



RI TRANSPARENCY REPORT

2018

Nykredit Realkredit Group

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2018 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		✓	-							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Public							✓
OO 08	Segregated mandates or pooled funds	✓	Public							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Active ownership practices for listed assets	✓	Public							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown by passive, active strategies	✓	Public							✓
OO FI 02	Option to report on <10% assets	🔒	n/a							✓
OO FI 03	Breakdown by market and credit quality	✓	Public							✓
OO SAM 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public							✓
OO PE 01	Breakdown of investments by strategy	🔒	n/a							✓
OO PE 02	Typical level of ownership	🔒	n/a							✓
OO PR 01	Breakdown of investments	🔒	n/a							✓
OO PR 02	Breakdown of assets by management	🔒	n/a							✓
OO PR 03	Largest property types	🔒	n/a							✓
OO INF 01	Breakdown of investments	🔒	n/a							✓
OO INF 02	Breakdown of assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Public							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Public							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Public							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	✓	Public	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 14	Long term investment risks and opportunity	✓	Public	✓						
SG 15	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 16	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 17	ESG issues for externally managed assets not reported in framework	⚡	n/a							✓
SG 18	Innovative features of approach to RI	✓	Public							✓
SG 19	Communication	✓	Public						✓	
SG End	Module confirmation page	✓	-							

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	ESG incorporation strategies	✓	Public	✓						
SAM 02	Selection processes (LE and FI)	✓	Public	✓						
SAM 03	Evaluating engagement and voting practices in manager selection (listed equity/fixed income)	✓	Public		✓					
SAM 04	Appointment processes (listed equity/fixed income)	✓	Public	✓						
SAM 05	Monitoring processes (listed equity/fixed income)	✓	Public	✓						
SAM 06	Monitoring on active ownership (listed equity/fixed income)	✓	Public	✓						
SAM 07	Percentage of (proxy) votes	✓	Public		✓					
SAM 08	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓						
SAM 09	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public	✓					✓	
SAM End	Module confirmation page	✓	-							

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Percentage of each incorporation strategy	✓	Public	✓						
LEI 02	Type of ESG information used in investment decision	✓	Public	✓						
LEI 03	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 04	Types of screening applied	✓	Public	✓						
LEI 05	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 06	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 07	Types of sustainability thematic funds/mandates	✓	Public	✓						
LEI 08	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 09	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 10	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 11	ESG issues in index construction	✓	Public	✓						
LEI 12	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 13	Measurement of financial and ESG outcomes of ESG incorporation	✓	Public	✓						
LEI 14	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
LEI End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagement methods	✓	Public		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Voting policy & approach	✓	Public	✓	✓	✓				
LEA 16	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 17	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 18	Confirmation of votes	✓	Public		✓					
LEA 19	Securities lending programme	✓	Public		✓					
LEA 20	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 21	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 22	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 23	Shareholder resolutions	✓	Public		✓					
LEA 24	Examples of (proxy) voting activities	✓	Public		✓					
LEA End	Module confirmation page	✓	-							

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Incorporation strategies applied	✓	Public	✓						
FI 02	ESG issues and issuer research	✓	Public	✓						
FI 03	Processes to ensure analysis is robust	✓	Public	✓						
FI 04	Types of screening applied	✓	Public	✓						
FI 05	Negative screening - overview and rationale	✓	Public	✓						
FI 06	Examples of ESG factors in screening process	✓	Public	✓						
FI 07	Screening - ensuring criteria are met	✓	Public	✓						
FI 08	Thematic investing - overview	🔒	n/a	✓						
FI 09	Thematic investing - themed bond processes	🔒	n/a	✓						
FI 10	Thematic investing - assessing impact	🔒	n/a	✓						
FI 11	Integration overview	✓	Public	✓						
FI 12	Integration - ESG information in investment processes	✓	Public	✓						
FI 13	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 14	ESG incorporation in passive funds	🔒	n/a	✓						
FI 15	Engagement overview and coverage	✓	Public		✓					
FI 16	Engagement method	✓	Public	✓	✓					
FI 17	Engagement policy disclosure	✓	Public	✓	✓					
FI 18	Financial/ESG performance	✓	Public							✓
FI 19	Examples - ESG incorporation or engagement	✓	Public	✓	✓					
FI End	Module confirmation page	✓	-							

Assurance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM 1 01.1	Assurance, verification, or review	✓	Public							✓
CM 1 01.2 & 01.8	Assurance of this year's PRI data	✓	Public							
CM 1 01.3 & 01.9	Assurance of last year's PRI data	✓	Public							✓
CM 1 01.4, 10-12	Other confidence building measures	✓	Public							✓
CM 1 01.5	External assurance	✓	Public							✓
CM 1 01.6	Assurance or internal audit	✓	Public							✓
CM 1 01.7	Internal verification	🔒	n/a							✓
CM 1 01 End	Module confirmation page	✓	-							

Basic information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services and funds you offer

☒ Fund management

% of assets under management (AUM) in ranges

- ☐ <10%
- ☐ 10-50%
- ☒ >50%

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

% of assets under management (AUM) in ranges

- ☒ <10%
- ☐ 10-50%
- ☐ >50%

☐ Other, specify

Further options for investment managers (may be selected in addition to the above)

- ☐ Execution and advisory services
- ☒ Hedge funds
- ☐ Fund of hedge funds

OO 01.2

Please describe your hedge fund strategy and classification [OPTIONAL]

Options presented for hedge funds:

- ☐ Equity Hedge Drop down options:
- ☐ Event Driven Drop down options:
- ☐ Macro Drop down options:
- ☒ Relative Value Drop down options:
 - ☒ Fixed Income - Asset Backed
 - ☐ Fixed Income - Convertible Arbitrage
 - ☐ Fixed Income - Corporate
 - ☐ Fixed Income - Sovereign
 - ☐ Volatility
 - ☐ Yield Alternatives: Energy Infrastructure
 - ☐ Yield Alternatives: Real Estate
 - ☐ Multi-Strategy

OO 01.3

Additional information. [Optional]

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

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Denmark

OO 02.2

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

- ☐ 1
- ☒ 2-5
- ☐ 6-10
- ☐ >10

OO 02.3

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

FTE

3502

OO 02.4

Additional information. [Optional]

The Nykredit business is described more in detail on these web-pages:
www.nykredit.com

OO 03	Mandatory	Public	Descriptive	General
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OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.
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☐ Yes

☒ No

OO 04	Mandatory	Public	Gateway/Peering	General
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OO 04.1	Indicate the year end date for your reporting year.
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31/12/2017

OO 04.2	Indicate your total AUM at the end of your reporting year, Exclude subsidiaries you have chosen not to report on and any advisory/execution only assets.
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	trillions	billions	millions	thousands	hundreds
Total AUM		278	900	000	000
Currency	DKK				
Assets in USD		44	466	623	475

OO 04.5	Additional information. [Optional]
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A third of funds managed are part of own funds in treasury and the other two thirds is managed on behalf of customers.

OO 06	Mandatory	Public	Descriptive	General
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

OO 06.1	Select how you would like to disclose your asset class mix.
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☒ as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	10.2	6.2
Fixed income	78.2	2
Private equity	0	0.3

Property	0	0
Infrastructure	0	0.6
Commodities	0	0
Hedge funds	2.5	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

○ as broad ranges

OO 06.2

Publish asset class mix as per attached image [Optional].

OO 06.3

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

The asset class split is a combination of a wide variety of invest methods. A third is own investments by treasury is restricted by thresholds by financial authorities. The other two thirds are investments on behalf of our customers. These customers range from institutional clients to retail clients. The solution ranges from single asset class products to multi asset products. The majority of solution are packaged in mutual funds but a sizeable part is in discretionary solutions.

OO 07

Mandatory to Report Voluntary to Disclose

Public

Gateway

General

OO 07.1

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

Internally managed	<div><div></div>SSA</div>
	13
	<div><div></div>Corporate (financial)</div>
	1
	<div><div></div>Corporate (non-financial)</div>
	3
	<div><div></div>Securitised</div>
	83
	<div><div></div>Total</div>
	100%
Externally managed	<div><div></div>SSA</div>
	79
	<div><div></div>Corporate (financial)</div>
	2
	<div><div></div>Corporate (non-financial)</div>
	19
	<div><div></div>Securitised</div>
	0
	<div><div></div>Total</div>
	100%

OO 08	Mandatory to Report Voluntary to Disclose	Public	Peering	General
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

Asset class breakdown	Segregated mandate(s)	Pooled fund(s)	Total of the asset class (each row adds up to 100%)
[a] Listed equity	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	100%
[b] Fixed income - SSA	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	100%
[c] Fixed income – Corporate (financial)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	100%
[d] Fixed income – Corporate (non-financial)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	100%
[f] Private equity	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	100%
[h] Infrastructure	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	100%

OO 08.2

Additional information. [Optional]

All externally managed Nykredit funds, be it segregated or pooled, need to be compliant with the Nykredit investment policy. ESG is part of the selection proces as well as the ongoing due diligence wither managers processes and investments.

OO 09	Mandatory to Report Voluntary to Disclose	Public	Peering	General
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OO 09.1	Indicate the breakdown of your organisation's AUM by market.
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Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
<i>Total</i>	<i>100%</i>

Asset class implementation gateway indicators

OO 10	Mandatory	Public	Gateway	General
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OO 10.1	Select the active ownership activities your organisation implemented in the reporting year.
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Listed equity – engagement

- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We require our external managers to engage with companies on ESG factors on our behalf.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors.

Listed equity – voting

- ☒ We cast our (proxy) votes directly or via dedicated voting providers
- ☐ We require our external managers to vote on our behalf.
- ☐ We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

Fixed income SSA – engagement

- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☒ We require our external managers to engage with companies on ESG factors on our behalf.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Fixed income Corporate (financial) – engagement

- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We require our external managers to engage with companies on ESG factors on our behalf.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Fixed income Corporate (non-financial) – engagement

- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We require our external managers to engage with companies on ESG factors on our behalf.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Fixed income Corporate (securitised) – engagement

- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

OO 11

Mandatory

Public

Gateway

General

OO 11.1

Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Listed equity

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

Fixed income - SSA

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

Fixed income - corporate (financial)

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

Fixed income - corporate (non-financial)

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

Fixed income - securitised

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

Hedge funds

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

Asset class	ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes
Listed equity	<div> <div></div> <div>Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</div> </div> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Fixed income - SSA	<div> <div></div> <div>Fixed income - SSA - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</div> </div> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Fixed income - corporate (financial)	<div> <div></div> <div>Fixed income - corporate (financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</div> </div> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Fixed income - corporate (non-financial)	<div> <div></div> <div>Fixed income - corporate (non-financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</div> </div> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Private equity	<div> <div></div> <div>Private equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</div> </div> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Infrastructure	

	<p>Infrastructure - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
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OO 11.4	Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.
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Nykredit demands that all external managed funds are in full compliance with our investment policy.

When Nykredit selects a manager the shortlist of potential candidates are screened as part of the due diligence process. The screening includes due diligence with the managers policy, team and processes. Nykredit will also do an ESG screen the existing investments. Whether or not the manager is signatory to UNPRI is part of the process.

ESG is part of the eventual appointment of the manager. When appointing a manager the Nykredit demands right to exclude investments or be excluded from investments if they conflict with our policy. If the manager is not already a signatory to the UNPRI Nykredit expects to be recognized as a signatory and expect the investment process to be in line with the principles.

Nykredit monitors all investments closely. All listed investments are screened on a quarterly basis. The screening is both against norms breaches as well as ESG-rating the portfolio and its companies. The results are shared with the managers and forms the basis of the ongoing dialogue with the manager. Once or twice a year Nykredit will meet face to face with the manager and discuss the ESG-performance of the fund as well as the development of new processes.

Nykredit will also share experience with our own engagements as well as active ownership with the managers.

OO 12	Mandatory	Public	Gateway	General
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OO 12.1	Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.
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	Core modules
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- ☒ Organisational Overview
- ☒ Strategy and Governance

	RI implementation directly or via service providers
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	Direct - Listed Equity incorporation
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- ☒ Listed Equity incorporation

	Direct - Listed Equity active ownership
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- ☒ Engagements
- ☒ (Proxy) voting

Direct - Fixed Income

- ☒ Fixed income - SSA
- ☒ Fixed income - Corporate (financial)
- ☒ Fixed income - Corporate (non-financial)
- ☒ Fixed income - Securitised

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

- ☒ Listed Equities
- ☒ Fixed income - SSA
- ☒ Fixed income - Corporate (financial)
- ☒ Fixed income - Corporate (non-financial)
- ☒ Private Equity
- ☒ Infrastructure

Closing module

- ☒ Closing module

Peering questions

OO LE 01	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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OO LE 01.1	Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.
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Percentage of internally managed listed equities

	Passive	26
	Active - quantitative (quant)	17
	Active - fundamental and active - other	57
	Total	100%



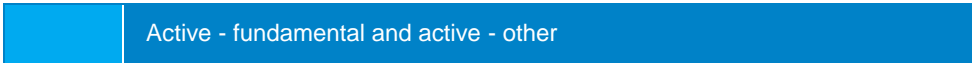



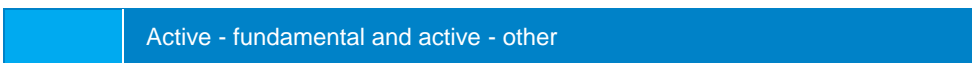

OO LE 01.2	Additional information. [Optional]
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The passive strategies are mostly used as part of allocation funds. One fund is a ESG-optimized fund. The majority of the passive funds is beta strategies.

The quant strategies uses ESG as part of final evaluation proces and ongoing risk evaluation.

The fundamental funds all uses ESG as part of initial sector analysis, first selection of companies, valuation and the more qualitative final selection. ESG is part of the ongoing risk evaluation and active ownership. It is a cornerstone in the dialogue with the company.

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

SSA	 Passive
	0
	 Active - quantitative (quant)
	0
	 Active - fundamental and active - other
Corporate (financial)	100
	 Total
	100%
Corporate (non-financial)	 Passive
	0
	 Active - quantitative (quant)
	0
	 Active - fundamental and active - other
	100
	 Total
	100%

Securitised		Passive
	0	
		Active - quantitative (quant)
	0	
		Active - fundamental and active - other
	100	
		Total
	100%	

OO FI 01.2 Additional information. [Optional]

Fixed income is a speciality of Nykredit. Nykredit is one of the largest bond issuers in Europe and fixed income was the natural starting point for the Nykredit Asset Management business. It is naturally also the cornerstone of the Nykredit treasury investments. The products are designed to meet the customers specific needs in relation to risk, maturity and yield and thus at anytime mixes the different fixed income asset classes set up here.

OO FI 03	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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OO FI 03.1 Indicate the approximate (+/- 5%) breakdown of your SSA investments, by developed markets and emerging markets.

SSA		Developed markets
	84.5	
		Emerging markets
	15.5	
		Total
	100%	

OO FI 03.3 Additional information. [Optional]

The emerging markets SSA exposure is only through a dedicated EMD portfolio with an extra layer of ESG processes in selection and risk assessment.

OO SAM 01	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
-----------	---	--------	---------	---------

OO SAM 01.1	Provide a breakdown of your externally managed listed equities and fixed income by passive, active quant and, active fundamental and other active strategies.			
-------------	---	--	--	--

Listed equity (LE)	<div> <div>Passive</div> <div>0</div> </div> <div> <div>Active - quantitative (quant)</div> <div>0</div> </div> <div> <div>Active - fundamental and active - other</div> <div>100</div> <div>100%</div> </div>
Fixed income - SSA	<div> <div>Passive</div> <div>0</div> </div> <div> <div>Active - quantitative (quant)</div> <div>0</div> </div> <div> <div>Active - fundamental and active - other</div> <div>100</div> <div>100%</div> </div>
Fixed income - Corporate (financial)	<div> <div>Passive</div> <div>0</div> </div> <div> <div>Active - quantitative (quant)</div> <div>0</div> </div> <div> <div>Active - fundamental and active - other</div> <div>100</div> <div>100%</div> </div>
Fixed income - Corporate (non-financial)	<div> <div>Passive</div> <div>0</div> </div> <div> <div>Active - quantitative (quant)</div> <div>0</div> </div>

	<div>Active - fundamental and active - other</div> <div>100</div> <div>100%</div>
--	---

OO SAM 01.2	Additional information [Optional].
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The externally managed fixed income investments is a externally managed EMD portfolio.

Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.
----------------	---

☒ Yes

SG 01.2	Indicate the components/types and coverage of your policy.
----------------	--

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- ☒ Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- ☒ Your investment objectives that take ESG factors/real economy influence into account
- ☐ Time horizon of your investment
- ☒ Governance structure of organisational ESG responsibilities
- ☒ ESG incorporation approaches
- ☒ Active ownership approaches
- ☒ Reporting
- ☒ Climate change and related issues

**SG 01.3a
CC**

Describe how your products or investment strategy might be affected by the transition to a lower-carbon economy.

The Nykredit investment policy has at its core support for international agreements as well as sustainability as a performance driver. The policy specifically mentions the Paris-agreement and has the ambition to keep the investments in line with the Paris-agreement.

The Nykredit view is very much in line with the TCFD-report. Nykredit has yet to do TCFD-compliant analysis of all of its portfolios. However Nykredit has gathered insights from various ESG-approaches to our different products.

