incorporation

	LE	FIC	FIG
Request information on ESG incorporation in specific investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other ways you monitor ESG incorporation, specify	<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"/>

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

Nykredit screens the portfolios and shares any problematic findings with the external manager.

Outputs and outcomes

SAM 14	Mandatory to Report	Voluntary to Disclose	Descriptive	PRI 1-6
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SAM 14.1 Indicate approximately what percentage (+/- 10%) of your externally managed assets are managed by PRI signatories.

%

73

Communication

SAM 16	Mandatory	Core Assessed	PRI 6
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SAM 16.1 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/3f414ca26bd065f93d382e9e6501ba47.msdoc/?clientid=nykr&edit&key=jsrh783sjdhk>

SAM 16.2 Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.

☒ Yes

SAM 16.3 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

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	Gateway/Peering	PRI 1
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LEI 01.1	Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.
-----------------	---

Strategies

☒ Passive

	% of internally managed listed equities
--	---

- ☐ <10%
☒ 10-50%
☐ >50%

☒ Active – quantitative (quant)

	% of internally managed listed equities
--	---

- ☒ <10%

Report on your strategies that represent <10% of listed equities

- ☒ Yes
☐ No

- ☐ 10-50%
☐ >50%

☒ Active – fundamental and other active strategies

	% of internally managed listed equities
--	---

- ☐ <10%
☐ 10-50%
☒ >50%

LEI 02	Voluntary	Descriptive	PRI 1
---------------	------------------	--------------------	--------------

LEI 02.1

Provide a brief overview of how you incorporate ESG issues in listed equity investments.

It is our objective to increasingly use knowledge about corporate sustainability performance (environment, social and governance criteria) in the investment process. ESG-considerations are part of our daily work. In 4 portfolios Nykredit has more systematically integrated ESG in the investments proces. All companies and their peers are ESG-rated, and this rating is used in the evaluation and selection of the companies. The lowest rated companies are excluded. On the existing the ESG-rating is used directly as one of the valuation metrics.

ESG incorporation in actively managed listed equities

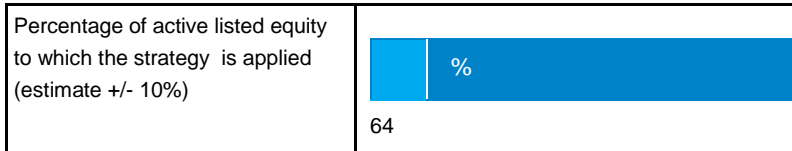
Implementation processes

LEI 03**Mandatory****Gateway/Core Assessed****PRI 1****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.

ESG incorporation strategy (select all that apply)

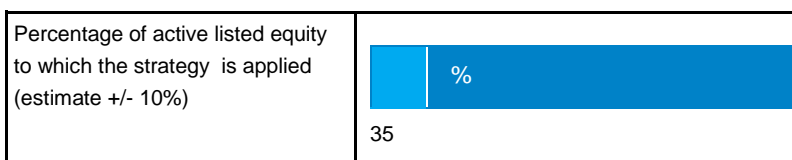
☒ Screening alone (i.e. not combined with any other strategies)



☐ Thematic alone (i.e. not combined with any other strategies)

☐ Integration alone (i.e. not combined with any other strategies)

☒ Screening + Integration strategies



☐ Thematic + integration strategies

☒ Screening + thematic strategies

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)	<table> <tr> <td></td><td>%</td></tr> <tr> <td>1</td><td></td></tr> </table>		%	1	
	%				
1					

- ☐ All three strategies combined
- ☐ No incorporation strategies applied

	Total actively managed listed equities
--	--

100%

LEI 03.2	Describe your primary reasons for choosing a particular ESG incorporation strategy.
-----------------	---

The systematic ESG-strategy builds on top of the responsible investment policy of screening against breaches of international rights and exclusion/engagement.

