

# CR Fact book 2016

The Nykredit Realkredit Group  
Unaudited



**Nykredit**

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The Corporate Responsibility Fact Book contains disclosures regarding the Nykredit Realkredit Group's corporate social responsibility (CSR). The Corporate Responsibility Fact Book also includes Nykredit's statutory disclosures on corporate social responsibility in accordance with sections 135 and 135a of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. issued by the Danish FSA.



# UN Global Compact

## -Nykredit commits to sustainable conduct

Principle	Approach
<b>Human rights</b>	
1. Businesses should support and respect the protection of internationally proclaimed human rights.	Nykredit's portfolios are screened twice a year to make sure that they are in accordance with the UN Global Principles for Responsible Investment. In addition to regular screening, Nykredit's portfolios are subject to continuous monitoring in order to assure its customers that steps are taken against non-compliant companies.
2. Businesses should make sure that they are not complicit in human rights abuses.	Nykredit's investment policy implies that Nykredit will try, through dialogue, to make non-compliant companies change their conduct. If necessary, Nykredit will join forces with other investors in the attempt to bring about a change of conduct. Where dialogue does not lead to a change of conduct, Nykredit may sell its securities in the company. In addition to regular screening, Nykredit has a socially responsible investment policy, which can be found on our website.
<b>Labour standards</b>	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Nykredit has a good relationship with NYKREDS, its staff association, and Nykredit appreciates that NYKREDS seeks influence and works to ensure that staff conditions are considered in the day-to-day operations and the continuous group development. Interaction takes place at many levels; between the individual supervisor and union representative, in the local and central works councils and health and safety committees, as well as in a number of ad hoc working groups.
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	In order to support the objective of being an attractive and challenging workplace, Nykredit has prepared a staff policy, which is being implemented through the local works councils in dialogue with NYKREDS.
5. Businesses should uphold the effective abolition of child labour.	Nykredit's portfolios are screened twice a year to make sure that they are in accordance with the UN Global Principles for Responsible Investment. Based on the outcome, Nykredit decides which steps should be taken if a company in which it has invested does not comply with the conventions.

6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Nykredit widely supports staff diversity in age, gender, sexual orientation, ethnicity and disability. We believe that a diverse staff, reflecting who our customers are, strengthens the business and fosters a good and innovative working environment.
<b>Environment</b>	
7. Businesses should support a precautionary approach to environmental challenges.	Nykredit integrates environmental challenges in their investment policy, and is continuously improving the handling of environmental risk and opportunities.
8. Businesses should undertake initiatives to promote greater environmental responsibility.	<p>In 2016 Nykredit increased their share of environmentally friendly purchases through their membership of Miljømærkning Danmark.</p> <p>Nykredit strives to integrate the climate and environment aspect as a natural element of regular home maintenance. In 2016 Nykredit offered homeowners the following products; BoligEftersyn, BoligkøbsEftersyn and BoligHjælp, which focus on home energy improvement and climate adaption.</p> <p>Nykredit published in 2016 an analysis of the link between sustainability and return on investments.</p>
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	<p>In 2016 Nykredit purchased 10 electrical bicycles to replace taxi travel to and from meetings.</p> <p>Nykredit continues to finance environmentally friendly technologies. Since 2012, Nykredit has financed more than 475 MWh in sustainable energy within the Danish energy sector.</p> <p>Nykredit also finance investments in alternative energy such as windfarms, solar cell projects, etc. In 2016, the invested amount exceeded 260 million DKK.</p>
<b>Anti-corruption</b>	
10. Businesses should work against corruption in all its forms, including extortion and bribery.	Nykredit's anti-corruption policy sets out the principles for Nykredit's approach to countering any form of corruption. The policy points to specified activities and areas in which management and staff must be particularly alert to a potential risk of corruption. Initiatives such as e-learning programmes for all staff members aim to ensure that all Nykredit Group staff act ethically correct at any time. The risk of corruption at the Nykredit Group is assessed as low, as Nykredit is a Danish-based financial services group with relatively few foreign customers and operates mainly in Scandinavia and the EU. But typical risk areas include nepotism, conflicts of interest, money laundering and inappropriate gifts.



# Policies

## Nykredit's externally published policies

Policy	Description	Link
<b>Corporate governance</b>	<p>As the Nykredit Group is owned by a financial mutual, its shares are not listed on Nasdaq Copenhagen. Therefore, the Recommendations of Corporate Governance do not apply directly to Nykredit.</p> <p>However, Nykredit monitors the development in the Recommendations of Corporate Governance and widely adheres to them.</p>	<a href="#"><u>Corporate governance</u></a>
<b>Environment and climate policy</b>	<p>Nykredit's environment policy is based on our business concept of Financial Sustainability. Financial Sustainability promises balance and lasting relations.</p> <p>The impacts on the environment are a serious challenge to society. Being one of Denmark's largest financial businesses, we share a responsibility for contributing to a long-term environmental response.</p>	<a href="#"><u>Environment and climate policy</u></a>
<b>Stakeholder policy</b>	<p>Based on Nykredit's business concept – Financial Sustainability – we will contribute to securing a stable and efficient financial market and thus meet the expectations and requirements of our customers, staff and other stakeholders.</p>	<a href="#"><u>Stakeholder policy</u></a>
<b>Tax policy</b>	<p>It is Nykredit's policy to be a competitive company while at the same time being a responsible tax payer, and Nykredit intends to make its tax affairs as transparent as possible.</p>	<a href="#"><u>Tax policy</u></a>
<b>Remuneration policy</b>	<p>Pursuant to the rules on responsible remuneration, the Board of Directors of financial businesses must perform an annual review of their remuneration policies. Every year Nykredit must report and disclose information about our remuneration policy and practices pertaining to the Board of Directors, the Executive Board and other staff members whose activities significantly affect Nykredit's risk profile.</p> <p>Disclosure requirements are stated in section 15 of the Danish executive order on remuneration policy and public disclosure of salaries in financial institutions and financial holding companies.</p>	<a href="#"><u>Remuneration policy</u></a>
<b>Sustainable investment policy</b>	<p>Nykredit's socially responsible 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.</p>	<a href="#"><u>Sustainable investment policy</u></a>

## Some of Nykredit's internal policies

Policy	Description
<b>Code of conduct</b>	The companies of the Nykredit Group operate according to Nykredit's business concept and code of conduct.
<b>Credit policy</b>	Nykredit's credit policy determines the desired credit risk profile for Nykredit Realkredit and Nykredit Bank.
<b>IT safety policy</b>	Nykredit's IT policy aims to ensure transparency and consistency for customers and staff through sustainable IT solutions.
<b>Diversity policy</b>	Nykredit aims at staff diversity in terms of gender, age, ethnicity, sexual orientation and flexitime jobs.
<b>Health and safety policy</b>	Through consistent efforts to improve physical as well as psychological working conditions, Nykredit aims to increase staff satisfaction and reduce sick absence rates.
<b>Anti-corruption policy</b>	Nykredit's anti-corruption policy sets out the principles for Nykredit's approach to countering any form of corruption. The policy points to specified activities and areas in which management and staff must be particularly alert to a potential risk of corruption. Initiatives such as e-learning programmes for all staff members aim to ensure that all Nykredit Group staff act ethically correct at any time.
<b>Fraud or suspected fraud policy</b>	Procedures aim to ensure that staff members of the Nykredit Group know how to act in case of another staff member committing or being suspected of fraud.
<b>Whistle-blower policy</b>	Nykredit's whistle-blower policy ensures an open company culture where staff can express concerns about possible violations of financial regulations.
<b>Staff policy</b>	Nykredit's group staff policy defines Nykredit's general approach to and expectations of its staff. The policy sets the overall framework, direction and scope for the behaviour of Nykredit's staff when at work.
<b>Confidentiality policy</b>	Upon employment with the Nykredit Group, staff members are made familiar with Nykredit's confidentiality policy.
<b>Capital and risk policy</b>	Given Nykredit's size, the credit policy allows for the aim of a suitable market presence and an objective of limited losses. The credit policy has been prepared with a view to hedging the risks affected by changes in economic trends between the granting of loans and their final settlement.
<b>Liquidity policy</b>	Nykredit has structured its lending in a manner that ensures a high level of liquidity.
<b>Managing of customer information-policy</b>	Customer information is confidential and is not shared among companies within the Nykredit Group unless it serves the customer's best interest and a consent form has been signed by the customer.

# Customers

**Nykredit puts the customer first and aims to have the most satisfied customers among the leading Danish financial sector players.**

The Nykredit Group is in contact with more than 1 million customers. This includes almost 450,000 personal customers, more than 70,000 commercial customers under the Nykredit brand, and over 600,000 personal customers served by local and regional banks under the Totalkredit partnership.

## **Advantages as a Nykredit customer**

Nykredit's customers, have access to competent advice whenever they need it. We offer banking, mortgage lending, insurance, investment and pension expertise. In other words, we cover all aspects of our customer's financial situation.

## **As a personal customer**

We look at your overall financial requirements because home loans, personal finances, savings and investments are inextricably interlinked.

## **As a commercial customer**

You get a bank with in-depth business knowledge and understanding of the challenges facing you and your company.

## **Access to finance**

We want to share knowledge of financial issues and the financial services sector through dialogue with our stakeholders. Focus on our stakeholders is vital to our objective of carrying on financial business for the benefit of our customers. Nykredit contributes to society by conducting business in a responsible manner, enabling us to provide loans to individuals and businesses in good times as well as in more challenging times.

For a overview of our lending portfolio on regions, countries and more, see our financial factbook on [nykredit.com/ir](http://nykredit.com/ir).

## **Market stability**

In line with our CSR policy, Nykredit strives to contribute to a stable and efficient financial market. As a large workplace and business, we play an important role in society. As a financial mutual governed by our customers, we have a special obligation to show commitment and assume responsibility – also through support and involvement in other areas in Danish society, locally as well as nationally.

## **Customer satisfaction**

Nykredit works systematically on customer satisfaction and development and improvement measures that match our customers' needs and requirements and create long-term relationships. It is important to us that our customers have a positive experience when dealing with Nykredit. Therefore, we regularly ask our customers about their expectations regarding Nykredit's advisers, products and services.

## **Nykredit's ambition is to have the most satisfied customers.**

It is important to us that our customers have a positive experience when dealing with Nykredit. Therefore, we regularly ask our customers about their expectations regarding Nykredit's advisers, products and services and whether their experience matches those expectations.

