

Nykredit  
Realkredit  
Group



CSR Report 2017

**Nykredit**

# Contents

<b>Foreword by Michael Rasmussen, Group Chief Executive</b>	<b>5</b>
<b>1 Denmark's largest lender</b>	<b>7</b>
<b>2 Nykredit's country-wide presence</b>	<b>11</b>
<b>3 Pledge to our customers</b>	<b>15</b>
<b>4 Staff</b>	<b>19</b>
<b>5 Investment and procurement</b>	<b>25</b>
<b>6 Climate and environment</b>	<b>31</b>
<b>7 Business ethics</b>	<b>37</b>
<b>8 Our social commitment</b>	<b>41</b>
<b>9 CSR key figures</b>	<b>44</b>
<b>10 GRI reporting</b>	<b>50</b>



The Nykredit Group adopted the UN Global Compact in 2008. This CSR Report, which covers the calendar year 2017, contains our "Communication on Progress". It also contains Nykredit's statutory report on the under-represented gender and on corporate social responsibility in accordance with section 135(a) and (b) of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

# Foreword by Michael Rasmussen, Group Chief Executive

For more than 165 years, Nykredit has helped Danish families buy their homes and Danish businesses grow.

Today, we are Denmark's leading credit provider, the largest lender to homeowners and one of the largest lenders to small and medium-sized enterprises, the agricultural sector and the housing sector. Nykredit is lender to people and businesses all over Denmark.

Nykredit is unique in the Danish financial market, being a mutual predominantly owned by an association which represents our customers. Nykredit was founded by and for our customers – and of that we are proud. In 2017 Nykredit's majority owner, Forenet Kredit, was joined by a group of minority shareholders consisting of Danish pension funds, with whom we share many common values.

However, Nykredit competes in the same market, is governed by the same legislative framework and is faced with the same customer expectations as other financial businesses. And Nykredit has the same strong focus on efficiency and profitability as everyone else. Indeed, a strong and healthy business is the foundation that allows us to realise our overarching objective of running a financial business for the benefit of our customers. This objective is delivered in two particular ways:

We share our success with our customers. When Nykredit performs well, our customers benefit from attractive discounts and our customer loyalty programme, KundeKroner. That benefits our customers and strengthens competition.

We also assume corporate responsibility in a broad sense by serving homeowners and businesses in all parts of Denmark, at all times. That is our pledge to communities.

## Nykredit's corporate responsibility

Being the largest credit provider in Denmark and a systemically important financial institution (SIFI) implies responsibility for supporting financial stability in Denmark. As a SIFI, we must meet certain requirements for the way we do financial business.

For that purpose, we have a strong focus on maintaining a solid and stable capital position. Forenet Kredit's sale in 2017 of a minority shareholding to a consortium consisting of pension companies provides for a stronger foundation, enabling us to remain a lender to people and businesses all over Denmark, at all times.

By pursuing a responsible credit policy, Nykredit can offer financing to customers all over Denmark and, most notably, in ways that do not raise financial stability concerns.

As a financial business, Nykredit also undertakes to combat financial crime. Fighting financial crime is key to maintaining trust in the financial system. We are strongly committed to actively combatting financial crime, such as tax evasion, terrorist financing, money laundering and cybercrime.

## Committed to the global agenda objectives

Nykredit has been a UN Global Compact member since 2008. For almost 10 years, we have been committed to meeting the Ten Principles of the UN Global Compact in the areas of human rights, labour standards, the environment and anti-corruption. We have also endorsed the UN Principles for Responsible Investments (the UN PRI), which, together with our own policies in this area, form the framework for responsible investments of more than DKK 270bn.

Sustainable development calls for an unyielding commitment by organisations and participants, including the business sector. For many years, Nykredit has actively addressed corporate responsibility issues, and in this report, you can read about our policies and efforts in this area in 2017, which was also the year when we signed the World Economic Forum's Compact for Responsive and Responsible Leadership as a natural extension of our business concept. In 2018, we wish to take our CSR efforts to a new level. We will incorporate the UN's 17 sustainable development goals, thereby contributing to the joint global corporate responsibility agenda, we will engage even more actively in dialogue with our external environment, and we will revisit our CSR strategy, policies and efforts.



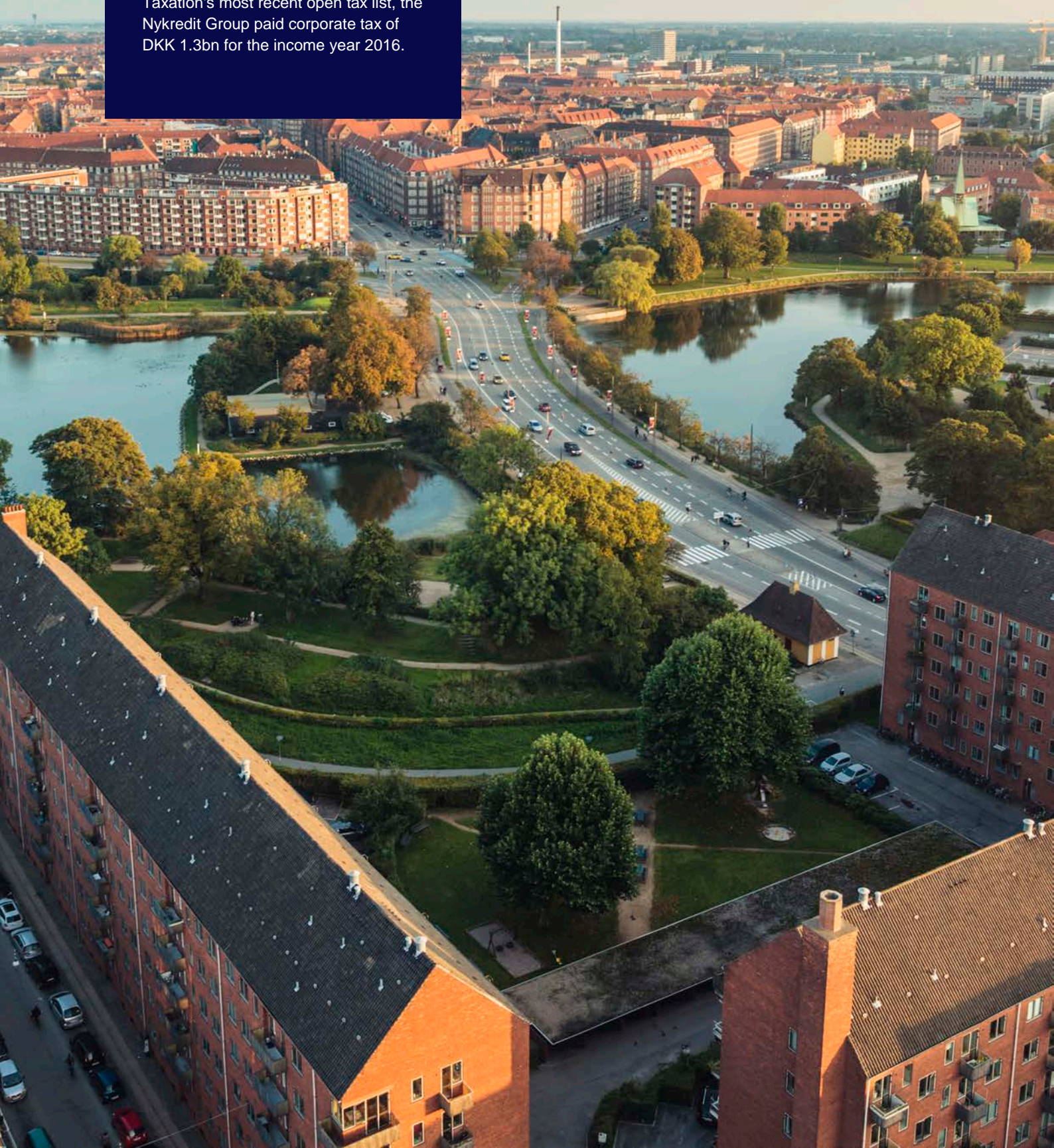
Michael Rasmussen  
Group Chief Executive



## Did you know that ...

Nykredit is Denmark's seventh largest corporate taxpayer?

According to the Danish Ministry of Taxation's most recent open tax list, the Nykredit Group paid corporate tax of DKK 1.3bn for the income year 2016.





# 1 Denmark's largest lender

Nykredit is a Danish financial services group serving personal, business and institutional customers. Our business activities lie within banking, mortgage lending, estate agency services, administration and management of investment funds, leasing and insurance mediation.