LEI 03.3	If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]
-----------------	---

The 1% is a clean technology fund combined with a negative SRI-screening excluding specific sectors i.e. companies involved in production of weapons.

LEI 03.4	Additional information. [Optional]
-----------------	------------------------------------

The 35% is the funds using the most advanced ESG strategy at the moment. There is an element of ESG in the other funds.

It is our objective to increasingly use knowledge about corporate sustainability performance (environment, social and governance criteria) in the investment process. ESG-considerations are part of our daily work. In 4 portfolios Nykredit has systematically integrated ESG in the investments process. All companies and their main peers are ESG-rated, and this rating is used in the evaluation and selection of the companies. The lowest rated companies are excluded. On the existing the ESG-rating is used as an input variable in the valuation process.

LEI 04	Voluntary	Additional Assessed	PRI 1
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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
☒ 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 for by the companies themselves or organisation i.e. CDP.

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

- ☐ Yes
☒ No

LEI 05	Voluntary	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 portfoliomanager, and the cases are discussed on an ongoing basis. When relevant the engagement with the company is done with portfoliomanager or vice versa.

(A) Implementation: Screening

LEI 06	Mandatory	Descriptive	PRI 1
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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

50

- ☒ 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. More over two equity funds and two corporate debt funds applies 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 applied to the four funds with systematic ESG-integration.

- ☒ Norms-based screening

Screened by

- ☒ UN Global Compact Principles
- ☒ Universal Declaration of 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 committee on sustainable investments. 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	Core Assessed	PRI 1
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LEI 07.1	Indicate which processes your organisation uses to ensure that 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	Additional Assessed	PRI 1
---------------	------------------	----------------------------	--------------

LEI 08.1	Indicate which processes your organisation uses to ensure that fund criteria are not breached
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- ☒ Checks are performed to ensure that stocks meet the funds' screening criteria. These checks are:
 - ☒ Systematic
 - ☐ Occassional
- ☒ 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.
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No breaches during the reporting year. Pretrade screening against exclusion list is in place.

If a breach is identified compliance and committee will be informed and analysis to uncover the fault will undergo. This will be followed up by measures to ensure this will not happen again.

(B) Implementation: Thematic

LEI 09	Mandatory	Descriptive	PRI 1
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LEI 09.1	Indicate the type of sustainability thematic funds or mandates that your organisation manages.
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- ☒ Environmentally themed funds
- ☐ Socially themed funds
- ☐ Combination of themes

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

The fund focus on clean tech companies that 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	Voluntary	Descriptive	PRI 1
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LEI 10.1	Describe how you integrate ESG factors into investment decision making processes.
----------	---

It is our objective to increasingly use knowledge about corporate sustainability performance (environment, social and governance criteria) in the investment process. ESG-considerations are part of our daily work. In 4 portfolios Nykredit has systematically integrated ESG in the investments process. All companies and their main peers are ESG-rated, and this rating is used in the evaluation and selection of the companies. The lowest rated companies are excluded. On the existing the ESG-rating is used as an input variable in the valuation process.

LEI 11	Mandatory	Core Assessed	PRI 1
--------	-----------	---------------	-------

LEI 11.1

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	<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
Social	<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
Corporate Governance	<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

LEI 11.2

Additional information. [Optional]

The ESG-data is as previously mentioned systematically integrated in the four equity funds.

LEI 12

Voluntary

Descriptive

PRI 1

LEI 12.1

Indicate which processes your organisation uses to ensure that 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
- ☐ Other, specify
- ☐ None of the above

LEI 12.2	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 12.3	Additional information.
-----------------	-------------------------

The ESG information and systematic records are applicable to the previously mentioned four equity funds.

