

Nykredit ESG fact sheet Q1-Q3, 2020

04.11.2020

This fact sheet provides a holistic overview of our key financial, governance, social, and environmental metrics that demonstrate Nykredit's ESG-performance. The fact sheet is updated on an ongoing basis.

Further data, information and initiatives can be found at Nykredit.com. Please also see Nykredit's [Gri Reporting](#) on page 86 in Nykredit's [Corporate Responsibility Report 2019](#).

Financial data	Numbers	Note
Cost: income ratio	0.42	
Income	10,250 DKKm	
Cost	4,294 DKKm	
Impairment	1,985 DKKm	
Business profit (loss)	1,875 DKKm	
Tax	Tax calculated on profit for the period was 641 DKKm, corresponding to 15.9% of profit before tax	See Nykredit's tax policy https://www.nykredit.com/en-gb/om-os/organisation/politikker/skattepolitik See Nykredit's tax payment in Nykredit Group Q1-Q3 Interim Report 2020
Profit (loss) for the period	3,378 DKKm	
ROE	5.2%	
ROAC	6.8%	
CET1	19.3%	
Leverage Ratio	4.5%	

Read more in the [Nykredit Group Q1-Q3 Interim Report 2020](#) and the [Risk and Capital Management Report 2019](#)

Environmental

Sustainability	Description / Meets requirement	Note
Sustainable financial initiatives	Yes	See our Sustainable Investments Policy and find more information on our website: https://www.nykredit.com/en-gb/samfundsansvar/
Environmental policy	Yes	See our Responsible Climate and Environmental Policy
CDP Participation	Yes	See https://www.cdp.net/en/responses/13627
Environmental Management System	Yes	ISO 14001 standard
External certification of EMS	Yes	Force Technology has certified our EMS
GHG Reporting	Yes	See the Corporate Responsibility Report 2019 page 76
Commitment to reduce GHG	Yes, we have reduced our emissions by 80% since 2012. New target is 5% reduction every year towards 2025	See the Corporate Responsibility Report 2019 page 45
Commitment to reduce waste	Yes, 80% of waste must be recycled by 2023. Waste per employee must be reduced to 100 kilo by 2023	See the Corporate Responsibility Report 2019 page 45
Commitment to reduce electricity	25% reduction before end of 2025 compared to 2017	See the Corporate Responsibility Report 2019 page 45

Commitment to renewable energy	Yes, 100% of Nykredit's electricity comes from wind power	See the Corporate Responsibility Report 2019 page 48
CO2-neutral	As of January 1 2020, Nykredit is 100% carbon-neutral. Nykredit can never become carbon neutral through the Group's own initiatives alone. Nykredit has no control of how the district heating that we use is generated, and we cannot completely eliminate emissions from transport. Thus, Nykredit has decided to compensate for Nykredit's remaining unavoidable carbon emissions from heating and transport through third-party verified Gold Standard carbon credits from a wind farm in India. These carbon credits have been purchased.	See the Corporate Responsibility Report 2019 page 45 for more details
Green procurement policy	Yes	Is part of the Code of conduct for suppliers
Sustainable/Responsible Asset Management	Yes	See Corporate Responsibility Report 2019 page 38 See also Nykredit's ESG-analysis for Asset Management
Green bonds	Yes, Nykredit has three green covered bonds	See our Green Bond Framework and find more information on our website: https://www.nykredit.com/en-gb/investor-relations/debt/green-bonds/ Nykredit is the largest Danish issuer of green covered bonds and has of September 30 2020 disbursed DKK 8.2bn in green mortgages funded with green covered bonds, read more in the Corporate Responsibility Report 2019 page 31 and Nykredit Group Q1-Q3 Interim Report 2020 page 18.
Sustainable financial initiatives and other green products	Yes. Nykredit has the Nykredit Invest Sustainable Equity Fund and offers in addition to green mortgage loans also green car loans	Please see description of our green car loans (in Danish only) which has more than doubled from end-2018 to end-2019, see Corporate Responsibility Report 2019 page 30. Read more about the sustainable initiatives on our website (in Danish only).
Sustainable products offering	Yes	All products are evaluated on sustainability, see Corporate Responsibility Report 2019 page 52
Energy advice to customers	Yes	Nykredit has through its alliance with Totalkredit partner banks created an " Energy Calculator ". Customers can calculate energy consumption in real estate and are provided with specific improvements to save energy and money.
Carbon Intensity Trend	Yes	See Corporate Responsibility Report 2019 page 78
Environmental Fines & Penalties	None	

