

Nykredit



IT Security Policy

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07.11.2020	RE	2.0	Approved by the above Boards of Directors
21.02.2020	RE	2.0	Updated and approved by Leasing and Mægler
30.08.2020	NAST	2.1	Details on risk management, security requirements and exemptions.
20.08.2021	RE	2.2	Updated in accordance with new legislation. Matters concerning risk management have been moved from the IT Security Policy to the newly established IT Risk Management Policy.
08.09.2022	STHY	2.3	Annual update – minor adjustments

CONTENTS

1.	THE PURPOSE OF THIS POLICY	4
2.	SCOPE.....	4
3.	OVERALL IT SECURITY OBJECTIVE.....	4
4.	GOVERNANCE AND MANAGEMENT MODEL	5
	4.1. ORGANISATION AND RESPONSIBILITIES	5
5.	CLASSIFICATION OF INFORMATION	6
6.	SECURITY REQUIREMENTS	7
	6.1. EXEMPTIONS	9
7.	INCIDENT AND CONTINGENCY MANAGEMENT	9
	7.1. CONTINGENCY OBJECTIVE	9

1. THE PURPOSE OF THIS POLICY

The purpose of Nykredit's IT Security Policy is to determine the Group's overall IT security requirements based on the desired risk profile and the current threat level. This is to support the delivery of Nykredit's strategic objectives for the use of electronic data processing, including compliance with statutory and regulatory requirements. Moreover, the IT Security Policy sets out a cybersecurity framework to protect Nykredit against cyberattacks.

Division of responsibilities, guidelines, procedures, risk assessments and IT security contingency plans are some of the elements of this overall policy.

2. SCOPE

The IT Security Policy covers all technical, process and human factors that may affect the services and systems applied by Nykredit for the purpose of electronic data processing, including services and systems delivered by subsuppliers.

The policy applies to all Nykredit's staff and external consultants and also defines the standard of IT security expected by Nykredit from IT service providers.

For the purpose of this policy and related handbooks, guidelines, business procedures and similar documents, IT security means:

Safeguarding all IT information assets involved in, or contributing to, the processing of digital information by means of technology, humans and processes, all of which are key to achieving adequate and optimum security.

3. OVERALL IT SECURITY OBJECTIVE

The Danish FSA has designated Nykredit as operator of essential services, and the IT security objective has been prepared against this backdrop.

The provision of IT services must be efficient, reliable and secure, as IT usage is an essential element of Nykredit's business operations. Nykredit wants to follow industry best practice, combined with an approach where the costs of security measures are balanced against their security value for Nykredit.

Nykredit's IT environment must be secure enough to resist commonly known cyberattacks and resilient enough to allow the restoration of systems according to the contingency objective. Further, any compromising of a single IT system or computer must not put Nykredit's overall IT environment at risk.

The IT security level must always be aligned with the Executive Board's expectations and the Board of Directors' defined risk appetite. This is ensured through security assessments providing Confidentiality, Integrity and Availability requirements. In addition, the implemented security measures should be continuously reviewed and tested, in light of sector standards and current threats.

IT security traditionally breaks down into the following areas:

Confidentiality

Confidentiality means that data are protected from unauthorised access, use and disclosure. No unauthorised person can access data that could be misused to the detriment of Nykredit, Nykredit's customers, business relations or staff.

Integrity

Integrity means that the consistency, accuracy and reliability of data are maintained throughout the data life cycle, and data are protected from unauthorised modification. For Nykredit this applies in particular to protection against manipulation in financial systems.

Availability

Availability means that systems and data must be available for authorised use. This is ensured by timely maintenance, backup and protection of systems and data as well as planning and testing of restoration procedures.

4. GOVERNANCE AND MANAGEMENT MODEL

To ensure that Management is sufficiently involved in IT security, Nykredit has established a governance and management model adopted by the Board of Directors and the Executive Board and embedded in the organisation in general.

The framework of the governance and management model is laid down in the IT Risk Management Policy, the IT Security Policy, the IT Security Handbook, business procedures, organisational decision-making procedures and organisational activities supporting the IT security level and ambitions set out herein by the Board of Directors.

The IT Risk Management Policy determines the overall risk appetite in IT and defines how IT risks are identified, managed and reported.

The IT Security Policy defines the overall IT security framework based on the overall risk appetite determined. The IT Security Handbook (guidelines) lays down specific IT security requirements ensuring that IT security remains within the framework defined in the IT Security Policy. These are supplemented by business procedures, organisational decision-making procedures and organisational activities, including risk and other relevant reporting.