## **We spare no effort**

Our satisfaction surveys provide us with valuable input from thousands of customers, and their time is not wasted.

When we are made aware of areas where we could do better, we take it seriously and change our practice.

## **This is how we listen**

We listen to our customers and take their feedback seriously. Only that way can we achieve our ambition of having the most satisfied customers among key financial service providers. Nykredit measures customer satisfaction several times a year and receives responses from about 25,000 customers. This provides us with insight into our customers' expectations and experiences.

## **Customer ambassador**

Since 2007, Nykredit has had a customer ambassador. The customer ambassador's objective is to ensure that the complaints of any dissatisfied customers are handled fairly.



# Customers

## Number of customers

1000s	2014	2015	2016
<b>Number of customers</b>	<b>1,075</b>	<b>1,065</b>	<b>1,067</b>
- Of which personal customers	412	398	396
- Of which commercial customers	74	73	68
- Of which Totalkredit customers	615	617	625
- Of which "double customers"*	-26	-23	-22

\*Number of customers who are customers of both Nykredit and Totalkredit

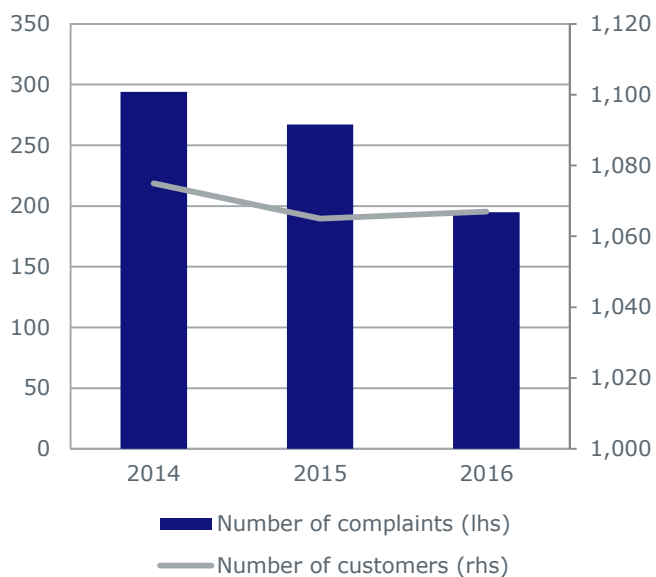
## Electronic customers

1000s	2014	2015	2016
Hits at nykredit.dk	9,865	10,356	10,056
Online calculations	1,003	1,061	777
Video conferences with advisers	2	3.4	5.4
Webdesk calls	-	27	28
Downloads of mobile apps	85	57	41

## Customer satisfaction

	2014	2015	2016
Personal customers, (EPSI 1-100)	72	70	71
Corporate customers, (EPSI 1-100)	65	66	66
Number of complaints	294	267	195

Number of complaints



# Sustainable investments

## Nykredit's sustainable investments 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. 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.

# Sustainable investment

## UNPRI - Principles for sustainable investment

Nykredit has signed up to the six UN Principles for Responsible Investment (UNPRI). The principles constitute a set of common global guidelines for responsible investor conduct.

Nykredit incorporates environmental, social and corporate governance issues into its entire investment process.

Responsible Investment Transparency Report can be found on our website:

[UNPRI report](#)

### Sustainable investments in numbers

Year-end	2014	2015	2016
Number of companies screened	2,000	2,000	2,281
Number of companies subject to norm breach engagement	21	21	17
Number of companies excluded	20	20	23
Sustainable investments, DKKbn*	258.5	253.8	303.4

\* Total investments in respect of Nykredit's socially responsible investment policy. Includes both Nykredit's investment funds and the Group's investment of its own funds.

# Corporate Governance

## Corporate Governance in Nykredit

The Nykredit Group (hereinafter "Nykredit") carries on financial business through Nykredit Realkredit A/S and the wholly-owned subsidiaries Totalkredit A/S and Nykredit Bank A/S as well as the latter's wholly-owned subsidiary Nykredit Portefølje Administration A/S.

Nykredit Realkredit A/S is wholly owned by Nykredit Holding A/S, the shareholders of which are Foreningen Nykredit (89.8%), Østifterne Administration f.m.b.a. (3.25%), Industriens Fond (4.7%), and PRAS A/S (2.25%). The ultimate authority of Foreningen Nykredit is the Committee of Representatives, which is composed of up to 100 representatives who are elected by the borrowers and bondholders of Nykredit Realkredit A/S.

Nykredit's shares are not listed on NASDAQ OMX Copenhagen. Therefore, the Recommendations on Corporate Governance from May 2013 (hereinafter the "Recommendations"), last revised by the Committee on Corporate Governance in November 2014, are not directly applicable to Nykredit.

However, Nykredit decided already in 2002 that, given the adjustments following from the Group's special ownership and corporate structure, it should act as a listed company for external purposes, operating on sound business terms and taking into consideration the Recommendations.

The Managerial Code of Conduct of November 2013 of the Danish Bankers Association integrates and supplements the Recommendations and applies to Nykredit Bank A/S as a bank. Nykredit has furthermore decided that all the financial companies of the Group must address and adhere to the Code of Conduct where relevant.

This implies that the financial companies of the Nykredit Group take into consideration both the Recommendations on Corporate Governance and the Managerial Code of Conduct. The Recommendations as well as the Managerial Code of Conduct imply that Nykredit must explain how it addresses the Recommendations and the Managerial Code of Conduct, in accordance with the "comply-or-explain" principle, ie Nykredit may either comply with the Recommendations/Managerial Code of Conduct or opt not to comply and instead explain the reason why.

To ensure suitable risk management across the Group and optimum resource utilisation, various overall objectives, policies, etc are determined at Group level.

Owing to Nykredit's corporate structure, a number of decision-making and reporting processes, etc in Nykredit Bank A/S, Totalkredit A/S and Nykredit Portefølje Administration A/S are carried out at Group level.

The report below is divided into a section about the Recommendations and a section about the Managerial code of conduct. The report concerns all the financial companies of the Nykredit Group unless otherwise stated.

# A. Report concerning Recommendations on Corporate Governance for the financial year 2016

Recommendation	Approach
<p>1.1.1. The Committee recommends that the board of directors ensure on-going dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company's potential and policies, and in order for the board of directors to be aware of the shareholders' views, interests and opinions on the company.</p>	<p>Nykredit complies with the recommendation. The members of the Board of Directors of Nykredit Holding A/S are recommended for election by the Boards of Directors of Foreningen Nykredit (main shareholder) and two of the other three shareholders, and the Board of Directors of Nykredit Realkredit A/S is elected by Nykredit Holding A/S. The Board of Directors of Foreningen Nykredit is elected by and among the Committee of Representatives of Foreningen Nykredit, which is composed of representatives of customers having loans with Nykredit Realkredit A/S, customers having loans with Totalkredit A/S who have become members of Foreningen Nykredit, and customers of Nykredit Bank A/S with total facilities of at least DKK 50,000 as well as representatives of bond-holders. The small number of shareholders creates a good setting for an active dialogue between the members, owners and Group Management.</p>
<p>1.1.2. The Committee recommends that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders and other investors, and that the board ensures that the interests of the shareholders are respected in accordance with company policies.</p>	<p>Nykredit complies with the recommendation. Nykredit has adopted a stakeholder policy on its conduct in relation to its stakeholders both in- and outside the Group. This includes information on Nykredit's business concept, values and business objectives. The stakeholder policy is available at <a href="http://www.nykredit.dk">www.nykredit.dk</a>. In addition, Nykredit is dedicated to strengthening the Group's relations with its stakeholders, which includes efforts to gain more in-sight into stakeholder demands, expectations and interaction vis-à-vis Nykredit. One way of doing this is through Nykredit's non-financial report, "Nykredit – Engaging with Society" and a CR fact book, which is published together with the Annual Report.</p>
<p>1.1.3. The Committee recommends that the company publish quarterly reports.</p>	<p>Nykredit complies with the recommendation.</p>



Recommendation	Approach
1.2.1. The Committee recommends that, when organising the company's general meeting, the board of directors plan the meeting to support active ownership.	<p>Nykredit complies with the recommendation. General meetings are planned taking into consideration the generally close dialogue of the narrow group of owners.</p> <p>In contrast to the other companies of the Group, which are wholly-owned subsidiaries, the Board of Directors of the Group are represented on the Boards of Directors of such subsidiaries, and therefore the general meetings of such companies are more formal.</p>
1.2.2. The Committee recommends that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.	Nykredit complies with the recommendation.
1.3.1. The Committee recommends that the company set up contingency procedures in the event of takeover bids from the time that the board of directors has reason to believe that a takeover bid will be made. According to such contingency procedures, the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid themselves.	<p>Nykredit does not comply with the recommendation. The recommendation is not relevant due to the current ownership structure of the Nykredit Group. In connection with a stock exchange listing of Nykredit, such contingency procedures will be established.</p>
2.1.1. The Committee recommends that at least once a year the board of directors take a position on the matters related to the board's performance of its responsibilities.	<p>Nykredit complies with the recommendation. At least once a year, each company of the Nykredit Group will review, evaluate and revise (where relevant) the business model of the company in which the respective Boards of Directors take a position on the matters related to the Board's performance of its responsibilities.</p>
2.1.2. The Committee recommends that at least once a year the board of directors take a position on the overall strategy of the company with a view to ensuring value creation in the company.	<p>Nykredit complies with the recommendation. At least once a year, each financial company of the Nykredit Group will review, evaluate and revise (where relevant) the business model of the company in which the respective Boards of Directors take a position on the matters related to the overall strategy of the company.</p>
2.1.3. The Committee recommends that the board of directors ensure that the company has a capital and share structure ensuring that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that the board of directors pre-sents this in the management commentary on the company's annual report and/or on the company's website.	<p>Nykredit complies with the recommendation. Nykredit has arranged its capital structure so as to comply with regulatory requirements at any time and with a view to maintaining lending activities regardless of economic trends, while retaining a competitive rating.</p> <p>A report is given in the Annual Report and at <a href="http://www.nykredit.dk">www.nykredit.dk</a>.</p>

Recommendation	Approach
2.1.4. The Committee recommends that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board on timely, accurate and adequate reporting to the board of directors.	Nykredit complies with the recommendation. The Boards of Directors' guidelines for the respective Executive Boards are determined primarily through the rules of procedure of the Executive Board, as well as a number of policies with accompanying guidelines.
2.1.5. The Committee recommends that at least once a year the board of directors discuss the composition of the executive board, as well as developments, risks and succession plans.	Nykredit complies with the recommendation. Evaluated as part of the business model for each financial company and discussed regularly by the Nomination Board.
2.1.6. The Committee recommends that once a year the board of directors discuss the company's activities to ensure relevant diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management commentary on the company's annual report and/or on the website of the company.	Nykredit complies with the recommendation. Nykredit has adopted a diversity policy and set defined targets for the number of women in the Board of Directors and at other top management levels. The targets and current situation appear from the Annual Report, the CR fact book and <a href="http://www.nykredit.dk">www.nykredit.dk</a> .
2.2.1. The Committee recommends that the board of directors adopt policies on corporate social responsibility	<p>Nykredit complies with the recommendation. Nykredit has adopted a policy on corporate social responsibility which is available at <a href="http://www.nykredit.dk">www.nykredit.dk</a>. In 2008 Nykredit adopted the UN Global Compact, a programme for sustainable conduct.</p> <p>Nykredit has also prepared a climate and environment strategy 2020.</p> <p>The topic is mentioned in "Nykredit – Engaging with Society" and in the CR fact book, which is also available at <a href="http://www.nykredit.dk">www.nykredit.dk</a>.</p>
2.3.1. The Committee recommends appointing a vice-chairman of the board of directors who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.	Nykredit complies with the recommendation.