Firstly as ESG is part of our approach specifically in our fundamental products we have identified how climate related KPI's affect risk and alpha in different ways. Naturally the market dynamics still apply if for instance a specific technology receives support or this ends. At Nykredit we analyse the technologies advantage without subsidies.

Secondly in managing our fossil free portfolios it is clear to us that the most seriously effected companies are not necessarily the direct producers, but rather the suppliers to these companies. It is also clear that many different sectors, regions and even countries might be very seriously effected through more indirect exposure.

Thirdly we recognize that even though the transition will happen long term the effects in valuation of stocks and fixed income might change seriously in the short term as consensus for the new reality builds. Thus the effects will not necessarily be integrated in the stock valuation gradually in a linear way, but could rather be step wise.

**SG 01.3b
CC**

Describe how climate-related risks and opportunities are factored into your investment strategies or products.

© We factor climate-related risks and strategies into our investment strategies or products.

The fossil free products excludes any company with more than 5% revenue from production, distribution or servicing of fossil fuels. Utilities with more than 50% of power deriving from coal is also excluded. More than 1600 companies have been identified as being in conflict with these criteria. The rest of the portfolio selects through ESG which also encompasses climate related risk and opportunities.

The fundamental portfolios all use ESG as part of selection and evaluation. The ESG-rating has ESG-related risk and opportunities relevant to the company and its sector. Nykredit own experience in climate related investments is used as part of the final fundamental steps in the selection and evaluation process.

All portfolios are ESG-analyzed as part of our risk process. This is also to capture any specific climate related risks. On top of this the portfolios are annually analyzed through our carbon footprint analytic tool.

Describe how these risks and opportunities serve as an input to your investment strategies or products and the related time periods used.

Specific Guidance:

Asset Owners

This can be described from the perspective of the total fund or investment strategy or individual investment strategies for various asset classes.

Investment Managers

This can be described from the perspective of all investments strategies and products or individual investment strategies and products for clients

☐ We do not factor climate-related risks and strategies into our investment strategies or products.

☐ Other RI considerations, specify (1)

☐ Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, and how they consider ESG factors and real economy impact.

Nykredit wants to invest in a robust, ambitious and responsible way.

Nykredit invests with an ambition to contribute with a positive impact to the world, which we are all a part of. This applies when we invest our own funds as well as the funds of our customers. We wish to invest in companies, which acts in a responsible way towards their customers, employees and the rest of the society. Nykredit believes that companies who seize the opportunity to be part of the solution rather than the problem are better investments.

Nykredit seeks to reach these ambitions in two ways. Firstly we identify and engage with companies who acts in conflict with international norms. And secondly we want to incorporate sustainability in our investment decisions and that way contribute not only to better risk and returns but also a more sustainable development.

Nykredit tries to benchmark the impact of these efforts against the Paris-agreement and the UN Sustainable Development Goals.

SG 01.5

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

The Nykredit investment policy covers all portfolios and investments. Both active and passive investments. The passive portfolios used in the allocation products are all designed, so they are compliant with the Nykredit policy.

If an externally managed ETF is needed, which rarely happens, Nykredit will select an ETF that matches our policy. In the very rare case when no alternative exist, there is an exemption. However, this is not in use today, and with the widening of ETF alternatives in the market, we do not expect it will be.

☐ No

Your responses to this indicator will be used to determine if you meet the minimum requirements of being a PRI signatory introduced for the first time in 2018. Signatories have until 2020 to meet these requirements.

You can find out more information on the PRI website.

There are two minimum requirements for this indicator SG 01.1 and SG 01.2:

- A policy, or similar document, that: Sets out your overall approach to responsible investment; or
- Formalised guidelines on environmental factors; or
- Formalised guidelines on social factors; or
- Formalised guidelines on governance factors.
-

The PRI recognises that RI "policies" can take many different forms and can have a variety of titles. Please see the explanatory notes for this indicator to see further explanation of this and further guidance.

- This policy/document should cover more than 50% of your AUM

If you have any questions or need support please contact reporting@unpri.org or call on + 44 (0) 203 714 3187.

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
---------	--

- ☒ Policy setting out your overall approach

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

- ☒ URL

	URL
--	-----

<https://www.nykredit.com/en-gb/samfundsansvar/investments/politik-for-baredygtige-investeringer/>

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

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

- ☒ URL

	URL
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<https://www.nykredit.com/en-gb/samfundsansvar/investments/politik-for-baredygtige-investeringer/>

- ☐ Attachment (will be made public)
- ☐ Engagement policy
- ☒ (Proxy) voting policy

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

- ☒ URL

	URL
--	-----

<https://www.nykredit.com/en-gb/samfundsansvar/investments/politik-for-baredygtige-investeringer/>

- ☐ Attachment (will be made public)
- ☐ We do not publicly disclose our investment policy documents

SG 02.2

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- ☒ Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

- ☒ URL

URL

<https://www.nykredit.com/en-gb/samfundsansvar/investments/politik-for-baredygtige-investeringer/>

- ☐ Attachment

- ☒ Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

- ☒ URL

URL

<https://www.nykredit.com/en-gb/samfundsansvar/investments/politik-for-baredygtige-investeringer/>

- ☐ Attachment

- ☒ Governance structure of organisational ESG responsibilities

URL/Attachment

- ☒ URL

URL

<https://www.nykredit.com/en-gb/samfundsansvar/investments/politik-for-baredygtige-investeringer/>

- ☐ Attachment

- ☒ ESG incorporation approaches

URL/Attachment

- ☒ URL

URL

<https://www.nykredit.com/en-gb/samfundsansvar/investments/politik-for-baredygtige-investeringer/>

- ☐ Attachment

- ☒ Active ownership approaches

	URL/Attachment
<input checked="" type="checkbox"/> URL	
	<div style="border: 1px solid #0070C0; padding: 2px;">URL</div> https://www.nykredit.com/en-gb/samfundsansvar/investments/politik-for-baredygtige-investeringer/
<input type="checkbox"/> Attachment	
<input checked="" type="checkbox"/> Reporting	
	<div style="border: 1px solid #0070C0; padding: 2px;">URL/Attachment</div>
<input checked="" type="checkbox"/> URL	
	<div style="border: 1px solid #0070C0; padding: 2px;">URL</div> https://www.nykredit.com/en-gb/samfundsansvar/investments/politik-for-baredygtige-investeringer/
<input type="checkbox"/> Attachment	
<input checked="" type="checkbox"/> Climate-related issues	
	<div style="border: 1px solid #0070C0; padding: 2px;">URL/Attachment</div>
<input checked="" type="checkbox"/> URL	
	<div style="border: 1px solid #0070C0; padding: 2px;">URL</div> https://www.nykredit.com/en-gb/samfundsansvar/investments/politik-for-baredygtige-investeringer/
<input type="checkbox"/> Attachment	
<input checked="" type="checkbox"/> Climate change and related issues	
	<div style="border: 1px solid #0070C0; padding: 2px;">URL/Attachment</div>
<input checked="" type="checkbox"/> URL	
	<div style="border: 1px solid #0070C0; padding: 2px;">URL</div> https://www.nykredit.com/en-gb/samfundsansvar/investments/politik-for-baredygtige-investeringer/
<input type="checkbox"/> Attachment	
<input type="checkbox"/> We do not publicly disclose any investment policy components	

SG 02.3	Indicate if your organisation's investment principles, and overall investment strategy is publicly available
<input checked="" type="radio"/> Yes	

	URL
--	-----

<https://www.nykreditinvest.dk/om-nykredit-invest/vores-filosofi/>

☐ No

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

Nykredit has updated its policy and tried to integrate the different elements in one policy that covers both the overarching approach, engagement, voting, climate etc.

Reporting is done on several different levels. In the CSR-report as well as individual mutual fund reports.

CSR report: https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/nykredit_csr-publication_q4_17_2018-02-08_en.pdf

One of mutual funds Nykredit Invest:

https://www.nykreditinvest.dk/siteassets/pdf/erf/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
----------------	---

☒ Yes

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

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

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

- Procedures regarding privacy to ensure that confidential information is only accessible to employees with a legitimate need. All employees of Nykredit are covered by these rules and procedures on handling confidential information in order to respect the privacy of our customers and to avoid insider trading or manipulation. Therefore, there are limits to who can obtain confidential information.
- Physical and organizational limits to IT-systems between departments where conflicts of interest can potentially occur.
- Key employees are forbidden to do speculative trading.
- Group compliance checks the day to day compliance with this policy.

☐ No

SG 04	Voluntary	Public	Descriptive	General
--------------	------------------	---------------	--------------------	----------------

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

- ☒ Yes
☐ No

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

All listed companies are screened quarterly for any incident. The governance structure it self is evaluated as part of ESG-approach, by another third party before casting votes and by our selves when in direct dialogue with the company. Unlisted companies are surveyed thorough our external managers and our dialogue with them.

You may want to describe how you define, identify and respond to ESG incidents in your portfolio, how do you report on these to your clients/beneficiaries and what policies you have in place to manage the incidents.

This indicator is not capturing information on incidents in your own operations. You can also provide detail on the incidents that took place in the reporting year, the type of the incidents and provide examples of your management, mitigation and reporting strategies.

For example, an incident would be a bribery scandal, a safety accident etc. in the portfolio company.

Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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SG 05.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.
----------------	---

- ☒ Quarterly or more frequently
☐ Biannually
☐ Annually
☐ Less frequently than annually
☐ Ad-hoc basis
☐ It is not set/reviewed

SG 05.2	Additional information. [Optional]
----------------	------------------------------------

The policy is reviewed annually. The Forum on Sustainable Investment meets each quarter. The portfolios are reviewed quarterly and the individual projects are reviewed monthly.

SG 06	Voluntary	Public	Descriptive	General
--------------	------------------	---------------	--------------------	----------------

SG 06.1	List the main responsible investment objectives that your organisation set for the reporting year.
----------------	--

	Responsible investment processes
--	----------------------------------

- ☒ Provide training on ESG incorporation

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

ESG part of CIO and PM's status.

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

ESG-team participates biannually in the CIO and PM's status meetings

- ☐ Provide training on ESG engagement
- ☐ Improved communication of ESG activities within the organisation
- ☐ Improved engagement to encourage change with regards to management of ESG issues
- ☐ Improved ESG incorporation into investment decision making processes
- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)

	Financial performance of investments
--	--------------------------------------

- ☒ Increase portfolio performance by consideration of ESG factors

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

ESG-analysis on each portfolio done quarterly and shared with PM's

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

Portfolio-analysis done quarterly and shared with PM's. These used for biannual evaluation with PM-teams.

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

	ESG characteristics of investments
--	------------------------------------

- ☐ Over or underweight companies based on ESG characteristics
- ☒ Improve ESG ratings of portfolio

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

Improvement of ESG-ratings of portfolios compared to benchmarks.

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

The quarterly portfolio analysis showed improvements in the actively managed portfolios. The quant portfolios improved only slightly.

- ☐ Setting carbon reduction targets for portfolio
- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)

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

- ☒ Joining and/or participation in RI initiatives

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

Join the Climate Action 100+

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

The engagement initiative was joined in December and Nykredit is lead on one company engagement and participant in two others.

- ☒ Encouraging others to join a RI initiative

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

More investors to join Dansif and UNPRI.

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

Nykredit has encouraged a number of investors to join these initiatives and informed several more in detail. Several has joined Dansif and UNPRI, but we see this rather as result of their own decision rather than our encouragement.

- ☐ Documentation of best practice case studies
- ☒ Using case studies to demonstrate engagement and ESG incorporation to clients

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

Case-studies as part of customer engagement.

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

Case studies presented on refurbished home page as well as dedicated customer reports.

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

SG 06.2	Additional information.
----------------	-------------------------

Nykredit is in the proces of improving the ESG-reporting to institutional and professional clients. Nykredit hopes to help the clients in their stakeholder dialogue and further improve our dialogue with them on ESG-performance. It is our hope that this dialogue will further improve our innovation.

Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
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SG 07.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
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	Roles present in your organisation
--	------------------------------------

- ☒ Board members or trustees
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other Chief-level staff or head of department, specify
Head of ESG

- ☒ Oversight/accountability for responsible investment
- ☒ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Portfolio managers
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ ESG portfolio manager
- ☐ Investment analysts
- ☒ Dedicated responsible investment staff
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ External managers or service providers
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Investor relations
- ☒ Other role, specify (1)

	Other description (1)
--	-----------------------

Manager Selection staff

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

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

Group compliance reports to CEO

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

SG 07.2	For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
----------------	---

The Nykredit Forum on Sustainable Investments meet on a quarterly basis. At these meeting the quarterly screening reports are presented. New engagements or exclusions are decided and old evaluated. The head of ESG also presents how far the ongoing ESG-projects are to completion. The Forum also discuss the need for further development.

The ESG-team and PM-teams not only discusses the portfolio ESG-analysis but also the individual companies. Often the PM teams participate in ESG-related meetings with the companies or vice versa.

The ESG-team and the client managers discuss solutions to clients and how best to communicate the ESG-performance.

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

	Number
--	--------

2

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

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

Your responses to this indicator will be used to determine if you meet the minimum requirements of being a PRI signatory introduced for the first time in 2018. Signatories have until 2020 to meet these requirements.

You can find out more information on the PRI website.

There are two minimum requirements for this indicator SG 07.1:

- A role implementing responsible investment: Individuals with implementation roles are those charged with implementing specific aspects of the organisation's responsible investment practices, for example, conducting ESG-related research, incorporating ESG issues into investment strategies, voting shareholdings, engaging with companies and policy makers;
- This can be an internal staff or an external role;
- They do not have to be a dedicated RI/ESG investment staff (captured in 07.3); and
- They do not have to be allocating the majority of their time to RI/ESG activities.
-
- Senior level oversight and accountability for RI implementation: Individuals with oversight roles are those with management or governance responsibility for ensuring that the organisation implements its policies, and achieves its objectives and targets in relation to responsible investment performance; and
- "Senior level" includes the roles: Chief level staff, head of department, CEO, CIO, Investment Committee and Board members or trustees.
-

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SG 07 CC	Voluntary	Public	Descriptive	General
-----------------	------------------	---------------	--------------------	----------------

SG 07.1 CC	Indicate the roles in your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for climate-related issues.
-------------------	---

	Roles present in your organisation
--	------------------------------------

- ☐ Board members or trustees
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - ☒ Oversight/accountability for climate-related issues
 - ☒ Assessment and management of climate-related issues
 - ☐ No responsibility for climate-related issues
- ☒ Other Chief-level staff or head of department, specify
Head of CSR, climate manager

- ☒ Oversight/accountability for climate-related issues
- ☒ Assessment and management of climate-related issues
- ☐ No responsibility for climate-related issues
- ☐ Portfolio managers
- ☐ ESG portfolio manager
- ☐ Investment analysts
- ☐ Dedicated responsible investment staff
- ☐ External managers or service providers
- ☐ Investor relations
- ☐ Other role, specify (1)
- ☐ Other role, specify (2)

**SG 07.1b
CC**

For the management-level roles which assess and manage climate-related issues, provide further information on the structure and process involved.

The oversight is at senior management level and covered by the Nykredit Climate and Environment policy. The implementation of the different aspects are placed in organisation where relevant. For instance lending, investments, customers and facility management.

Information may include;

- Description of the associated organisational structure(s)
- Whether management reports to the board or a committee of the board
- Process by which management is informed about climate-related issues
- How management (through specific positions and/or management committees) monitors climate-related issues

SG 08	Voluntary	Public	Additional Assessed	General
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SG 08.1

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

Board members/Board of trustees

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

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

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

Other C-level staff or head of department

Head of ESG

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

Portfolio managers

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

Dedicated responsible investment staff

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

Other role (1) [from SG 07]

Manager Selection staff

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

Other role (2) [from SG 07]

Group compliance reports to CEO

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

SG 08.3

Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

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

Promoting responsible investment

SG 09

Mandatory

Public

Core Assessed

PRI 4,5

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

SG 09.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Nykredit participated in several activities including PRI in Person and participating in a Nordic event in Copenhagen. Also participated in several webinars. Nykredit has provided input about the PRI to relevant Danish authorities and potential Danish signatories.

- ☐ Asian Corporate Governance Association
- ☐ Australian Council of Superannuation Investors
- ☐ AFIC – La Commission ESG
- ☐ BVCA – Responsible Investment Advisory Board
- ☒ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Nykredit is both an investor signatory and reporting member. Nykredit has been involved in dialogue on the further development of the initiative.

- ☐ CDP Forests
- ☐ CDP Water
- ☐ CFA Institute Centre for Financial Market Integrity
- ☐ Code for Responsible Investment in SA (CRISA)
- ☐ Code for Responsible Finance in the 21st Century
- ☐ Council of Institutional Investors (CII)
- ☐ Eumedion
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ ESG Research Australia
- ☐ EVCA – Responsible Investment Roundtable
- ☐ Global Investors Governance Network (GIGN)
- ☐ Global Impact Investing Network (GIIN)
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☐ Green Bond Principles
- ☐ Institutional Investors Group on Climate Change (IIGCC)
- ☐ Interfaith Center on Corporate Responsibility (ICCR)
- ☐ International Corporate Governance Network (ICGN)
- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ International Integrated Reporting Council (IIRC)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☐ Principles for Sustainable Insurance
- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

Dansif

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Nykredit arranged and participated in numerous events.

- ☐ Responsible Finance Principles in Inclusive Finance
- ☐ Shareholder Association for Research and Education (Share)
- ☐ United Nations Environmental Program Finance Initiative (UNEP FI)
- ☒ United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Nykredit has been an active reporting member since 2008.