LEI 13	Voluntary	Additional Assessed	PRI 1
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LEI 13.1	Indicate into which aspects of investment analysis you integrate ESG information.
-----------------	---

- ☐ (Macro) economic analysis
- ☒ Industry analysis
 - ☒ Systematically
 - ☐ Occasionally
- ☒ Analysis of company strategy and quality of management
 - ☒ Systematically
 - ☐ Occasionally
- ☐ Idea generation
- ☒ Portfolio construction
 - ☐ Systematically
 - ☒ Occasionally
- ☒ Fair value/fundamental analysis
 - ☒ Systematically
 - ☐ Occasionally

LEI 13.2	Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis.
-----------------	--

- ☐ Adjustments to income forecasts (sales, earnings, cash flows)
- ☒ Adjustments to valuation tools (discount rates, return forecasts, growth rates)
- ☐ Other adjustments to fair value projections, specify
- ☐ Other, specify

LEI 13.3	Additional information.
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This specifically applies to the four equity funds and the thematic fund.

ESG incorporation in passively managed listed equities

LEI 14	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1
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LEI 14.1	Indicate if you manage passive listed equity funds that incorporate ESG issues in the index construction methodology.
----------	---

☐ Yes

☒ No

Outputs and outcomes

LEI 15	Voluntary	Descriptive	PRI 1
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LEI 15.1	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.
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The four negative screened SRI-funds exclude producers and distributors of alcohol, tobacco, weapons, pornography and gambling as well as companies that acts in breach of international right.

	Specify the percentage reduction
--	----------------------------------

	%
--	---

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

LEI 16	Voluntary	Descriptive	PRI 1
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LEI 16.1

Indicate if you believe that incorporating ESG factors has: (a) Impacted funds' financial performance; (b) Reduced funds' risk or volatility; (c) Improved funds' ESG performance.

a) Impacted funds' financial performance

Screening	Thematic	Integration of ESG issues	
<input type="radio"/> Yes	<input type="radio"/> Yes	<input checked="" type="radio"/> Yes	
<input type="radio"/> No	<input type="radio"/> No	<input type="radio"/> No	

b) Reduced funds' risk or volatility

Screening	Thematic	Integration of ESG issues	
<input type="radio"/> Yes	<input type="radio"/> Yes	<input checked="" type="radio"/> Yes	
<input type="radio"/> No	<input type="radio"/> No	<input type="radio"/> No	

c) Improved funds' ESG performance

Screening	Thematic	Integration of ESG issues	
<input type="radio"/> Yes	<input type="radio"/> Yes	<input checked="" type="radio"/> Yes	
<input type="radio"/> No	<input type="radio"/> No	<input type="radio"/> No	

LEI 16.2

Describe how you are able to determine these outcomes and your actual performance.

The funds are benchmarked to traditionally managed funds.

LEI 17	Voluntary	Descriptive	PRI 1
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LEI 17.1	Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.
-----------------	---

☒ ESG issue 1

ESG issue and explanation
Focus on pollution in China.
ESG incorporation strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Integration <input checked="" type="checkbox"/> Combination of ESG incorporation strategies
Impact on investment decision or performance
Improved performance.

☐ ESG issue 2

☐ ESG issue 3

☐ ESG issue 4

☐ ESG issue 5

Communication

LEI 18	Mandatory	Core Assessed	PRI 2,6
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LEI 18.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.
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☒ We disclose it publicly

Provide URL

http://www.nykredit.com/aboutnykredit/ressourcer/dokumenter/pdf/stock_exchange_2014/realkredit/aboutnykredit2013.pdf

LEI 18.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
-----------------	---

☐ Yes

☒ No

LEI 18.3	Indicate the information your organisation proactively discloses to clients/ beneficiaries and/or the public regarding your approach to ESG incorporation.
---------------------	--

Reporting to public	Reporting to clients/beneficiaries
<input checked="" type="radio"/> Broad approach to ESG incorporation <input type="radio"/> Detailed explanation of ESG incorporation strategy used	<input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used

LEI 18.4	Indicate how frequently you typically report this information.
---------------------	--

Reporting to public	Reporting to clients/beneficiaries
<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify	<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify

☐ We disclose it to clients and/or beneficiaries only

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

Nykredit Realkredit Group

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

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Engagement

Overview

LEA 01	Voluntary	Descriptive	PRI 2
LEA 01.1	Provide a brief overview of your organisation's approach to engagement.		