4.1. ORGANISATION AND RESPONSIBILITIES

The overall responsibility for IT security in the individual companies of the Nykredit Group lies with the Board of Directors and the Executive Board of each company.

The Risk Committee is in charge of the ongoing monitoring of IT security management and the IT risk level on behalf of the Group Executive Board.

The Security Committee, consisting of the CIO, the CISO, the Head of IT Delivery and the Head of Infrastructure & Operations, handles technical IT security challenges. The IT Security Committee is governed by and reports to the Risk Committee.

IT Security is responsible for preparing and maintaining the IT Risk Management Policy, the IT Security Policy and related security requirements based on a risk assessment of the Group's IT usage. It plays an active, supervisory and reporting role with respect to IT Security Policy compliance across Nykredit, reporting to the Group's Executive Boards. The IT Security Policy is updated and approved by the Boards of Directors annually or in case of material changes.

IT Security Policy compliance is ensured by the individual Executive Boards specifying requirements in the IT Security Handbook, which is updated and approved by the respective Executive Boards annually or in case of material changes.

The individual organisational entities of the Group are responsible, on a local, day-to-day basis, for compliance with the IT Security Policy and the IT Security Handbook and related business procedures, rules, etc and for documentation of such compliance. To ensure the anchoring of this responsibility, all IT solutions must have an unambiguous owner, and this must be registered centrally.

Responsibilities are outlined in Chart 1, and the responsibilities in each line of defence are described in detail below.

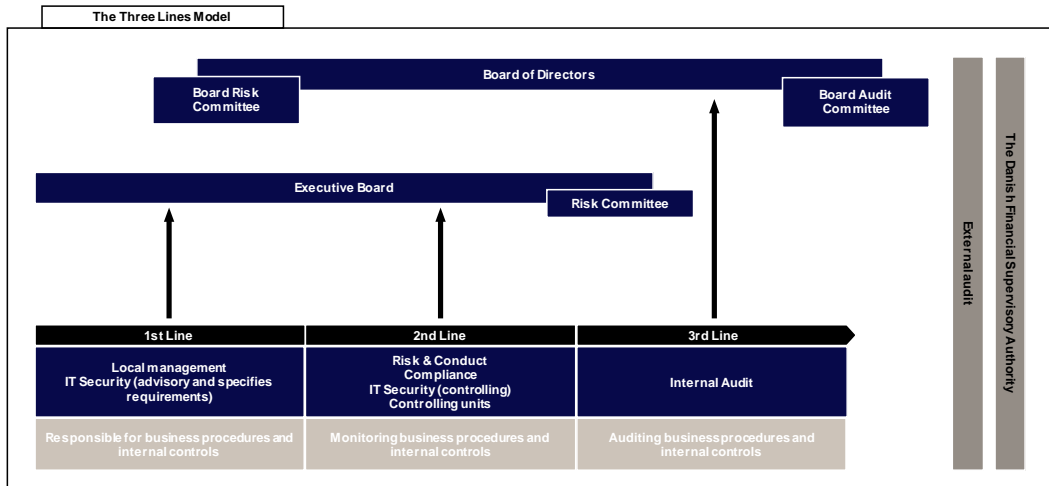


Chart 1- 3 lines of defence

First line – Local management, IT Security

Nykredit applies a principle of decentralised responsibility. That means that the line management is responsible for sustaining IT security locally through day-to-day business procedures. The line management is therefore responsible for identifying the IT security requirements that are within its remit, for complying with them and for subsequently monitoring compliance by implementing relevant controls.

Likewise, relevant process owners monitor compliance with their processes and are thus the first line of defence with respect to process users.

IT Security sets the overall requirements for the first line of defence and supports the organisation, offering interpretation and advice concerning Nykredit's IT security requirements.

Second line – Compliance, Risk Management, IT Security

IT Security monitors compliance with the security requirements laid down. Compliance is reported to the Chief Risk Officer, the Risk Committee, the Executive Board and the Board of Directors.

Third Line – Internal Audit

Internal Audit makes up the final layer of the model. Internal Audit performs an audit of the internal control system and checks that it is in accordance with the level set by the Board of Directors. Internal Audit reports directly to the Board of Directors.

5. CLASSIFICATION OF INFORMATION

Nykredit classifies information into three overall categories: *Public information*, *internal information* and *confidential information*.

CLASSIFICATION	DESCRIPTION
Public information	Information that is publicly available, except public personal data.
Internal information	Business information that is freely accessible within the Nykredit Group.
Confidential information	Confidential business information about the Nykredit Group and its business conduct as well as all types of personal data, as defined in applicable personal data legislation.