- ☒ Other collaborative organisation/initiative, specify
Finance Denmark and the Danish Investment Fund Association

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

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Nykredit has provided inputs and comments on issues regarding responsible investments. Nykredit is a part of initiating a standing working group on responsible investments providing input to Danish and EU authorities new regulatory measures.

- ☐ Other collaborative organisation/initiative, specify
- ☒ Other collaborative organisation/initiative, specify
Global Reporting Initiative

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

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

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

☒ Other collaborative organisation/initiative, specify

Women in management

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

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Since 1996 Nykredit has focused on more women in management and has made an active contribution under the "Charter for more women in management" and "Operation Chain Reaction". Nykredit has set targets for the percentage of women on the boards of directors of Nykredit's financial companies and has developed a policy to raise the percentage of women at other management levels. More on our progress on this is found at our website www.nykredit.com. In recent years Nykredit has recruited more female managers at the lower management levels. There is still room for improvement at the higher management levels and in some career paths. Nykredit has a structured programme to recruit more women for the top management level. The programme identifies and develops management talents at Nykredit, creating a pipeline of staff ready for their first managerial job as well as experienced management staff at executive level. The programme includes objective assessments supporting the identification of management talents with potential for the next rung on the career ladder - regardless of gender.

SG 09.2	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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Indicate approximately what percentage (+/- 5%) of your externally managed assets are managed by PRI signatories.

%

83

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1

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

☒ Yes

SG 10.2

Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.

- ☒ Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description

Sharing methodology and RI-proces with clients and companies

Frequency of contribution

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other
- ☐ Provided financial support for academic or industry research on responsible investment
- ☐ Provided input and/or collaborated with academia on RI related work
- ☐ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☒ Spoke publicly at events and conferences to promote responsible investment

Description

Presentation of Nykredit analysis on ESG and RI methodology

Frequency of contribution

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other
- ☐ Wrote and published in-house research papers on responsible investment
- ☒ Encouraged the adoption of the PRI

Description

Nykredit has in different fora promoted that the reporting standard with respect to RI could be the PRI.

Frequency of contribution

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other
- ☐ Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
- ☐ Wrote and published articles on responsible investment in the media
- ☐ A member of PRI advisory committees/ working groups, specify
- ☒ On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

Description

Reviewing the Dansif report on responsible investing.

Frequency of contribution

- ☐ Quarterly or more frequently
- ☒ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other
- ☐ Other, specify
- ☐ No

SG 10.3	Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]
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Nykredit discloses our ambitions and activities to a wide audience. Our yearly reports have space specifically reserved for responsible investment. The specific products also report on procedures and results within responsible investments. Information is also disclosed on our website. Magazines sent to our customers had several articles on responsible investments as well as articles in independent main stream media. RI is part of our continuous dialogue with clients - retail as well as institutional. During the reporting year Nykredit participated in several events with business organisations and communication directly with corporates to broaden the understanding and necessity of disclosing ESG-data.

SG 11	Voluntary	Public	Additional Assessed	PRI 4,5,6
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SG 11.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.
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☐ Yes

☒ Yes, individually

☒ Yes, in collaboration with others

SG 11.2	Select the methods you have used.
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☒ Endorsed written submissions to governments, regulators or public policy-makers developed by others

☒ Drafted your own written submissions to governments, regulators or public-policy markers

☒ Participated in face-to-face meetings with government members or officials to discuss policy

☐ Other, specify

SG 11.3	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.
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☒ Yes, publicly available

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

<http://financedenmark.dk>

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

<http://efama.org>

☐ No

☐ No

SG 11.4	Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.
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In 2017 Nykredit mainly engaged with public policy makers through FinanceDenmark and EFAMA. The most important consultations were the new Danish recommendations on responsible investments based on the OECD recommendations and not least the consultations on TCFD and HLEG. Nykredit also participated in a public hearing regarding the new Danish recommendations.

Outsourcing to fiduciary managers and investment consultants

SG 12	Mandatory	Public	Core Assessed	PRI 4
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1

Indicate whether your organisation uses investment consultants.

- ☐ Yes, we use investment consultants
- ☒ No, we do not use investment consultants.

ESG issues in asset allocation**SG 13****Mandatory****Public****Descriptive****PRI 1**

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

SG 13.1

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

- ☐ We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- ☐ We execute scenario analysis which includes factors representing the investment impacts of future social trends
- ☐ We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- ☐ We consider scenario analysis that includes factors representing the investment impacts of future climate-related risks and opportunities
- ☒ We execute other scenario analysis, specify
- As part of risk evaluation different significant historic events is used as scenario analysis as well as the more classic stress testing.
- ☐ We do not execute such scenario analysis and/or modelling

SG 13.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- ☐ Allocation between asset classes
- ☐ Determining fixed income duration
- ☐ Allocation of assets between geographic markets
- ☒ Sector weightings
- ☐ Other, specify
- ☐ We do not consider ESG issues in strategic asset allocation

SG 13.3

Additional information. [OPTIONAL]

Nykredit plans to do scenario analysis based on the TCFD.

SG 14**Mandatory to Report Voluntary to Disclose****Public****Additional Assessed****PRI 1**

SG 14.1

Describe the process used to identify short, medium and long-term risks and opportunities that could have a material impact on your organisation and its activities.

These issues are addressed at the monthly meetings between the Head of ESG and the CIO, as well as with the CIO, ESG and Allocation teams. The discussion is anchored by the ESG-portfolio reports and different scenario analysis done inhouse or provided by ESG service providers and/or brokers.

The different ESG risk and opportunities differs much from asset class to asset class, and from portfolio to portfolio. How to act on these insights depends on the product. If it is a single portfolio, naturally the portfolio manager needs to act accordingly. If it is a balanced portfolio we have both this opportunity and the opportunity to change the allocation.

**SG 14.1
CC**

Describe the processes used to determine which climate-related short, medium and long-term risks and opportunities could have a material impact on your organisation and its activities.

In 2017 the main focus has been oil production and the exposure in different portfolios as this has the most potential material impact on the portfolios. As part of this the exposure in the fundamental portfolios has decreased during the year. Nykredit has also discussed the scenarios in EMD intensely.

On top of this Nykredit has tried to find an effective way of assessing climate related risks in Danish Mortgage Backed Fixed Income. For now the conclusion is that as the bonds funds 40% of housing and slightly less of Danish business and agriculture the overarching data from climate related risks in Danish housing and industry is a good proxy. Overall the Danish housing and industry is well prepared climate related risks - be it short, medium and long term with the different initiatives in mind.

SG 14.2

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

- ☒ Changing demographics
- ☒ Climate change and related issues

**SG 14.2a
cc**

Please describe how you define "short", "medium" and "long term", and describe your material climate-related issues over these time horizons.

	Definition	Description of material climate-related issues
Short term	3-6 months	Considerable changes in measured demand for fossil fuels resulting from new technology or regulation. New tech break throughs.
Medium term	12-24 months	New regulation and effectiveness of implementation of existing, i.e. quotas. New strategic initiatives from companies.
Long term	5-10 years	New scientific data on climate related impact. Direct and indirect risks. Green transition effects on sectors and countries.

SG 14.3

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- ☐ Established a climate change sensitive or climate change integrated asset allocation strategy
- ☐ Targeted low carbon or climate resilient investments
- ☒ Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- ☒ Used emissions data or analysis to inform investment decision making
- ☒ Sought climate change integration by companies
- ☐ Sought climate supportive policy from governments
- ☐ Other, specify
- ☐ None of the above

SG 14.4

Indicate which of the following tools you use to manage emissions risks and opportunities

- ☒ Scenario analysis
- ☒ Disclosure on emissions risk to clients/trustees/management/beneficiaries
- ☐ Climate-related targets
- ☒ Encourage internal and/or external portfolio managers to monitor emissions risk
- ☐ Emissions risk monitoring and reporting are formalised into contracts when appointing managers
- ☒ Weighted average carbon intensity
- ☒ Carbon footprint (scope 1 and 2)
- ☒ Portfolio carbon footprint
- ☐ Total carbon emissions
- ☒ Carbon intensity
- ☐ Exposure to carbon-related assets
- ☐ Other emissions metrics
- ☐ Other, specify
- ☐ None of the above
- ☒ Resource scarcity
- ☒ Technology developments
- ☐ Other, specify(1)
- ☐ Other, specify(2)
- ☐ None of the above

**SG 14.4a
CC**

Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology	Metric Trend	Limitations / Weaknesses
Weighted average carbon intensity	Majority	Identify exposure to high energy intense and low margin companies		Swedish Fund Industry Carbon Intensity	Decreasing	Difficult to explain to customers
Carbon footprint (scope 1 and 2)	Majority	Identify companies energy intensity	Tonnes CO2	CDP	Decreasing	Lacks scope 3
Portfolio carbon footprint	Majority	Identify the compunay and sectoral exposures	Tonnes	CDP/Bloomberg	Decreasing	Only describes energy use and not exposure to green transition
Carbon intensity	Majority	Identify high energy intensity and low margin companies	tonnes/sales	CDP/Bloomberg	Decreasing	Only describes energy use and not exposure to green transition

SG 14.5

If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

Carbon Disclosure Project database and analysis, MSCI ESG Research and Bloomberg.

SG 14.6

Additional information [Optional]

The analytic tools for surveying and stress testing are still in their developmental phase, but these are improving - both externally and internally developed ones.

SG 14.7 CC

Describe your risk management processes for identifying, assessing, and managing climate-related risks.

☒ Our process for climate-related risks is integrated into overall risk management

Description may include:

- How you determine the significance of climate-related risks in relation to other risks.
- Whether you consider existing and emerging regulatory requirements related to climate change.
- A description of processes for assessing the potential size and scope of identified climate-related risks.
- Definitions of risk terminology used or references to existing risk classification frameworks used.
- How decisions to mitigate, transfer, accept and/or control climate-related risks are made in managing processes.

☐ Our process for climate-related risks is not integrated into our overall risk management

SG 14.8 CC	Describe your processes for prioritising climate-related risks.
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As with other ESG-issues an analysis of materiality is at the heart of the process.

SG 14.9 CC	Do you conduct engagement activity with investee companies to encourage better disclosure and practices around climate-related risks?
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☒ Yes

	Please describe
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Nykredit has engaged with several companies on this issue. Nykredit has voted for better disclosure on a number of occasions, if a company is lacking disclosure on climate related risks.

Describe these engagement activities.

Specific Guidance:

Investment Managers

You may like to include a description on how you identify and assess material climate-related risks for each product or investment strategy.

☐ No, we do not engage

SG 14.10 CC	Describe how you use data from climate-related disclosures.
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The most important data for now is the carbon footprint, but with the growth in scenario analysis this will be an important tool going forward. Already today this is an important sign of awareness in the company.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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☐ Yes

☒ No

Asset class implementation not reported in other modules

SG 16	Mandatory	Public	Descriptive	General
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Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Hedge funds - DDQ	<div>Select whether you have responded to the PRI Hedge Fund DDQ</div> <div> <input type="radio"/> Yes <input checked="" type="radio"/> No </div>
Hedge funds	The hedge funds are based on securitized bonds/ mortgage bonds. The issuers of these are screened on a quarterly basis and their ESG-performance is used as part of the risk assessment.

SG 16.2

Additional information [Optional].

Nykredit would be happy to answer this. We have done a preview but the DDQ is a very poor match for this type of hedge funds which differs very much from the traditional equity based hedge fund.

Innovation

SG 18	Voluntary	Public	Descriptive	General
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SG 18.1

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

☒ Yes

SG 18.2

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

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

The quant fund provides an interesting combination of quant with exclusion approaches. This has historically proved very competitive compared with traditional funds.

Three of these has been developed further to a strict exclusion approach to companies with exposure to fossil fuels and an ESG fundamental inclusion approach with specific focus on green transition. This is combined with active ownership efforts.

Nykredit's policy on responsible investment in sovereign debt has for more than 6 years combined ESG inclusion and ESG exclusion.

A passive global equity fund that tracks an ESG-benchmark but adds further exclusion criteria which in turn improves ESG-ratings as well as performance.

An equity allocation fund that allocates between different passive funds that all is in compliance with the Nykredit policy, i.e. exclusions.

The response to this indicator could relate to any aspects of your responsible investment processes, activities, outputs or outcomes that you consider to represent significant developments and progress in the practice of responsible investment in general or in a particular market or asset class.

Illustrative examples include:

- the introduction of longer holding periods (or portfolio turnover limits) to encourage longer-term thinking;

- new ways of delivering information or reports to clients;
- the development of innovative KPIs or performance measurement tools (e.g., to track the carbon intensity or other ESG characteristics of portfolios or to link these to financial performance);
- the use of new engagement approaches that deliver better ESG or financial outcomes; and/or
- new partnerships or collaborations.

☐ No

Communication

SG 19	Mandatory	Public	Core Assessed	PRI 6
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SG 19.1

Indicate whether your organisation proactively discloses asset class specific information. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Fixed income

- ☐ We do not disclose to either clients/beneficiaries or the public.
- ☐ We disclose to clients/beneficiaries only.
- ☒ We disclose to the public

The information disclosed to clients/beneficiaries is the same

- ☒ Yes
- ☐ No

Disclosure to public and URL	
	<div>Disclosure to public and URL</div> <div> <input type="radio"/> Broad approach to RI incorporation <input checked="" type="radio"/> Detailed explanation of RI incorporation strategy used </div>
	<div>Frequency</div> <div> <input type="checkbox"/> Quarterly <input type="checkbox"/> Biannually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad hoc/when requested </div>
	<div>URL</div> <div> https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/nykredit_csr-publication_q4_17_2018-02-08_en.pdf </div>
	<div>URL</div> <div> https://www.nykreditinvest.dk/siteassets/pdfer/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf </div>

Listed equity - Engagement

☐ We do not disclose to either clients/beneficiaries or the public.
☐ We disclose to clients/beneficiaries only.
☒ We disclose to the public

The information disclosed to clients/beneficiaries is the same

☒ Yes
☐ No

Disclosure to public and URL	
	<div>Disclosure to public and URL</div> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Details on the overall engagement strategy <input checked="" type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals <input checked="" type="checkbox"/> Number of engagements undertaken <input checked="" type="checkbox"/> Breakdown of engagements by type/topic <input checked="" type="checkbox"/> Breakdown of engagements by region <input checked="" type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives <input checked="" type="checkbox"/> Examples of engagement cases <input checked="" type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.) <input checked="" type="checkbox"/> Details on whether the provided information has been externally assured <input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement <input type="checkbox"/> Other information
	<div>Frequency</div> <ul style="list-style-type: none"> <input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested
	<div>URL</div> <p>https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/nykredit_csr-publication_q4_17_2018-02-08_en.pdf</p> <div>URL</div> <p>https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf</p>

	Listed equity – (Proxy) Voting
	<ul style="list-style-type: none"> <input type="radio"/> We do not disclose to either clients/beneficiaries or the public. <input type="radio"/> We disclose to clients/beneficiaries only. <input checked="" type="radio"/> We disclose to the public

The information disclosed to clients/beneficiaries is the same

- ☒ Yes
☐ No

Disclosure to public and URL

Disclosure to public and URL

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

Frequency

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

URL

https://www.nykreditinvest.dk/siteassets/pdf/er-fonds-rapporter/arsrapporter/multi-manager-invest/aarsrapport_2017_inv_multi_manager_invest_inkl_beholdningslister.pdf

URL

https://www.nykreditinvest.dk/siteassets/pdf/er-fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investingsforeningen-nykredit-invest_inkl_beholdnings....pdf

Listed equity - Incorporation

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

The information disclosed to clients/beneficiaries is the same

- ☒ Yes
☐ No

Disclosure to public and URL	
	<div>Disclosure to public and URL</div> <div> <input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used </div>
	<div>Frequency</div> <div> <input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested </div>
	<div>URL</div> <div> https://www.nykreditinvest.dk/siteassets/pdf/er-fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf </div>

Selection, Appointment and Monitoring

☐ We do not disclose to either clients/beneficiaries or the public.
☐ We disclose to clients/beneficiaries only.
☒ We disclose to the public

The information disclosed to clients/beneficiaries is the same

☒ Yes
☐ No

Disclosure to public and URL	
	<div>Disclosure to public and URL</div> <div> <input checked="" type="checkbox"/> How responsible investment considerations are included in manager selection, appointment and monitoring processes <input checked="" type="checkbox"/> Details of the responsible investment activities carried out by managers on your behalf <input checked="" type="checkbox"/> E, S and/or G impacts and outcomes that have resulted from your managers' investments and/or active ownership <input checked="" type="checkbox"/> Other </div> <div>Specify</div> <div>This also describes engagements done on portfolio companies in externally managed companies</div>
	<div>Frequency</div> <div> <input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested </div>
	<div>URL</div> <div> https://www.nykreditinvest.dk/siteassets/pdf/erfands-rapporter/arsrapporter/multi-manager-invest/aarsrapport_2017_inv_multi_manager_invest_inkl_beholdningslister.pdf </div>

SG 19.2	Additional information [Optional]
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Nykredit provides additional information quarterly on a portfolio level if the client wishes to. This is a more detailed report describes ESG-performance, changes and active ownership efforts.