Each quarter we screen all internally as well as externally managed equity, corporate and mortgage bond portfolios of Nykredit's investment funds, and Nykredit's and its subsidiaries' investment of own funds, with the assistance of our investment advisor.

When we receive confirmed information on breach of conventions etc., we engage with the relevant company in order to make it change its conduct. 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 are the company's core operations 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 exclusion of the company is still warranted.

As part of our general contact with the companies we invest in or plan to invest in, we also have an ongoing dialogue with the companies on the ESG-issues facing the company.

LEA 02	Mandatory	Gateway	PRI 1,2,3
LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.		

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved 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

Core Assessed

PRI 2

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 how you identify and prioritise engagements.

The engagements to improve company actions in breach with international right are always decided by the committee on sustainable investments. Internal staff may participate in this engagement when relevant. The ongoing dialogue on ESG-issues are prioritised by weighing risk, size and time since last contact on this issue.

☐ No

LEA 04	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

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
- ☐ No

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

LEA
04.3

Describe how you monitor and evaluate the progress of your engagement activities.

The Nykredit engagement process implies a specified goal before any engagement. This goal will be evaluated at least two years after the start up. The engagement can be prolonged if the committee sees significant progress and has good reason to expect this.

- ☐ No

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

LEA 07	Mandatory	Core Assessed	PRI 2,4
--------	-----------	---------------	---------

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 what role you play in engagements that your service provider conducts on your behalf.

- ☒ Specify the issues for the engagement
- ☒ Specify the objectives for the engagement
- ☒ Select the companies to be engaged with
- ☒ Participate directly in the engagements with your service provider
- ☒ Actively monitor and review the activities of the service provider
- ☐ Other, specify

☐ No

**LEA
07.3**

Additional information. [Optional]

Direct participation is only on selected engagements.

LEA 08

Mandatory

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

Additional Assessed

PRI 1,2

**LEA
09.1**

Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.

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

LEA 09.2	Additional information.
----------	-------------------------

All information on the background for engagements and not least progress are shared with portfolio managers. Portfolio managers has access to information including the documents put forward as part of committee review.

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2
--------	-----------	-----------------------	-------

LEA 10.1	Indicate if you track the number of companies you engage with.
----------	--

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"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, 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"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

LEA 10.2	Additional information. [Optional]
----------	------------------------------------

The committee on sustainable investments receives follows up on the engagements each quarter.

Outputs and outcomes

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

LEA 11.1	Indicate the number of companies with which your organisation engaged during the reporting year.
----------	--

	Number of companies engaged (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	4
Service provider engagements	24

LEA 11.2	Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]
----------	---

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
Service provider engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

LEA 11.4	Indicate for which part of your service provider engagements you were highly involved during the reporting year. [Optional]
----------	---

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 12	Voluntary	Additional Assessed	PRI 2
--------	-----------	---------------------	-------

LEA 12.1	Indicate if your engagements in the reporting year covered E, S and/or G issues.
----------	--

Type of engagement	Coverage
Individual / Internal staff engagements	<input type="checkbox"/> Environmental <input type="checkbox"/> Social <input type="checkbox"/> Corporate Governance <input checked="" type="checkbox"/> We do not track this information
Service provider engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information

LEA 12.2

Provide an estimated breakdown by E, S and/or G issues.