Each category is subject to differentiated confidentiality requirements, and all security requirements in the IT Security Policy, the IT Security Handbook and the blue leaflet are based on these categories. The categories are further specified in the IT Security Handbook.

If information is not classified, it should be considered "Internal information".

6. SECURITY REQUIREMENTS

The security requirements are the security measures and controls needed to protect Nykredit's IT information assets.

Nykredit operates under the security requirements defined in ISO 27001, Annex A. Nykredit ensures that the inclusion/exclusion of ISO 27001 controls is justified. This is the responsibility of IT Security.

The security requirements are designed to maximise the protection of IT information assets, increase staff efficiency where possible, ensure compliance with regulatory requirements relating to IT usage and avoid unnecessary costs. Operating under the best practice requirements of ISO 27001:2017 ensures the professionalism, quality and strength of Nykredit's IT security deliverables and solutions.

Each security requirement is described in Nykredit's IT Security Handbook with appendices. To this end, the individual divisions and units in Nykredit prepare and document the relevant business procedures, methods, guidelines, check lists etc.

The security requirements of the IT Security Handbook cover the following main areas (based on Annex A of ISO 27001):

- **Information security policies** (Chapter 5)
All documents containing rules, limits or guidelines related to IT security must meet Nykredit's general requirements for such documents. There must also be a document owner who is required to ensure that such are updated at least once a year or in connection with major changes.
- **Organisation of information security** (Chapter 6)
IT activities are organised under Digital, Change & IT in the COO area. As a main rule, IT development and IT operations are organised in separate units. However, Nykredit also applies agile development methodologies, including *DevOps* and *SecDevOps*, which combine development and operations in one organisational unit. Digital, Change & IT provides IT support for the activities of all Nykredit's organisational units where required.

Appropriate segregation of duties must be in place within user administration, review and authorisation, log information, backup data as well as IT development and operations.

The Head of the department is responsible for ensuring compliance and verification of the above at least once a year or in connection with important changes.

IT Security must always be consulted in connection with IT security risk-related projects and when new IT solutions are designed, procured and/or implemented.

- **Human resource security** (Chapter 7)
All staff members and consultants must read and understand relevant IT security information and follow this.
- **Asset management** (Chapter 8)
All Nykredit solutions must be registered centrally with an unambiguous owner. In addition, all solutions must have an appropriate level of IT security based on a risk-based approach.

All solutions must be used as intended and where appropriate be returned to Nykredit when no longer in use.

Solutions must not be launched without prior approval by IT Security.

- **Access control** (Chapter 9)
Solutions should have an appropriate degree of access control and follow relevant business procedures for the area. All accesses must be reviewed at least once a year by the immediate supervisor and where possible, also by the solution owner.

- **Cryptography (Chapter 10)**
Nykredit's solutions should all use an appropriate degree of encryption. The solution owner is responsible for ensuring this and for obtaining authorisation from IT Security.
- **Physical and environmental security (Chapter 11)**
Procurement, Facility Management and IT has the overall responsibility for ensuring an appropriate level of physical and environmental security. However, all users of solutions have a responsibility for ensuring usage in the manner described.
- **Operations security – including operating procedures, logging, monitoring and safety backups (Chapter 12)**
All solutions must include relevant operating documentation describing the applied logging, backup, monitoring and safety backups to comply with the IT Security Handbook and relevant business procedures. The responsibility for this lies with the solution owner.

Periodical risk assessments of solutions must be made. The criticality of the individual solution determines how often the risk assessment must be updated.

- **Communications security (Chapter 13)**
Solution owners must ensure that communication routes are adequately protected and meet the internal guidelines laid down by IT Security.
- **System acquisition, development and maintenance, including quality assurance (Chapter 14)**
Nykredit's development methods must support the design of systems of the agreed quality and IT security. Systems must be developed, acquired and implemented according to an approved and well described method, specifying eg change management, testing and quality assurance requirements. Quality assurance must be an integral part of Nykredit's development methods.
- **Supplier relationships (Chapter 15)**
Written agreements must be concluded with external business partners, and the requirements to be met by suppliers must be based on Nykredit's business needs. To make the security requirements as effective as possible, critical risks in relation to suppliers and deliverables must be identified. The requirements will then be designed so as to address the identified critical risks. To that end, Nykredit must ensure compliance with current legislation and sector requirements.

Upon conclusion of an agreement, services provided by a supplier of business-critical or sensitive deliverables must be regularly monitored and assessed for the purpose of evaluating the security level of the deliverables. This is the responsibility of the contract owner, assisted by IT Security.