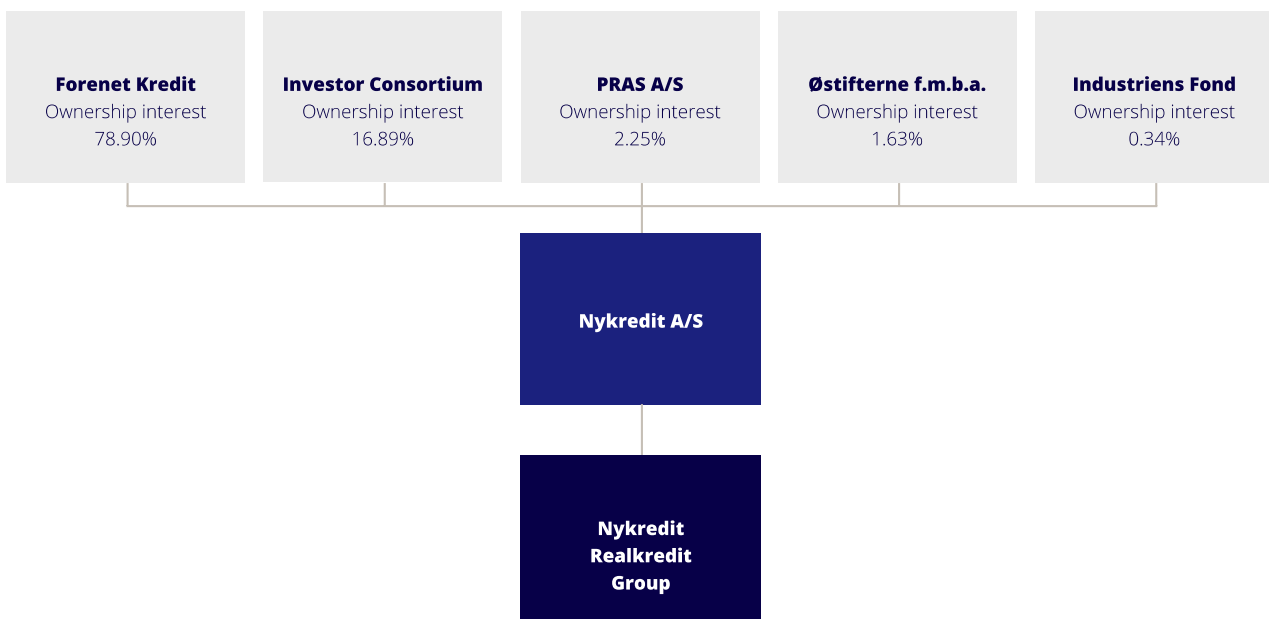
As Denmark's largest credit provider with contact to more than 1 million customers, our financial strength plays a key role in the development of Danish communities. And Nykredit is unique in the Danish financial market, being a mutual predominantly owned by an association, Forenet Kredit, which represents our customers.

Forenet Kredit is the largest shareholder with a 78.90% ownership interest. Besides Forenet Kredit, an investor consortium consisting of PFA Pension, PensionDanmark, PKA, AP Pension and MP Pension owns 16.89% of Nykredit, PRAS A/S owns 2.25%, Østifterne f.m.b.a. owns 1.63%, and Industriens Fond owns 0.34%.

## Forenet Kredit

Forenet Kredit is the association behind Nykredit and Totalkredit. The association promotes stable mortgage loans for homeowners all over Denmark – now and in future – and has identified five key priorities.

1. The world's best home loans
2. Mortgage lending – also in times of crisis
3. Loans to our children and grandchildren
4. Fair loans to all of Denmark



Investor consortium consisting of PFA Pension (10.03%), PensionDanmark (2.40%), PKA (2.40%), AP Pension (1.63%) and MP Pension (0.44%). Please refer to the latest financial statements of Nykredit Realkredit A/S for a full group chart.

## Nykredit – at a glance

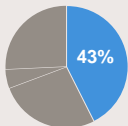
- Mortgage lending of DKK 1,138bn
- 41% share of mortgage lending in Denmark
- Bank loans of DKK 55.7bn
- Assets under management of DKK 179bn
- Assets under administration of DKK 807bn
- 42 customer centres across Denmark
- 57 partner banks
- 3,502 staff



## Our business areas

We serve our customers in the following segments:

### Retail



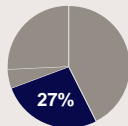
Retail comprises mortgage lending and banking services tailored to personal customers and small and medium-sized business customers, including agricultural customers, as well as residential rental activities, along with estate agency and leasing activities.

**Business profit:**  
DKK 3,699m

**Total lending:** DKK 444bn

**1,340 staff**

### Wholesale Clients



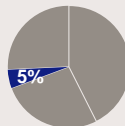
Wholesale Clients' activities comprise Nykredit's corporate and institutional clients, public housing, large housing cooperatives and business customers' mortgage loans in foreign property – and Nykredit's securities and financial instruments trading.

**Business profit:**  
DKK 2,305m

**Total lending:** DKK 205bn

**216 staff**

### Wealth Management



Wealth Management comprises asset and wealth management activities and consists of the business divisions Nykredit Asset Management, Nykredit Portefølje Administration and Private Banking Elite.

**Business profit:**  
DKK 400m

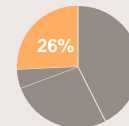
**Total lending:** DKK 11bn

**Assets under management:**  
DKK 179bn

**Assets under administration:**  
DKK 807bn

**157 staff**

### Totalkredit



Totalkredit provides mortgage loans to Totalkredit's personal and business customers through local and regional banks.

**Business profit:**  
DKK 2,259m

**Total lending:** DKK 533bn

**113 staff**

Percentages show the business areas' share of business profit 2017 excluding group items.



## Business concept and strategy

Nykredit's business concept, "The story of Nykredit: Nykredit in Denmark", describes the Group's history, basic values and six specific pledges to our key stakeholders: our customers, partners in the Totalkredit alliance, communities, staff, shareholders and investors.

### The objectives of Nykredit's Group strategy, Winning the Double, are:

1. winning homeowners over as satisfied and loyal full-service customers
2. taking the Totalkredit alliance to a higher level.

With these two objectives in mind, Nykredit wishes to develop its business – to the benefit of our customers.

Corporate responsibility and stakeholder responsibility are ingrained in Nykredit's business concept and strategy and in everything we do every single day.

## Risks

Nykredit's business activities and investments pose particular risks. If we fail to manage our risks, it may have significant negative consequences for the Group's ability to act in its main capacity as Denmark's leading lender – to the material detriment of Danish society.

Nykredit is a systemically important financial institution and as such plays a huge role in the Danish economy and the housing market in particular.

Nykredit's primary risks comprise credit, market, liquidity and operational risks. As Nykredit's business activities primarily consist of mortgage lending, Nykredit mainly incurs credit risk. More specifically, this means that we risk losing money on loans granted to personal and business customers. If we were to suffer very significant losses, they would have a negative bearing on our performance and resilience and affect the Group's ability to offer loans to and sustain lending growth in Denmark.

Nykredit's business activities and investments may also have a negative impact on individuals, the environment and the climate. These risks and our risk management are described in more detail in the individual sections of this Report.

Nykredit focuses on risk management that ensures agreement between risk profile, risk appetite and current legislation, as well as on a robust capital structure. Risk management should ensure financial solutions that are viable for Nykredit and Denmark in the short, medium and long term.

The Group's risk policy defines the risk appetite and the Group's risk framework, and, for each risk type, a specific policy, limits and guidelines have been defined in order to integrate risk management in the day-to-day operations.

## We have made 6 specific and long-term pledges to our customers, business partners, the communities, staff, shareholders and bond investors:



### Pledge to our customers

We will help our customers stay on top of their finances and will provide them with opportunities and security. We want to share their dreams and worries and help them find the right solutions.



### Pledge to our staff

We will prioritise development and opportunities for skilled and engaged people. We want to be known for our trusting culture guided by customer focus, team spirit and empowerment.



### Pledge to our business partners

In collaboration with our partners in the Totalkredit alliance, we want to make a difference to our customers by offering attractive products and effective solutions. We will actively develop the partnership to strengthen our combined competitiveness.



### Pledge to our shareholders

As one of Denmark's largest financial institutions, we will strive to maintain a strong and stable share, delivering attractive risk-adjusted returns and dividends.



### Pledge to communities

We will be active in all of Denmark and support growth – in urban and rural districts alike – at all times.



### Pledge to our bond investors

As one of Europe's largest bond issuers, we will provide a stable and secure investment opportunity for domestic and foreign bond investors.

Nykredit is lender  
to people and  
businesses all over  
**Denmark.** Also in  
your district





## 2 Nykredit's country-wide presence

### Pledge to communities

As a unique feature in the Danish financial market, Nykredit has made a pledge to communities:



#### Pledge to communities

We will be active in all of Denmark and support growth – in urban and rural districts alike – at all times.

The pledge is new, but the history of Nykredit as lender to the people and businesses all over Denmark reaches far back in time. From 1851, a number of mortgage associations were established in Denmark, 16 of which merged in 1972 to become two mortgage associations: Forenede Kreditforeninger and Jyllands Kreditforening. In 1985, the two mortgage associations merged into Nykredit.

With the acquisition of Totalkredit in 2003, Nykredit truly gained a nationwide reach. Today, the Nykredit Group is represented all over Denmark through Nykredit Bank and the 57 partner banks of the Totalkredit alliance. This way, we contribute to geographical balance in Denmark.

### Two in three homeowners

Two in three new mortgage loans to homeowners in the rural districts originated from Nykredit and Totalkredit in 2017, and we granted every three new business mortgages in the same areas. That is above our usual market share and solid proof that we have put our pledge into action. We provide loans to create opportunities for homeowners and businesses – all across Denmark.

"As a representative of the customers, it is essential to us that Nykredit is lender to people and businesses all over Denmark, thereby contributing to societal cohesion in Denmark."

Nina Smith  
Chairman of Forenet Kredit



## 2 out of 3

In total, Nykredit and Totalkredit provided loans to two in three homeowners in the rural districts in 2017

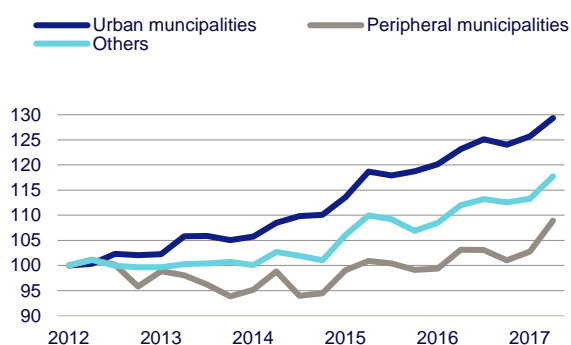




## Challenges

Providing mortgage loans to all of Denmark naturally poses certain challenges. Denmark is a small country, yet with great demographic variance. In the years following the financial crisis of the 2000s, the housing market and businesses all over Denmark were struggling, but not as much as the rural districts, which took much longer to recover. Some districts are still struggling today. For example, the prices of detached and terraced houses have risen more in the cities than in peripheral municipalities.