Read more in the [Corporate Responsibility Report 2019](#) and [Green Bond Framework](#)

Social

Human capital	Description / Meets requirement	Note
Code of Conduct	Yes	See our Code of Conduct
Signatory of UN Global Compact (respect of human rights)	Yes	https://www.unglobalcompact.org/what-is-gc/participants/7047-Nykredit
Average no. of full-time staff	3,515	See Corporate Responsibility Report 2019 , page 81
Staff turnover	14.6%	See Corporate Responsibility Report 2019 page 81
- of which voluntary	9.5%	See Corporate Responsibility Report 2019 page 81
Paid maternity/paternity leave	Yes	Up to 30 weeks maternity leave with full compensation (female). In addition four weeks parental leave (male) with full compensation

Average no. of days per paid maternity/paternity leave	118	See Corporate Responsibility Report 2019 page 82
No. of staff on paid maternity/paternity leave	298	See Corporate Responsibility Report 2019 page 82
% covered by collective bargaining agreement	100% have the possibility to be covered by a membership. The rate of membership is approximately 95%	Nykredit is a member of the Danish Employers' Association for the Financial Sector (FA), which has concluded a collective agreement with the Danish Financial Services Union. In continuation of this collective agreement, Nykredit has concluded a local collective agreement with NYKREDS, which is the local branch of the union, as well as multiple local agreements governing the day-to-day collaboration, reporting of staff matters and respect and influence of staff-elected representatives in different forums. See the agreement (in Danish only) https://www.finansforbundet.dk/media/ds1jfr0n/nykredit_vok.pdf Further see Corporate Responsibility Report 2019 page 82.
Health care insurance for staff	Yes	All staff covered by the collective bargaining agreement have health care coverage
Average days of absence due to illness	5.1	See Corporate Responsibility Report 2019 page 69
Staff satisfaction	Yes	See results of staff survey in Corporate Responsibility Report 2019 page 81
Freedom of Association	Yes	Nykredit is located exclusively in countries that protect freedom of association by law. Freedom of association is part of the Danish Constitution - and of course respected by Nykredit. Furthermore, freedom of association is part of the UN Global Compact (principle 3) which Nykredit is committed to - both the company and in our lending practices.
Remuneration policy	Yes	https://www.nykredit.com/globalassets/nykredit.com/pdf/lonpolitik-2019_uk.pdf
Executive remuneration	Please see Annual report 2019 , page 79	
Career management systems	Yes	PS – People System

Read more in the [Corporate Responsibility Report 2019](#) and [Code of Conduct](#)

Diversity	Description / Meets requirement	Note
% women on Board of Directors	33%	See Corporate Responsibility Report 2019 page 84
% women on executive level (% of new staff, flow target)	20% (31%, long-term target of 45%)	See Corporate Responsibility Report 2019 page 83
% women on Middle level management (% of new staff, flow target)	26% (23%, long-term target of 45%)	See Corporate Responsibility Report 2019 page 83
% women on lower-level management (% of new staff, flow target)	39% (41%, long-term target of 45%)	See Corporate Responsibility Report 2019 page 83
Diversity policy	Yes	In 2019 we launched new initiatives to strengthen diversity and the representation of women in management across the organisation. See Corporate Responsibility Report 2019 page 66 for detailed description of initiatives

Read more in the [Corporate Responsibility Report 2019](#)

Staff development	Description / Meets requirement	Note
Talent programme	Yes	Nykredit offers several talent programmes to ensure continuous development of its staff See Corporate Responsibility Report 2019 page 63 for description of initiatives and

		page 83 for an overview of number of participants in each programme
Graduate programme	Yes	See description of program https://www.nykredit.com/karriere/bliv-graduate-i-nykredit/ (in Danish)
Performance and career development programme	Yes	Nykredit provides a number of individual programmes for selected staff members, enabling them to develop professionally and personally. Among other Nykredit Academy, for enhancement of our advisors' professional and personal skills, and apprenticeship and trainee programmes for up-coming financial profiles on the way to becoming future advisors. See Corporate Responsibility Report 2019 page 63
Performance review and feedback	Yes, 78% received regularly reviews in 2019	The numbers is lower than 100% because of maternity and other leave, illness, change of jobs etc. See Corporate Responsibility Report 2019 page 82
Human capital development commitment	Yes	See Corporate Responsibility Report 2019 page 63 for description of initiatives and Code of Conduct