Individual / Internal staff engagements

% Overlapping ESG issues

100

100%

Service provider engagements

% Environmental only

4

% Social only

10

% Corporate Governance only

4

% Overlapping ESG issues

82

100%

LEA 13

Voluntary

Descriptive

PRI 2

LEA 13.1	Indicate whether you have a reliable estimate of the number of cases during the reporting year where a company has changed its practices, or made a commitment to do so, following your organisation's and/or your service provider's engagement activities.
-----------------	--

☐ Yes

☒ No

LEA 13.3	Additional information.
-----------------	-------------------------

Nykredit ended two engagements in 2013, because the company changed practise, which meant it was no longer violating international rights. Five additional engagements saw significant progress. However we cannot conclude that these changes was a definite result of our efforts.

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

LEA 14.1	Provide examples of the engagements that your organisation carried out during the reporting year.
-----------------	---

☒ Add Example 1

Topic or ESG issue	BP and Macondo Spill: Environment and human rights
Conducted by	<input type="checkbox"/> Individual / Internal <input checked="" type="checkbox"/> Service provider
Objectives	The company should acknowledge its responsibility, provide due remedy for affected and implement better safety standards to prevent future accidents.
Scope and Process	Continued contact and dialogue - through our serviceprovider or by ourselves - with the company to follow up on the compensations, lawsuits and the implementation of new safety measures.
Outcomes	In 2013 the company showed progress in paying compensations. A number of safety recommendations was implemented. However not all recommendations have been implemented and lawsuits are still to be determined.

- ☐ 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 15

Mandatory

Core Assessed

PRI 2,6

LEA
15.1

Indicate whether your organisation proactively discloses information on its engagements.

- ☒ We disclose it publicly

please provide URL

http://www.nykredit.com/aboutnykredit/ressourcer/dokumenter/pdf/stock_exchange_2014/realkredit/aboutnykredit2013.pdf

	please provide URL
--	--------------------

<http://doc.morningstar.com/document/bea9b672d9e58d6ec881e0453d5005aa.msdoc?clientid=nykredit&key=jsrh783sjdhk>

LEA 15.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
-----------------	---

☒ Yes

LEA 15.3	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 15.4	Indicate how frequently you typically report engagements information.
-----------------	---

- ☐ Disclosed continuously (prior and post engagements)
- ☐ Disclosed quarterly
- ☒ Disclosed annually
- ☐ Disclosed every two years or less
- ☐ Other, specify

☐ No

☐ We disclose it to clients and/or beneficiaries only

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

(Proxy) voting and shareholder resolutions

Overview

LEA 16	Voluntary	Descriptive	PRI 2
--------	-----------	-------------	-------

LEA 16.1	Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).
-----------------	--

Nykredit is currently using proxy voting as part of our engagements. The goal is to vote for any proposal that will effect the engagement positively. This of course limits the overall number of AGMs and votes cast..

Process

LEA 17	Mandatory	Descriptive	PRI 2
---------------	------------------	--------------------	--------------

LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
-----------------	---

Approach

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

Based primarily 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) which 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) which make voting decisions on our behalf.

LEA 19	Voluntary	Descriptive	PRI 2
---------------	------------------	--------------------	--------------

LEA 19.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.
-----------------	---

- ☐ Obtain confirmation that votes have been lodged:
- ☐ Participate in projects to improve the voting trail and/or to obtain vote confirmation
- ☒ None of the above

LEA 20	Voluntary	Additional Assessed	PRI 2
---------------	------------------	----------------------------	--------------

LEA 20.1	Indicate if your organisation has a securities lending programme.
-----------------	---

- ☒ Yes

**LEA
20.2**

Indicate how voting is addressed in securities lending programme.

Please select one of the following

- ☐ We recall most securities for voting on all ballot items
- ☐ We recall some securities for voting on some ballot items on a systematic basis in line with specified criteria
- ☐ We occasionally recall some securities for voting on some ballot items on an ad-hoc basis
- ☐ We empower our securities lending agent to decide when to recall securities for voting purposes
- ☒ We do not recall our shares for voting purposes
- ☐ Other (please specify)

☐ No

LEA 21

Mandatory

Core Assessed

PRI 2

**LEA
21.1**

Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.