### Sales prices, detached and terraced houses (100 = Q1/2012)

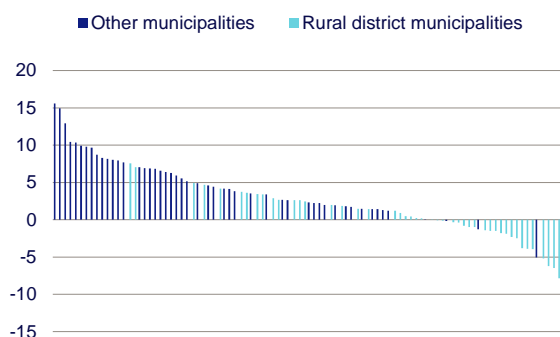


Source: Statistics Denmark, Finance Denmark, Nykredit Markets

The difficulties of certain regions to recover from the crisis are related to a general urbanisation trend and a demographic development resulting in more elderly people and fewer working-age people in the rural districts. To this should be added the centralisation of local welfare services and the challenge of keeping local shops and businesses afloat.

Urbanisation, demography and centralisation of local welfare services may erode the credit quality of lending in rural districts. A mortgage loan is secured by mortgage on real estate, and if the possibility of a future sale of the property is low or non-existing for the area concerned, additional losses may arise. The risk of suffering losses does not deter Nykredit from providing loans in rural districts, but we do have special focus on in-depth credit assessment with a view to minimising losses and on having a strong capital position that will enable us to provide loans at all times.

### Demographic development, 2017-2026 (%)



Source: Statistics Denmark, Nykredit Markets





We wish to continue our close dialogue with local and national politicians as well as rural and business organisations on the risks and prospects of lending, growth and development in rural districts.

### **Rural district loans**

Historically, the mortgage system builds on the foundation of a high level of security behind the loans combined with minimal losses. This has fostered a robust system with high investor confidence to the benefit of borrowers who can get affordable mortgage loans. However, on the flip side, we have properties that prove difficult to mortgage within the existing mortgage system.

In 2017 this led us to develop a banking alternative, our "rural district loan", for creditworthy homeowners who want to live in homes that for one reason or another cannot be mortgaged in the traditional way. Typically, the marketability of the properties in question is very low.

The rural district loan ensures a sound relationship between risk and price, and the price of a rural district loan often is slightly higher than the price of an ordinary mortgage loan.

In 2017 we granted very few rural district loans. As it turned out, the majority of customers interested in the new loan type eventually bought homes that could be mortgaged via a traditional mortgage loan.

## **Did you know that ...**

**Nykredit is a member of the Joint Council of Rural Areas (Landdistrikternes Fællesråd)?**

As a member of the Council, we work with other participants to ensure sound development in the rural districts. In 2017 we contributed to the Council's growth committee, which focuses on small and medium-sized businesses in rural districts engaged in commercial areas of significance outside the largest cities: manufacturing, agriculture, food production, trades, industry and tourism.





## 3 Pledge to our customers



### Pledge to our customers

We will help our customers stay on top of their finances and will provide them with opportunities and security. We want to share their dreams and worries and help them find the right solutions.

This is our pledge to our customers – a pledge that we strive to live up to every single day, as we aim to be homeowners' and business owners' preferred partner. Being Denmark's largest lender, we carry a great responsibility for offering our customers professional and lasting advice. Through holistic advisory services and a responsible credit policy, we aim to create transparency and security for our customers, and through our proactive contact policy, we will build close relationships with our customers and gain insight into their dreams and worries. Insights that will be used to develop new services and products, and to improve customer services.

For example, the launch of our new customer service concept in November 2017 was attributable to a firm wish among our customers that we improve our availability. Under the new concept, all customers are offered fast and professional on-the-spot advice over the telephone 70 hours a week, which brings Nykredit at the forefront of the industry.

To this should be added the opportunities brought about by digitisation in the form of self-service via Nykredit's online and mobile banking services, new apps that provide overview and options as well as web-based video meetings, chat robots and much more.

We also get close to our customers when we take part in awarding the annual Danish Owner-Manager of the Year prize. Similarly, we strengthen our customer relations under the Knowledge Forum (*Vidensforum*) research project, where we, together with Aarhus University,

investigate into ways in which SMEs may obtain progress and growth.

### We are where our customers need us

In a world of increasing digitisation, we strive to be where our customers are, as and when they need us. We serve our customers through 42 customer centres situated throughout the five regions of Denmark. The alliance with our Totalkredit partners also strengthens our nation-wide presence. In addition, Nykredit has representative offices in France and Spain. And in Denmark, Nybolig and Estate have 289 estate agencies. We offer telephone meetings and video calls as well as an array of digital solutions and are always ready to answer questions by phone, email and on social media.

### Did you know that ...

- Our customer centres hold 200,000 meetings annually
- We hold 9,000 video conferences annually
- We have 10 million hits at nykredit.dk
- Our Customer Services unit answers 1 million calls
- We have 320,000 online bank visits a month
- We are in contact with many customers on Facebook and LinkedIn
- Totalkredit serves around 754,000 borrowers
- The 1,104 branches in the Totalkredit alliance provide a strong local presence
- We have a Customer Ambassador who works to preserve the valuable relationship between the customers and Nykredit.



42 customer centres across Denmark.



Strong local representation through 1,104 branches in the Totalkredit alliance.



### Nykredit for you and for me

Being a financial mutual, Nykredit's fundamental objective is to operate a financial business to the benefit of its customers.

This objective is manifested in two areas in particular:

1. We can share our success with our customers; and
2. our ambition is for Nykredit to be customers' preferred bank.

### Customer loyalty bonuses and discounts

The Nykredit Group is quite unique, being a mutual predominantly owned by a customer association, Forenet Kredit. Forenet Kredit wants customers to share in the profits from its ownership of Nykredit and Totalkredit. So when things are going well for the Nykredit Group, Forenet Kredit is able to contribute capital to the Group. And customers may receive customer loyalty bonuses (KundeKroner) and discounts.

The discounts will be increased in the period from 2018 up to and including 2019 when Nykredit will also introduce discounts to business customers with mortgage loans, including agricultural customers and housing cooperatives. In 2017 our customers received DKK 1,000 per DKK 1 million borrowed, and in 2018 and 2019, they will receive DKK 1,500 per DKK 1 million borrowed. A family with a mortgage loan of DKK 3 million will receive a discount of DKK 4,500 a year, and a business with a mortgage loan of DKK 10 million will receive a discount of DKK 15,000 a year.

### Customers' preferred bank

According to Forenet Kredit's active ownership policy: "The Association also attaches importance to high customer satisfaction – on a level with that of comparable financial businesses with the highest customer satisfaction scores".

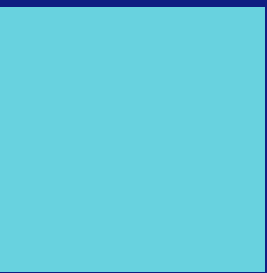
The ownership policy carries with it certain responsibilities. In 2018, we will work hard to become homeowners' and business owners' preferred partner under the heading of "customers' preferred bank". To become customers' preferred partner, we must understand their needs and offer solutions that help them realise their dreams or develop their business in line with their ambitions.

We will also develop new solutions in close dialogue with homeowners. One example is the Radar app, which we launched in 2018. Radar offers our customers mobile tips and inspiration on how to stay on top of their finances.

2018 will also see the launch of our new customer service concept, which offers all our customers full flexibility, on-the-spot advice and enhanced focus on large business customers, who will be served at business customer centres dedicated to their individual needs.







## 4 Staff

At Nykredit, we value the well-being of our staff. Our staff create value for Nykredit – and for the customers. We want to invest actively in staff development, and we actively support the Danish labour market model based on dialogue between the parties.

### Risks

Nykredit actively addresses risks and challenges relating to our staff. To this end, we conduct staff satisfaction surveys with the participation of all staff. These surveys offer us a detailed account of the job satisfaction of our staff and their perception of the physical and mental working environment, their immediate superior and top management. According to the most recent survey from 2016, overall staff engagement in terms of satisfaction and motivation was 5 percentage points higher than in other comparable financial businesses. Currently, we are not seeing any major, overall staff-related challenges that call for measures at Group level.

In the light of the current, global "me too" debate on sexual harassment of women, we have reviewed our preparedness in this area. Our staff satisfaction surveys allow for the reporting of harassment, and we have well-defined management procedures to address any problems reported.

### Pledge to our staff

As part of our corporate values, Nykredit has made the following pledge to our staff:



#### Pledge to our staff

We will prioritise development and opportunities for skilled and engaged people. We want to be known for our trusting culture guided by customer focus, team spirit and empowerment.

The technological development has changed the way we live, work and operate a business. This will mean the automation of an increasing number of jobs in the long term. Prospects of automation have of course been a source of concern among many – including employees in the financial sector.