Recommendation	Approach
<p>2.3.2. The Committee recommends ensuring that, if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special operating activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, overall management and control function. Resolutions on the chairman's participation in day-to-day management and the expected duration hereof should be published in a company announcement.</p>	<p>Nykredit complies with the recommendation. The Boards of Directors of the financial subsidiary companies are composed of Executive Board members and executive staff of Nykredit who perform tasks for several Group companies as part of their jobs.</p>
<p>3.1.1. The Committee recommends that the board of directors annually accounts for</p> <ul style="list-style-type: none"> <li>• the skills it must have to best perform its tasks,</li> <li>• the composition of the board of directors, and</li> <li>• the special skills of each member.</li> </ul>	<p>Nykredit complies with the recommendation. The Boards of Directors are the supreme management bodies of the financial companies, which make decisions of a strategic and fundamental nature. The Boards of Directors should be composed of a group of persons who together will best serve the interests of the respective Group companies with due regard for all stakeholders of the companies. At least once a year, each financial company of the Nykredit Group will review, evaluate and revise (where relevant) the business model of the company in which the respective Boards of Directors decides which skills the board requires to perform its tasks as well as the composition of the Board of Directors and skills of each member. The composition of the Boards of Directors and the special skills and experience of each board member are outlined at <a href="http://www.nykredit.dk">www.nykredit.dk</a> and in the Management's Review in the Annual Report.</p>

Recommendation	Approach
<p>3.1.2. The Committee recommends that the selection and nomination of candidates for the board of directors be carried out through a thorough and transparent process approved by the overall board of directors. When assessing its composition and nominating new candidates, the board of directors must take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender.</p>	<p>Nykredit complies with the recommendation.</p> <p>In addition to the professional skills mentioned in para 3.1.1, the composition and recruitment of board members take into account personal skills and diversity.</p> <p>The selection and nomination of candidates for the Board of Directors of Nykredit Bank A/S, Totalkredit A/S and Nykredit Portefølje Administration A/S have been adapted to the fact that the companies are wholly-owned subsidiaries, and to take into account the special partnership model in Totalkredit A/S.</p>
<p>3.1.3. The Committee recommends that a description of the nominated candidates' qualifications, including information about the candidates'</p> <ul style="list-style-type: none"> <li>• other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises, be accompanied by the notice convening the general meeting when election of members to the board of directors is on the agenda</li> <li>• demanding organisational tasks, and information</li> <li>• about whether candidates to the board of directors are considered independent.</li> </ul>	<p>Nykredit complies with the recommendation.</p>
<p>3.1.4. The Committee recommends that the company's articles of association stipulate a retirement age for members of the board of directors.</p>	<p>Nykredit partially complies with the recommendation.</p> <p>The Articles of Association of Nykredit's financial companies do not stipulate a retirement age for members of the Boards of Directors.</p> <p>In practice, a retirement age applies to the five board members of Nykredit Realkredit A/S elected by the General Meeting, who are also members of the Board of Directors of Foreningen Nykredit, as the Articles of Association of Foreningen Nykredit stipulate a maximum age for election to the Committee of Representatives which implies that board members resign at the age of 66-70 years at the latest. It is regularly discussed whether such age limit should be included in the Articles of Association. However, so far it has been decided not to set such age limit to avoid excluding candidates with relevant experience. The evaluation of board members ensures that the members are qualified. The evaluation includes age.</p>
<p>3.1.5. The Committee recommends that that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.</p>	<p>Nykredit complies with the recommendation.</p>

Recommendation	Approach
<p>3.2.1. The Committee recommends that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> <li>• be or within the past five years have been member of the executive board, or senior staff member in the company, a subsidiary undertaking or an associate,</li> <li>• within the past five years, have received larger emoluments from the company/group, a subsidiary undertaking or an associate in another capacity than as member of the board of directors,</li> <li>• represent the interests of a controlling shareholder,</li> <li>• within the past year, have had significant business relations (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management in companies with corresponding connection) with the company, a subsidiary undertaking or an associate,</li> <li>• be or within the past three years have been employed or partner at the external auditor,</li> <li>• have been chief executive in a company holding cross-memberships with the company,</li> <li>• have been member of the board of directors for more than 12 years, or</li> <li>• have been close relatives with persons who are not considered independent.</li> </ul>	<p>Nykredit complies with the recommendation.</p> <p>It has been standard practice at Nykredit that eight out of nine members of the Board of Directors of Foreningen Nykredit elected by the Committee of Representatives are also elected for the Boards of Directors of Nykredit Holding A/S and Nykredit Realkredit A/S and that the last two members of the Board of Directors of Nykredit Realkredit A/S elected by the General Meeting are also members of the Board of Directors of Nykredit Holding A/S. This practice was changed in 2016, and currently only five (of eight) members of Foreningen Nykredit's Board of Directors elected by the General Meeting are now also appointed to the Boards of Directors of Nykredit Holding A/S and Nykredit Realkredit A/S. The recommendation is not relevant to the wholly-owned financial subsidiaries whose Boards of Directors as a natural consequence of the Group structure are composed of members of the Executive Board and executive staff members of Nykredit.</p>
<p>3.3.1. The Committee recommends that each member of the board of directors assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the company.</p>	<p>Nykredit complies with the recommendation.</p> <p>As a SIFI institution, the board members of the Group are generally subject to special limitations with regard to the number of executive posts. A board member may thus serve on (i) one Executive Board combined with two directorships or (ii) four directorships, unless an exemption is granted by the Danish Financial Supervisory Authority.</p>



Recommendation	Approach
<p>3.3.2. The Committee recommends that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:</p> <ul style="list-style-type: none"> <li>• the position of the relevant person,</li> <li>• the age and gender of the relevant person,</li> <li>• whether the member is considered independent,</li> <li>• the date of appointment to the board of directors of the member,</li> <li>• expiry of the current election period,</li> <li>• other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises and</li> <li>• demanding organisational tasks, and</li> <li>• the number of shares, options, warrants and similar in the company, and other group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year.</li> </ul>	<p>Nykredit complies with the recommendation.</p>
<p>3.4.1. The Committee recommends that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> <li>• the terms of reference of the board committees,</li> <li>• the most important activities of the committees during the year, and the number of meetings held by each committee, and</li> <li>• the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special</li> </ul>	<p>Nykredit complies with the recommendation. Nykredit has set up an Audit Board, a Remuneration Board, a Nomination Board and a Risk Board. Detailed information on the boards is available at <a href="http://www.nykredit.dk">www.nykredit.dk</a>.</p>
<p>3.4.2. The Committee recommends that a majority of the members of a board committee be independent.</p>	<p>Nykredit partially complies with the recommendation. Two out of three members of the Remuneration Board and the Nomination Board are considered independent (added to this one staff-elected board member is represented on the Remuneration Board), while two out of four members of the Audit Board and the Risk Board (in 2016) are also members of the Board of Directors of Foreningen Nykredit.</p>
<p>3.4.3. The Committee recommends that the board of directors set up a formal audit committee composed such that</p> <ul style="list-style-type: none"> <li>• the chairman of the board of directors is not chairman of the audit committee, and</li> <li>• between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a regulated market.</li> </ul>	<p>Nykredit complies with the recommendation.</p>

Recommendation	Approach
<p>3.4.4. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitors and reports to the board of directors about:</p> <ul style="list-style-type: none"> <li>• significant accounting policies,</li> <li>• significant accounting estimates,</li> <li>• related party transactions, and</li> <li>• uncertainties and risks, including in relation to the outlook for the current year.</li> </ul>	<p>Nykredit complies with the recommendation.</p>
<p>3.4.5. The Committee recommends that the audit committee:</p> <ul style="list-style-type: none"> <li>• annually assesses the need for an internal audit, and in such case, makes recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and</li> <li>• monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	<p>Nykredit complies with the recommendation.</p>
<p>3.4.6. The Committee recommends that the board of directors establish a nomination committee chaired by the chairman of the board of directors with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined,</li> <li>• annually assess the structure, size, composition and results of the board of directors and the executive board, as well as recommend any changes to the board of directors,</li> <li>• annually assess the competences, knowledge and experience of the individual members of management, and report to the board of directors in this respect,</li> <li>• consider proposals from relevant persons, including shareholders and members of the board of directors and the executive board for candidates for the board of directors and the executive board, and</li> <li>• propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes.</li> </ul>	<p>Nykredit complies with the recommendation.</p>

Recommendation	Approach
<p>3.4.7. The Committee recommends that the board of directors establish a remuneration committee with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• to recommend the remuneration policy (including the general guidelines for incentive-based remuneration) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting,</li> <li>• make proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group, and</li> <li>• recommend a remuneration policy applicable for the company in general.</li> </ul>	<p>Nykredit complies with the recommendation.</p>
<p>3.4.8. The Committee recommends that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	<p>Nykredit complies with the recommendation.</p>
<p>3.5.1. The Committee recommends that the board of directors establish an evaluation procedure where contributions and results of the board of directors and the individual members, as well as collaboration with the executive board are annually evaluated. Significant changes deriving from the evaluation should be included in the management commentary or on the company's website.</p>	<p>Nykredit complies with the recommendation.</p>
<p>3.5.2. The Committee recommends that in connection with preparation of the general meeting, the board of directors consider whether the number of members is appropriate in relation to the requirements of the company. This should help ensure a constructive debate and an effective decision-making process in which all members are given the opportunity to participate actively.</p>	<p>Nykredit complies with the recommendation.</p>
<p>3.5.3. The Committee recommends that at least once every year the board of directors evaluate the work and performance of the executive board in accordance with predefined clear criteria.</p>	<p>Nykredit complies with the recommendation.</p>
<p>3.5.4. The Committee recommends that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer and that the outcome of the evaluation be presented to the board of directors.</p>	<p>Nykredit complies with the recommendation.</p>