Listed Equity and Fixed Income Strategies				
SAM 01	Mandatory	Public	Gateway	PRI 1
SAM 01.1	Indicate which of the following ESG incorporation strategies you require your external manager(s) to implement on your behalf for all your listed equity and/or fixed income assets:			
	Active investment strategies			

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

SAM 01.2 Additional information. [Optional]

Since the inception of the investment policy, we have screened all externally managed funds and we deliver an exclusion list to all managers, which they need to adhere to. As an extra precautionary measure the list is also uploaded to our portfoliomanagement system, which will block any faulty attempts to buy a company on the list.

We expect the managers to adhere to the policy, which first of all means that the managers should implement our exclusion list. We encourage RI and PRI-membership. However, we see it is our responsibility to ensure compliance with the policy. Therefore we screen all portfolios, assess and engage with companies directly. We expect managers to integrate ESG, but to make sure this is implemented we monitor this ourselves and discuss findings with the managers.

Selection

SAM 02	Mandatory	Public	Core Assessed	PRI 1
SAM 02.1	Indicate what RI-related information your organisation typically covers in the majority of selection documentation for your external managers			

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)		Private equity		Infrastructure
Investment strategy and how ESG objectives relate to it	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
ESG incorporation requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
ESG reporting requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
No RI information covered in the RFPs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>

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

This is covered in all selection processes.

SAM 02.2

Explain how your organisation evaluates the investment manager's ability to align between your investment strategy and their investment approach

Strategy

	LE	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non- financial)		Private equity		Infrastructure
Assess the time horizon of the investment manager's offering vs. your/beneficiaries' requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Assess the quality of investment policy and its reference to ESG	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Assess the investment approach and how ESG objectives are implemented in the investment process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Review the manager's firm-level vs. product-level approach to RI	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Assess the ESG definitions to be used	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>

ESG people/oversight

	LE	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)?		Private equity		Infrastructure
Assess ESG expertise of investment teams	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Review the oversight and responsibilities of ESG implementation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Review how is ESG implementation enforced /ensured	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Review the manager's RI-promotion efforts and engagement with the industry	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>

Process/portfolio construction/investment valuation

	LE	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)?		Private equity		Infrastructure
Review the process for ensuring the quality of the ESG data used	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Review and agree the use of ESG data in the investment decision making process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Review and agree the impact of ESG analysis on investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Review and agree ESG objectives (e.g. risk reduction, return seeking, real-world impact)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Review and agree manager's ESG risk framework	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Review and agree ESG risk limits at the portfolio level (portfolio construction) and other ESG objectives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Review how ESG materiality is evaluated by the manager	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Review process for defining and communicating on ESG incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Review and agree ESG reporting frequency and detail	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>

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

When Nykredit selects an external manager, the conclusion is that the manager and their processes are in line with the Nykredit policy. Naturally some are further ahead than others and we encourage external managers to develop their approach further with specific focus on data, materiality analysis and use of this in the decision making.

SAM 02.3

Indicate the selection process and its ESG/RI components

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

SAM 02.4

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

	LE	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)?		Private equity	Infrastructure
ESG performance development targets	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG score	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG weight	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Real world economy targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Other RI considerations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

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

We expect the managers to keep on improving. So the target is mostly an ongoing benchmarking process related to their peers.

SAM 02.5	Describe how the ESG information reviewed and discussed affects the selection decision making process.[OPTIONAL]
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Nykredit will not select a manager that is not in line with our policy. On top of this ESG plays a vital role i assessing the quality of the managers processes, communication and over all approach.

SAM 03	Mandatory	Public	Additional Assessed	PRI 2
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SAM 03.1	Indicate how your organisation typically evaluates the manager's active ownership practices in the majority of the manager selection process.
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	Engagement
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	FI - SSA			
Review the manager's engagement policy	<input checked="" type="checkbox"/>			
Review the manager's engagement process (with examples and outcomes)	<input checked="" type="checkbox"/>			
Ensure that engagement outcomes feed back into the investment decision-making process	<input checked="" type="checkbox"/>			
Other engagement issues in your selection process specify	<input checked="" type="checkbox"/>			
None of the above	<input type="checkbox"/>			

	If you select any 'Other' option(s), specify
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The active ownership dialogue is especially within SSA very important, as the dialogue with countries representatives from the departments of finance are an opportunity to understate the importance of the contries efforts to improve education, polititcal freedom etc. in the eyes of the investor, and at the same time get second to none insights into whether these are important issues to the governments.

SAM 03.2	Describe how you assess if the manager's engagement approach is effective.
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- ☒ Impact on investment decisions
- ☒ Financial impact on target company or asset class
- ☒ Impact on ESG profile of company or the portfolio
- ☒ Evidence of changes in corporate practices(i.e. ESG policies and implementation activities)
- ☐ Other, specify
- ☐ None of the above

SAM 03.4	Additional information [OPTIONAL]
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The portfolio is review continously and this is part of dialogue with manager.

Appointment

SAM 04

Mandatory

Public

Core Assessed

PRI 1

SAM 04.1

Indicate if in the majority of cases and where the structure of the product allows, your organisation does any of the following as part of the manager appointment and/or commitment process

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

SAM 04.2

Provide an example per asset class of your benchmarks, objectives, incentives/controls and reporting requirements that would typically be included in your managers' appointment.

Asset class

- ☒ Listed equity (LE)

Benchmark

- ☒ Standard benchmark
- ☐ ESG benchmark, specify

ESG Objectives

- ☒ ESG related strategy, specify
We expect the manager to have their own strategy but still in line with Nykredit.
- ☒ ESG related investment restrictions, specify
The manager needs to adhere to our exclusion list.
- ☒ ESG integration, specify
The portfolio is analyzed and compared to the ESG-performance of the benchmark.
- ☒ Engagement, specify
Nykredit engages with norm breaching companies in all our portfolios, including those externally managed, however we do encourage that they engage on their own.
- ☒ Voting, specify
Nykredit votes on externally managed portfolios, but is in dialogue with the manager on active ownership, including AGM's.
- ☐ Promoting responsible investment
- ☐ ESG specific improvements
- ☒ ESG guidelines/regulation, principles/standards, specify
Nykredit shares knowledge of the European regulation and ensures that this is met. Encourages PRI.
- ☐ Other, specify

Incentives and controls

- ☒ Fee based incentive
- ☒ Communication and remedy of breaches
- ☒ Termination
- ☐ No fee/ breach of contract

Reporting requirements

- ☐ Monthly
 - ☐ Quarterly
 - ☐ Bi-annually
 - ☒ Annually
 - ☐ Ad-hoc/when requested
- ☒ Fixed income - SSA (SSA)

Benchmark

- ☒ Standard benchmark, specify
We expect outperformance of benchmark.
- ☐ ESG benchmark, specify

ESG Objectives

- ☒ ESG related strategy, specify
We expect the manager to have their own strategy but still in line with Nykredit.
- ☒ ESG related investment restrictions, specify
The manager needs to adhere to our exclusion list.
- ☒ ESG integration, specify
The portfolio is analyzed and compared to the ESG-performance of the benchmark
- ☒ Engagement, specify
We expect the manager to engage with countries in line with ESG-analysis.
- ☐ Voting, specify
- ☐ Promoting responsible investment
- ☐ ESG specific improvements
- ☐ ESG guidelines/regulation, principles/standards, specify
- ☐ Other, specify

Incentives and controls

- ☒ Fee based incentive
- ☒ Communication and remedy of breaches
- ☒ Termination
- ☐ No fee/ breach of contract

Reporting requirements

- ☐ Ad-hoc/when requested
 - ☐ Annually
 - ☒ Bi-annually
 - ☐ Quarterly
 - ☐ Monthly
- ☒ Fixed income - Corporate (financial)

Benchmark

- ☒ Standard benchmark, specify
We expect outperformance of benchmark.
- ☐ ESG benchmark, specify

ESG Objectives

- ☐ Other, specify
- ☒ ESG related strategy, specify
We expect the manager to have their own strategy but still in line with Nykredit.
- ☒ ESG related investment restrictions, specify
The manager needs to adhere to our exclusion list.
- ☒ ESG integration, specify
The portfolio is analyzed and compared to the ESG-performance of the benchmark.
- ☒ Engagement, specify
Nykredit engages with norm breaching companies in all our portfolios, including those externally managed, however we do encourage that they engage on their own.
- ☐ Voting, specify
- ☐ Promoting responsible investment
- ☐ ESG specific improvements
- ☐ ESG guidelines/regulation, principles/standards, specify

Incentives and controls

- ☒ Fee based incentive
- ☒ Communication and remedy of breaches
- ☒ Termination
- ☐ No fee/ breach of contract

Reporting requirements

- ☐ Ad-hoc/when requested
 - ☒ Annually
 - ☐ Bi-annually
 - ☐ Quarterly
 - ☐ Monthly
- ☒ Fixed income - Corporate (non-financial)

Benchmark

- ☒ Standard benchmark, specify
We expect outperformance of benchmark.
- ☐ ESG benchmark, specify

ESG Objectives

- ☐ Other, specify
- ☒ ESG related strategy, specify
We expect the manager to have their own strategy but still in line with Nykredit.
- ☒ ESG related investment restrictions, specify
The manager needs to adhere to our exclusion list.
- ☒ ESG integration, specify
The portfolio is analyzed and compared to the ESG-performance of the benchmark.
- ☒ Engagement, specify
Nykredit engages with norm breaching companies in all our portfolios, including those externally managed, however we do encourage that they engage on their own.
- ☐ Voting, specify
- ☐ Promoting responsible investment
- ☐ ESG specific improvements
- ☐ ESG guidelines/regulation, principles/standards, specify

Incentives and controls

- ☒ Fee based incentive
- ☒ Communication and remedy of breaches
- ☒ Termination
- ☐ No fee/ breach of contract

Reporting requirements

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

Benchmark

- ☒ Standard benchmark, specify
We expect outperformance of benchmark.
- ☐ ESG benchmark, specify

ESG Objectives

- ☒ ESG related strategy, specify
We expect the manager to have their own strategy but still in line with Nykredit.
- ☒ ESG related investment restrictions, specify
The manager needs to adhere to our exclusion list.
- ☒ ESG integration, specify
The outcome of the managers efforts are analysed through own screens and annual dialogue with the manager.
- ☐ Engagement, specify
- ☐ Voting, specify
- ☐ Promoting responsible investment
- ☐ ESG specific improvements
- ☐ ESG guidelines/regulation, principles/standards, specify

Incentives and controls

- ☒ Fee based incentive
- ☐ Communication and remedy of breaches
- ☒ Termination
- ☐ No fee/ breach of contract

Reporting requirements

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

Benchmark

- ☒ Standard benchmark, specify

We expect outperformance of benchmark.

- ☐ ESG benchmark, specify

ESG Objectives

- ☐ Other, specify

- ☒ ESG related strategy, specify

We expect the manager to have their own strategy but still in line with Nykredit.

- ☒ ESG related investment restrictions, specify

The manager needs to adhere to our exclusion list.

- ☒ ESG integration, specify

The outcome of the managers efforts are analysed through own screens and annual dialogue with the manager.

- ☐ Engagement, specify

- ☐ Voting, specify

- ☐ Promoting responsible investment

- ☐ ESG specific improvements

- ☒ ESG guidelines/regulation, principles/standards, specify

Nykredit is in dialogue with several managers on improved measurement methodology like WHEB. Nykredit shares knowledge of the European regulation and ensures that this is met. Encourages PRI.

Incentives and controls

- ☒ Fee based incentive

- ☒ Communication and remedy of breaches

- ☒ Termination

- ☐ No fee/ breach of contract

Reporting requirements

- ☐ Ad-hoc/when requested

- ☒ Annually

- ☐ Bi-annually

- ☐ Quarterly

- ☐ Monthly

SAM 04.4

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

- ☒ Discuss requirements not met and set project plan to rectify
- ☒ Place investment manager on a “watch list”
- ☒ Track and investigate reason for non-compliance
- ☐ Re-negotiate fees
- ☒ Failing all actions, terminate contract with the manager
- ☐ Other, specify
- ☐ No actions are taken if any of the ESG requirements are not met

Monitoring

SAM 05**Mandatory****Public****Core Assessed****PRI 1****SAM 05.1**

When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non- financial)		Private equity		Infrastructure
ESG objectives linked to investment strategy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Evidence on how the ESG incorporation strategy(ies) affected the investment decisions and financial / ESG performance of the portfolio/fund	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Compliance with investment restrictions and any controversial investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
ESG portfolio characteristics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
How ESG materiality has been evaluated by the manager in the monitored period	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Information on any ESG incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Metrics on the real economy influence of the investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
PRI Transparency Reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
PRI Assessment Reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
RI-promotion and engagement with the industry to enhance RI implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
Other general RI considerations in investment management agreements; specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>

SAM 05.2

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

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)		Private equity		Infrastructure
ESG score	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
ESG weight	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
ESG performance minimum threshold	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Real world economy targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
Other RI considerations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>

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

The portfolio is always scored and compared to benchmark. The next step is a deep dive into the portfolio and its construction. This is part of evaluation and dialogue.

For example, if you require your external managers to undertake carbon portfolio monitoring, you are strongly encouraged to report this here.

SAM 06	Mandatory	Public	Additional Assessed	PRI 1
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SAM 06.1

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

Engagement

	FI - SSA			
Report on engagements undertaken (summary with metrics, themes, issues, sectors or similar)	<input checked="" type="checkbox"/>			
Report on engagement ESG impacts (outcomes, progress made against objectives and examples)	<input checked="" type="checkbox"/>			
Information on any escalation strategy taken after initial unsuccessful dialogue	<input checked="" type="checkbox"/>			
Alignment with any eventual engagement programme done internally	<input checked="" type="checkbox"/>			
Information on the engagement activities' impact on investment decisions	<input checked="" type="checkbox"/>			
Other RI considerations relating to engagement in investment management agreements; specify	<input checked="" type="checkbox"/>			
None of the above	<input type="checkbox"/>			

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

Nykredit reviews its list of excluded SSA biannually. The manager delivers their own input to this process. Any watch list country is naturally part of the dialogue and the engagements with that country plays a vital role in the evaluation for the next review.

SAM 07	Mandatory	Public	Core Assessed	PRI 2
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SAM 07.2

For the listed equities for which you have given your external managers a mandate to engage on your behalf, indicate the approximate percentage (+/- 5%) of companies that were engaged with during the reporting year.

Number of companies engaged

14

Proportion (to the nearest 5%)

5%

SAM 07.3

Additional information [OPTIONAL]

Nykredit does engagement on all portfolios on its own. However we do encourage the managers to engage together with us or continue their own engagement efforts. Nykredit values these efforts and the dialogue we have with our external managers on these issues.

If you require your managers to vote on your behalf, you may for example wish to comment on a variety of reasons why managers choose not to vote, including:

- strategic decision not to vote on certain types of assets or funds;
- operational or timing constraints; • share-blocking;
- conflicts of interest;
- administrative impediments (e.g. power of attorney requirements);
- voting fees;
- geographical restrictions (non-home market);
- insufficient information; and/or
- overall cost effectiveness.

Outputs and outcomes

SAM 08	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SAM 08.1 Describe how you ensure that best RI practice is applied to managing your assets

- ☒ Encourage improved RI practices with existing investment managers

Measures

We analyze and evaluate the portfolios on a quarterly basis and this form the foundation of the dialogue with the managers.

- ☒ Move assets over to investment managers with better RI practices

Measures

If the manager does not perform according to our expectations the cooperation is terminated.

- ☐ Other, specify
- ☐ None of the above

SAM 08.2 Additional information. [Optional]

The Nykredit policy and the obligations apply to all external managers. We expect the managers to have a strategy of their own but that this is within the boundaries of the Nykredit policy. Nykredit tries to innovate our own practices and expect our managers to improve as well.

SAM 09	Mandatory	Public	Additional Assessed	PRI 1,6
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SAM 09.1 Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.

- ☒ Add Example 1

Topic or issue	Breaches of human rights: Phillips 66 involvement in the Dakota Access Pipeline
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (non financial) <input type="checkbox"/> Private equity <input type="checkbox"/> Infrastructure
Scope and process	<p>Cease the Phillips 66 involvement in the Dakota Access Pipeline.</p> <p>External manager should engage with Phillips 66 to get the company's own view of the issue and engagement for a withdrawal from the project.</p> <p>Nykredit would continue its own engagement with the company.</p>
Outcomes	<p>The manager showed good engagement efforts. Within a very short timeframe Phillips 66 responded in a very thorough way. It recognized the issues.</p> <p>However Phillips 66 stayed on the project as part of the joint venture and helped the finishing stage, which breached the human rights of the Standing Rock Sioux and Cheyenne River Sioux tribes.</p> <p>This happened even though the company recognized the issues. Thus Nykredit decided to exclude Phillips 66.</p> <p>Because they were willing to disclose their views, Nykredit has continued to engage with Phillips 66 through our external service provider GES.</p>

☒ Add Example 2

Topic or issue	Infrastructure manager invested in fossil fuels
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (non financial) <input type="checkbox"/> Private equity <input checked="" type="checkbox"/> Infrastructure
Scope and process	Infrastructure managers was screened and analyzed as part of selection proces. The past investments was screened and the process was analyzed.
Outcomes	<p>The manager was not chosen because of two vital elements:</p> <ol style="list-style-type: none"> 1. The manager had the highest proportion of energy assets, mainly in oil and gas pipelines. Investing in the fund would increase the green transition risks and not be in line with the goals of the Nykredit policy. 2. The managers ESG-approach to these projects showed an inherent lack of understanding and thus valuation of ESG-issues, and was evaluated as not a good fit with the Nykredit approach.