With that in mind, we are committed to investing in the advancement of staff skills through training and development. Our goal is to empower as many members of our staff as possible to maintain a strong position in a volatile labour market and to maintain their "market value".



**"At Nykredit our stance is clear: We cannot promise our staff that they will hold the same job for many years.**

**Instead we can promise them something better: security of development.**

**We offer new challenges and development for skilled and engaged staff."**

**Trine Ahrenkiel**

Head of HR & Corporate Communications

### Specific initiatives include:

- making use of joint training courses funded by the financial sector to the benefit of financial sector staff. In the 12-month period from 1 June 2017, we have earmarked 1,200 paid man-days for such training courses
- focusing on internal mobility. 59% of job vacancies at Nykredit are filled by in-house candidates
- using annual performance and development reviews and regular progress reviews as a basis for creating new challenges and opportunities for our staff
- changing our staff satisfaction survey so it reflects the focus on development we pledge
- focusing on a new Group skills strategy in 2018.





The pledge to our staff holds a double message. On the one hand, we offer development opportunities; on the other hand, we make demands on the individual: Our staff must have the necessary skills and most of all the requisite engagement. Our staff must keep up with new trends, the business and its development, be flexible and curious and be ready to take on new tasks and new learning.

### **Stronger management**

In recent years, Nykredit has had a keen focus on strengthening its management skills. This focus derives from our trust in management as a strategic tool for leveraging Nykredit's overall performance and unlocking the full potential of our staff as well as fulfilling the pledge to our staff.

#### **Nykredit has invested heavily in management development, which includes:**

- An executive leadership programme for our top-40 managers
- An ambitious management academy for all managers of the Group
- An annual management day for all managers of the Group.

### **Nykredit as part of a regulated labour market**

All of the above builds on a solid foundation: the Danish agreement-based labour market where constructive dialogue between employees and employers result in broad-based collective agreements to the benefit of both parties.

For this purpose, Nykredit also has agreed forums and procedures for staff involvement at work and for the exercise of staff rights through for example the Group's

central liaison board and the union representative system.

Nykredit fully supports the Danish labour market model and believes in the ongoing dialogue between the parties as a constructive means of development.

Nykredit takes into account all current working environment rules and regulations. We perform workplace assessments for insights into potential problems relating to the physical and mental work environment.

### **Diversity and the under-represented gender**

Nykredit has adopted a diversity policy based on the Danish Companies Act, the Danish Financial Business Act and the Recommendations on Corporate Governance.

Nykredit deems diversity to be a key prerequisite for innovative thinking and development, and our aim is to develop and draw on the overall potential of all our staff.

The differences among staff when it comes to skills, gender, life phases, ethnical and educational background etc, are considered a resource that we wish to put into play. Nykredit aims to be a workplace that accommodates staff and managers of different ages and sexual orientation, of both genders and with different ethnic and religious backgrounds.

In accordance with applicable law, we have set a target for the proportion of the under-represented gender on the Boards of Directors. In 2017 the target was 25% for all Boards of Directors of the Group. This target was met by Nykredit A/S and Nykredit Realkredit A/S, but not by Totalkredit A/S and Nykredit Bank A/S.



## The under-represented gender on Boards of Directors

Company	Women	Men	Percentage	Percentage excl staff representatives	Target 2017, percentage	Target 2018, percentage
Nykredit A/S	5	13	28	20	25	30
Nykredit Realkredit A/S	5	10	33	30	25	30
Totalkredit A/S	1	8	11	11	25	25
Nykredit Bank A/S	0	8	0	0	25	25

It follows from Nykredit's diversity policy that regard must be had to the combined skills profile of the Board of Directors and any need for strengthening the profile within certain fields when appointing members of the Board of Directors. In addition to professional skills, regard must be had to personal skills and diversity in relation to for example gender, age and nationality.

Based on the current situation and Nykredit's diversity policy, we have raised the target for the proportion of the under-represented gender on the Boards of Directors of Nykredit A/S and Nykredit Realkredit A/S from 25% to 30%. In coming years, we will also continue our endeavours to ensure a balanced composition of the Boards of Directors of Totalkredit A/S and Nykredit Bank A/S. It should be noted that three of the members of the Board of Directors of Totalkredit A/S are executives from the Totalkredit partner banks.

### The under-represented gender in management

Nykredit also aims to increase the proportion of the under-represented gender in executive positions. In 2017 Nykredit had a total of 34% female managers. Nykredit is constantly targeting efforts to create conditions that support the career development of the under-represented gender. For 2018, we have a target of 25-40% female managers, depending on management level, to be reached by:

- preparing a strategy, an action plan and targets for attracting a higher proportion of the under-represented gender to management positions
- focusing on creating a pipeline of female management talent through effective internal recruitment and mobility
- ensuring that the employment and recruitment procedures contribute to uncovering female management talent
- ensuring the representation of both genders when recruiting executive-level managers
- ensuring diversity in selecting participants for the Group's management and talent programmes
- creating the right conditions for the under-represented gender via career development, networks, mentor schemes etc.

Therefore, we will also strive to include a significant objective criterion when fixing salaries, including an assessment of the specific job complexity in accordance with a recognised assessment system, thereby underpinning the Group's equal pay objective.

This report makes up Nykredit's statutory disclosure on the under-represented gender on boards of directors and in management in general. The following key figures stood out in 2017: 34% female managers at Group level and 28% female managers on the Boards of Directors. These figures should be seen in the context of our target of 25-40% female managers, depending on management level, and 25% female members on our Boards of Directors. More information is available in section 9, CSR key figures.



## Staff – in brief



### Important to society

Strong and productive businesses that make use of society's complete talent pool are important to society as a whole. That requires talented and engaged staff who are offered the opportunity to develop, thrive and realise their potential in their professional life – as well as strong focus on higher diversity.



### Important to Nykredit

Without skilled and engaged staff, Nykredit will lack value creation, and no value will be created for our customers.



### Nykredit's ambitions

**Nykredit aims to build an attractive workplace that can attract skilled staff and strong talents.**

**The following policies and agreements guide Nykredit's HR activities:**

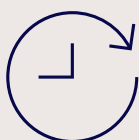
- Strategic HR priorities, of the Group's strategy
- Diversity policy
- Remuneration policy
- Group collective agreement
- Current working environment legislation
- Whistleblower scheme to counter criminal offences



### Activities and results in 2017

**Nykredit's key focus was on the following areas in 2017:**

- Adoption and implementation of Nykredit's pledge to our staff concerning development
- Stronger management
- Development of new talent programme
- Updated diversity policy



### Outlook for 2018

**In coming years, we will continue our efforts to fulfil the pledge to our staff, including:**

- Revised staff satisfaction survey in 2018
- New and improved performance and development review concept in 2018
- Group skills strategy 2018
- Strategy, action plans and initiatives aiming to foster diversity, including management representation of the under-represented gender





## 5 Investment and procurement

Nykredit is conscious of its responsibilities in the areas of investment and procurement. When investing several hundred billions of kroner on behalf of our customers and ourselves, and being a medium-sized purchaser of goods and services, Nykredit has a huge impact on the world we all live in. In running our business, we strive to respect human rights, the environment and the climate and to dissociate ourselves from corruption. Nykredit therefore aims to procure goods and services from and invest in companies that abide by international law. At the same time, we see a potential in sustainable businesses. Businesses that put customers first, treat their employees decently and respectfully and are active in solving social challenges make for good investment opportunities and business partners.

### Risks

Nykredit primarily offers mortgage loans for private residential property and commercial property in Denmark. To a lesser extent, we offer mortgage loans in Sweden, France and Spain. These activities are subject to approval in the respective countries. Consequently, the risk of violating human rights or international conventions via our internal staff policies, credit granting and lending activities is judged to be low. Conversely, investments made on behalf of ourselves and our customers and the products and services we purchase for our operations entail risk.

To counter this risk, Nykredit is particularly looking to the OECD Guidelines for Multinational Enterprises, the Ten Principles of the UN Global Compact and the UN's Principles for Responsible Investment (UN PRI). These principles are enshrined in Nykredit's investment, credit and procurement policies. These policies set out our specific approach to due diligence and conduct for the purpose of ensuring that human rights, respect for the environment and the climate and the fight against corruption form an integral part of the way we operate our business.

### Responsible investment and active ownership

Nykredit engages in investment activities all over the world. We primarily invest in companies through their

Signatory of:



As investor, we apply the UN PRI principles when we select businesses and identify problems.

UN PRI is involved in OECD's most recent guidelines to financial institutions, the UN's climate work and, most recently, the EU Commission's sustainable financing initiative.

At Nykredit, we have applied the six principles since 2009, and we report our development on a regular basis.

Read more about our report and UN PRI's assessment reports at [nykredit.com](http://nykredit.com).

equities and bonds. However, Nykredit also makes direct investments in infrastructure and government bonds. We participate actively in several organisations that focus on responsible investment. In Denmark, we are a member of Dansif, an association for institutional investors, such as pension funds, foundations and banks, interested in responsible investment. Nykredit also plays an active role through UN PRI, the investor equivalent of the Ten Principles of the UN Global Compact on responsible business conduct. According to UN PRI, Nykredit is one of the global front-runners when it comes to the implementation of the six principles for responsible investment.