Recommendation	Approach
<p>4.1.1. The Committee recommends that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including</p> <ul style="list-style-type: none"> <li>• a detailed description of the components of the remuneration for members of the board of directors and the executive board,</li> <li>• the reasons for choosing the individual components of the remuneration, and</li> <li>• a description of the criteria on which the balance between the individual components of the remuneration is based.</li> </ul> <p>The remuneration policy should be approved by the general meeting and published on the company's website.</p>	<p>Nykredit complies with the recommendation. Nykredit's remuneration policy complies with the detailed requirements of financial legislation. Reference is made to <a href="http://www.nykredit.dk">www.nykredit.dk</a>.</p>
<p>4.1.2. that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> <li>• limits be set on the variable components of the total remuneration package,</li> <li>• a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long terms,</li> <li>• there be clarity about performance criteria and measurability for award of variable components,</li> <li>• there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer than one calendar year, and</li> <li>• an agreement be made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated.</li> </ul>	<p>Nykredit complies with the recommendation. Nykredit's remuneration policy complies with the detailed requirements of financial legislation. Reference is made to <a href="http://www.nykredit.dk">www.nykredit.dk</a>.</p>
<p>4.1.3. The Committee recommends that remuneration of members of the board of directors does not include share options.</p>	<p>Nykredit complies with the recommendation.</p>
<p>4.1.4. The Committee recommends that if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.</p>	<p>Nykredit complies with the recommendation.</p>
<p>4.1.5. The Committee recommends that agreements on termination payments should not amount to more than two years' annual remuneration.</p>	<p>Nykredit complies with the recommendation.</p>
<p>4.2.1. The Committee recommends that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.</p>	<p>Nykredit complies with the recommendation.</p>

Recommendation	Approach
4.2.2. The Committee recommends that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.	Nykredit complies with the recommendation.
4.2.3. The Committee recommends that the total remuneration granted to each member of the board of directors and the executive board by the company and other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.	Nykredit complies with the recommendation.
5.1.1. The Committee recommends that the board of directors in the management commentary review and account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.	Nykredit complies with the recommendation.
5.2.1. The Committee recommends that the board of directors decide whether to establish a whistle-blower scheme for expedient and confidential notification of possible or suspected wrongdoing.	Nykredit complies with the recommendation. Nykredit set up a whistle-blower scheme in 2014 to counter violations of financial legislation.
5.3.1. The Committee recommends that the board of directors ensure regular dialogue and exchange of information between the auditor and the board of directors, including that the board of directors and the audit committee at least once a year meet with the auditor without the executive board present. This also applies to the internal auditor, if any.	Nykredit complies with the recommendation.
5.3.2. The Committee recommends that the audit agreement and auditors' fee be agreed between the board of directors and the auditor on the basis of a recommendation from the audit committee.	Nykredit complies with the recommendation.



# Report concerning the managerial code of conduct of the Danish Bankers Association for the financial year 2016

Recommendation	Approach
<b>GENERAL RECOMMENDATIONS</b>	
1. The Association recommends that member companies address all recommendations of the Committee on Corporate Governance.	Nykredit complies with the recommendation. Reference is made to section A with the Nykredit Group's statement with regard to the Recommendations by the Committee on Corporate Governance.
2. The Association recommends that member companies prepare and publish a code of conduct describing the business concept and the desired conduct in respect of operation and management.	Nykredit complies with the recommendation. The companies of the Nykredit Group operate according to Nykredit's corporate values and code of conduct.
<b>RECOMMENDATIONS CONCERNING THE COMPOSITION OF THE BOARD OF DIRECTORS</b>	
3. The Association recommends that member companies apply a specified and structured process when recruiting candidates for their boards of directors and possibly include external competences.	Nykredit complies with the recommendation.
4. The Association recommends that member companies whose articles of association stipulate that members of the board of directors may only be elected among a restricted group of persons account for the basis of such restrictions.	Nykredit complies with the recommendation.  The Articles of Association of the Nykredit Group contain no such restrictions.
<b>RECOMMENDATIONS CONCERNING TRAINING OF MEMBERS OF THE BOARD OF DIRECTORS</b>	
5. The Association recommends that board members commence a training programme in banking as soon as possible and not later than six months after joining the board of directors unless they already possess updated and specific banking skills. The programme should reflect the size, business model and complexity of the company.	The recommendation complies with the adjustments in the Executive Order on basic training for members of the board of directors of banks, mortgage banks and insurance companies.
6. The Association recommends that members of the board of directors regularly participate in competency development of relevance to their directorship. The subjects and scope should be adapted to the size, business model and complexity of the company.	Nykredit complies with the recommendation.
<b>RECOMMENDATIONS CONCERNING EVALUATION OF THE BOARD OF DIRECTORS AND BOARD MEMBERS</b>	
7. The Association recommends that each individual board member annually evaluate his or her work on the board of directors. As part of the evaluation, the board members should fill in an evaluation form that contains both managerial and banking-related topics.	Nykredit complies with the recommendation.

<b>RECOMMENDATIONS CONCERNING COOPERATION WITH THE DAY-TO-DAY MANAGEMENT OF THE COMPANY</b>	
8. The Association recommends that relevant specialists be involved in the cooperation with the board of directors and that they attend board meetings when particularly complex issues are discussed.	Nykredit complies with the recommendation.
9. The Association recommends that the cooperation between the executive board and the board of directors be discussed at a meeting of the board of directors at least once a year. The executive board should not be present during such discussions.	Nykredit complies with the recommendation.
<b>OTHER RECOMMENDATIONS</b>	
10. The Association recommends that member companies publish on their website or in a similar way a list of the attendance of board members at board and committee meetings.	Nykredit complies with the recommendation. Lists of attendance at board and committee meetings of Nykredit Realkredit A/S are published.
11. The Association recommends that member companies consider the rules on limits to directorships laid down in the Danish Financial Business Act.	Nykredit complies with the recommendation.
12. The Association recommends that member companies focus on the role of the external auditors and the quality of their services. Member companies should set forth demands as to the composition of the teams of external auditors to ensure that a team includes at least two experienced auditors with complementary skills. To be an experienced auditor, an auditor must have completed supplementary training in the field of banking and have participated in the auditing of a bank, savings bank or cooperative bank for at least three years.	Nykredit complies with the recommendation.

# Environment and climate

Nykredit wants to run a sustainable, socially responsible business. We have therefore set a target of reducing our carbon footprint by 2020, which we monitor regularly.

## Resource consumption

		HQ + staff buildings	Customer centres	Subsidiar ies	JN Data***	Nykredit 2016	Nykredit 2015	Nykredit 2012	Index 2015 to 2016	Index 2012 to 2016
Nykredit Facts	Number of locations	9	52	1	1	63	65	74	97	85
	Of which leased premises	7	46	1	-	54	49	56	110	96
	Heated area (sqm)	75,256	49,710	1,473	2,483	128,922	125,455	146,784	103	88
	Number of staff (total)	2,982	1,097	40	105	4,224	4,310	4,807	98	88
	Number of full-time equivalents	2,498	983	37	105	3,623	3,602	4,100	101	88
Consumption data	Electricity (MWh)	6,800	2,528	54	3,094	12,476	13,630	16,054	92	78
	Electricity from renewable energy systems (MWh)	224	80	-	-	304	303	-	100	-
	Heating (MWh)	4,877	4,518	113	62	9,570	11,062	12,010	87	80
	Heating, degree-day adjusted	5,997	5,497	137	62	11,693	13,486	14,094	87	83
	Direct energy consumption (MWh)**	342	515	-	-	857	1,270	806	67	106
	Indirect energy consumption (MWh)	12,679	7,590	190	3,156	23,616	26,148	29,343	90	80
	Total energy consumption (MWh)	13,021	8,105	190	3,156	24,474	27,418	30,149	89	81
KPI's	Heated area per staff member (sqm)	30	51	40	24	36	35	35	102	102
	Electricity consumption per staff member (kWh)	2,812	2,653	1,447	29,470	3,527	3,868	3,773	91	93
	Electricity consumption per square metre (kWh)	93	52	36	1,246	99	111	107	89	92
	Heat consumption per staff member (kWh)	2,401	5,592	3,702	591	3,228	3,744	3,312	86	97
	Heat consumption per square metre (kWh)	80	111	93	25	91	107	94	85	97
	Total energy consumption per staff member (kWh)	5,213	8,245	5,148	30,060	6,755	7,612	7,085	89	95
	Total energy consumption per square metre (kWh)	173	163	129	1,271	190	219	200	87	95
Transport	Company car travel (1000 km)	786	-	3	27	816	787	927	104	88
	Own car travel (1000 km)	4,345	-	349	-	4,693	4,779	6,427	98	73
	Taxi travel (1000 km)	248	-	2	2	252	283	525	89	48
	Rail travel (1000 km)	1,614	-	50	30	1,694	1,547	2,170	110	78
	Air travel (1000 km)	3,553	-	11	158	3,723	3,914	9,120	95	41
Total CO <sub>2</sub> emissions	Total heat consumption (tonnes)	659	647	15	7	1,328	1,752	1,687	76	79
	Electricity consumption (tonnes)	1,587	590	12	722	2,911	4,478	6,609	65	44
	Transport total (tonnes)	1,257	-	53	21	1,331	1,374	2,524	97	53
	Air travel (tonnes)	440	-	2	15	457	493	1,191	93	38
	Rail travel (tonnes)	63	-	2	1	66	60	52	110	127
	Own car travel (tonnes)	608	-	49	-	657	669	1,060	98	62
	Company car firm brutto (tonnes)	110	-	0	4	114	110	143	104	80
	Taxi Travel (tonnes)	37	-	0	0	37	42	78	89	48
	Total CO <sub>2</sub> emissions (tonnes)	3,503	1,237	81	749	5,570	7,604	10,821	73	51
	CO <sub>2</sub> emissions per staff member (tonnes)	1.40	1.26	2.18	7.13	1.54	2.11	2.64	73	58

\* The calculation is based on degree-day adjusted heat consumption, corresponding to a standard year.