- ☐ Yes, in most cases
- ☐ Sometimes, in the following cases:
- ☒ No
- ☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

Outputs and outcomes

LEA 22

Mandatory

Core Assessed

PRI 2

**LEA
22.1**

For listed equities where you and/or your service provider has 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%)

%

4

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 22.2	If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]
-----------------	--

The policy limits the AGMs to companies which we do engagement with and relevant shareholder proposals. We are currently reviewing this policy.

☐ We do not track or collect this information

LEA 23	Voluntary	Descriptive	PRI 2
---------------	------------------	--------------------	--------------

LEA 23.1	Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.
-----------------	--

- ☐ Yes, we track this information
- ☒ No, we do not track this information

LEA 24	Voluntary	Descriptive	PRI 2
---------------	------------------	--------------------	--------------

LEA 24.1	Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.
-----------------	---

- ☐ Yes
- ☒ No

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

LEA 25.1	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	Chevron AGM
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Shareholder proposal that criticise the companys behavior regarding clean up and compensation for Texacos activities in Equador and obliges the board to strengthen its environmental economical competences.
Scope and Process	The proposal received the support of more than a fifth of the votes cast.
Outcomes	

- ☐ 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 26	Mandatory	Core Assessed	PRI 2,6
--------	-----------	---------------	---------

LEA 26.1	Indicate if your organisation proactively discloses information on your voting activities.
----------	--

- ☒ We disclose it publicly

provide URL

<http://doc.morningstar.com/document/bea9b672d9e58d6ec881e0453d5005aa.msdoc/?clientid=nykredit&key=jsrh783sjdhk>

LEA 26.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
----------	---

- ☒ Yes

LEA 26.3	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
26.4**

Indicate how frequently you typically report voting information.

- ☐ Continuously (primarily before meetings)
 - ☐ Continuously (soon after votes are cast)
 - ☐ Quarterly or more frequently
 - ☒ Between quarterly and annually
 - ☐ Less frequently than annually
 - ☐ Other, specify
- ☐ 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

Gateway/Peering

PRI 1

FI 01.1

Provide a breakdown of your internally managed fixed income investments by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your fixed income investments, indicate if you would still like to report your activities.

Fixed income – corporate

Strategies

- ☐ Passive
- ☐ Active – quantitative (quant)
- ☒ Active - fundamental and other active strategies

Percentage of internally managed fixed income - corporate

- ☐ <10%
- ☐ 10-50%
- ☒ >50%

Fixed income – government

Strategies

- ☐ Passive
- ☐ Active – quantitative (quant)
- ☒ Active - fundamental and other active strategies

Percentage of internally managed fixed income - government

- ☐ <10%
- ☐ 10-50%
- ☒ >50%

FI 02

Mandatory to Report Voluntary to Disclose

Peering

General

FI 02.1

Provide a breakdown of your internally managed fixed income investments by credit quality.

Credit quality	Fixed Income - Corporate	Fixed Income - Government
Investment grade	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
High yield	<input type="radio"/> 0% <input checked="" 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%
Distressed	<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%

FI 02.2

Provide a breakdown of your fixed income investments between primary and secondary market.

Market	Fixed Income - Corporate	Fixed Income - Government
Primary market (new issues)	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%
Secondary market	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%

ESG incorporation in actively managed fixed income

FI 03	Voluntary	Descriptive	PRI 1
FI 03.1	Provide a brief overview of how you incorporate ESG issues in fixed income investments.		
	Fixed Income - Corporate		

The ESG issues are not yet incorporated in a systematic way in this asset class, however handled case by case.

Fixed Income - Government

Own investments in this asset class is limited to AAA rated bonds primarily Danish government bonds. However as part of policy all sovereign debt is screened on ESG-issues and international sanctions.