All Nykredit's investments are governed by Nykredit's investment policy, which relies on international law, including the UN Global Compact and the OECD guidelines. In 2017 based on Nykredit's investment

### Responsible investment in figures

Year-end	2015	2016	2017
Number of companies screened	2,000	2,281	2,320
Companies subject to norm breach engagement	21	17	21
Number of companies excluded	20	23	32
Responsible investments, DKKbn*	253.8	303.4	278.9

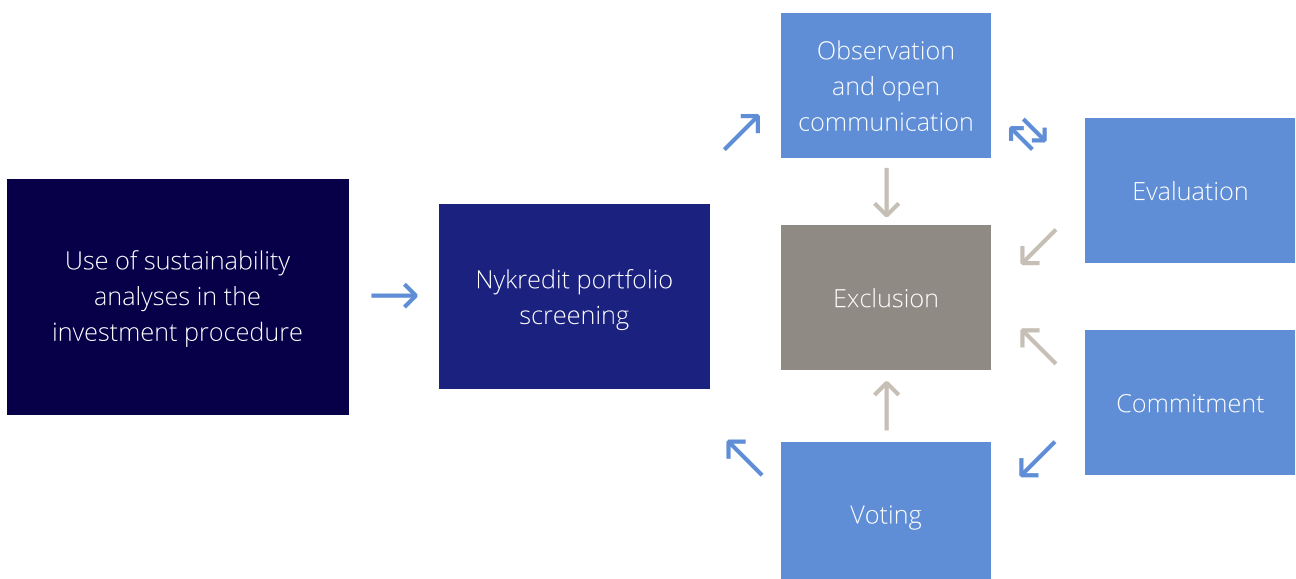
policy, Nykredit made sustainable investments of a total of DKK 278.9bn. The investment policy is founded on overlapping approaches adjusted to the specific parts of the investment process. A common feature is that we view risks in the individual sector and relative to the individual company. One example is respect for human rights (broadly understood as rights of association, stakeholder rights and indirect suppression from authorities, etc), respect for the environment (such as local protection of biodiversity and the climate) and anti-corruption. We review the company's own disclosures, including its due diligence, and combine these data with publicly available data.

Against this perspective, Nykredit's investments are all subjected to screening at the end of each quarter. All equities and bonds are matched with the issuing company. The company is identified in terms of subsidiaries, joint ventures etc. This applies to around 2,230 companies. We correlate these data in an extensive database that retrieves data from companies, public institutions, such as the UN, OECD and the EU, interest organisations and, of course, media.

Active ownership entails that we engage in and maintain dialogue with the companies in which we invest. Data obtained through our screening processes are, for example, used to identify instances of human rights violations. If instances of human rights violations are identified, we will together with our advisers and peer investors explore the possibility of making the company change its conduct. At end-2017 Nykredit had 21 pending cases of this nature; see for instance the case of BHP Billiton.

If a company fails to change its conduct, or if we find such a change to be unrealistic, the company will be placed on Nykredit's exclusion list; see for instance the case of North Dakota Access Pipeline. At end-2017 32 companies were on Nykredit's exclusion list, which is publicly accessible at Nykredit's website. The exclusion list is integrated with Nykredit's data systems, which will block any investing in the companies on the list. Companies sanctioned by the EU will also be blocked.

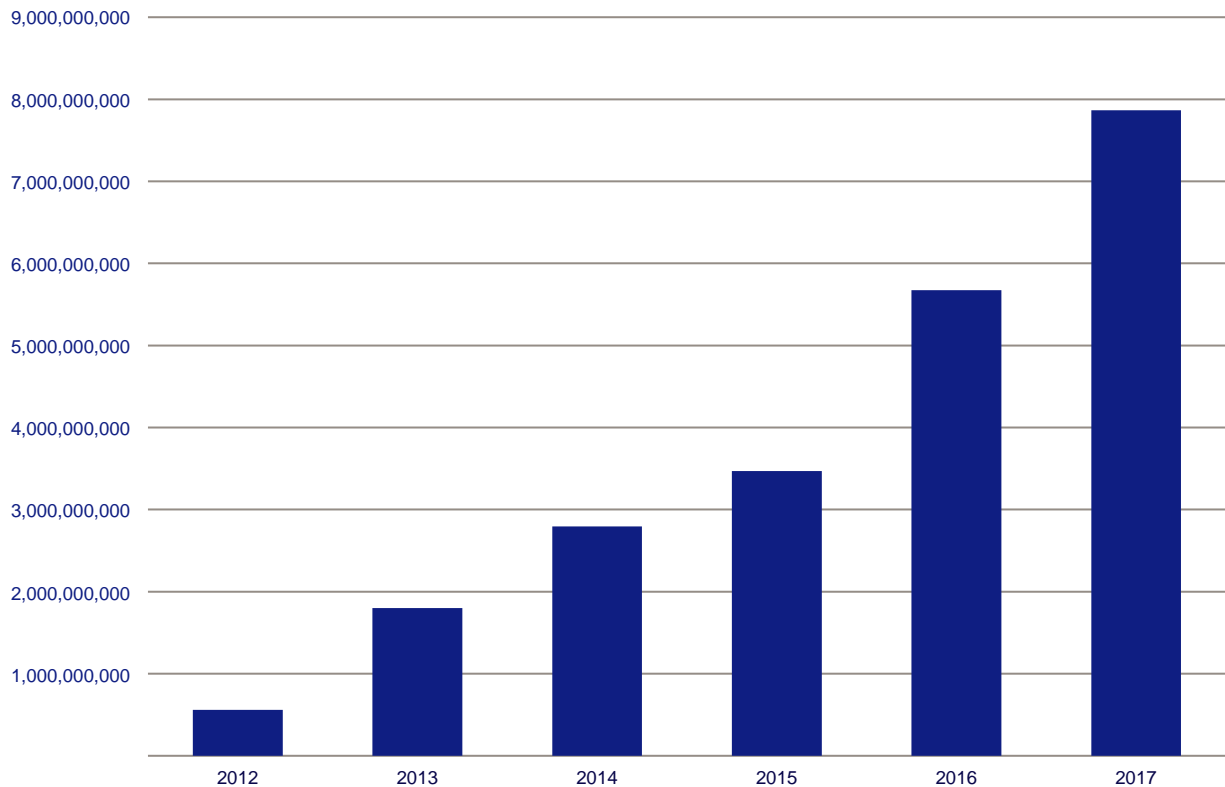
### Nykredit's investment process





### Increased use of sustainability assessments for equity investments

Nykredit relies on sustainability analyses when conducting risk analyses of all funds, in the active selection process and in a number of equity funds. In 2017 funds subjected to sustainability assessments significantly outperformed the market. The chart below illustrates the development in investments involving sustainability analyses.



#### BHP Billiton

During the clean-up after the Samarco mine collapse in Brazil, Nykredit, along with other institutional investors, had talks with the mining company BHP Billiton. BHP admitted liability and paid compensation to the parties affected by the collapse and is currently reconstructing the villages that were destroyed.

To avoid a new accident of this kind, the company commissioned an independent expert assessment of the background for the accident and is now applying this knowledge in performing controls of its mines in other parts of the world.

Information from the expert assessment is also made available to competing mining companies.

#### North Dakota Access Pipeline

In the spring of 2017, Nykredit placed the companies Energy Transfer Partners, Enbridge, Phillips 66, Marathon Petroleum and Sunoco Logistics on the exclusion list.

These companies are all involved in the construction of the North Dakota Access Pipeline. The oil pipeline runs through a territory which according to the US Supreme Court has been unlawfully seized by the US government. The pipeline also runs through the drinking water, hunting and fishing grounds of local native American tribes.

Nykredit approached Phillips 66, among others, which acknowledged the problems. Nevertheless, the companies decided to launch the last phase of the pipeline construction. Subsequently, the UN stated that the rights of the native American tribes had been breached, and this led Nykredit to exclude the companies.

## Responsible procurement

When we purchase goods and services, we place demands on our suppliers when it comes to human rights, the environment, labour standards and ethics. We place great emphasis on ensuring that our procurement activities never involve products that have been manufactured with the use of child labour, forced labour, discrimination, disciplinary measures or the disregard of employees' rights to privacy.

Nykredit is strictly monitoring our business partners' compliance with the social responsibility guidelines set out in ISO 26000 and the UN Global Compact. It is important that our suppliers display high social, ethical and environmental standards. When buying a product or a service, we ask the individual supplier to comply with our Code of Conduct. We reserve the right to verify compliance with these requirements by our suppliers and subsuppliers and to terminate agreements in the event of breach. See "Climate and environment" for more information about Nykredit's membership of Ecolabelling Denmark's network for eco-labelled procurement since 2012 as part of Nykredit's climate and environment strategy.