\*\* Approximately 17% of the energy consumption for JN Data has been included in 2016 as Nykredit took up about one-fifth of its operations. The number of kilometres and emissions from transport for JN Data have been included in the distribution also applied to expenses."

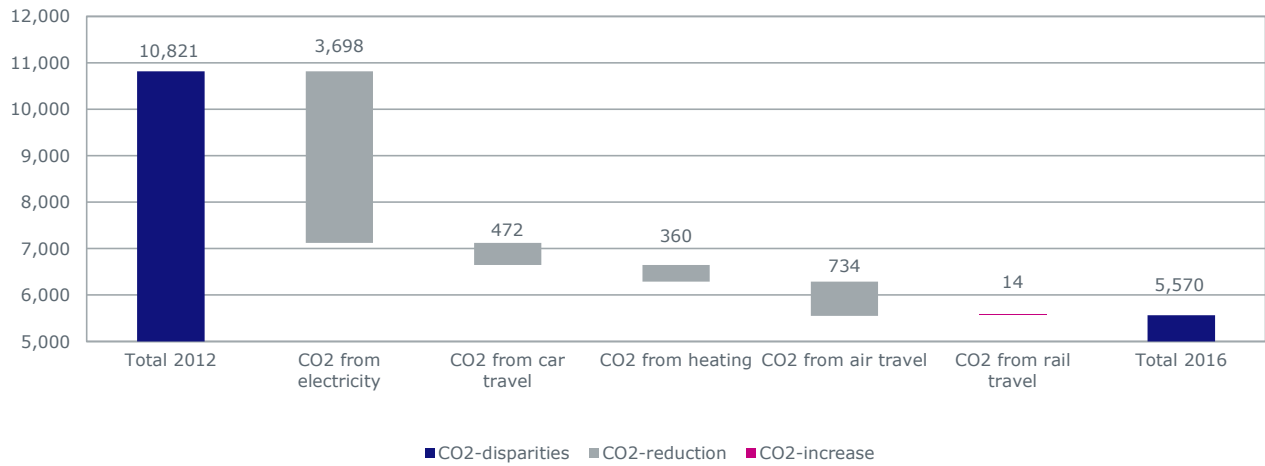
\*\*\* Due to a printing error in Nykredit's statement of CO<sub>2</sub> emission for 2012, the index number has been corrected from 2.54 to 2.64

\*\*\*\* If the statement had been made using the 125% method, the key figure for CO<sub>2</sub> emission per person would have been lower: 1.49 tonnes/FTE

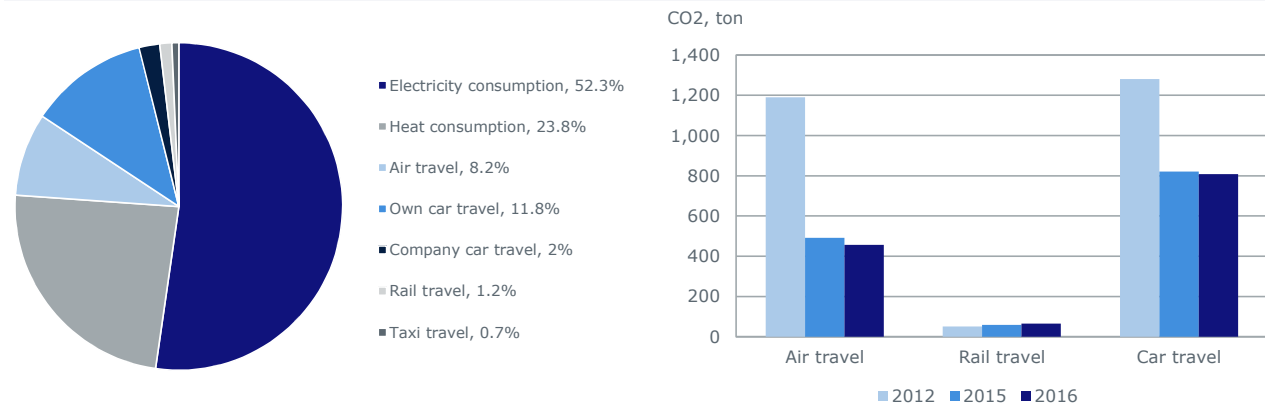
## Current level towards target of 65% CO<sub>2</sub> reduction - graphical presentation

### CO<sub>2</sub> emissions - development since base year 2012 and by source

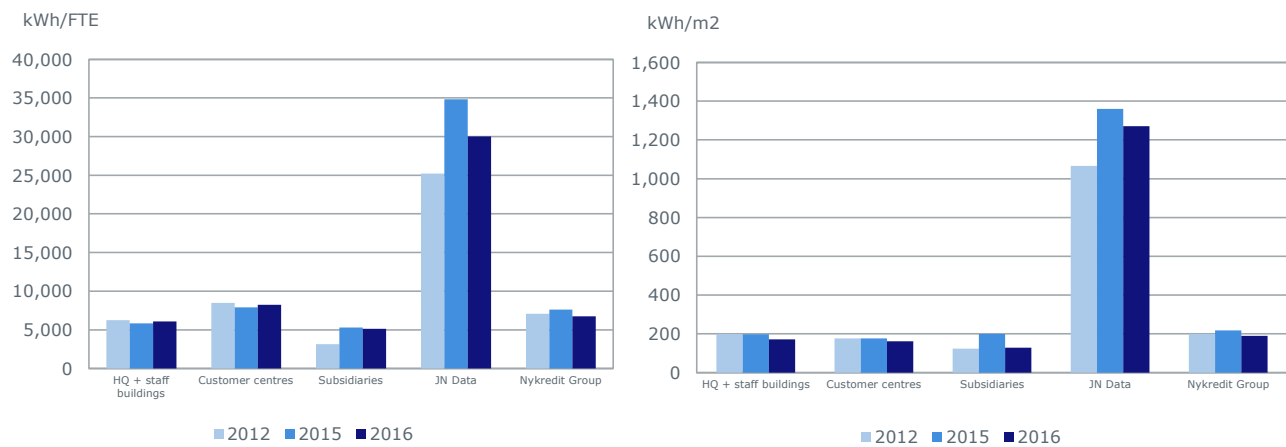
CO<sub>2</sub>, tonnes



### CO<sub>2</sub> emissions - by source and development by transport



### Energy consumption per staff member and per square metre



\* Due to an error in the statement of heat consumption for subsidiaries in 2015, the charts have been corrected compared with previous publications.

## CO<sub>2</sub> EMISSIONS: CURRENT LEVEL TOWARDS TARGET OF 65% CO<sub>2</sub> REDUCTION – BY SOURCE

### Direct and indirect emissions

Our air emissions are divided into three categories:

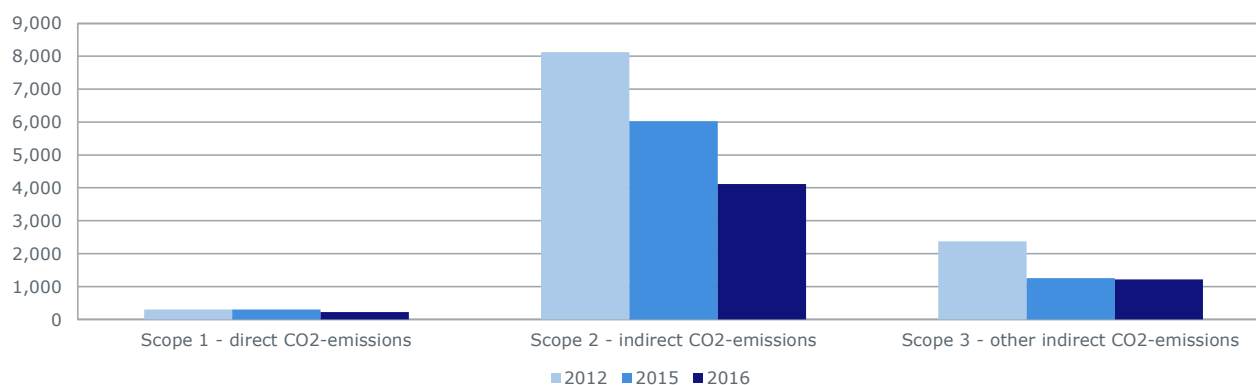
- **Scope 1** - Direct greenhouse gas emissions are emissions from sources that are owned or controlled by Nykredit. They include emissions from direct combustion of fuels and our vehicle fleet.
- **Scope 2** - Indirect greenhouse gas emissions are emissions that result from the consumption of the electricity we purchase. They include emissions that result from our consumption of electricity and district heating.
- **Scope 3** - Other indirect greenhouse gas emissions are emissions from sources that are not owned or controlled by Nykredit. They include third-party deliveries, business travel and use of products and services sold. Reporting of scope 3 emissions is optional. Nykredit includes the following elements: CO<sub>2</sub> emissions from air and rail travel, work-related own car travel and taxi travel.

### CO<sub>2</sub>-emissions (scopes)

	2012	2013	2014	2015	2016	Indeks 2012-2016
<b>Total CO<sub>2</sub>-emissions (tonnes)</b>	<b>10,821</b>	<b>9,511</b>	<b>9,749</b>	<b>7,604</b>	<b>5,570</b>	<b>51</b>
<b>Scope 1 - direct CO<sub>2</sub>-emissions</b>	<b>308</b>	<b>280</b>	<b>295</b>	<b>308</b>	<b>228</b>	<b>74</b>
- Company car travel (tonnes)	143	119	147	110	114	80
- Heat consumption (tonnes) - oil and gas	165	160	148	198	114	69
<b>Scope 2 - indirect CO<sub>2</sub>-emissions</b>	<b>8,131</b>	<b>7,029</b>	<b>7,727</b>	<b>6,032</b>	<b>4,125</b>	<b>51</b>
- Electricity consumption (tonnes)	6,609	5,565	6,175	4,478	2,911	44
- Heat consumption (tonnes) - from CHP plants	1,522	1,464	1,552	1,554	1,214	80
<b>Scope 3 - other indirect CO<sub>2</sub>-emissions</b>	<b>2,382</b>	<b>2,202</b>	<b>1,727</b>	<b>1,264</b>	<b>1,217</b>	<b>51</b>
- Air travel (tonnes)	1,191	1,135	718	493	457	38
- Rail travel (tonnes)	52	68	68	60	66	127
- Own car travel (tonnes)	1,060	955	883	669	657	62
- Taxi travel (tonnes)	78	44	57	42	37	48

### Breakdown of CO<sub>2</sub>-emissions (scope and year)

CO<sub>2</sub>, ton





## WASTE

In 2016 Nykredit measured the Group's waste according to the following table. It shows that about **40%** of Nykredit's waste was recycled. We aim to increase this percentage.