☒ Add Example 3

Topic or issue	Venezuela
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input checked="" type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (non financial) <input type="checkbox"/> Private equity <input type="checkbox"/> Infrastructure
Scope and process	<p>Is investing in Venezuela corporate bonds in line with Nykredit policy on sovereign debt?</p> <p>The manager and Nykredit would review their analysis of the country to asses the development and what could be expected in the short and medium term.</p>
Outcomes	The manager decided to divest and the situation deteriorated. Nykredit decided in the fall to exclude Venezuela sovereign debt from our investments. By then the manager was no longer invested.

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

ESG incorporation in actively managed listed equities

Implementation processes

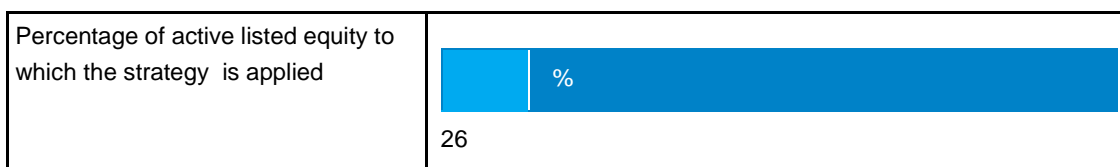
LEI 01	Mandatory	Public	Core Assessed	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

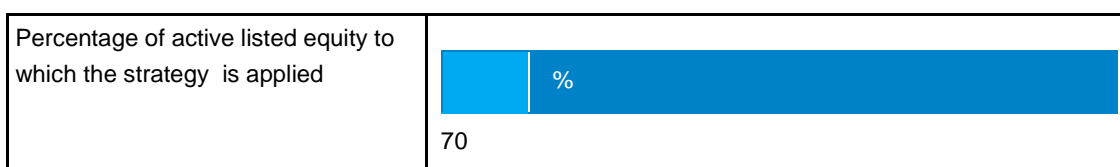
LEI 01.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%)
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ESG incorporation strategy (select all that apply)

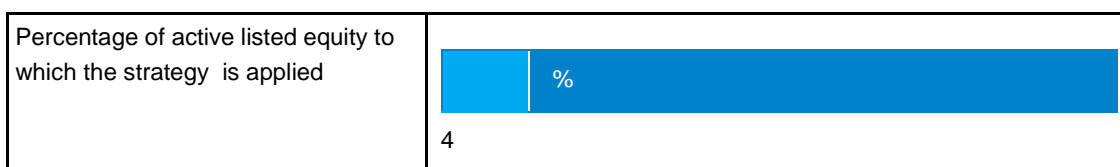
- ☒ Screening alone (i.e. not combined with any other strategies)



- ☐ Thematic alone (i.e. not combined with any other strategies)
☐ Integration alone (i.e. not combined with any other strategies)
☒ Screening and integration strategies



- ☐ Thematic and integration strategies
☐ Screening and thematic strategies
☒ All three strategies combined



- ☐ We do not apply incorporation strategies



100%

LEI 01.2

Describe your organisation's approach to incorporation and the reasons for choosing the particular ESG incorporation strategy/strategies.

The systematic ESG-strategy builds on top of the responsible investment policy of screening against breaches of international rights and exclusion/engagement. The ESG integration into quant strategies is limited to risk evaluation.

Nykredit believes that ESG can be a catalyst for better returns and lower risk. As a desirable biproduct we get support for a more sustainable future.

May include a discussion of the following:

- The main ESG strategies in use, and the motivation for its use.
- Who is responsible for the implementation of these strategies.
- How your ESG incorporation strategies differ (e.g. by sector, geography, etc.).
- If relevant, how combinations of strategies are used.

LEI 01.3

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

The 4% is a fossil free fund which combines exclusions of fossil fuels and controversial companies, i.e. weapons and tobacco, with a positive selection based on ESG.

LEI 02**Voluntary****Public****Additional Assessed****PRI 1****LEI 02.1**

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

Type of ESG information

- ☒ Raw ESG company data

Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Company-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Sector-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Country-related analysis or ratings

Indicate who provides this information

- ☐ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ Screened stock list

Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ ESG issue-specific analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☐ Other, specify

LEI 02.2

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

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

LEI 02.3

Indicate if you incentivise brokers to provide ESG research.

- ☒ Yes

LEI 02.4

Describe how you incentivise brokers.

The ESG-research is part of their research offering to Nykredit, and they have been chosen for that complete package.

- ☐ No

LEI 03

Voluntary

Public

Additional Assessed

PRI 1

LEI 03.1

Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.

- ☒ Engagement
 - ☒ We have a systematic process to ensure the information is made available.
 - ☐ We occasionally make this information available.
 - ☐ We do not make this information available.
- ☒ (Proxy) voting
 - ☒ We have a systematic process to ensure the information is made available.
 - ☐ We occasionally make this information available.
 - ☐ We do not make this information available.

LEI 03.2	Additional information. [Optional]
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Background and evaluation on all engagements are available to portfolio managers and the cases are discussed on an ongoing basis. When relevant, the engagement with the company is done with the portfolio manager.

(A) Implementation: Screening

LEI 04	Mandatory	Public	Descriptive	PRI 1
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LEI 04.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.
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Type of screening

- ☒ Negative/exclusionary screening

Screened by

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

Description

All companies producing weapons in conflict with the Oslo and Ottawa Conventions are excluded. Moreover, two equity funds and two corporate debt funds apply a negative SRI-screening that excludes producers and distributors of alcohol, tobacco, weapons, pornography and gambling as well as companies in breach with our normsbased screening.

Describe which ESG screens are used, for which funds and whether they are used in combination with other screens.

- ☒ Positive/best-in-class screening

Screened by

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

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

Screenings based on ESG-ratings are applied to the focus funds and thematic fund with systematic ESG-integration, but more important the ESG-data is used for the fundamental analysis and evaluation done by the PM's.

Describe which ESG screens are used, for which funds and whether they are used in combination with other screens.

☒ Norms-based screening

Screened by

- ☒ UN Global Compact Principles
- ☒ The UN Guiding Principles on Business and Human Rights
- ☒ International Labour Organization Conventions
- ☒ United Nations Convention Against Corruption
- ☒ OECD Guidelines for Multinational Enterprises
- ☐ Other, specify

	Description
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All funds are screened on a quarterly basis against these criteria.

LEI 04.2

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

The screening criteria are decided by the Nykredit Forum on Sustainable Investments and, when relevant, the boards of the mutual funds. The criteria are discussed with clients and reviewed internally on an ongoing basis as part of the general yearly review of the policy. Changes are always communicated to clients. Most often changes are made as a result of dialogue with clients.

LEI 05	Mandatory	Public	Core Assessed	PRI 1
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LEI 05.1

Indicate which processes your organisation uses to ensure screening is based on robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- ☒ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Review and evaluation of external research providers
- ☐ Other, specify
- ☐ None of the above

LEI 05.2

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

LEI 05.3

Indicate how frequently third party ESG ratings are updated for screening purposes.

- ☒ Quarterly or more frequently
- ☐ Bi-annually
- ☐ Annually
- ☐ Less frequently than annually

LEI 05.4

Indicate how frequently you review internal research that builds your ESG screens.

- ☒ Quarterly or more frequently
- ☐ Bi-annually
- ☐ Annually
- ☐ Less frequently than annually

LEI 06	Voluntary	Public	Additional Assessed	PRI 1
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LEI 06.1	Indicate which processes your organisation uses to ensure fund criteria are not breached
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- ☒ Systematic checks are performed to ensure that stocks meet the funds' screening criteria.
- ☒ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.
- ☒ Audits of fund holdings are undertaken regularly by internal audit function
- ☐ Periodic auditing/checking of the organisations RI funds by external party
- ☐ Other, specify
- ☐ None of the above

LEI 06.2	If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.
-----------------	--

No breaches during the reporting year. Pretrade screening against the exclusion list is in place.

If a breach is identified, group compliance and the committee on responsible investment will be informed. Analysis to uncover the fault will be initiated. On the basis of the conclusions of the analysis, measures will be implemented to insure the breach will not happen again.

(B) Implementation: Thematic

LEI 07	Mandatory	Public	Descriptive	PRI 1
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LEI 07.1	Indicate the type of sustainability thematic funds or mandates your organisation manages.
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- ☒ Environmentally themed funds
- ☐ Socially themed funds
- ☐ Combination of themes

LEI 07.2	Describe your organisation's processes relating to sustainability themed funds. [Optional]
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The fund combines exclusion of fossil fuels with a positive ESG selection process as well as active ownership.

May include a discussion of the following:

- How these themes are defined
- Whether the application/interpretation of the themes differs by sector, geography, etc.
- Any other factors that are considered in the investment process and how the thematic elements relate to the overall process.

(C) Implementation: Integration of ESG issues

LEI 08	Mandatory	Public	Core Assessed	PRI 1
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LEI 08.1	Indicate which ESG factors you systematically research as part of your investment analysis and the proportion of actively managed listed equity portfolios that is impacted by this analysis.
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ESG issues	Proportion impacted by analysis
Environmental	<div> <div></div> <div>Environmental</div> </div> <p> <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> 51-90% <input type="radio"/> >90% </p>
Social	<div> <div></div> <div>Social</div> </div> <p> <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> 51-90% <input type="radio"/> >90% </p>
Corporate Governance	<div> <div></div> <div>Corporate Governance</div> </div> <p> <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> 51-90% <input type="radio"/> >90% </p>

LEI 08.2 Additional information. [Optional]

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

LEI 09	Voluntary	Public	Additional Assessed	PRI 1
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LEI 09.1 Indicate which processes your organisation uses to ensure ESG integration is based on a robust analysis.

☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products

LEI 09.2

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.

- ☐ <10%
☐ 10-50%
☐ 51-90%
☒ >90%

- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
☒ Third-party ESG ratings are updated regularly.

LEI 09.3

Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.

- ☐ Quarterly or more frequently
☐ Bi-Annually
☒ Annually
☐ Less frequently than annually

- ☒ A periodic review of the internal research is carried out

LEI 09.4

Indicate how frequently you review internal research that builds your ESG integration strategy.

- ☒ Quarterly or more frequently
☐ Bi-Annually
☐ Annually
☐ Less frequently than annually

- ☒ Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
☒ ESG risk profile of a portfolio against benchmark
☐ Other, specify
☐ None of the above

LEI 09.5

Describe how ESG information is held and used by your portfolio managers.

- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
☒ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
☒ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
☐ Other, specify
☐ None of the above

LEI 09.6

Additional information.[Optional]

A portfolio ESG-analysis are conducted of all funds quarterly and this is used to follow development according to benchmark, but also historically.

LEI 10	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEI 10.1 Indicate which aspects of investment analysis you integrate material ESG information into.

☒ Economic analysis

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 11-50%
- ☐ 51-90%
- ☒ 90%

☒ Industry analysis

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 11-50%
- ☐ 51-90%
- ☒ 90%

☒ Quality of management

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 11-50%
- ☐ 51-90%
- ☒ 90%

☒ Analysis of company strategy

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 11-50%
- ☐ 51-90%
- ☒ 90%

☒ Portfolio weighting

	Proportion of actively managed listed equity exposed to investment analysis
<input type="radio"/> <10% <input type="radio"/> 11-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> 90%	

LEI 10.2a	Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis and/or portfolio construction.
<input type="checkbox"/> Adjustments to forecasted company financials (sales, operating costs, earnings, cash flows) <input checked="" type="checkbox"/> Adjustments to valuation tools (discount rates, terminal value) <input type="checkbox"/> Other adjustments to fair value projections, specify	

LEI 10.3	Describe how you integrate ESG information into portfolio weighting.
ESG is used to identify the structural risk in the benchmark.	

LEI 10.4a	Describe the methods you have used to adjust the income forecast / valuation tool
<p>In some portfolios the exposure to different sectors is directly adjusted based on ESG-analysis. For other portfolios with more narrow benchmarks, the company's exposure to the structural risk in their sector is valued by quantification of their exposure relative to peers. This is also used in the dialogue with the company.</p>	

☒ Fair value/fundamental analysis

	Proportion of actively managed listed equity exposed to investment analysis
<input type="radio"/> <10% <input type="radio"/> 11-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> 90%	

LEI 10.2b	Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis and/or portfolio construction.
<input type="checkbox"/> Adjustments to forecasted company financials (sales, operating costs, earnings, cash flows) <input checked="" type="checkbox"/> Adjustments to valuation tools (discount rates, terminal value) <input type="checkbox"/> Other adjustments to fair value projections, specify	

LEI 10.4b	Describe the methods you have used to adjust the income forecast / valuation tool
<p>For the global portfolios, the ESG-rating of the individual company plays directly into the quantification tool that converts quality indicators into a valuation.</p>	
<input type="checkbox"/> Other, specify	

ESG incorporation in passively managed listed equities

LEI 11	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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LEI 11.1	Indicate if you manage passive listed equity funds that incorporate ESG issues in the index construction methodology.
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☒ Yes

LEI 11.2	Indicate the percentage of your total passive listed equity funds for which ESG issues are incorporated in the index construction methodology.
----------	--

	(% of total passive listed equity funds)
--	--

- ☐ <10%
☒ 10-50%
☐ 51-90%
☐ >90%

LEI 11.3	Specify index/fund name, provide a brief description of ESG methodology and indicate which of the following ESG incorporation strategies you apply.
----------	---

☒ Index/fund 1

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
Nykredit Invest Engros Globale Basis ESG with MSCI ACWI ESG Leaders as benchmark but excluding companies in the second lowest ESG rating category as well (B's) as well as companies on the Nykredit exclusions list, coal, companies and producers of controversial weapons, i.e. cluster munitions, landmines and nuclear weapons.	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration of ESG issues <input type="checkbox"/> Other

- ☐ Index/fund 2
☐ Index/fund 3
☐ Index/fund 4
☐ Index/fund 5

☐ No

Outputs and outcomes

LEI 12	Voluntary	Public	Descriptive	PRI 1
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LEI 12.1	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
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☒ Screening

	Describe any reduction in your starting investment universe or other effects.
--	---

The two negatively screened listed SRI-funds exclude producers and distributors of alcohol, tobacco, weapons, pornography and gambling as well as companies that breach international norms. One also excludes producers, distributors and servicing companies of fossil fuels. Utilities with more than 50% of energy input deriving from coal is also excluded. These exclude up to 20%.

	Specify the percentage reduction (+/- 5%)
--	---

	%
--	---

5

☐ Thematic

☒ Integration of ESG issues

	Select which of these effects followed your ESG integration:
--	--

☒ Reduce or prioritise the investment universe

☒ Overweight/underweight at sector level

☒ Overweight/underweight at stock level

☒ Buy/sell decisions

☐ Other, specify

☐ None of the above

☒ Index incorporating ESG issues (for passively managed funds)

	Describe the influence on composition or other effects
--	--

The portfolio has a distinct overweight in higher ranked companies and a lower carbon footprint than both the ESG benchmark and the traditional benchmarks.

LEI 13	Voluntary	Public	Additional Assessed	PRI 1
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LEI 13.1	Indicate whether your organisation measures how your approach to responsible investment in Listed Equity has affected your portfolio's financial and/or ESG performance.
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☒ We measure whether our approach to ESG issues impacts funds' reputation

	a) Funds' reputation
--	----------------------

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

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

b) Funds' financial performance: return

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

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

c) Funds' financial performance: risk

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

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

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

☐ None of the above

LEI 13.2	Describe how you are able to determine these outcomes.
-----------------	--

Nykredit tracks the performance relative to benchmarks. If Nykredit decides to screen out a company or sector we track the development of these. We also try to deconstruct the different companies contribution to return in the portfolio. The causality behind this needs to be questioned every time.

One example of risk reduction is the Equifax scandal, which we had no active exposure to because of our ESG-approach.

LEI 14	Voluntary	Public	Descriptive	PRI 1
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LEI 14.1	Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.
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☒ ESG issue 1

	ESG issue and explanation
Privacy and data security	
	ESG incorporation strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies <input type="checkbox"/> Index incorporating ESG issues	
	Impact on investment decision or performance
Equifax was not in any actively managed funds, when the breach occurred. This effected the performance positively.	

☒ ESG issue 2

	ESG issue and explanation
Breaches of human rights by Phillips 66, Dakota Access Pipeline	
	ESG incorporation strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Integration <input checked="" type="checkbox"/> Combination of ESG incorporation strategies <input type="checkbox"/> Index incorporating ESG issues	
	Impact on investment decision or performance
Because of the controversy and eventual exclusion Nykredit had no exposure to the company in our actively managed funds all of 2017 and from March 2017 in no funds at all. The has had a neutral effect on the portfolios. Because of the increase in the US-oilproduction the company has done well, but the equity market in general has done equally well.	