## Code of Conduct for suppliers and subsuppliers

- Environment
  - Responsible production
- Responsibility
  - Child labour
  - Forced labour
  - The right to privacy
  - Disciplinary measures
- Labour standards
  - Right of association/collective bargaining
  - Discrimination
  - Remuneration and employee benefits
  - Working hours
  - Working environment
- Ethics
  - Corruption and bribery
  - Gifts and business events



## Responsible investment and procurement – in brief



### Important to society

Respect for human rights, climate and environmental challenges as well as corruption are key drivers of sustainable development in society as a whole. Responsible investment and procurement are key elements in that respect.



### Important to Nykredit

Businesses that put customers first, treat their staff decently and respectfully and are active in solving social challenges make for good investment opportunities and business partners.



### Nykredit's ambitions

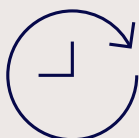
In Nykredit's investment universe, we always strive to make a positive contribution to the world we are all a part of. Both when we invest our customers' money and our own.

Responsible procurement is thoughtful procurement. That is why we place specific demands on our cooperation partners in the areas of human rights, the environment, labour standards and ethics.



### Activities and results in 2017

- In 2017 based on Nykredit's investment policy, Nykredit made sustainable investments of DKK 278.9bn.
- Nykredit's investments are all screened on a quarterly basis. Today, around 2,320 businesses undergo screening.
- According to UN PRI, Nykredit is one of the global front-runners when it comes to the implementation of the six principles for responsible investment.
- In 2017 Nykredit participated in more than 500 annual general meetings.
- Nykredit has increased the number of equity investments that involve sustainability analyses.



### Outlook for 2018

- Nykredit wants its investments to reflect the objective set out in the Paris Agreement.
- Nykredit will enhance the scope of its active ownership in 2018 with special focus on dialogue with the companies in between annual general meetings.
- Through UN PRI and the financial organisations in Denmark and Europe, Nykredit wants to contribute to EU's endeavours to further develop sustainable financing.
- Nykredit wants to work more directly with its suppliers on the human rights challenges faced by their sub-suppliers and will therefore select a couple of our primary suppliers in 2018 with a view to joining forces and finding solutions to the challenges.





## 6 Climate and environment

Today, all responsible businesses – including Nykredit – have to actively address global climate and environmental challenges. As a service provider, Nykredit's direct climate and environmental impact is relatively modest, but we still strive to make Denmark greener through our business conduct.

### Risks and risk management

We seek to reduce the negative climate and environmental impact of our own business (direct impact) as well as the impact that follows from our supply chain, investments and lending practices (indirect impact) in the markets in which we operate. Our main climate and environmental risks derive from investments as well as private residential, agricultural and business lending. Add to this risks related to the procurement of equipment and various services, as the processes of suppliers or subsuppliers may adversely affect both the climate and the environment. With the prospect of more frequent and extreme weather events due to climate change in future, our customers are more likely to suffer damage to their private or commercial properties. Such conditions pose a risk of loss to our customers as well as Nykredit. Therefore, we wish to offer our customers sustainable value propositions that may prepare them for the consequences of climate change and environmental challenges.

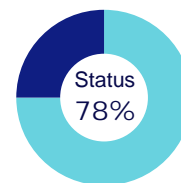
Since 2009, our environmental policy has set the tone for Nykredit's management of climate and environmental risks. We also have an investment policy and a Code of Conduct for suppliers, which also includes environmental and climate considerations.

### Climate and environment strategy

In 2012, we formulated a climate and environment strategy focused on delivering two objectives by 2020:

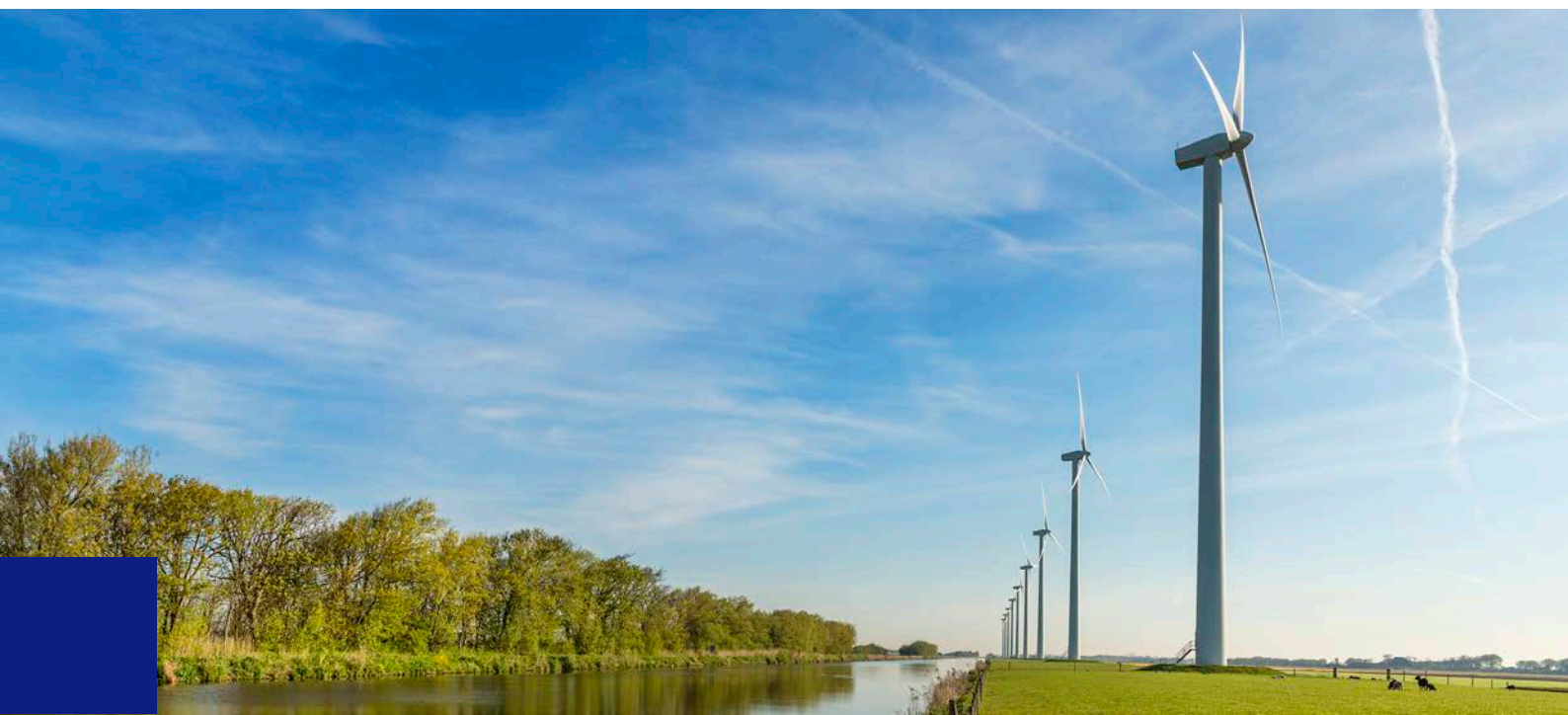
1. We want to reduce our carbon footprint by decreasing our energy consumption and converting to renewable energy sources. Our goal is to reduce our carbon emission by 65% compared with the 2012 level by end-2020.

At end-2017 we had reached about 78% of our reduction target, equivalent to a halving of our carbon emissions since 2012. This is mainly due to our efforts to make our buildings more energy efficient and a reduced amount of travelling. Our climate and environmental accounts can be viewed in section 9, CSR key figures.



2. We want to develop and support climate and environmentally friendly solutions and to support the green transition of society by offering green solutions to our homeowner customers.

In 2017 we helped our customers make their homes more energy efficient and financed the erection of wind turbines and biogas plants as well as hybrid ferries.





**Nykredit is shifting to biogas**

In 2017, six of Nykredit's locations converted to biogas as a carbon-neutral source of heating.

Biogas is defined as carbon neutral, as it is generated from biologically degradable materials contrary to the fossil fuel used so far.

Nykredit thus supports the Danish government's ambition that by 2050 energy supply should be 100% based on renewable energy sources (see the 2012 Energy Agreement).

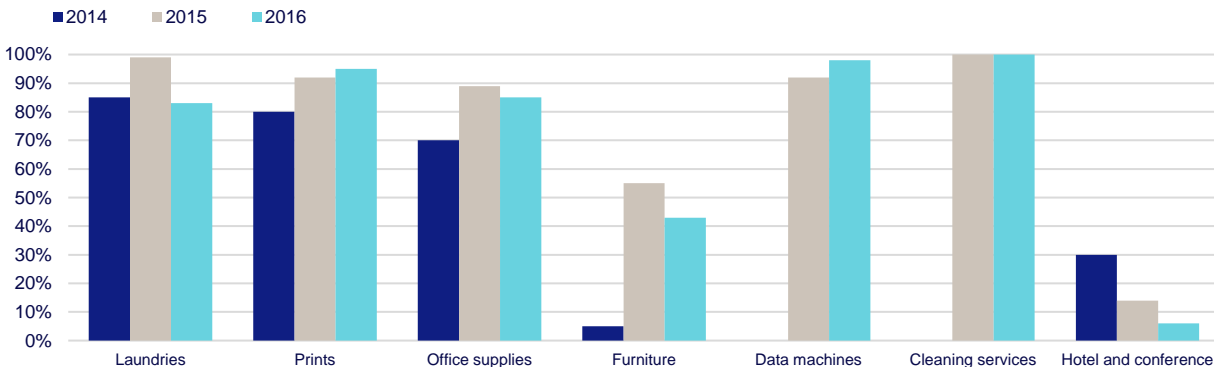
In 2016, to ensure strategic growth, we set four specific goals for 2017:

- 1. **Continued reduction and transition of Nykredit's energy consumption:** In the period 2012-2017 we almost halved our carbon emissions per staff member as a result of more efficient use of our buildings and a variety of technical changes: We installed LED lighting and adjusted the ventilation systems in several buildings. Our internal print centre obtained an eco-label certification (Nordic Swan Ecolabel). We entered into an agreement with Siemens on identifying energy savings in our two largest buildings. Finally, six of our locations have now replaced natural gas with origin-guaranteed and carbon-neutral biogas.
- 2. **Maintaining Nykredit's low level of travel:** For the fifth consecutive year, we have managed to reduce the amount of air travel. The same applies to travelling by train and company/private car. We have also reduced our vehicle fleet having sold our executive cars, for example. Contrary to the other categories, transport by taxi has increased. To comply with an increasing need for taxi transport while also reducing our carbon footprint, we

concluded an agreement with DriveNow in 2017; a service that provides electric city cars in Copenhagen as an alternative to taxis as they are less harmful to the environment and climate.