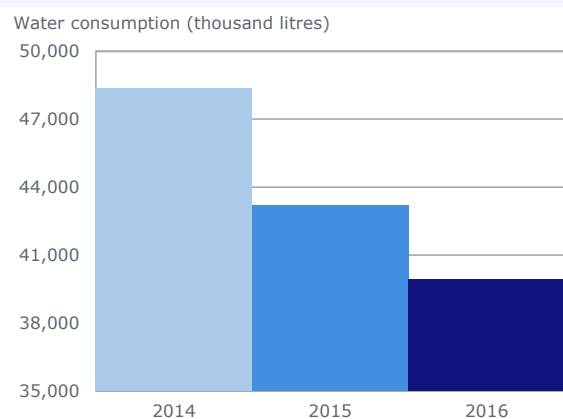
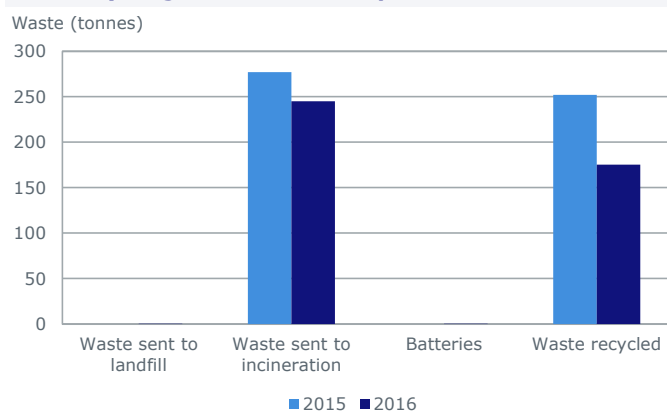
	HQ + staff buildings	Customer centres	Subsidiaries	JN Data <sup>2</sup>	Nykredit 2016	Nykredit 2015	Index 2015-2016
Total waste (tonnes)	282	139	-	-	421	530	79
Waste per staff member (kg/FTE)	113	141	-	-	120	132	91
Waste sent to landfill (tonnes)	1	-	-	-	1	-	-
Waste sent to incineration (tonnes)	188	57	-	-	245	277	89
Batteries (tonnes)	-	0.05	-	-	0.05	-	-
Waste recycled (tonnes)	93	82	-	-	175	252	70
- of which food waste (tonnes)	21	-	-	-	21	53	40
- of which paper waste (tonnes)	67	81	-	-	147	190	78
- of which electronic waste (tonnes)	2	-	-	-	2	3	57
- of which glass waste (tonnes)	2.09	1.19	-	-	3.28	-	-
- of which iron and metal waste (tonnes)	1.33	-	-	-	1.33	-	-
- of which other waste (tonnes)	0.23	0.26	-	-	0.49	6.00	8
Recycling (%)	41%	59%	-	-	42%	48%	88
Other fragments (%)	59%	41%	-	-	58%	52%	111

## WATER CONSUMPTION

In 2016 water use was an independent item in Nykredit's Climate and Environment Report. See the figures below.

	HQ + staff buildings	Customer centres	Subsidiaries	JN Data <sup>2</sup>	Nykredit 2016	Nykredit 2015	Index 2015-2016
Heated area (sqm)	75,256	49,710	1,473	2,483	128,922	125,455	103
Total water use (cubic metres)	29,814	8,996	448	669	39,928	43,193	92
Number of staff (FTEs)	2,498	983	37	105	3,623	3,602	101
Water use per staff member (litres)	11,935	9,152	12,115	6,371	11,021	11,991	92
Water use per square metre (litres)	354	181	290	269	289	344	84

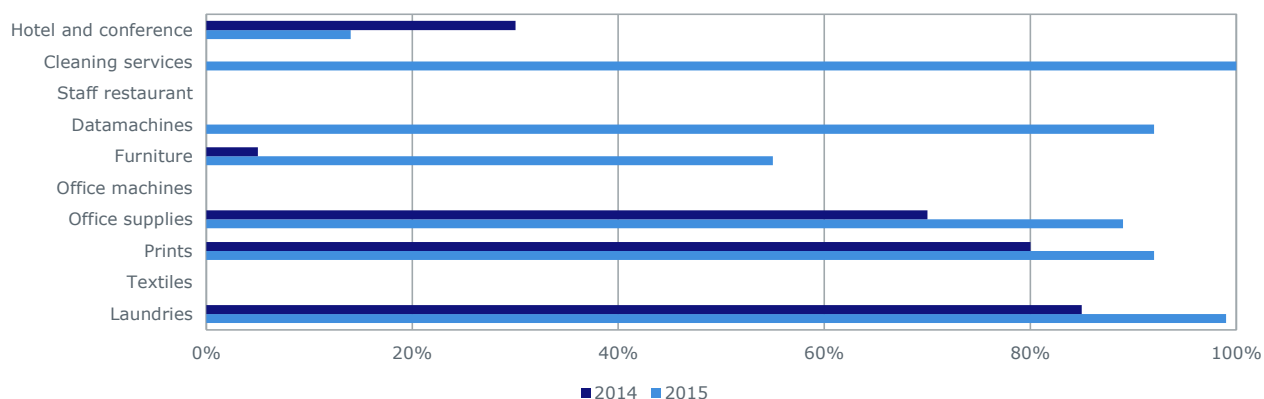
### Waste by fragment and development in water use



## ECOLABELLING DENMARK

Since 2012 Nykredit has been a member of Ecolabelling Denmark's network for Ecolabeled purchases. In 2016 the share of Ecolabeled products, from the selected product groups, amounts to 55%. The graph below shows the share of Ecolabeled purchases in different product groups. The 2016 reporting is finalized during the summer 2017, hence the listed figures are from 2015.

### Amount of purchases marked as Ecolabeled products



## CLIMATE, ENERGY, AND NYKREDIT'S CUSTOMERS

With the introduction of Nykredit's homeowner banking concept, BoligBank, we focus on integrating the climate and environment as a natural element of regular home maintenance. Furthermore, Nykredit offers investment opportunities in climate and environment equities and provides loans for projects related to society's transition to renewable energy.

In this section we have gathered key figures on Nykredit's customer-facing initiatives with a climate and energy element.

### Nykredit's customer-facing initiatives

		2015	2016
<b>BoligEftersyn - for homeowners</b> Overview of maintenance, energy improvement and climate adaption of the dwelling	Number of reports ordered	469	240
	Avg. improvement expenses	kr. 190,000	kr. 217,369
	Avg. amount saved per homeowner per year	kr. 5,800	kr. 4,379
<b>BoligkøbsEftersyn - for homeowners</b> Overview of the state of repair of the dwelling before buying with focus on maintenance, energy improvement and climate adaptation.	Number of reports ordered	115	92
	Avg. improvement expenses	kr. 160,000	kr. 107,317
	Avg. amount saved per buyer per year	kr. 2,500	kr. 1,665



# Human Relations

## Key figures

	2014	2015	2016
Average number of full-time staff*	3,971	3,709	3,640
Staff turnover	9.5%	15.1%	13.1%
Women in management	31%	31%	32.0%

\*The average number of full-time staff, determined on the basis of the Danish ATP method, excluding Nykredit Forsikring A/S and JN Data A/S

## Staff figures

	2014	2015	2016
Permanent staff, year-end	3,567	3,432	3,227
-of which part-time staff	404	349	313
Staff paid by the hour	574	626	586
New staff	132	285	321
Outflow	357	543	459
New staff as percentage of permanent staff	3.7%	8.3%	9.9%

## Staff opinion survey

	2014	2015	2016
Level (0-100)			
Staff satisfaction	71	74	73
Physical workplace assessment	94	97	Ingen data

## Work-life balance

	2014	2015	2016
Part-time staff	404	349	313
- of which women	372	318	286
- of which men	32	31	27
Average number of days per paid maternity	124	125	128
Number of staff on leave	377	371	340

## Health

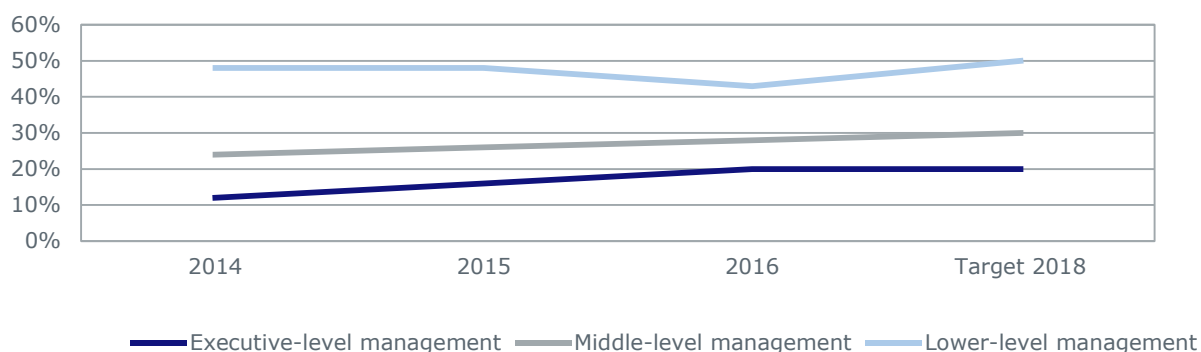
	2014	2015	2016
Number of staff participating in annual health check offer	1,580	1,341	650
Average days of absence because of illness	6.1	6.1	5.8

\*A great part of Retail staff have postponed the annual health check from 2015 to 2016 due to an overlap of the health check and another event in Retail.

## Percentage of female managers

%	2014	2015	2016	Target 2018
Executive-level management	12%	16%	20%	20%
Middle-level management	24%	26%	28%	30%
Lower-level management	48%	48%	43%	50%
Total female managers	31%	31%	32%	-

Percentage of female managers



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.

Nykredit's policy for women in management and other information on nykredit's efforts in this respect are available at [nykredit.dk](http://nykredit.dk).