Read more in the [Corporate Responsibility Report 2019](#)

Financial inclusion	Description / Meets requirement	Note
Involvement in microfinance	Yes. Nykredit has made a pledge to support development and growth in all of Denmark	See the Corporate Responsibility Report 2019 page 19-21 for more information
Access to finance in rural areas	68% of new loans in rural areas are originated by Nykredit	See the Corporate Responsibility Report 2019 page 21 for more information
Access to affordable housing	Nykredit has a 40% market share of total mortgage lending to public housing in Denmark, which corresponds to more than 200.000 homes in the public housing segment	See more at https://ledigeboliger.lbf.dk/# (Only in Danish)
Sponsorships of communities in rural areas	3.5 DKKm	See sponsorships (in Danish only) https://www.nykreditsfond.dk/uddelinger/
Loans to the agricultural sector	88.4 DKKbn	Read more in the Factbook Q3 2020 page 37
Loans to senior citizens	127,932 (108.6 DKKbn), hereof 20,184 new loans in 2019	Read more in the Corporate Responsibility Report 2019 page 72
Loans to citizens under 30 years old	41,441 (54.8 DKKbn), hereof 19,594 new loans in 2019	Read more in the Corporate Responsibility Report 2019 page 72
Partner of PengeUge – program for financial education on primary schools	Yes, 51 advisors signed up for 2020	Read more about PengeUge (in Danish only) https://www.pengeuge.dk/Pages/For-side.aspx
Accounts for homeless	Yes	See description (in Danish only) https://www.nykredit.dk/dit-liv/bolig/nyheder-om-bolig--og-privat-ekonomi/2017/12/nykredit-klar-med-kontitil-hjemlose/
Access to basic financial services	Yes. All Danish citizens have the right to a deposit account.	All citizens are by law entitled to a deposit account, see Good Practice for Financial Enterprises (in Danish). Further, according to statistics from the World Bank's Global Findex 99.9% of adults in Denmark have a bank account.
Availability to customers	Yes, strong presence in all of Denmark.	Nykredit has a strong alliance with the 51 Totalcredit partner banks throughout all of Denmark. See Nykredit Group Q1-Q3 Interim Report 2020 page 9 and 12. Nykredit is part of the cooperation "Kontanten" which gives customers access to more than 200 ATMs in Denmark. See here. Nykredit's customer service is available seven days a week per phone or online.

Read more in the [Corporate Responsibility Report 2019](#) and [Factbook Q3 2020](#)

Responsibility	Description / Meets requirement	Note
Responsibility policy	Yes	https://www.nykredit.com/siteassets/om-os/nykredit_corporate_responsibility_policy_november_2020_en.pdf
Corporate Responsibility Board	Yes	The Board of Directors constitutes the Corporate Responsibility Board
Unit dedicated to Responsibility	Yes	Department for Public Affairs and Responsibility, contact ul@nykredit.dk
Code of conduct for suppliers	Yes	See our Code of Conduct for suppliers. Nykredit's Supplier Code of Conduct requires our suppliers to live up to the standards laid down in ISO 26000 and the UN Global Compact in respect of human rights, the environment, labour rights and ethics. We reserve the right to check that our suppliers comply with our Code of Conduct – and if not, we are entitled to terminate the contract.
UN PRI signatory	Yes	See UN PRI Transparency Report 2019 and Assessment Report 2019
Commitment to UN Sustainable Development Goals	Yes	See Corporate Responsibility Report 2019 page 15
Responsible Investment Policy	Yes	https://www.nykredit.com/en-gb/samfundsansvar/Responsible-Investment/politik-for-baredygtige-investeringer/

Read more in the [Corporate Responsibility Report 2019](#) and [Code of Conduct](#)