- 3. **Positioning Nykredit as the energy sector's preferred financial services provider:** In 2017 we financed wind turbines with an output capacity totalling 13.2MW. We financed a district cooling system in Høje Taastrup of 6MW, as well as battery-powered ferries for HH Ferries and hybrid ferries for Scandlines.
- 4. **Greater share of eco-labelled procurement:** As members of Eco-labelling Denmark we are to increase our share of eco-labelled procurement within ten selected product categories. In 2016, it was not possible to increase the share of eco-labelled procurement compared with 2015 within the seven categories we have prioritised up until now (see chart below). Therefore, in 2018 we will consider new product categories that might help ensure more responsible procurement.

**Purchase of eco-labelled products (%)**



Note: As data for 2017 will be compiled in the summer of 2018, the most recent data in this figure are for 2016.



## Environmental management

We strive to run our operations as efficiently as possible, and we monitor consumption in all of Nykredit's many buildings via our Energy Management System. This increases the security of our day-to-day operations, ensuring that we are in sync with our climate and environment strategy. We assess our progress in relation to our goals on a quarterly basis, examining any irregularities that need to be addressed to be able to improve our results further. As we want to take an even more structured approach to our processes, we began setting up an environmental management system in 2017 (in line with the ISO 14001 standard).

## Customers and the climate

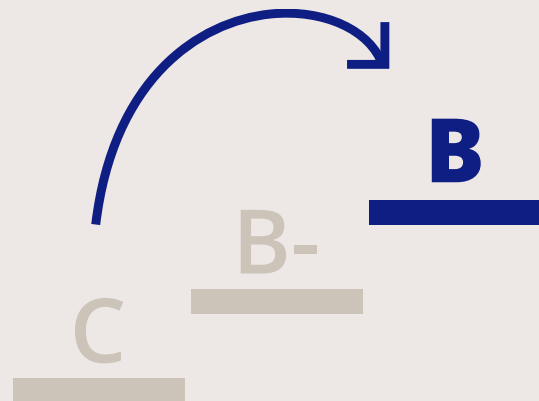
As a business, we can do much to consider the climate and the environment, but we can reach even further through customer involvement. In its main report from 2017, the Danish Council on Climate Change outlines energy renovation of buildings as one of the key transitional elements of fulfilling the Danish government's long-term goal of a low-carbon environment by 2050. Nykredit has a market share of about 41% in the Danish mortgage lending market and by calling attention to the advantages of home energy optimisation, we can potentially help reduce carbon emissions by thousands of tonnes.

We support homeowners who consider the climate and the environment when rebuilding, renovating or improving their homes. Since 2012, Nykredit has developed sustainable value propositions for our customers that contribute positively to Denmark's green transition. We have four concrete proposals at this time: Home Check-up, Homebuyer's Inspection, Home Plan and Home Project Support, which may all contribute to making our customers' homes more energy-efficient – and in turn provide Denmark with a more climate and environmentally friendly building stock.

## Carbon Disclosure Project



For the second consecutive year, Nykredit has responded to the annual questionnaire from the Carbon Disclosure Project (CDP). The CDP is the most widespread investor tool for benchmarking the efforts of organisations and businesses on reducing their carbon footprint. Due to our response to climate changes, Nykredit in 2017 moved up two steps to a total score of B, which is in line with the other participants in the sector.





## Climate and environment – in brief



### Important to society

Today climate changes and environmental challenges pose two of the most severe problems globally. These problems can only be solved through an ambitious, global mix of tools where both the public and private sector are contributors.



### Important to Nykredit

As Denmark's leading lender, Nykredit has a great potential for supporting Denmark's green transition and helping homeowners, businesses and investors reduce their carbon emissions.



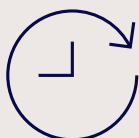
### Nykredit's ambitions

Nykredit's ambition in the climate and environmental area is to make Denmark greener by developing sustainable value propositions and investment products as well as financing sustainable energy. We want to reduce our carbon footprint by 65% by end-2020. Also, climate and environmental considerations are an integral part of our investment policy and the Code of Conduct for our suppliers.



### Activities and results in 2017

- The primary key performance indicator (KPI) of Nykredit's climate and environment strategy is to reduce our carbon footprint by 65% by 2020 compared with the 2012 level. By end-2017 we had reached 78% of our target.
- We moved up two steps in 2017 to a total score of B in the Carbon Disclosure Project (CDP).
- We reduced our total amount of waste from 421 tonnes in 2016 to 413 tonnes. We also increased recycling from 42% to 45%.
- In 2017 we started using DriveNow electric city cars, installed LED lighting and began using biogas for heating instead of natural gas.
- In 2017 we participated in the WWF's "Earth Hour" campaign for the tenth time and in the Global Footprint Network's "Earth Overshoot Day" campaign for the first time.
- We also financed wind turbines, district cooling systems and battery-powered and hybrid ferries in 2017.



### Outlook for 2018

#### **We want to:**

- set goals for Nykredit's future resource consumption
- implement the ISO 14001 standard in the Group
- improve or, as a minimum, maintain our score in the CDP
- support national and international intentions of electrification in Denmark through conversion of energy consumption in our operations
- consider new product categories that may be eligible for greener procurement.





## 7 Business ethics

Today financial crime, including money laundering, terrorist financing, tax evasion and corruption, is a global problem that reaches across borders. Consequently, it is also an area in which active measures are taken at international level to curb the opportunities of criminals.

Nykredit sees it as part of our corporate responsibility to prevent our business from being used as a vehicle for money laundering, terrorist financing and tax evasion, including to collaborate with the relevant authorities and to comply with financial sanctions aimed at combatting terrorism or freezing funds.

We also see it as part of our business ethics agenda to prevent corruption and money laundering and, being a large Danish company, to be a responsible taxpayer and a Group that ensures appropriate protection and proper handling of personal data.

### Risks

Nykredit has identified a number of risks related to business ethics and to money laundering in particular. In 2017 several cases in the financial sector showed that the sector is challenged with respect to countering money laundering in a sufficiently effective manner. We find it difficult to completely avoid being misused for money laundering or tax evasion, as financial businesses are faced with criminals who are constantly perfecting their methods. We are, however, working actively to minimise these risks through policies and control systems.

### Corruption

In recent years, Denmark has seen a number of bribery cases but Denmark is also one of the least corrupt countries in the world, occupying a (joint) first place in Transparency International's Corruption Perceptions Index in 2016. Corruption is understood to mean eg bribery, fraud, embezzlement or extortion and does not necessarily imply the exchange of money, but may also include positive discrimination etc. As is the case with other businesses, there is a risk that Nykredit as a group or Nykredit's staff may become the victim of or guilty of committing corruption.

Nykredit has adopted an anti-corruption policy aiming at ensuring and supporting conduct and work ethics characterised by the highest standards of personal and organisational integrity, internally as well as externally, in our dealings with all types of customers and business partners. This policy is in line with the Ten Principles of the UN Global Compact, which we endorse, and

stipulates zero tolerance against corruption in all its forms, something which is also incorporated in our Code of Conduct, which must be complied with by all staff at Nykredit.

### Tax evasion

In recent years, tax evasion, including financial companies' participation in tax evasion, has become a public focus area following leaks of documents from tax havens. Bank and mortgage loans granted by the Nykredit Group are reported to the Danish tax authorities, SKAT. Nykredit has adopted an unambiguous tax policy that takes a clear stand against the act of and participation in tax evasion, while stipulating that Nykredit does not engage in the establishment or administration of companies in tax havens. Updated in 2017, the tax policy is available at Nykredit's website.

The tax policy covers the entire Group as well as the affairs of the Group and of Nykredit's customers. The policy aims to solidify Nykredit's position as a competitive business and responsible taxpayer. Nykredit checks customer data and ownership structures and has established internal processes for the purpose of ensuring, in the tax area, that Nykredit acts and reports in compliance with applicable legislation, has knowledge of best practice and addresses the area in accordance with Nykredit's tax policy.

As a consequence of increased focus, the authorities have instituted a number of special investigations in the area vis-à-vis the financial sector and, of course, the Nykredit Group. These investigations have not uncovered any instances where the Group has been exploited for tax evasion purposes, and the Group has not received any criticism in connection with SKAT's investigations in the area. Nykredit has, and will continue to have, focus on this area in order to ensure that we are not being exploited for tax evasion purposes.