☒ ESG issue 3

	ESG issue and explanation
<p>Tobacco producers</p> <p>Our actively managed funds has no exposure to tobacco production. Some have a negative screening and some have decided not to invest from an ESG approach.</p>	
	ESG incorporation strategy applied
<p><input type="checkbox"/> Screening</p> <p><input type="checkbox"/> Thematic</p> <p><input type="checkbox"/> Integration</p> <p><input checked="" type="checkbox"/> Combination of ESG incorporation strategies</p> <p><input type="checkbox"/> Index incorporating ESG issues</p>	
	Impact on investment decision or performance
<p>Eventhough tobacco producers have done extrodinarily well historically the performance has changed. The past 5 years the performance has been neutral and last year performance was helped by not investing in tobacco producers.</p>	

☐ ESG issue 4

☐ ESG issue 5

Engagement

Overview

LEA 01	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 01.1	Indicate whether your organisation has a formal engagement policy.
----------	--

☒ Yes

LEA 01.2	Attach or provide a URL to your engagement policy.
----------	--

☐ Attachment provided:

☒ URL provided:

URL

<https://www.nykredit.com/en-gb/samfundsansvar/investments/politik-for-baredygtige-investeringer/>

LEA 01.3 Indicate what your engagement policy covers:

- ☒ Conflicts of interest
- ☒ Insider information
- ☒ Alignment with national stewardship code requirements
- ☒ Due diligence and monitoring process
- ☒ Prioritisation of engagements
- ☒ Transparency of engagement activities
- ☒ Environmental factors
- ☒ Social factors
- ☒ Governance factors
- ☐ Other, describe
- ☐ None of the above

LEA 01.4 Provide a brief overview of your organization's approach to engagement

In 2017 Nykredit has decided to integrate the different sub policies into the overarching policy on sustainable investments. The engagement policy addresses why we engage; how we engage and how we reach conclusions.

The decision to engage is made by the Nykredit Forum on Sustainable Investments. This Forum also decides the goals and evaluations. Progress on engagements are evaluated annually. If no progress is made and this situation is not expected to change the company will be excluded. Exclusions are reevaluated every two years.

Nykredit always engages for change. In 2017 Nykredit evolved its engagement approach, which has focussed on individual companies so far. In December 2017 Nykredit decided to join Climate Action 100+. The initiative is a good supplement tailored to the green transition issue, as many of the companies need to take action, but are not necessarily breaching any norms.

Guidance on this indicator available in Explanatory Notes.

☐ No

LEA 02	Mandatory	Public	Gateway	PRI 1,2,3
LEA 02.1	Indicate the method of engagement, giving reasons for the interaction.			

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers

LEA 02.2

Additional information. [Optional]

The internal staff are also involved in the active ownership and at times the active ownership takes almost form of an engagement, but without any breach being identified.

Process

Process for engagements run internally

LEA 03

Mandatory

Public

Core Assessed

PRI 2

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

LEA 03.1

Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

☒ Yes

LEA 03.2

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

- ☐ Geography / market of the companies
 - ☒ Materiality of ESG factors
 - ☐ Systemic risks to global portfolios
 - ☒ Exposure (holdings)
 - ☒ In response to ESG impacts that have already occurred.
 - ☐ As a response to divestment pressure
 - ☒ Consultation with clients/beneficiaries
 - ☒ Consultation with other stakeholders (i.e. NGOs, trade unions etc.)
 - ☒ As a follow-up from a voting decision
 - ☐ Client request
 - ☐ Other, describe
- ☐ No

LEA 04**Mandatory****Public****Core Assessed****PRI 2**

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

LEA 04.1

Indicate if you define specific objectives for your engagement activities.

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

LEA 04.2

Indicate if you monitor the actions that companies take during and following your engagements activities carried out by internal staff.

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

LEA 04.3

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

- ☒ Define timelines for your objectives
- ☒ Tracking and/or monitoring progress against defined objectives
- ☒ Tracking and or monitoring progress of actions taken when original objectives are not met
- ☐ Revisit and, if necessary, revise objectives on continuous basis
- ☐ Other, please specify
- ☐ We do not monitor and evaluate progress of engagement activities carried out by internal staff

LEA 04.4

Additional information. [Optional]

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

Process for engagements conducted via collaborations

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

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

LEA 05.1

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

☒ Yes

LEA 05.2

Describe the criteria used to identify and prioritise collaborative engagements.

- ☐ Potential to learn from other investors
- ☒ Ability to add value to the collaboration
- ☐ Geography / market of the companies targeted by the collaboration
- ☒ Materiality of ESG factors addressed by the collaboration
- ☐ Systemic risks to global portfolios addressed by the collaboration
- ☐ Exposure (holdings) to companies targeted by the collaboration
- ☒ In reaction to ESG impacts addressed by the collaboration that have already occurred.
- ☐ As a response to divestment pressure
- ☐ As a follow-up from a voting decision
- ☐ Consultation with clients/beneficiaries
- ☐ Consultation with other stakeholders (i.e. NGOs, trade unions etc.)
- ☐ Other, describe

☐ No

LEA 05.3	Additional information [Optional]
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Nykredit has just joined Climate Action 100+, which is a were positive new engagement initiative.

LEA 06	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 06.1	Indicate if you define specific objectives for your engagement activities carried out collaboratively.
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- ☒ Yes
 - ☒ Yes, for all engagement activities
 - ☐ Yes, for the majority of engagement activities
 - ☐ Yes, for a minority of engagement activities
- ☐ We do not define specific objectives for engagement activities carried out collaboratively.

LEA 06.2	Indicate if you monitor the actions companies take during and following your collaborative engagements.
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- ☒ Yes
 - ☒ Yes, in all cases
 - ☐ Yes, in the majority of cases
 - ☐ Yes, in the minority of cases
- ☐ We do not monitor the actions that companies take following engagement activities carried out collaboratively

LEA 06.3	Indicate if you do any of the following to monitor and evaluate the progress of your collaborative engagement activities.
-----------------	---

- ☒ Define timelines for your objectives
- ☒ Tracking and/or monitoring progress against defined objectives
- ☒ Tracking and or monitoring progress of actions taken when original objectives are not met
- ☐ Revisit and, if necessary, revise objectives on continuous basis
- ☐ Other, please specify
- ☐ We do not monitor and evaluate progress of engagement activities carried out by internal staff

LEA 06.4	Additional information. [Optional]
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Most collaborative engagements are conducted together with an engagement provider. A few more informal focused more on ESG and less on breaches of norms alone are conducted without a service provider.

May include a discussion of the following;

- How collaborative engagement objectives are defined.
- How progress of collaborative engagement activities are tracked, including how you monitor action taken by companies.

- How the decision to terminate or escalate a collaborative engagement programme or activity is made.
- How insights from collaborative engagement are incorporated into investment decision-making.
- How lessons learned are tracked and integrated into future engagement programmes.
- Any relevant examples.

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

LEA 07	Mandatory	Public	Core Assessed	PRI 2,4
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 07.1 Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

☒ Yes

LEA 07.2 Indicate the role(s) you play in engagements that your service provider conducts on your behalf.

- ☒ Discuss the topic (or ESG issue(s)) of engagement
- ☒ Discuss the rationale for engagement
- ☒ Discuss the objectives of the engagement
- ☒ Select the companies to be engaged with
- ☒ Discuss the frequency/intensity of interactions with companies
- ☒ Discuss next steps for engagement activity
- ☒ Participate directly in certain engagements with your service provider
- ☐ Other, specify
- ☐ We play no role in engagements that our service provider conducts.

☐ No

LEA 07.3 Additional information. [Optional]

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

May include a discussion of the following:

- Your role in setting engagement/active ownership objectives.
- How you monitor/oversee service provider activities.
- Any joint engagement conducted with the service provider.

LEA 08	Mandatory	Public	Core Assessed	PRI 2,6
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LEA 08.1

Do you monitor and review the outcomes of the engagement activities undertaken by your service providers on your behalf?

Please select all that apply

- ☒ Yes, periodically
- ☒ Yes, ad hoc basis
- ☒ We do not monitor or review them

LEA 08.2

Additional information. [Optional]

The review process is part of our procedure to evaluate the progress. The mutual funds also reports on the engagements done in the fund in the annual report.

General processes for all three groups of engagers

LEA 09	Mandatory	Public	Additional Assessed	PRI 1,2
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LEA 09.1

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

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

LEA 09.2

Additional information. [Optional]

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

May include a discussion of the following:

- How you decide what information to pass to investment decision-makers.
- What you expect investment decision-makers to do with the insights you pass on.

- How you monitor their use of insights you passed on.
- Whether ESG data collected through engagement feeds into an internal ratings tool/platform.

LEA 10	Mandatory	Public	Gateway	PRI 2
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LEA 10.1 Indicate if you track the number of your engagement activities.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track and cannot estimate our engagements
Service provider engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track and cannot estimate our engagements

LEA 10.2 Additional information. [OPTIONAL]

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

May include a discussion of the following:

- The systems in place to track engagement progress.
- A description of the information collected.
- How regularly tracking systems are updated and to whom this information is provided
- Any auditing procedures that occur.

Outputs and outcomes

LEA 11	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 2
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LEA 11.1 Indicate the amount of your listed equities portfolio with which your organisation engaged during the reporting year.

	Number of companies engaged (avoid double counting, see explanatory notes)	Proportion (to the nearest 5%)	Specify the basis on which this percentage is calculated
Individual / Internal staff engagements	<div>Number of companies engaged</div> 7	<div>Proportion (to the nearest 5%)</div> 5	<div>Specify the basis on which this percentage is calculated</div> <p> <input type="radio"/> of the total number of companies you hold <input checked="" type="radio"/> of the total value of your listed equity holdings </p>
Collaborative engagements	1	<div>Proportion (to the nearest 5%)</div> 10	<div>Specify the basis on which this percentage is calculated</div> <p> <input type="radio"/> of the total number of companies you hold <input checked="" type="radio"/> of the total value of your listed equity holdings </p>
Service provider engagements	21	<div>Proportion (to the nearest 5%)</div> 5	<div>Specify the basis on which this percentage is calculated</div> <p> <input type="radio"/> of the total number of companies you hold <input checked="" type="radio"/> of the total value of your listed equity holdings </p>

LEA 11.2

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

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

LEA 11.3

Indicate the percentage of your collaborative engagements for which you were a leading organisation during the reporting year.

Type of engagement	% Leading role
Collaborative engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

LEA 11.4

Indicate the percentage of your service provider engagements that you had some involvement in during the reporting year.

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

LEA 11.5

Additional information. [Optional]

Nykredit aims to play a substantial part in any of our service provider engagements. This means that we decide goals and evaluate them, but it also means that we participate in meetings with the company and if it is opportune always meets with the company bilaterally.

The internal engagements noted here are engagements, which only internal staff have been involved in. These types of engagements are not retrospective triggered by norm breaches but rather proactive related to risk or action that could be problematic. Two of the engagements related to infrastructure investments, three to potential norms breaches and the last two was related to involvement in fossil fuel production.

All the service provider engagements are also collaborative in nature, as we engage with other investors and the discussions with these also plays an important role in the succes of the engagement.

The collaborative engagement is Climate Action 100+. Sadly Nykredit did not have the opportunity to be part of the initiation of the initiative, but Nykredit has taken the lead of one of the company engagements and participates in two other groups as well.

LEA 12	Voluntary	Public	Additional Assessed	PRI 2
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LEA 12.1	Indicate which of the following your engagement involved.
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- ☒ Letters and emails to companies
 - ☐ In some cases
 - ☐ In majority cases
 - ☒ In all cases
- ☒ Meetings and/or calls with the appropriate team
 - ☐ In some cases
 - ☐ In majority cases
 - ☒ In all cases
- ☒ Visits to operations
 - ☐ In some cases
 - ☒ In majority cases
 - ☐ In all cases
- ☒ Participation in roadshows
 - ☒ In some cases
 - ☐ In majority cases
 - ☐ In all cases
- ☐ Other, specify

LEA 12.2	Additional information. [Optional]
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Participation in roadshows are done by our service provider.

May include a discussion of the following;

- How decisions on which actions to take are made.
- Whether there is an escalation process that triggers different actions.
- Any examples of positive engagement dialogue based on one of the action or combination of actions.

LEA 13	Voluntary	Public	Descriptive	PRI 2
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LEA 13.1	Indicate whether you track the number of cases during the reporting year in which a company changed its practices, or made a formal commitment to do so, following your organisation's and/or your service provider's engagement activities.
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☒ Yes

	Do you track number of companies that changed or made a formal commitment to change in the reporting year following your organisation's and/or your service provider's engagement activities?
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☒ Yes, we do track information

LEA 13.2	Indicate the number of companies that changed or made a formal commitment to change in the reporting year following your organisation's and/or your service provider's engagement activities.
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	Number of companies	% of total portfolio
Individual / Internal staff engagements	4	<div> <div></div> <div>% of total Portfolio</div> </div> 1
Collaborative engagements	0	<div> <div></div> <div>% of total Portfolio</div> </div> 0
Service provider engagements	7	<div> <div></div> <div>% of total Portfolio</div> </div> 1

☐ We do not track this information

☐ No

LEA 13.3	Additional information [Optional].
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We are one among many investors engaging with these companies. We do not claim to be the triggering factor in the change, but just one among many catalysing positive change.

LEA 14	Voluntary	Public	Additional Assessed	PRI 2
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LEA 14.1	Provide examples of the engagements that your organisation or your service provider carried out during the reporting year.
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☒ Add Example 1

ESG factors	<input type="checkbox"/> Environment <input checked="" type="checkbox"/> Social <input type="checkbox"/> Governance <input type="checkbox"/> Multiple
ESG issue	Companies involved in Dakota Access Pipeline project should ensure compliance with human rights of the Standing Rock Sioux and Cheyenne River Sioux tribes.
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	The companies behind the project, Energy Transfer Partners, Enbridge, Phillips66, Marathon Petroleum and Sunoco Logistics should ensure free prior content of all involved stakeholders in the project as part of the human rights/ OECD due diligence.
Scope and Process	<p>Several media reports and initial engagement reports showed that eventhough some of the companies recognized the issues, they did not intend to ensure free prior content from the tribes effected.</p> <p>Contact directly and through different partners should ensure that the companies understand that we as investors find their actions and lack of due diligence/ respect for basic human rights unacceptable.</p> <p>Follow the work stream of the UN on this case to ensure that any insights and statements play a relevant role.</p>
Outcomes	Some of the companies, Phillips66 and Enbridge, responded very well to our initial engagement, but failed to act. As the UN critized the US authorities for failing to protect the human rights of the stakeholders of the project, Nykredit decided to exclude the companies from all investments.

☒ Add Example 2

ESG factors	<input checked="" type="checkbox"/> Environment <input type="checkbox"/> Social <input type="checkbox"/> Governance <input type="checkbox"/> Multiple
ESG issue	Collapse of the Fundau dam at the Brazilian Samarco Mine operated by BHP Billiton and Vale
Conducted by	<input type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	<p>BHP Billiton needs to identify the cause(s) of the dam failure and assess the other dams within its operational control and/or ownership to prevent similar failures at Samarco and elsewhere in the future. They should also ensure that there is a system for the monitoring and maintenance of all dams within its operational control and/or ownership. Emergency procedures should be in place, which the local communities are made aware of and the necessary authorities have agreed to, should such an incident re-occur. BHP Billiton need to develop, through consultation with the community and authorities, and together with Samarco Mineracao and Vale, a long-term strategy for the reconstruction or resettlement of the affected community. They need to develop a long-term strategy for the environmental remediation of the river and affected land.</p>
Scope and Process	<p>The company should recognize the violation. Be willing to communicate. Conduct a responsible course of action to remediate affected and understand the reason for the accident. And change designs and procedure to avoid future accidents.</p>
Outcomes	<p>The violation has ceased. The company has assisted in a number of environmental and socio-economic remedial programmes to alleviate the immediate and medium-term impacts such as the temporary relocation of affected communities, the construction of temporary dams to prevent further settlement release and the provision of drinking water to those communities that temporarily lost access to potable water.</p> <p>The company has adopted a responsible course of action. The company signed an agreement with state and federal authorities agreeing 41 socio-economic and environmental remedial programmes which are being managed by the Renova foundation. GES is currently awaiting the first resettlement construction works to begin, which is dependent upon receiving the necessary permits from a number of authorities.</p> <p>The company has taken a proactive and precautionary approach to improve routines and prevent future violations.</p>

☒ Add Example 3

ESG factors	<input type="checkbox"/> Environment <input checked="" type="checkbox"/> Social <input type="checkbox"/> Governance <input type="checkbox"/> Multiple
ESG issue	Ensure Wal-Mart recognizes rights described by ILO Convention
Conducted by	<input type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	Walmart should cease and mitigate non-compliance in areas related to labour rights and strengthen its policies and guidelines on these issues.
Scope and Process	The company should recognize the issue. Be willing to communicate. Conduct a responsible course of action that could lead to improvements of working condition. And change procedures to recognize labour rights and be fully compliant with ILO.
Outcomes	<p>The company has adopted a responsible course of action. Walmart has acknowledged its responsibility for the social impacts associated with its operations and has taken concrete measures to strengthen its approach to discrimination, working conditions in its stores and labour risks in the supply chain, among other things.</p> <p>Walmart is now willing to adress the perceived gaps in between their procedures and the ILO convention.</p>

☒ Add Example 4

ESG factors	<input type="checkbox"/> Environment <input type="checkbox"/> Social <input type="checkbox"/> Governance <input checked="" type="checkbox"/> Multiple
ESG issue	Rio Tinto should live up to its goals for responsible mining
Conducted by	<input type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	Rio Tinto should change its business conduct to cease violation of a number of the Global Compact principles.
Scope and Process	The company should recognize the violations. Be willing to communicate. Conduct a responsible course of action to stop the violations, remediate and understand the reasons for the violations. And change procedures to avoid future incidents.
Outcomes	The company has for a number of years had ambitious goals for its responsible business practise in place. It has recognized the issues and worked to handle them and remediate were necessary. The company has improved procedures and are now restructuring their business, which include selling some of their most controversial activities. We are optimistic that some of the remaining issues will be handeled as well.