Customer relations	Description / Meets requirement	Note
Personal customers satisfaction	72	See Corporate Responsibility Report 2019 page 80
Business customers satisfaction	63	See Corporate Responsibility Report 2019 page 80
No. of complaints	187	See Corporate Responsibility Report 2019 page 80
Policy for treatment of complaints	Yes	See Corporate Responsibility Report 2019 page 53
Customer Ambassador (Ombudsman)	Yes	See description (in Danish only) https://www.nykredit.dk/kundeservice/kundeambassor/
Hotline for complaints	Yes	The Customer Ambassador (Ombudsman) can be reached daily between 8.30 AM and 15.30 PM CET

Read more in the [Corporate Responsibility Report 2019](#)

Governance

Governance	Description / Meets requirement	Note
Ownership of Nykredit	78.9% of the shares in Nykredit A/S are owned by the association Forenet Kredit	<p>Forenet Kredit is an association and its members are customers in Nykredit or Totalkredit. Hence, Nykredit A/S is predominantly owned by its customers. The customers in Nykredit Group have a voice through the democratic processes of the association.</p> <p>Further, the overarching objective for Forenet Kredit, as the principal shareholder of Nykredit, is to run a long-term sustainable and responsible business for the benefit of our current and future customers. Forenet Kredit is committed to support Nykredit's capital position and customer benefit programs.</p> <p>An overview can be found in the Annual Report 2019 page 40 and more information on page 6-8 in our Corporate Responsibility Report 2019.</p>

Members of Forenet Kredit	Borrowers of Totalkredit can become members of Forenet Kredit. All borrowers of Nykredit Realkredit or banking customers with a deposit or a loan of no less than DKK 50,000 with Nykredit Bank are automatically members	See https://forenetkredit.com/membership/
Democracy	All members of Forenet Kredit can vote for Forenet Kredit's Committee of Representatives	See https://forenetkredit.com/home/democracy/
Controlling shareholder policy	Yes, the association Forenet Kredit	See https://forenetkredit.dk/wp-content/uploads/2017/10/Policy-for-active-ownership-FINAL.pdf
Corporate Governance policy	Yes	https://www.nykredit.com/corporategovernance
CEO/Chairman duality	No, the chairman of the Board of Directors is different from the CEO.	See our Nykredit Group Q1-Q3 Interim Report 2020 page 31 for a list of the executive board and board of directors
Independent Chair of the Board of Directors	Yes, the chairman of the Board of Directors is an independent director.	See Chair of the Board Mrs. Merete Eldrup's expertise in the Annual Report 2019 , page 149 or on our website . Elected 26 March 2020.
Percentage of independent board members	29%, 4 out of 14 of the board of Nykredit A/S	A description of the board independence can be found in Corporate Governance Report 2019 (in Danish) and in our Nykredit Group Q1-Q3 Interim Report 2020 page 31
Staff representatives on the Board of Directors	Yes, 5 out of 14 of the board of Nykredit A/S	See https://www.nykredit.com/en-gb/om-os/organisation/bestyrelsen-i-nykredit-as/
Audit committee independence	33%, 1 out of 3 members are independent	The principal tasks of the Audit Board are to inform the Board of Directors of the results of the statutory audit and to oversee the financial reporting process. In addition to this, the Audit Board oversees the effectiveness of Nykredit's internal control systems, internal audit and risk management and various other audit matters See https://www.nykredit.com/en-gb/om-os/organisation/board/audit-board/
Auditor	Deloitte, 29 years of tenure	
Remuneration Board independence	1 out of 4 members are independent of the Remuneration Board	See https://www.nykredit.com/en-gb/om-os/organisation/board/remuneration-board/ The principal tasks of the Remuneration Board are to qualify proposals for Nykredit's remuneration policy and guidelines for incentive pay and to oversee compliance thereof. Furthermore, it reviews the criteria for appointing special risk takers and assesses the Group's risks relative to the remuneration structure, which is coordinated with the Risk Board as required. Details on bonuses to risk takers as well as remuneration policy and practices are available at https://www.nykredit.com/en-gb/om-os/organisation/board/remuneration-board/
Remuneration for the Board of Directors	Remuneration for the Board of Directors can be found in the Annual Report 2019 page 77	You can find a description of the remuneration in the Annual Report 2019 page 37.
Expertise of the Board of Directors	See resumes of the Board of Directors on https://www.nykredit.com/en-gb/om-os/organisation/bestyrelsen-i-nykredit-as/ and the Annual Report 2019 , page 150-153	