## Female board representation

%	2014	2015	2016	Target 2017
Nykredit Realkredit	20%	20%	20%	25%
Nykredit Bank	20%	20%	0%	25%
Totalkredit	22%	22%	11%	25%

## Staff receiving regular performance and career development reviews

2016, % of employees	Men	Women	Total
Management	84.0%	87.0%	85.0%
Total	88.0%	84.0%	86.0%

Note: Numbers are lower than 100% because of maternity leave, leave, illness, change of job etc.

# Nykredit GRI-Index 2016

Nykredit's Global Reporting Initiative (GRI) index includes reference to relevant reports and websites dealing with the matter in question.

Annual report = Annual Report 2016, Nykredit Realkredit Group  
 Fact book = Fact book 2016, Nykredit Realkredit Group  
 CR-fact book = CR Fact book 2016, Nykredit Realkredit Group  
 CSR-report = Nykredit - engaging with society

## General standard disclosures

GRI	Disclosure	Description/Reference	External Assurance
	<b>Strategy and Analysis</b>		<b>No</b>
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Annual report, Chief Executive Officer's Statement Annual report, Organization, management and corporate responsibility CSR-report	
	<b>Organizational profile</b>		<b>No</b>
G4-3	Name of the organization.	Annual report, Company information	
G4-4	Primary brands, products, and services.	Annual report, Business Areas Website: <a href="http://www.Nykredit.com">www.Nykredit.com</a>	
G4-5	Location of the organization's headquarters.	Annual report, Company information	
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Annual report, Business Areas	
G4-7	Nature of ownership and legal form.	Annual report, Group chart Annual report, Group entities	
G4-8	Markets served.	Annual report, Business Areas	
G4-9	Scale of the organization.	Annual report, Financial highlights Annual report, Business Areas	
G4-10	Workforce.	Annual report, Financial highlights Annual report, Note 11 CR Fact book, Human Relations	
G4-11	Percentage of total employees covered by collective bargaining agreements.	Nykredit has a collective agreement with NYKREDS, a company-specific branch of the Danish Financial Services Union	
G4-12	The organization's supply chain.	CR Fact book, Sustainable investments	
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Annual report, Nykredit's strategy	
G4-14	Whether and how the precautionary approach or principle is addressed by the organization.	Annual report, Organization, management and corporate responsibility	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	CR Fact book	
G4-16	Memberships of associations and national or international advocacy organizations.	CR Fact book	
	<b>Identified Material Aspects and Boundaries</b>		<b>No</b>
G4-17	Entities included in the organization's consolidated financial statements and whether any entity included in the organization's consolidated financial statements is not covered by the report.	Annual report, Group chart	
G4-18	The process for defining the report content and the Aspect Boundaries and how the organization has implemented the Reporting Principles for Defining Report Content.	The material aspects were identified through internal assessment of key factors.	
G4-19	Material Aspects identified in the process for defining report content.	See the two tables below with Specific Standard Disclosures and Financial Services Sector Disclosures	
G4-20	Aspect Boundary within the organization for material aspects.	None	
G4-21	Aspect Boundary outside the organization for material aspects.	None	
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	None	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	None	

	<b>Stake holder Engagement</b>		<b>No</b>
G4-24	Stakeholder groups engaged by the organization.	nykredit.com	
G4-25	Basis for identification and selection of stakeholders with whom to engage.	nykredit.com nykredit.com	
G4-26	Approach to stakeholder engagement.	nykredit.com	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	nykredit.com Environment and climate policy Nykredit blog: <a href="http://weblog.nykredit.dk/">http://weblog.nykredit.dk/</a> Nykredit's financial hotline	
	<b>Report Profile</b>		<b>No</b>
G4-28	Reporting period.	Calendar year 2016	
G4-29	Date of most recent previous report.	Nykredit GRI-index 2016 in Nykredit CR Fact Book, February 2016	
G4-30	Reporting cycle.	Annual	
G4-31	Contact point for questions regarding the report.	Corporate Communications	
G4-32	The GRI-reporting option chosen.	GRI Content Index for 'In Accordance' - Core This table, CR Fact book	
G4-33	Assurance.	No external assurance of the GRI-index.	
	<b>Governance</b>		<b>No</b>
G4-34	Governance structure of the organization.	CR Fact book, Corporate governance Annual report, Organization and delegation of responsibilities Annual report, Corporate governance Annual report, Other information	
	<b>Ethics and Integrity</b>		<b>No</b>
G4-56	Values, principles, standards and norms of behavior.	Financial sustainability Core Values CR Fact book	

### Specific standard disclosures

GRI	Material Aspects & Indicators	Reported DMA & Indicators	External Assurance
	<b>Economic</b>		<b>No</b>
<b>G4 - DMA</b>	<b>Economic Performance &amp; Community Investment</b>	<p>It is important that Nykredit has a strong capital position so that we can provide our customers with loans – also in times of crisis.</p> <p>As a SIFI and a responsible company, Nykredit will continue to operate with a conservative capital structure, ensuring high credit ratings. Nykredit's capital policy contains a growth buffer and a buffer for regulatory changes.</p> <p>Nykredit sponsors and supports Louisiana, the Royal Danish Theatre, the National Gallery of Denmark and Copenhagen Business School.</p> <p>Nykredit possesses competencies which we make available for a number of ongoing social projects and partnerships. Nykredit is a part of Økonomisk Overblik (Financial Overview), offering independent financial advice to previously deployed soldiers who have lost their financial bearings due to personal problems. Nykredit forms part of a social partnership – Råd til livet – with the Mary Foundation, Mødrehjælpen (a private humanitarian organization for vulnerable families with children) and Foreningen Østifterne. In addition to financial support, Nykredit also encourages staff to offer free and independent financial advice to battered women and other women at risk in the metropolitan area.</p> <p>nykredit.com</p>	
G4-EC1	Direct economic value generated and distributed. Value generated by the organization's community investment programs and breakdown of community investment by theme.	Fact book p. 8 Annual report, Financial highlights	
<b>G4 - DMA</b>	<b>Indirect Economic Impacts</b>	<p>As a large workplace and business, we play an important role in society. Nykredit strives to contribute to a stable and efficient financial market.</p> <p>We contribute to the development of Danish society by engaging in numerous non-profit activities in the areas of social projects, climate and environment, art, culture, public health, sports, etc.</p> <p>Nykredit contributes to society by conducting business in a responsible manner, enabling us to provide loans to individuals and businesses in good times as well as in more challenging times.</p>	
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Fact book pp. 19-20, 23-28, 28, 30-38	



	Environmental		No
<b>G4 - DMA</b>	<b>Energy</b>	<p>The impacts on the environment are a serious challenge to society. Being one of Denmark's largest financial businesses, we share a responsibility for contributing to a long-term environmental response.</p> <p>Nykredit intends to boost internal energy efficiency by combining reductions in energy consumption with the establishment of renewable energy systems such as solar cells.</p> <p>nykredit.com nykredit.com</p>	
G4-EN3	Energy consumption within the organization	CR Fact book, Environment and climate	
G4-EN4	Energy consumption outside the organization	CR Fact book, Environment and climate	
G4-EN6	Reduction of energy consumption	CR Fact book, Environment and climate	
<b>G4 - DMA</b>	<b>Water</b>	<p>Water is an important focus area in Nykredit's climate and environment strategy, and Nykredit is continuously looking for new ways to reduce its water consumption.</p> <p>nykredit.com nykredit.com</p>	
G4-EN8	Total water withdrawal by source	<p>All water obtained from public water supply</p> <p>CR Fact book, Environment and climate</p>	
<b>G4 - DMA</b>	<b>Emissions</b>	<p>Nykredit has set a climate and environment strategy up to 2020, focusing on both Nykredit's activities and a reduction of Nykredit's own CO2 emission. Nykredit is among other initiatives included in this report in the process of reducing emissions from transport. The objective of our internal efforts is to achieve an absolute reduction of 65% of Nykredit's total CO2 emission by end-2020. Internal efficiencies and renewable energy systems will account for 32%.</p> <p>nykredit.com nykredit.com</p>	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	CR Fact book, Environment and climate	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	CR Fact book, Environment and climate	
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	CR Fact book, Environment and climate	
G4-EN18	Greenhouse gas (GHG) emissions intensity	CR Fact book, Environment and climate	
<b>G4 - DMA</b>	<b>Effluents and Waste</b>	<p>In Nykredit internal climate ambassadors serve as role models for their colleagues with the aim of implementing climate friendly habits in the organization. Paper constitutes a large share of the waste in Nykredit, we are aware of this and focus using less paper in the future. Paper is recycled and internal climate ambassadors are focusing on printing less e.g. by printing duplex.</p>	
G4-EN23	Total weight of waste by type and disposal method	The paper disposal was 197.000 kilos in 2014 and has decreased slightly to 190.000 kilos in 2015.	
<b>G4 - DMA</b>	<b>Products and Services</b>	<p>In our customer-oriented activities we focus on including environmental considerations in our daily work and developing concepts, products and advisory services stimulating the environmental awareness and investments of our customers and primary stakeholders.</p> <p>nykredit.com nykredit.com</p>	
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	CSR-report p. 7-8	
<b>G4 - DMA</b>	<b>Transport</b>	<p>Nykredit has a target of reducing CO<sub>2</sub>-levels with 65% from 2012-2020. Hereof, CO<sub>2</sub>-reductions from transport will constitute 8%.</p> <p>nykredit.com nykredit.com</p>	
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	CR Fact book, Environment and climate	
<b>G4 - DMA</b>	<b>Supplier Environmental Assessment</b>	<p>Nykredit focuses on purchasing sustainable products that cause the least impact on the environment from manufacturing to disposal. Ecolabels such as the Nordic Ecolabel (the Swan) and the EU Ecolabel (the Flower) are used as guides.</p>	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	CR Fact book, Sustainable investments	