☒ Add Example 5

ESG factors	<input checked="" type="checkbox"/> Environment <input type="checkbox"/> Social <input type="checkbox"/> Governance <input type="checkbox"/> Multiple
ESG issue	VW: Environmental impact caused by defeat device
Conducted by	<input type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	VW should ensure that it has adequate risk management systems and internal controls and that the Supervisory Board has sufficient oversight, independence and skills in order to prevent future violations. Furthermore, VW should demonstrate that it has improved its corporate culture.
Scope and Process	The company should recognize the violations. Be willing to communicate. Conduct a responsible course of action to stop the violations, remediate and understand the reasons for the violations. And change procedures to avoid future incidents.
Outcomes	While the company has recognized the issue and communicated, there still looms the question if it is complete. Remediation and settlements have been achieved. A new strategy has been launched to focus on EV's. The question whether the governance issues behind the incident has been or will be solved is still unanswered.

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

(Proxy) voting and shareholder resolutions

Overview

LEA 15	Mandatory	Public	Core Assessed	PRI 1,2,3
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 15.1	Indicate whether your organisation has a formal voting policy.
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☒ Yes

LEA 15.2

Indicate what your voting policy covers:

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

LEA 15.3

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

URL

<https://www.nykredit.com/en-gb/samfundsansvar/investments/politik-for-baredygtige-investeringer/>

LEA 15.4

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

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

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

In 2017 the Forum on Sustainable Investments decided to merge the investment, engagement and voting policies. This is to make it more simple to stakeholders and as the policies are interlinked this is a natural step.

Guidance on this indicator available in Explanatory Notes.

☐ No

Process

LEA 16	Mandatory	Public	Descriptive	PRI 2
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LEA 16.1

Indicate how you typically make your (proxy) voting decisions.

Approach

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

Based on

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

LEA 16.2

Provide an overview of how you ensure your voting policy is adhered to, giving details of your approach when exceptions to the policy are made (if applicable).

Nykredit decides the vote on each individual AGM.

The Nykredit policy is used as a template for the initial screening and voting recommendation from our proxy voting advisor.

The AGM agenda and the recommendation is then reviewed by internal Nykredit staff. In the case of any issues with the agenda items or the recommendation, or if there are any specific issues in our active ownership plans with the company, this is discussed between the ESG-team and the PM-team. The PM-team has the final say unless the issue is related to the ESG-policy.

If at all possible Nykredit will contact the company before casting votes against management recommendation. If this is not possible or if the issue is lack of compliance with international governance standards Nykredit will take this up with the company in our dialogue as part of our active ownership.

Thus the Nykredit approach is a mix of template screens and a more hands on approach. To our experience this is necessary as the issues change from year to year and especially with ESG-issues other engagement efforts should be taken into account.

LEA 16.3

Additional information.[Optional]

We use recommendations from proxy voting advisors aligned to our policy and use ESG-reports on top of this, but each vote on each AGM is confirmed or adjusted accordingly by the PM/ESG-team. Annually the voting activities and records are evaluated by the RI-committee as well as by the boards of the mutuals. In this case any adjustments to the policy are discussed as well.

May include a discussion of the following;

- Who is involved in making final voting decisions internally.
- Description of criteria used to review service provider's recommendations.
- Any examples of situations in which there is more than one decision-maker or when decisions are made jointly.

LEA 18	Voluntary	Public	Descriptive	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 18.1	Describe your involvement in any projects to improve the voting trail and/or to obtain vote confirmation .
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We support our proxy advisors efforts to improve this, and we are working with our own depositary services as well.

LEA 19	Voluntary	Public	Additional Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 19.1	Indicate if your organisation has a securities lending programme.
----------	---

☒ Yes

LEA 19.3	Indicate how voting is addressed in your securities lending programme.
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- ☐ We recall all securities for voting on all ballot items
☒ We systematically recall some securities to vote on their ballot items
☐ We recall some securities to vote on their ballot items on an ad hoc basis
☐ We empower our securities lending agent to decide when to recall securities for voting purposes
☐ We do not recall our shares for voting purposes.
☐ Others
☐ No

LEA 20	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 20.1	Indicate whether you or the service providers acting on your behalf raise any concerns with companies ahead of voting
----------	---

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

LEA 20.2	Indicate whether you and/or the service provider(s) acting on your behalf, communicate the rationale to companies, when , you abstain or vote against management recommendations.
-----------------	---

- ☒ Yes, in most cases
- ☐ Sometimes, in the following cases.
- ☐ We do not communicate the rationale to companies
- ☐ Not applicable because we and/or our service providers do not abstain or vote against management recommendations

LEA 20.3	Additional information. [Optional]
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If at all possible Nykredit will contact the company before casting votes against management recommendation. If this is not possible or if the issue is lack of compliance with international governance standards Nykredit will take this up with the company in our dialogue as part of our active ownership.

You may like to include information on the criteria used to outline which companies are informed of voting decisions before or after voting takes place.

Outputs and outcomes

LEA 21	Mandatory	Public	Core Assessed	PRI 2
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LEA 21.1	For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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- ☒ We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

58

	Specify the basis on which this percentage is calculated
--	--

- ☐ of the total number of ballot items on which you could have issued instructions
- ☐ of the total number of company meetings at which you could have voted
- ☒ of the total value of your listed equity holdings on which you could have voted

LEA 21.2**Explain your reason(s) for not voting certain holdings**

- ☐ Shares were blocked
- ☐ Notice, ballots or materials not received in time
- ☐ Missed deadline
- ☐ Geographical restrictions (non-home market)
- ☒ Cost
- ☐ Conflicts of interest
- ☒ Holdings deemed too small
- ☐ Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
- ☐ On request by clients
- ☐ Other

☐ We do not track or collect this information

LEA 21.3**Additional information. [Optional]**

Nykredit participated in 589 AGM's in 2017. Nykredit voted on 7928 proposals. At 8,4% of the proposals Nykredit voted against managements recommendations. At 0.3% of the proposals Nykredit voted against the recommendations of our proxy advisor. Most often the reasons for voting against management was governance issues with independence first and remuneration second. Other ESG-issues played a smaller yet growing role.

Nykredit has an ambition to vote at the AGM's of the companies in our actively internally managed funds. In 2017 we managed to vote on more than 90% of the AGM's of the companies in those funds. We did not reach 100% due to trading or registration issues. The number was lower in the externally managed funds but still the large majority was voted on. As a consequence to this prioritation less than half of the AGM's in the passive funds were voted.

Some votes were not implemented as planned due to technical issues between the proxy advisor and depositary service. This was the case for the dedicated Danish equities funds. This has since been resolved. Nykredit also experienced issues regarding lack of power of attorneys on some issuers.

LEA 22**Mandatory****Public****Additional Assessed****PRI 2****LEA 22.1**

Indicate if you track the voting instructions that you and/or your service provider on your behalf have issued.

☒ Yes, we track this information

LEA 22.2

Of the voting instructions that you and/or third parties on your behalf issued, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	<div> <div></div> <div>%</div> </div> 91
Against (opposing) management recommendations	<div> <div></div> <div>%</div> </div> 8.4
Abstentions	<div> <div></div> <div>%</div> </div> 0.6

100%

LEA 22.3 Describe the actions you take in relation to voting against management recommendations.

Before voting against management there is a discussion between the PM and ESG-team including analysis and the active ownership action plan for that company. If at all possible the company is contacted beforehand. Otherwise the issue is added to the active ownership action plan for that company.

May include a discussion of the following;

- How decision to vote against management is part of your engagement programme.
- How you communicate with interested companies before and after the vote.
- How you monitor a company's reaction and eventual changes to internal ESG ratings.
- How you communicate internally about the vote.

☐ No, we do not track this information

LEA 23	Voluntary	Public	Descriptive	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 23.1	Indicate if your organisation directly or via a service provider filed or co-filed any ESG shareholder resolutions during the reporting year.
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☐ Yes

☒ No

LEA 23.6

Describe whether your organisation reviews ESG shareholder resolutions filed by other investors.

Nykredit supported a number of ESG shareholder resolutions, i.e. the Aiming for A on Exxon and the Say on pay at BP. We support a number of collaborative engagements that has taken initiative to put forward resolutions, but have yet to do so on our own.

May include a discussion of the following:

- The criteria you or your service provider(s) consider prior to supporting an ESG shareholder resolution.
- Whether you internally review all or some of the ESG resolutions filed.
- Whether you outsource entirely the review process to your service provider(s).

LEA 24

Voluntary

Public

Descriptive

PRI 2

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

LEA 24.1

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

☒ Add Example 1

ESG Factors	<input checked="" type="checkbox"/> Environment <input type="checkbox"/> Social <input type="checkbox"/> Governance
ESG issue	Exxon should present scenario analysis in light of the COP21 and how this effects strategy
Conducted by	<input checked="" type="checkbox"/> Individual/Internal <input type="checkbox"/> Service provider
Objectives	To protect the development of the investors assets Exxon needs do a risk analysis on how the global plans to reduce carbon emmissions will affect the business.
Scope and Process	Participate in building support for this view among investors and fuel change with major potential climate impact.
Outcomes	Nykredit palyed a small part in the large coalition of investors that gained a majority of votes behind the proposal, which resulted in Exxon now presenting scenario analysis and discussing strategy.

☒ Add Example 2

ESG Factors	<input type="checkbox"/> Environment <input checked="" type="checkbox"/> Social <input type="checkbox"/> Governance
ESG issue	Getting pay and performance aligned at BP
Conducted by	<input type="checkbox"/> Individual/Internal <input checked="" type="checkbox"/> Service provider
Objectives	Making sure pay and performance are aligned at BP.
Scope and Process	Making the investor voice heard that pay and performance need to be linked.
Outcomes	Part of a large coalition rejecting the boards remuneration proposal for the BP-management.

☒ Add Example 3













ESG Factors	<input type="checkbox"/> Environment <input type="checkbox"/> Social <input checked="" type="checkbox"/> Governance
ESG issue	Board independence at KDDI
Conducted by	<input checked="" type="checkbox"/> Individual/Internal <input type="checkbox"/> Service provider
Objectives	Board independence is a recognized risk mitigating factor and getting a more independent board should support a more profitable company.
Scope and Process	Vote against board candidates not independent and taking this up with the company as part of our active ownership action plan.
Outcomes	

- ☐ Add Example 4
- ☐ Add Example 5
- ☐ Add Example 6
- ☐ Add Example 7
- ☐ Add Example 8
- ☐ Add Example 9
- ☐ Add Example 10













ESG incorporation in actively managed fixed income

Implementation processes

FI 01	Mandatory	Public	Gateway	PRI 1
FI 01.1	Indicate 1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and 2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.			

SSA	 Screening alone	0
	 Thematic alone	0
	 Integration alone	0
	 Screening + integration strategies	100
	 Thematic + integration strategies	0
	 Screening + thematic strategies	0
	 All three strategies combined	0
	 No incorporation strategies applied	0
		100%
Corporate (financial)	 Screening alone	0
	 Thematic alone	0
	 Integration alone	0
	 Screening + integration strategies	100

	<div> <div></div> <div>Thematic + integration strategies</div> </div> <div>0</div>
	<div> <div></div> <div>Screening + thematic strategies</div> </div> <div>0</div>
	<div> <div></div> <div>All three strategies combined</div> </div> <div>0</div>
	<div> <div></div> <div>No incorporation strategies applied</div> </div> <div>0</div>
	100%

Corporate (non-financial)	 Screening alone	0
	 Thematic alone	0
	 Integration alone	0
	 Screening + integration strategies	100
	 Thematic + integration strategies	0
	 Screening + thematic strategies	0
	 All three strategies combined	0
	 No incorporation strategies applied	0
		100%
Securitised	 Screening alone	0
	 Thematic alone	0
	 Integration alone	0
	 Screening + integration strategies	100

	<div>Thematic + integration strategies</div> <div>0</div>
	<div>Screening + thematic strategies</div> <div>0</div>
	<div>All three strategies combined</div> <div>0</div>
	<div>No incorporation strategies applied</div> <div>0</div>
	100%

FI 01.2	Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.
----------------	---

The most advanced ESG-integration approach is used for SSA. This involves using ratings and internally produced evaluation based on input from numerous governmental organisation and NGO's. This is used to termine if the SSA should be excluded, but is also used in dialogue with external manager, who have their own analytical tool to integrate ESG in the investment decision.

For financial and non-financial corporates the ESG-data is mainly used for risk-surveillance and analysis. The research and procedures capture a number of ESG-elements, but Nykredit has yet to launch a systemtic approach to use ESG data as part of the valuation of a specific company. Nykredit is working on a model for this. These corporate bond portfolios all have ESG-ratings above their benchmarks.

The securitised bond are the most challenging in this context. The issuers are screened and rated. As there are only few Danish issuers of these, this is not challenging. The bond rating companies are working on incorporating ESG, and naturally this rating plays a vital role in our proces. The credit rating procedures of the individual issuers are also analyzed and used together with the ESG-rating.

FI 01.3	Additional information [Optional].
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The really challenging part is integrating ESG in the securitised bonds. The big issue is the proceeds/ loans pooled and financed by the issued bond. Most of these finance a variety elements - housing and small businesses - in the Danish society. Most frequently we use the Danish society as a proxy for the ESG-aspects of the bond. However this is does not satisfy us and thus we are in dialogue with the two largest issuers on the possibilities better data insights to the ESG loan caractéristica behind the bonds.

FI 02	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 1
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FI 02.1	Indicate which ESG factors you systematically research as part of your analysis on issuers.
----------------	---

Select all that apply

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

FI 02.2

Indicate what format your ESG information comes in and where you typically source it

- ☒ Raw ESG company data

Indicate who provides this information

- ☒ ESG research provider
☒ Sell-side
☒ In-house – specialised ESG analyst or team
☐ In-house – FI analyst, PM or risk team
☐ Other, specify

- ☒ ESG factor specific analysis

Indicate who provides this information

- ☒ ESG research provider
☐ Sell-side
☒ In-house – specialised ESG analyst or team
☒ In-house – FI analyst, PM or risk team
☐ Other, specify

- ☒ Issuer-level ESG analysis

Indicate who provides this information

- ☒ ESG research provider
☒ Sell-side
☒ In-house – specialised ESG analyst or team
☒ In-house – FI analyst, PM or risk team
☐ Other, specify

- ☒ Sector-level ESG analysis

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☐ In-house – FI analyst, PM or risk team
- ☐ Other, specify
- ☒ Country-level ESG analysis

Indicate who provides this information

- ☐ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – FI analyst, PM or risk team
- ☐ Other, specify

FI 02.3

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

The main source of ESG-data is our dataprovider MSCI ESG-research. Nykredit uses Bloomberg for carbon foot printing. This is supplemented by sell side research and data from NGO's.

For corporates the approach is quite similar to our approach to listed equities. The data is used for quarterly screens and ESG-risk assessments. And the data is used by the PM's, however not as systematically as on listed equities.

For SSA the data is sourced from OECD, UN and a number of NGO's to construction in-house custom made screen and ratingapproach used for the analysis of the SSA. The approach has a high emphasis on political freedoms and democratic procedures.

The securitized bonds have a number of sources. The issuers are rated, but Nykredit also uses the credit approach. The bond rating agencies play a vital role. Nykredit is in dialogue with the two largest issuers to get better data from the underlying loans/proceeds behind the issued bonds.

FI 03

Mandatory

Public

Additional Assessed

PRI 1

FI 03.1

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

- ☒ Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- ☒ Internal audits of ESG research are undertaken in a systematic way
- ☒ ESG analysis is benchmarked for quality against other providers
- ☐ Other, specify
- ☐ None of the above

FI 03.2

Describe how your ESG information or analysis is shared among your investment team.

- ☒ ESG information is held within a centralised database and is accessible to all investment staff
- ☒ ESG information is a standard item on all individual issuer summaries, 'tear sheets', 'dashboards' or similar documents
- ☒ Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- ☒ Records capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify
- ☐ None of the above

FI 03.3

Additional information. [Optional]

All funds are screened and rated each quarter. This is part of the ongoing dialogue between the CIO, PM and ESG-teams. Biannually the CIO, PM and ESG-teams discuss each portfolio.

All data are up dated weekly to the PM's systems.

Nykredit uses a critical approach to all the data and does own analysis as part of assurance. All data providers are reevaluated every three years, where the quality of data is compared to peers.

(A) Implementation: Screening**FI 04****Mandatory****Public****Gateway****PRI 1****FI 04.1**

Indicate the type of screening you conduct.

Select all that apply

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

FI 04.2

Describe your approach to screening for internally managed active fixed income

All funds are screened quarterly against norms breaches. The Nykredit exclusion list, which consists of companies in breach with conventions on weapons as well as breaches of Global Compact principles, which engagement has not been able to change, also applies.

Two fund, a HY and an IG, also excludes fossil fuels and controversial companies i.e. alcohol, tobacco and breaches of international norms.

Nykredit will engage which any company in a portfolio that breaches a norm.

Nykredit has set up systems that block any issuance from the excluded companies. The negative screening list are up dated weekly. The system is set up identifying the issuer and so also excluding new issuance. Benchmarks are also screened as a precautionary measure.