Fixed Income - Corporate

Implementation processes

FI 04

Mandatory

Gateway/Core Assessed

PRI 1

FI 04.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

☒ Screening alone (i.e. not combined with any other strategies)

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)

%

100

- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☐ Screening + Integration strategies
- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

Total actively managed fixed income - corporate

100%

FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

This is part of our general investment policy. An IG and a HY fund also applies a negative SRI-screen that excludes producers and distributors of alcohol, tobacco, weapons, pornography and gambling as well as any company acting in breach with international rights.

FI 05**Voluntary****Additional Assessed****PRI 1****FI 05.1**

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

Type of ESG information

☒ Raw ESG company data

Describe who provides this information.

Internally by publicly available data provided by company or organisation i.e. CDP.

☒ Issuer-related analysis or ratings

Describe who provides this information.

MSCI ESG Research

☒ Sector-related analysis or ratings

Describe who provides this information.

MSCI ESG Research

☐ Country-related analysis or ratings

☐ Screened bond list

☒ Issue-specific analysis or ratings

	Describe who provides this information.
--	---

MSCI ESG Research

☐ Other, specify

FI 05.2	Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.
----------------	---

The information is not used in a systematic way but case by case.

(A) Implementation: Screening

FI 06	Mandatory	Descriptive	PRI 1
--------------	------------------	--------------------	--------------

FI 06.1	Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.
----------------	---

Type of screening

☒ Negative/exclusionary screening

Screened by

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

	Description
--	-------------

Issuers producing weapons banned by the Oslo and Ottawa conventions are excluded. The IG and HY fund excludes producers and distributors of alcohol, tobacco, weapons, pornography and gambling as well as companies acting in breach with international rights.

☐ Positive/best-in-class screening

☒ Norms-based screening

Screened by

- ☒ UN Global Compact Principles
- ☒ Universal Declaration of Human Rights
- ☒ International Labour Organization Conventions
- ☒ United Nations Convention Against Corruption
- ☒ OECD Guidelines for Multinational Enterprises
- ☐ Other, specify

	Description
--	-------------

Issuers are screened on a quarterly basis. Results form the basis of engagement efforts.

FI 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 committee on responsible investments and reviewed on an annual basis.

FI 07	Mandatory	Core Assessed	PRI 1
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FI 07.1	Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.
----------------	---

- ☒ Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- ☒ Issuers 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 issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ A committee or body with representatives independent of the individuals who conduct ESG 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

FI 08	Voluntary	Additional Assessed	PRI 1
--------------	------------------	----------------------------	--------------

FI 08.1	Indicate which processes your organisation uses to ensure that fund criteria are not breached in corporate fixed income investments.
----------------	--

☒ Checks are performed to ensure that issuers meet the funds' screening criteria. These checks are:

☒ Systematic

☐ Occasional

☒ Automated IT systems prevent investment managers from investing in excluded bonds 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

FI 08.2	If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.
----------------	---

No breaches in the reporting year. Any breach will be reported to group compliance and committee on sustainable investments. Analysis on the background of the breaches will be conducted and measures to hinder any repetition made.

Fixed income - Government

FI 13	Mandatory	Core Assessed	PRI 1
--------------	------------------	----------------------	--------------

FI 13.1	Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.
----------------	---

☒ Yes

FI 13.2	Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.
----------------	---

☐ <10%

☒ 10-50%

☐ 51-90%

☐ >90%

FI 13.3	Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.
----------------	--

ESG issues	Coverage/extent of review on these issues
Environmental	<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
Social	<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
Corporate Governance	<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

FI 13.4

Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

The externally managed EM sovereign debt fund has full systematic integration of ESG-issues. The internally managed funds has primarily Danish sovereign debt and are limited to EU-issuers. However all issuers are screened on an quarterly basis.

☐ No

FI 13.5

Additional information. [Optional]

As the

Outputs and outcomes

FI 15	Voluntary	Descriptive	PRI 1
FI 15.1	Indicate how your ESG incorporation strategies have influenced the composition of your fixed income portfolio(s) or investment universe.		