See also under "Human Capital" and read more in [Corporate Governance Report 2019](#) and the [Risk and Capital Management Report 2019](#)

Data protection	Description / Meets requirement	Note
IT Security policy	Yes	Please see IT security policy for more information
Data Privacy Policy	Yes	See our public Data Privacy Policy for more details.
GDPR compliant	Implemented	See the Risk and Capital Management Report 2019 page 40 for more information

Terms for use of personal data	Yes	https://www.nykredit.com/en-gb/politik/privacy-policy-realkredit/
Secure communication channels for customers	Yes	https://www.nykredit.dk/kundeservice/selvbetjening/gdpr/senddokumenter/ (in Danish only)
Staff training on data privacy	Yes, 97.9% of staff completed e-learning and test in 2019	Mandatory training for all staff. The numbers is lower than 100% because of maternity and other leave, illness, change of jobs etc. See Corporate Responsibility Report 2019 page 56
Staff training on IT security	Yes, 95% of staff completed e-learning and test in 2019	Mandatory training for all staff. The numbers is lower than 100% because of maternity and other leave, illness, change of jobs etc. See Corporate Responsibility Report 2019 page 56
Measures to prevent data security breach	Yes	See the Risk and Capital Management Report 2019 page 40 for more information
Risk assessment and audit of IT security procedures	Yes	See the Risk and Capital Management Report 2019 page 39 for more information

Read more in the [Risk and Capital Management Report 2019](#) and [Corporate Responsibility Report 2019](#)

Risk management	Description / Meets requirement	Note
Governance for risk management	Yes	See description page 4 in Risk and Capital Management Report 2019
Credit and loan standards	Yes	See description of credit policy, credit approval process, control etc. from page 22 in Risk and Capital Management Report 2019
Credit risks	Yes	See description page 22 in Risk and Capital Management Report 2019
Capital planning	Yes	See description page 12 in Risk and Capital Management Report 2019
Liquidity planning	Yes	See description page 47 in Risk and Capital Management Report 2019 and the Annual report 2019 page 30
Market Risk planning	Yes	See description page 41 in Risk and Capital Management Report 2019
Operational Risk planning	Yes	See description page 37 in Risk and Capital Management Report 2019
Compliance programme	Yes	See description page 6 in Risk and Capital Management Report 2019
Financial system stability	Yes	The Danish financial supervisory authority (FSA) has appointed Nykredit to be SIFI (systematically important financial institution) for the Danish National economy. This means that Nykredit has to comply with stricter financial regulations than non-SIFI companies in order to ensure financial stability in the Danish economy. See Corporate Responsibility Report 2019 page 95
Audit of risk management	Yes	Internal Audit is responsible for testing and providing an opinion on whether Nykredit's overall risk management approach, risk management framework, business procedures and internal controls established in all material areas and risk areas have been established and are working satisfactorily
Asset Quality evaluation	Yes	A description of asset quality can be found in the Nykredit's Fact Book
Responsible Investment Policy	Yes	https://www.nykredit.com/en-gb/samfundsansvar/Responsible-Investment/politik-for-baredygtige-investeringer/ In addition we perform sustainability analyses in respect of the companies in our investment universe, see our " ESG – A new equity factor " Analysis

		Mining, oil and gas is included in the investment policy where these sectors are covered through integrating ESG-factors into the investment process as well as doing due diligence through screening the portfolios for breaches of international norms. As one of the results of this work Nykredit has excluded non-compliant companies from our investment universe. A number of mining companies are thus on our publicly available exclusion list
Number of issuers/companies screened quarterly	4,901	See more in our Corporate Responsibility Report 2019 page 41
Number of companies screened out	58	See more in our Corporate Responsibility Report 2019 page 41
% of equity AuM where Nykredit participated in general meetings	88%	See more in our Corporate Responsibility Report 2019 page 41
Equity funds with above-benchmark ESG ratings	78%	See more in our Corporate Responsibility Report 2019 page 43
Member of UNEP Finance Initiative	Yes	See Corporate Responsibility Report 2019 page 88