GRI	Disclosure	Description/Reference	External Assurance
	<b>Labor practices and Decent Work</b>		<b>No</b>
<b>G4 - DMA</b>	<b>Employment</b>	<p>Nykredit strives to be one of the most attractive and challenging workplaces in Denmark. In Nykredit, you will become part of a large group that offers internal career paths and development opportunities. We focus on the talent of the individual and a high professional level. Together with their immediate superior, all staff members specify individual goals for their work and prepare a performance-based development plan.</p> <p>Nykredit assumes corporate social responsibility when you as a staff member have room to unfold your full potential while maintaining a work-life balance.</p> <p>nykredit.com</p>	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	CR Fact book, Human Relations	
<b>G4 - DMA</b>	<b>Labor/Management Relations</b>	<p>Nykredit has a good relationship with NYKREDS, its staff association, and Nykredit appreciates that NYKREDS seeks influence and works to ensure that staff conditions are considered in the day-to-day operations and the continuous group development. Interaction takes place at many levels: between the individual supervisor and union representative, in the local and central works councils and health and safety committees, as well as in a number of ad hoc working groups. In order to support the objective of being an attractive and challenging workplace, Nykredit has prepared a staff policy, which is being implemented through the local works councils in dialogue with NYKREDS.</p>	
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	<p>Minimum 3 months' notice according to the collective agreement. Changes need approval from NYKREDS before implementation.</p>	
<b>G4 - DMA</b>	<b>Occupational Health and Safety</b>	<p>Nykredit is focusing on health in general, as healthy staff members have higher job satisfaction, lower sick absence rates and create a good social environment.</p> <p>The annual staff health check offer forms part of a large package of health offers, including sports and exercise via Nykredit sponsorships. Even though the risk of robberies in Nykredit is limited due to the amount of cash handled Nykredit has guidelines for employees to follow in case of robberies. Psychological treatment is offered to employees in case of robberies.</p> <p>nykredit.com</p>	
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Total workforce of Nykredit is represented	
<b>G4 - DMA</b>	<b>Training and Education</b>	<p>In 2011 new rules were introduced requiring financial companies to ensure and prove that advisers have the necessary skills to advise customers on investment products and financial instruments.</p> <p>Nykredit's compulsory training programme ensures that advisers have a high expertise and that such expertise is translated into sound advice.</p> <p>A wide range of internal and external courses and training programmes ensures continuous development of staff skills. Nykredit make an effort to spot talent and offer talent programmes for advisers, specialists and managers.</p> <p>nykredit.com</p>	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	CR Fact book, Human Relations	
<b>G4 - DMA</b>	<b>Diversity and Equal Opportunity</b>	<p>Nykredit aims at staff diversity in terms of gender, age, ethnicity, sexual orientation and flextime jobs.</p> <p>Nykredit focus 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.</p> <p>nykredit.com</p>	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	CR Fact book, Human Relations	
<b>G4 - DMA</b>	<b>Equal Remuneration for Women and Men</b>	<p>Nykredit has an equal wage politic and statistics on the wage distribution is kept every year. It is Nykredit's ambition to remunerate based on competencies, effort and results independently of gender.</p>	
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	CR Fact book, Human Relations	

GRI	Disclosure	Description/Reference	External Assurance
	<b>Human Rights</b>		<b>No</b>
<b>G4 - DMA</b>	<b>Investment</b>	<p>Nykredit is aware of the responsibility following from investments. The balance between returns and responsible investment rests on Nykredit's business concept of Financial Sustainability. Although Nykredit's customers are very diverse, they all expect the companies in which we invest to act in compliance with international law.</p> <p>Nykredit has drawn up a sustainable investments policy. The purpose of the policy is to ensure that Nykredit incorporates environmental, social and corporate governance issues into its entire investment process. We screen the companies in our portfolio for breaches of generally accepted conventions, the Global Compact principles, etc.</p> <p>nykredit.com</p>	
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Nykredit CR Fact book, Sustainable investments	
FS11	Percentage of assets subject to positive and negative environmental or social screening	<p>Nykredit's portfolios are screened twice a year to make sure that they are in accordance with the UN Global Principles for Responsible Investment. Based on the outcome, Nykredit decides which steps should be taken if a company in which it has invested does not comply with the conventions.</p> <p>nykredit.com</p>	
<b>G4 - DMA</b>	<b>Non-discrimination</b>	<p>Nykredit has adopted the UN Global Compact initiative and its 10 principles on human rights, labor standards, environment and anti-corruption. Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p> <p>Nykredit aims to be a company that accommodates staff and management of different ages and sexual orientation, of both genders and with different ethnic and religious backgrounds. Nykredit is a member of the Association New Danes (Nydansker) and also participates in o.n.e. Danmark. Nykredit supports the New Network, a partnership under which a Nykredit staff member serves as a mentor to a foreigner.</p> <p>nykredit.com</p>	
G4-HR3	Total number of incidents of discrimination and corrective actions taken	None reported	
<b>G4 - DMA</b>	<b>Freedom of Association and Collective Bargaining</b>	<p>Nykredit has adopted the UN Global Compact initiative and its 10 principles on human rights, labour standards, environment and anti-corruption. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>nykredit.com</p>	
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Number of firms excluded and subject to active ownership reported on the sustainable Investments pages in Nykredit CR-factbook.	
<b>G4 - DMA</b>	<b>Supplier Human Rights Assessment</b>	<p>Nykredit has adopted the UN Global Compact initiative and its 10 principles on human rights, labor standards, environment and anti-corruption. Businesses should support and respect the protection of internationally proclaimed human rights makes sure that they are not complicit in human rights abuses.</p> <p>The procurement practice of the Nykredit Group should support the overall strategy and goals. Contracts are made in accordance with the law and in line with the policies on Corporate Social Responsibility (CSR).</p> <p>nykredit.com</p>	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	CR Fact book, Sustainable Investments	

GRI	Disclosure	Description/Reference	External Assurance
	<b>Society</b>		<b>No</b>
<b>G4 - DMA</b>	<b>Local Communities</b>	<p>To Nykredit, corporate social responsibility is far more than compliance with the letter and spirit of rules and regulations.</p> <p>There is trend towards increased migration to growth areas around the large towns and cities, hence the gap between the cities and the rest of the country is becoming more pronounced. Nykredit's raison d'être is to carry on financial business for the benefit of our customers, including to extend loans.</p> <p>Nykredit has initiated the New Network project that provides mentors for young non-ethnic Danes applying for work in the Danish labor market. Nykredit forms part of a social partnership – Råd til livet – with the Mary Foundation, Mødrehjælpen (a private humanitarian organisation for vulnerable families with children) and Foreningen Østifterne. In addition to financial support, Nykredit also encourages staff to offer free and independent financial advice to battered women and other women at risk in the metropolitan area.</p> <p>Nykredit sponsors and supports Louisiana, the Royal Danish Theatre, the National Gallery of Denmark and Copenhagen Business School.</p>	
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	nykredit.com	
FS13	Access points in low-populated or economically disadvantaged areas by type.	<p>There are no "dark spots" on the map where Nykredit does not offer loans – we offer mortgage lending and banking services in all parts of Denmark. Also, there is no minimum loan amount. CSR-report.</p> <p>Fact book pp. 21, 24, 30, 33</p>	
<b>G4 - DMA</b>	<b>Anti-corruption</b>	<p>Nykredit's anti-corruption policy sets out the principles for Nykredit's approach to countering any form of corruption. The risk of corruption at the Nykredit Group is assessed as low, as Nykredit is a Danish-based financial services group with relatively few foreign customers and operates mainly in Scandinavia and the EU.</p> <p>nykredit.com</p>	
G4-S04	Communication and training on anti-corruption policies and procedures	All new staff members are trained in measures to combat money laundering. All staff must follow the Nykredit Code of Conduct.	
<b>G4 - DMA</b>	<b>Public Policy</b>	Nykredit does not provide direct or indirect financial support to politicians or political parties.	
G4-S06	Total value of political contributions by country and recipient/beneficiary	Nykredit does not provide direct or indirect financial support to politicians or political parties.	
<b>G4 - DMA</b>	<b>Supplier Assessment for Impacts on Society</b>	The procurement practice of the Nykredit Group should support the overall strategy and goals. Contracts are made in accordance with the law and in line with the policies on Corporate Social Responsibility (CSR) and environment.	
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	CR-fact book, Sustainable Investments	

	Product Responsibility		No
G4 - DMA	Product and Service Labeling	<p>Nykredit wants to offer its customers the best and most competent advice in the market.</p> <p>It is important that customers have a positive experience when dealing with Nykredit. Nykredit wants to offer its customers the best and most competent advice in the market. Under Nykredit Certification, all customer-facing staff undergo a structured development programme providing them with training that goes beyond the requirements of Danish law.</p> <p>Nykredit regularly ask customers about their expectations regarding Nykredit's advisers, products and services and whether their experience matches those expectations.</p> <p>nykredit.com</p>	
G4-PR5	Results of surveys measuring customer satisfaction	CR Fact book, Customers	
G4 - DMA	Customer Privacy	<p>Security has top priority in the financial sector in general. The sector as a whole acknowledges the fact that in this area we are not competitors but have a shared interest in maintaining maximum security at national level.</p> <p>Threats are monitored closely, and cooperation across the financial sector involves internal as well as external experts. Nykredit participates actively in this sector cooperation and complies with the security rules laid down by the Danish Bankers Association for self-service solutions.</p> <p>We conduct annual penetration tests, ie an external expert attempts to hack into our systems.</p>	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	CR Fact book, Customers CSR-report	
G4 - DMA	Compliance	Nykredit acts in compliance with laws and regulations. Under Nykredit Certification, all customer-facing staff undergo a structured development programme providing them with training that goes beyond the requirements of Danish law.	
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		

## Financial Services sector disclosures

GRI	Sector Specific Aspects & Indicators	Reported DMA & Indicators	External Assurance
	<b>Product Responsibility</b>		<b>No</b>
G4 - DMA	Product Portfolio	<p>Considering Nykredit's market share of the Danish mortgage market of around 45%, future measures in the construction area will significantly impact Nykredit's activities as well as our customers' financial situation. Nykredit therefore wishes to contribute to meeting the challenges of the coming years – by providing support for the solutions needed by society as well as changing our own conduct.</p> <p>Nykredit develops concepts, products and advisory services stimulating the environmental awareness and investments of our customers and primary stakeholders.</p> <p>nykredit.com</p>	
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	Fact book pp. 19-20, 22, 28, 32-36	
G4 - DMA	<b>Audit</b>	<p>Nykredit Realkredit A/S is subject to financial regulation, an internal audit function has been set up in the Nykredit Group.</p> <p>Nykredit Realkredit A/S has set up a joint Audit Board for all the companies within the Nykredit Group that are obliged to set up such a board. The Board of Directors and the Audit Board meet with the independent auditors at least once a year without the attendance of the Executive Board.</p> <p>nykredit.com</p>	
G4 - DMA	<b>Active Ownership</b>	<p>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.</p> <p>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.</p> <p>nykredit.com</p>	
FS11	Percentage of assets subject to positive and negative environmental or social screening.	CR Fact book, Sustainable investments	