Fixed Income - Corporate

- ☐ Narrow down or prioritise the investment universe
- ☒ Buy / sell / weight decisions
- ☐ Other, specify

Fixed Income - Government

- ☒ Narrow down or prioritise the investment universe
- ☐ Buy / sell / weight decisions
- ☐ Other, specify

FI 15.2	Additional information.
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The Nykredit committee on sustainable investments decides on the scope of the investments universe by considering ESG-analysis.

FI 16	Voluntary	Descriptive	PRI 1
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FI 16.1	Indicate if you believe (by applicable strategy) that incorporating ESG factors has: (a) Impacted funds' financial performance; (b) Reduced funds' risk or volatility; (c) Improved funds' ESG performance.
----------------	--

Fixed Income - Corporate

	a) Impacted funds' financial performance
--	--

Screening			
<input type="radio"/> Yes			
<input checked="" type="radio"/> No			

	b) Reduced funds' risk or volatility
--	--------------------------------------

Screening			
<input type="radio"/> Yes			
<input checked="" type="radio"/> No			

	c) Improved funds' ESG performance
--	------------------------------------

Screening			
<input checked="" type="radio"/> Yes			
<input type="radio"/> No			

Fixed Income - Government

	a) Impacted funds' financial performance
--	--

ESG incorporation (for actively managed funds)	
<input checked="" type="radio"/> Yes <input type="radio"/> No	

b) Reduced funds' risk or volatility

ESG incorporation (for actively managed funds)	
<input checked="" type="radio"/> Yes <input type="radio"/> No	

c) Improved funds' ESG performance

ESG incorporation (for actively managed funds)	
<input checked="" type="radio"/> Yes <input type="radio"/> No	

FI 16.2	Describe how you are able to determine these outcomes and your actual performance.
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The funds are benchmarked to traditional funds.

FI 17	Voluntary	Descriptive	PRI 1
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FI 17.1	Provide examples of ESG issues that affected your fixed income investment view and/or performance during the reporting year.
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☒ ESG issue 1

	Fixed Income - Corporate and/or Government
<input type="checkbox"/> Corporate <input checked="" type="checkbox"/> Government	
	ESG issue and explanation
The political unrest in Egypt which led to to imprisonment of the elected president and the violence by the police and military and troubling news of human rights violations in prisons made by NGO's made us decline from investing in bonds issued by this contry.	
	ESG incorporation strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Integration <input checked="" type="checkbox"/> Combination of ESG incorporation strategies	
	Impact on investment view or performance
Positive.	

- ☐ ESG issue 2
☐ ESG issue 3
☐ ESG issue 4
☐ ESG issue 5

Communication

FI 18	Mandatory	Core Assessed	PRI 2,6
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FI 18.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.
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- ☒ We disclose it publicly

	Provide URL
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<http://doc.morningstar.com/Document/3f414ca26bd065f93d382e9e6501ba47.msdoc?clientid=nykr&edit&key=jsrh783sjdhk>

FI 18.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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- ☒ Yes

FI 18.3

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

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

FI 18.4

Indicate how frequently you typically report this information.

- ☐ Quarterly or more frequently
- ☒ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

Engagement in fixed income investments

Fixed Income - Corporate

FI 19	Voluntary	Descriptive	PRI 2
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FI 19.1

Indicate if you engage with corporate issuers.

- ☒ Yes

FI 19.2

Describe your organisation's approach to engagement in corporate fixed income.

Same as with equity issuers.

- ☐ No

Fixed Income - Government

FI 20	Voluntary	Descriptive	PRI 2
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FI 20.1

Indicate if you engage with government issuers such as government departments (national or local), agencies and other entities in order to influence their approach to ESG issues that may affect creditworthiness.

- ☐ Yes
- ☒ No