Read more in the [Risk and Capital Management Report 2019](#), the [Corporate Responsibility Report 2019](#) and in the [Fact Book Q3 2020](#)

Business ethics	Description / Meets requirement	Note
Anti-money laundering policy	Yes	We will not accept any misuse of the Nykredit Group for financial crime purposes and we consider it a central element of our responsibility to prevent and counter any such misuse. See our Policy for the prevention of money laundering, terrorist financing and breach of financial sanctions Further description can be found in the Risk and Capital Management Report 2019 page 40 and our Code of Conduct page 6
Whistleblower protection and programme	Yes	See Corporate Responsibility Report 2019 page 52 and our Code of Conduct page 6
Code of Conduct	Yes	See our Code of Conduct
Tax policy	Yes	See Nykredit's tax policy https://www.nykredit.com/en-gb/om-os/or-organisation/politikker/skattepolitik
Policy for bribery and corruption	Yes	A part of the Code of Conduct
Policy on conflict of interest	Yes	A part of the Code of Conduct
Staff training on KYC and AML	Yes, 95.6% of Nykredit's staff have completed and passed AML certification	A description can be found in the Corporate Responsibility Report 2019 page 54

Read more in the [Risk and Capital Management Report 2019](#), the [Corporate Responsibility Report 2019](#) and [Code of Conduct](#)

Product offering	Description / Meets requirement	Note
Policy commitment on responsible products and services	Yes, and on all products are substantial information shared incl. risks. See all products (in Danish only) https://www.nykredit.dk/dit-liv/produkter/	Nykredit's credit policy guides the product offering, please see the Risk and Capital Management Report 2019 page 22
Managerial responsibility for responsible product offering	Yes	See Risk and Capital Management Report 2019 page 9 for a description
Impact and risk assessment of product offering	Yes, all relevant products are marked	The Products Committee, see Risk and Capital Management Report 2019 page 9
Responsible lending	Yes	Loans provided by Nykredit are based on a customer's creditworthiness. We examine a customer's personal finances and assess the customer's ability and will to honour agreements entered into with Nykredit. See more in Corporate Responsibility Report 2019 page 52
Responsible investment	Yes	We will guide customers towards sustainable investment through dialogue, transparency and new products. See more in Corporate Responsibility Report 2019 page 39

		<p>Nykredit is transparent on risk and prices (price lists and terms in Danish) on investment products (list of investment products with detailed information in Danish).</p> <p>Similar information is available on bank loans (list of bank products with detailed information in Danish).</p>
Financial product safety	Yes	<p>Nykredit carefully informs its clients about the risks on mortgage loans, prices and other relevant information (detailed information on mortgage loans and price list and terms in Danish).</p> <p>The Danish mortgage banks are subject to tight legislation and the Danish mortgage finance system is generally considered to be very safe. In addition, Danish covered bonds are subject to the EU covered bond framework. For more information please see our website.</p> <p>Nykredit comply with the Danish legislation and must act fairly and loyally to our customers see Good Practice for Financial Enterprises (in Danish).</p>
Percentage of mortgages with LTV > 80%	1.84%	See the Factbook Q3 2020 page 44 for more information
Arrears, 75 days past due, %	0.29%	See the Factbook Q3 2020 page 41 for more information
Write-offs as % of loans and advances (in DKKm)	0.01% (155 DKKm)	See the Factbook Q3 2020 page 48
Repossessed properties	Stock: 15 Stock, owner-occupied dwellings: 12	See the Factbook Q3 2020 page 43
Forced sales	328, compared to 1,695 in the whole market	See the Factbook Q3 2020 page 43
Policy to assist customers facing financial difficulties	Yes	Read more in the Risk and Capital Management Report 2019 page 25
Certified staff on responsible products	Yes	All staff with customers relations are trained and certified
Remuneration for staff linked to selling of profitability of products	None	
High risk consumer loans	None	Nykredit does not offer high risk consumer loans to costumers

Read more in the [Risk and Capital Management Report 2019](#), the [Corporate Responsibility Report 2019](#) and [Code of Conduct](#)