SSA is also screened quarterly and the exclusion list is revisited ongoing and at least evaluated biannually.

FI 05	Mandatory	Public	Descriptive	PRI 1
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FI 05.1	Indicate why you conduct negative screening.
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SSA

SSA

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

Corporate (financial)

Corporate (fin)

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

Corporate (non-financial)

Corporate (non-fin)

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

Securitised

Securitised

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

FI 05.2	Describe your approach to ESG-based negative screening of issuers from your investable universe.
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The SSA approach screens out the sanctioned countries even though the bonds might not be mentioned directly. The screen also excludes countries with a low and decreasing ESG-performance. A country could have a low rating, but it would need to have a positive outlook or positive ESG-performance to past few years.

The HY and IG funds exclude fossil fuels. These are innovated from direct customer demand. Some of the customers want to exclude fossil fuels from a risk perspective, while others find fossil fuel investments in conflict with the defined goals of their organisations.

FI 06	Voluntary	Public	Additional Assessed	PRI 1
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FI 06.1

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

☒ Example 1

	Type of fixed income
<input checked="" type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input type="checkbox"/> Corporate (non-financial) <input type="checkbox"/> Securitised	
	ESG factors
<input type="checkbox"/> Environmental <input type="checkbox"/> Social <input checked="" type="checkbox"/> Governance	
	Screening
<input type="checkbox"/> Negative/ exclusionary <input checked="" type="checkbox"/> Norms-based	
	Description of how ESG factors are used as the screening criteria
Venezuela SSA is excluded, because of the deteriorating basic political freedoms and negative democratic development.	

☒ Example 2

	Type of fixed income
<input type="checkbox"/> SSA <input checked="" type="checkbox"/> Corporate (financial) <input type="checkbox"/> Corporate (non-financial) <input type="checkbox"/> Securitised	
	ESG factors
<input type="checkbox"/> Environmental <input type="checkbox"/> Social <input checked="" type="checkbox"/> Governance	
	Screening
<input checked="" type="checkbox"/> Negative/ exclusionary <input checked="" type="checkbox"/> Norms-based	
	Description of how ESG factors are used as the screening criteria
<p>Wells Fargo is excluded from some funds because of the several cases of fraudulent behavior towards customers and investors.</p>	

☒ Example 3

	Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial) <input type="checkbox"/> Securitised	
	ESG factors
<input checked="" type="checkbox"/> Environmental <input type="checkbox"/> Social <input type="checkbox"/> Governance	
	Screening
<input checked="" type="checkbox"/> Negative/ exclusionary <input type="checkbox"/> Norms-based	
	Description of how ESG factors are used as the screening criteria
Ecolab is excluded because of its revenues deriving from servicing fossil fuel companies.	

☒ Example 4

	Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial) <input type="checkbox"/> Securitised	
	ESG factors
<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input type="checkbox"/> Governance	
	Screening
<input checked="" type="checkbox"/> Negative/ exclusionary <input checked="" type="checkbox"/> Norms-based	
	Description of how ESG factors are used as the screening criteria
<p>Nutrien is excluded for breaches of international norms through its continued sourcing of phosphate rock from occupied Western Sahara, without the consent of the Sahwhari people as described in the agreement between Morocco and the Polisario/ UN.</p>	

☐ Example 5

FI 07	Mandatory	Public	Core Assessed	PRI 1
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FI 07.1	Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.
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Type of screening	Checks
Negative/exclusionary screening?	<input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least every 2 years. <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above
Norms-based screening	<input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least every 2 years. <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above

(C) Implementation: Integration

FI 11	Mandatory	Public	Descriptive	PRI 1
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FI 11.1	Describe your approach to integrating ESG into traditional financial analysis.
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Nykredit believes that companies caring about their customers, employees and rest of society are more profitable. A company who decides to be part of the solution rather than the problem will have reduced their risk and improved opportunities all other things being equal.

When applied to bonds the improved risk assesment is at the forefront, but the future should capture the opportunity part as well.

FI 11.2	Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.
---------	---

	SSA
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The SSA issuer focussing on improved education, reduction of corruption og freedom of speech could be a be good opportunity.

Corporate (financial)

The strong governance of the financial corporate issuance is a strong way to reduce risk. Access to finance could be an opportunity. And risk assessment related to the TCFD will soon be a must.

Corporate (non-financial)

The corporate issuer deeply rooted in the oil industry and with a strong balance sheet has huge risks related to green transition.

Securitised

Whereas the issuer of securitised bonds with a very strong credit policy and a loan book a high proportion of ecological farmers and climate friendly housing might have reduced risks compared to traditional analysis.

FI 12

Mandatory

Public

Core Assessed

PRI 1

FI 12.1

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

Select all that apply

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

FI 13	Mandatory	Public	Additional Assessed	PRI 1
FI 13.1	Indicate the extent to which ESG issues are reviewed in your integration process.			

	Environment	Social	Governance
SSA	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (financial)	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (non-financial)	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Securitised	<input type="radio"/> Environmental <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<input type="radio"/> Social <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<input type="radio"/> Governance <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all

FI 13.2

Please provide more detail on how you review E, S and G factors in your integration process.

SSA

The E is focused on a combination of reliance on fossil fuels/fossil fuel production, pollution and biodiversity. This is captured in some of the rating methodology, but also more in detail on the specific country.

The S is basic developmental metrics as education, unemployment rates, crime and health as well as demographics.

The G is democratic governance, basic freedoms and human rights. Another very important G-KPI is anti corruption.

Corporate (financial)

Governance is at the hearth of this analysis. And this is governance in a very broad sense. From board level to procedures. All are exposed to potential customer covered by international sanction, but some more than others. This is just one more example to highlight to importance of good governance in an industry deeply effected by malpractice and the resulting fines. Part of this metric is also financial stability.

The S is related to financial product safety and access to finance. Privacy and human capital are very important as well.

Financing environmental impact is the natural E. Could be combined with aspects of green bonds.

	Corporate (non-financial)
--	---------------------------

The E, S and G depends of the specific sector the issuers are doing business in. However the G is naturally very important.

	Securitised
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The governance of issuer is equally as important here as with financial coporates. So is the part it plays in the finansial stability. Access to finance and financing environmental impact could be a signal towards the use of proceeds. More interesting is however to look into what the proceeds themselves are financing and naturally the credit policy.

Fixed income - Engagement

FI 15	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 2
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FI 15.1	Indicate the proportion of your fixed income assets on which you engage. Please exclude any engagements carried out solely in your capacity as a shareholder.
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Category	Proportion of assets
SSA	<p> <input checked="" type="radio"/> >50% <input type="radio"/> 26-50% <input type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5% </p> <div> FI 15.2 Indicate your motivations for conducting engagement (SSA fixed income assets). </div> <p> <input checked="" type="checkbox"/> To gain insights into ESG (i.e. enhance disclosure) <input checked="" type="checkbox"/> To effect change (i.e. ask an issuer to manage ESG risk and/or opportunity) <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above </p>
Corporate (financial)	<p> <input type="radio"/> >50% <input type="radio"/> 26-50% <input checked="" type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5% </p> <div> FI 15.2 Indicate your motivations for conducting engagement (Corporate, Financial fixed income assets) </div> <p> <input checked="" type="checkbox"/> To gain insights into ESG (i.e. enhance disclosure) <input checked="" type="checkbox"/> To effect change (i.e. ask an issuer to manage ESG risk and/or opportunity) <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above </p>
Corporate (non-financial)	<p> <input type="radio"/> >50% <input type="radio"/> 26-50% <input checked="" type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5% </p> <div> FI 15.2 Indicate your motivations for conducting engagement (Corporate, non-financial fixed income assets) </div> <p> <input checked="" type="checkbox"/> To gain insights into ESG (i.e. enhance disclosure) <input checked="" type="checkbox"/> To effect change (i.e. ask an issuer to manage ESG risk and/or opportunity) <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above </p>
Securitised	<p> <input type="radio"/> >50% <input checked="" type="radio"/> 26-50% <input type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5% </p> <div> FI 15.2 Indicate your motivations for conducting engagement (Securitised fixed income assets). </div>

	<input checked="" type="checkbox"/> To gain insights into ESG (i.e. enhance disclosure) <input checked="" type="checkbox"/> To effect change (i.e. ask an issuer to manage ESG risk and/or opportunity) <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above
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FI 16	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1,2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

FI 16.1	Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)
----------------	---

Select all that apply

Type of engagement	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Individual/Internal staff engagements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Collaborative engagements	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Service provider engagements	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

FI 16.2	Indicate how your organisation prioritises engagements with issuers
----------------	---

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Based on potential materiality of ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Based on systemic risks (e.g. low-carbon transition) to global portfolios	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Based on our exposure (holdings)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 16.3	Indicate when your organisation conducts engagements with issuers.
----------------	--

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Engagements are conducted pre-investment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Engagements are conducted post-investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 16.4

Indicate how your organisation conducts engagements with issuers.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
We systematically engage prior to ESG-related divestments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage proactively in anticipation of specific ESG risks and/or opportunities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage in reaction to ESG issues which have already affected the issuer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Investment and ESG analysts systematically conduct ESG-related engagements together	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 16.5

Indicate what your organisation conducts engagements with issuers on.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
We conduct engagements with individual issuers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We conduct engagements within sectors and industries.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
We conduct engagements on specific ESG themes (e.g. human rights)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 16.6

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

Select all that apply

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

FI 17

Mandatory to Report Voluntary to Disclose

Public

Additional Assessed

PRI 1,2

FI 17.1

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

☒ Yes

FI 17.2

Please attach or provide a URL to your fixed income engagement policy document. [Optional]

	URL
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https://www.nykreditinvest.dk/siteassets/pdfer/fonds-rapporter/arsrapporter/multi-manager-invest/aarsrapport_2017_inv_multi_manager_invest_inkl_beholdningslister.pdf

☐ No

FI 17.3	Additional information [OPTIONAL]
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We find it irrational to differentiate the communication of the malpractice of the company relative to issuance. It should be the way it does business that defines, why you engage. The specific issuance might then define how, i.e. with SSA in the linked to above.

Outputs and outcomes

FI 18	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	General
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FI 18.1	Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance.
----------------	---

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
We measure whether incorporating ESG impacts funds' reputation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We measure whether incorporating ESG impacts financial returns	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
We measure whether incorporating ESG impacts risk	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
We measure whether incorporating ESG impacts funds' ESG performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 18.2	Describe how your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance. [OPTIONAL]
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Nykredit compares the funds performance to benchmarks. We also address effects of exclusions and draw downs from companies in relation to ESG. Except for fossil fuel exposure and scandals the causality is difficult to establish.

FI 19	Voluntary	Public	Descriptive	PRI 1,2
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FI 19.1	Provide examples of how your incorporation of ESG analysis and/or your engagement of issuers has affected your fixed income investment outcomes during the reporting year.
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☒ Example 1

	Type of fixed income
<input checked="" type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input type="checkbox"/> Corporate (non-financial) <input type="checkbox"/> Securitised	
	ESG issue and explanation
Poor country governance: Lack of freedom of speech and negative democratic development in Egypt.	
	RI strategy applied
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Engagement	
	Impact on investment decision or performance
Nycredit decided to keep Egypt out of the investment universe. The country has stabilised but at the cost of basic freedoms.	

☒ Example 2

	Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial) <input type="checkbox"/> Securitised	
	ESG issue and explanation
Ørsted: The green energy pioneer had a substantial fossil fuel exposure, which made it far from a pure play.	
	RI strategy applied
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Engagement	
	Impact on investment decision or performance
The company divested from fossil fuels which made it eligible for a number of our fossil free portfolios, including the fixed income. The company has experience two very positive years since its new strategy was launched.	

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

Assurance				
CM 1 01.1	Mandatory	Public	Core Assessed	General

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

CM 1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:
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- ☐ Third party assurance over selected responses from this year's PRI Transparency Report
- ☒ Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- ☐ Third party assurance or audit of the implementation of RI processes (that have been reported to the PRI this year)
- ☒ Internal audit conducted by internal auditors of the implementation of RI processes and/or RI data that have been reported to the PRI this year)
- ☐ Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
- ☐ Other, specify
- ☐ None of the above

CM 1 01.2 & 01.8	Mandatory	Public	Descriptive	
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CM 1 01.2	Do you plan to conduct third party assurance of this year's PRI Transparency report?
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- ☐ Whole PRI Transparency Report will be assured
- ☐ Selected data will be assured
- ☒ We do not plan to assure this year's PRI Transparency report

CM 1 01.3 & 01.9	Mandatory	Public	Descriptive	General
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CM 1 01.3	We undertook third party assurance on last year's PRI Transparency Report
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- ☐ Whole PRI Transparency Report was assured last year
- ☐ Selected data was assured in last year's PRI Transparency Report
- ☒ We did not assure last year's PRI Transparency report, or we did not have such a report last year.

CM 1 01.4, 10-12	Mandatory	Public	Descriptive	General
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CM 1 01.4	We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:
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- ☐ We adhere to an RI certification or labelling scheme
- ☒ We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report

CM 1 01.11	Provide a link to the public report (such as a sustainability report) that you carry out third party assurance over and for which you have used extracts of in this year's PRI Transparency Report. Also include a link to the auditor's report.
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	Link to sustainability, RI, or integrated report
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https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/nykredit_csr-publication_q4_17_2018-02-08_en.pdf

	Link to auditors report
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https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit/2017/nykredit_q4_17_2018-02-08_en.pdf

☐ ESG audit of holdings

☒ Other, specify

The assurance is part of the overarching audit by Deloitte, but the data from mutual funds is also audited by E & Y.

☐ None of the above

CM 1 01.5	Mandatory	Public	Descriptive	General
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CM 1 01.5	Provide details related to the third party assurance over selected responses from this year's PRI Transparency Report and/or over data points from other sources that have subsequently been used in your PRI responses this year
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	What data has been assured
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- ☒ Financial and organisational data
- ☒ Data related to RI activities
- ☒ RI Policies
- ☒ RI Processes (e.g. engagement process)
- ☒ ESG operational data of the portfolio
- ☐ Other

	Relevant modules
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- ☒ Organisational Overview

	Corresponding Indicator number
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https://www.nykreditinvest.dk/siteassets/pdf/er-fonds-rapporter/arsrapporter/multi-manager-invest/aarsrapport_2017_inv_multi_manager_invest_inkl_beholdningslister.pdf

- ☒ Strategy and Governance

	Corresponding Indicator number
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https://www.nykreditinvest.dk/siteassets/pdf/er-fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf

- ☒ Indirect – Manager Selection, Appointment and Monitoring

Corresponding Indicator number

https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf

☒ Direct - Listed Equity Incorporation

Corresponding Indicator number

https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf

☒ Direct - Listed Equity Active Ownership

Corresponding Indicator number

https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf

☒ Direct - Fixed Income

Corresponding Indicator number

https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/multi-manager-invest/aarsrapport_2017_inv_multi_manager_invest_inkl_beholdningslister.pdf

Who has conducted the assurance

Deloitte has conducted the assurance on the CSR-report and fact book, where as E & Y has conducted assurance on the mutual funds = 90% data.

Assurance standard used

- ☐ ISAE/ ASEA 3000
- ☐ ISAE 3402
- ☐ ISO standard
- ☐ AAF01/06
- ☐ AA1000AS
- ☐ IFC performance standards
- ☐ ASAE 3410 Assurance Engagements on Greenhouse Gas Statements.
- ☒ National standard

Specify

The Danish §199a requirements on reporting on responsibility.

☐ Other

Level of assurance sought

- ☐ Limited or equivalent
- ☒ Reasonable or equivalent

	Please provide:
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	Link to auditors report
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https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf

	Link to original data source (if public)
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https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/multi-manager-invest/aarsrapport_2017_inv_multi_manager_invest_inkl_beholdningslister.pdf

CM 1 01.6	Mandatory	Public	Descriptive	General
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CM 1 01.6	Provide details of the third party assurance of RI related processes, and/or details of the internal audit conducted by internal auditors of RI related processes (that have been reported to the PRI this year)
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	What RI processes have been assured
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☒ Data related to RI activities

	Corresponding indicator number
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https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf

☒ RI policies

	Specify
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https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf

	Corresponding indicator number
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https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf

☒ RI related governance

	Corresponding indicator number
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https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf

☒ Engagement processes

	Corresponding indicator number
--	--------------------------------

https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf

- ☒ Proxy voting process

Corresponding indicator number

https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf

- ☒ Integration process in listed assets

Corresponding indicator number

https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf

- ☒ Screening process in listed assets

Corresponding indicator number

https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf

- ☐ Thematic process in listed assets

- ☒ Manager selection process for externally managed assets

Corresponding indicator number

https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf

- ☒ Manager appointment process for externally managed assets

Corresponding indicator number

https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf

- ☒ Manager monitoring process for externally managed assets

Corresponding indicator number

https://www.nykreditinvest.dk/siteassets/pdf/fonds-rapporter/arsrapporter/nykredit-invest/aarsrapport_2017_investeringsforeningen-nykredit-invest_inkl_beholdnings....pdf

- ☐ Other

When was the process assurance completed(dd/mm/yy)

21022018

Assurance standard used

- ☒ IIA's International Standards for the Professional Practice of Internal Auditing
- ☒ ISAE 3402
- ☐ ISO standard
- ☐ AAF 01/06
- ☐ SSE18
- ☐ AT 101 (excluding financial data)
- ☐ Other