- If the supplier processes personal data on behalf of Nykredit, a data processing agreement must be concluded which meet the internal guidelines in this respect.
- In case of doubt as to whether a data processor structure has been established, contact the GDPR Legal unit.

It should be determined whether the supplier agreement should include a requirement for the supplier to provide an audit opinion, for example a 3402 or 3000 report.

- **Information security incident management (Chapter 16)**
See paragraph on incident and contingency management.
- **Information security aspects of business continuity management (Chapter 17)**
See paragraph on incident and contingency management.
- **Compliance, including compliance with relevant legislation (Chapter 18)**
The solution owner is responsible for ensuring that the solution complies with current

legislation and policies as well as any business procedures, guidelines etc.

Local controls are performed to check that the security requirements are implemented and effective. IT Security and Compliance perform second line controls according to a risk-based approach. If control measurements show that security requirements are not as effective as expected, relevant measures will be taken to improve their effectiveness.

IT Security performs ongoing and at least once a year controls of IT Security Policy compliance for all Nykredit Group companies that the policy applies to, including significant subsuppliers. The results are reported to the Boards of Directors of the respective companies.

6.1. EXEMPTIONS

If the rules laid down in the IT Risk Management Policy, the IT Security Policy or the IT Security Handbook cannot be met, or the risk is disproportionate to its financial or business consequences, IT Security may, on behalf of the Board of Directors and Executive Board, grant exemptions from the requirements provided compliance with the IT security objective is maintained.

Exemptions from requirements must be based on risk assessments, presented to the Executive Board and the Board of Directors by way of an annual report and be reviewed at least annually. Exemptions must also be included in the current IT risk landscape. Exemptions for critical risk categories must thus be reflected directly in the risk reporting from IT Security to the Risk Committee.

Before an exemption is granted, a written application must be made to IT Security documenting all decisions. All exemptions are valid for a maximum of 12 months and IT Security must at least once a quarter check compliance with time limits.

Exemption may never be granted for breach of relevant legislation such as the GDPR, nor will exemption be granted where the associated risk is considered Critical.

7. INCIDENT AND CONTINGENCY MANAGEMENT

If breaches of the IT Security Policy, the IT Security Handbook or any other factors that could jeopardise Nykredit's IT security are identified, they will be addressed by IT Security based on the established IT security incident procedure.

Staff breaching the IT Security Policy or the IT Security Handbook may be subjected to disciplinary measures in accordance with Nykredit's staff administration rules.

Nykredit's Contingency Committee is the organisational entity responsible for implementing compliance with IT Security Policy rules on contingency planning and the Group's overall contingency plans, covering IT as well as business aspects.

The member of the Group Executive Board responsible for the Group IT area chairs the Committee.

The Contingency Committee is responsible for implementing the Group's contingency plans, covering IT as well as business aspects, and the Committee also constitutes the emergency staff in case of disasters, major accidents etc.

In the event of time-critical IT security conditions, the CISO will be authorised to exceptionally suspend business activities temporarily until the Contingency Committee is able to make a decision in the area, if deemed necessary by the CISO to protect Nykredit's overall IT operations.

7.1. CONTINGENCY OBJECTIVE

The overall contingency objective is that a contingency situation relating to Nykredit's IT support must not lead to significant business losses nor jeopardise Nykredit's future business conduct. Consequently, all business-critical systems should be operated across multiple data centres.

Group contingency plans have been implemented as:

- The master contingency plan, ie the Contingency Committee's overall plan for a contingency situation. The plan covers organisation, stakeholders, activities and communication in a contingency situation.
- Business contingency plans covering all manual procedures and business procedures, including agreements with external business partners aimed at ensuring that Nykredit will remain operational at an acceptable level in case of disasters. The responsibility for these plans rests with the heads of the Group's individual business areas.
- Fallback plans for systems and applications describing the technical measures and prerequisites for re-establishment of the individual components of the solutions.
- IT contingency plans covering Nykredit's entire IT setup, whether outsourced or not, including restoration of IT operations in case of disasters; the responsibility for these plans rests with Infrastructure & Operations.
- The heads of the individual business areas are responsible for preparing business contingency plans covering their own areas in accordance with the guidelines set out, for approving these and for arranging, at least once a year, that these are reviewed (tested etc) and subsequently updated and approved.
- In emergency situations, the heads of the individual business areas will have their usual executive powers and staff responsibility for the purpose of performing the business activities supported by the business contingency plans and will also have the executive responsibility for the business activities aimed to bring operations back to normal.

Business and IT contingency plans as described above need to be prepared for foreign entities as well. These activities fall within the remit of the Contingency Committee.