### Money laundering

In 2017 Nykredit updated its policy on the prevention of money laundering, terrorist financing and breach of financial sanctions. This policy sets out to prevent Nykredit from being exploited for the purpose of financial crime, while ensuring that Nykredit applies its resources in an effective and risk-weighted manner for the prevention of financial crime.

By applying the requisite and proportional means, Nykredit will actively seek to prevent, mitigate and

manage the risks related to financial crime for the purpose of always having a low risk of Nykredit being exploited as a vehicle for financial crime through the products we offer, our delivery channels and our geographic presence, thereby limiting any harmful consequences for society.

Together with Finance Denmark, Nykredit has intensified its anti-money laundering activities considerably. We have allocated more resources to the area, and in November 2017, the industry took steps to strengthen its collaboration with the authorities in the fight against money laundering. Nykredit wants to continue this work at full throttle, and it is our hope that more resources will be allocated to the authorities so as to ensure they follow through on the intelligence we provide. Close collaboration with the authorities is core to ensuring that Danish banks are not exploited by criminals for money laundering.

### Personal data

Nykredit has access to personal data through its customer and staff relations. Nykredit is continuously working to ensure proper protection and secure handling of personal data.

Nykredit aims to protect the Group against risks that may cause infringement of the integrity of Nykredit's customers and staff as a consequence of a breach of personal data security.

Nykredit has adopted a policy in the area that lays down the overall framework and principles for Nykredit's treatment, including collection and storage, of personal data with the aim of providing the data subjects with high protection at all times.

Accordingly, all members of staff must ensure that Nykredit complies with the basic principles of good practice for the processing of data.

The entry into force of the EU General Data Protection Regulation on 25 May 2018 will mean a tightening of existing legislation, including a widening of the rights of data subjects. Businesses acting in breach of applicable legislation will be liable to a fine.

In 2017 Nykredit launched a special programme focusing on the implementation of the principles laid down in the General Data Protection Regulation, including adaptation of existing policies and business procedures. Under the programme, the future governance setup, the internal control environment and any current support for the business units in relation to personal data processing will be strengthened.



### Price transparency

Customer relation diversity calls for transparency of the prices and fees of Nykredit's products and services. We have long worked and will continue to work with a uniform and clear pricing and fee policy for the purpose of Nykredit's homeowner banking programme (BoligBank).

Increased focus on transparency is also reflected in new legislation following from PSD2 (payments) and MiFID II (investments), which was implemented in Nykredit in the course of 2017 or is being implemented. In 2017 the implementation of MiFID II in particular brought about a number of adjustments in terms of costs paid by Nykredit's customers when investing in securities and investment funds.

Our customers are thus experiencing increased transparency of the direct and indirect expenses of investing in Nykredit's investment funds or dealing in securities. At the same time, the cost of trading in certain securities has been lowered.







## 8 Our social commitment

Photographer: Jakob Carlsen



Our social commitment is in alignment with Nykredit's corporate social responsibility policy, according to which Nykredit wants to support Danish communities through social partnerships. At Nykredit, we have targeted our efforts at the area of expertise held by the majority of our staff: personal financial advice.

### Risks

People in difficult life stages may require financial advice that reaches beyond the advice and services normally offered by banks to personal customers. People struggling with tight finances run the risk that temporary problems turn into permanent ones.

At Nykredit, we acknowledge that you may require advisory services that differ from the services normally offered by us and our colleagues in the sector. This is why we engage in social partnerships where our staff can make a difference to the target groups in the projects.

At the end of 2017, 44 staff had volunteered, applying their expert knowledge and experience of personal financial affairs as financial mentors for people who need a helping hand.

### Help to battered women

The social partnership called Råd til Livet is a long-standing partnership between the Mary Foundation, Mødrehjælpen (Mothers' Help), LOKK (the National Organisation of Shelters for Battered Women and Children), Nykredit, Østifterne and local attorneys.

**"As a volunteer of the "Råd til Livet" programme, I have gained an awareness of the wide gaps in our living conditions. Personally, I am thrilled to be able to offer my help, which is really nothing, if you ask me. But what seems like nothing to me may mean the world to others. Helping others move on and escape the crisis I once found them in makes me happy."**

Lena Fordsmann, Mentor.



Michael Rasmussen, Group Chief Executive of Nykredit, is a member of the governing body of the Mary Foundation. The Råd til Livet programme offers battered women social, financial and legal advice. Nykredit's staff provide financial advice tailored to the needs of the individual women. The aim is to provide the individual women with a better overview and empower them to manage their own personal finances.





## Counselling of returned veterans



The programme called Økonomisk Overblik is a partnership between Soldaterlegatet (the Soldiers' Grant), KFUM Soldiers Mission and Nykredit. The programme is aimed at returned veterans who have been physically or mentally affected by their service. Using a help-to-self-help approach, financial mentors from Nykredit help returned veterans get a handle on their personal finances or effectively manage any compensation amounts awarded.

### Financial inclusion

We assume a responsibility for financial inclusion. This means that we aim to not preclude vulnerable and disadvantaged people from access to basic banking products as and when the need arises and provided that they are not under suspicion of misuse of Nykredit's products for the purpose of financial crime. In 2017 we thus contributed to Finance Denmark's endeavours to set up a framework for the opening of accounts for homeless people, and in Q4/2017 we were ready to launch our solution at Nykredit Bank.

## Donations and recycling



Pernille Hirshals, Corporate Communications, hands over PCs to Christopher Klüter, General Manager at HackYourFuture

Nykredit donated furniture, bicycles, IT equipment and art to a number of recipients in 2017. We have donated 15 works of art to the Christmas Seal Foundation and 159 works of art to the Lillebælt Hospital, and we have donated 20 bicycles to refugees living at the Sandholm refugee camp. 100 tables, 70 chairs and IT equipment have been put to great use at Fontanaskolen and at PMU. 30 computer screens have been donated to a group of volunteers at Skanderborg, where they are connected with computers, mice and keyboards and handed out to refugees who use them for education etc. Finally, we have donated PCs to the HackYourFuture project. Under this project, volunteers teach refugees computer programming.

Passing on "things" that we no longer need ourselves makes good sense and creates value for others. Such initiatives foster positive social trends with focus on the sharing economy and the circular economy, and that is why we wish to remain open to similar donations and recycling in the future.

## Our social commitment – in brief



### Important to communities

Complex life situations may call for advice that extends beyond the services normally offered by banks to personal customers. The lack of financial overview means that temporary problems may develop into permanent ones.



### Important to Nykredit

Nykredit is a member of two social partnerships: Råd til Livet and Økonomisk Overblik. Under both projects, our staff volunteer their expertise within personal financial affairs as unpaid financial mentors.



### Nykredit's ambitions

Our social commitment is in alignment with Nykredit's corporate social responsibility policy, according to which Nykredit wants to support Danish communities through social partnerships.



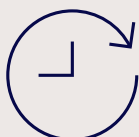
### Activities and results in 2017

#### **Råd til Livet:**

- Approximately 575 advisers distributed on around 25 locations across the country at Mødrehjælpen (Mothers' Help) and crisis centres.
- Evaluations of the social partnership Råd til Livet at Mødrehjælpen show that more than half of the users experience that Råd til Livet helps them better understand their personal finances, and 66% experience improved well-being.

#### **Økonomisk Overblik:**

- Approximately 50 advisers distributed across soldiers' recreational centres at Høvelte, Fredericia, Holstebro and Hvorup.
- Evaluations of the social partnership Økonomisk Overblik show that, in their assessment of the advice offered, veterans are very positive, both in terms of specific tools for handling their own personal finances and in terms of positive expectations for the future.



### Outlook for 2018

- We will continue our efforts in 2018.

## 9 CSR key figures



### Human Resources

#### Key figures

	2015	2016	2017
Average number of full-time staff*	3,709	3,640	3,502
Staff turnover	15.1%	13.1%	19.3%
- Of which voluntary	8.8%	9.4%	10.8%
- Of which involuntary	6.3%	3.7%	8.5%
Women in management	31%	32.0%	34.0%

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

#### Staff figures

	2015	2016	2017
Permanent staff, year-end	3,432	3,227	3,105
- of which part-time staff	349	313	278
Staff paid by the hour	626	586	544
New staff	285	321	322
Outflow	543	459	647
New staff as percentage of permanent staff	8.3%	9.9%	10.4%

#### Staff satisfaction survey

Level (0-100)	2015	2016	2017
Staff satisfaction	74	73	73
Assessment of indoor climate (good indoor climate)	69	No data	70
Assessment of noise level (low noise level)	82	No data	83
Impact on sick absence rate (low impact)	99	No data	99

#### Work-life balance

	2015	2016	2017
Part-time staff	349	313	278
- of which women	318	286	29
- of which men	31	27	249
Average number of days per paid maternity leave	125	128	131
Number of staff members on leave	371	340	340

#### Health

	2015	2016	2017
Average days of absence because of illness	6.1	5.8	5.5

## Percentage of female managers

%	2015	2016	2017	Target 2018
Executive-level management	16%	19%	17%	25%
Middle-level management	26%	34%	33%	35%
Lower-level management	48%	35%	53%	40%
Total female managers	31%	32%	34%	-

Note: The individual categories are defined as: Executive-level management: Managers reporting directly to a member of the Group Executive Board. Middle-level management: Managers to whom five or more staff members report directly. Lower-level management: Managers to whom four or fewer staff members report directly. The downward revision of the target for lower-level management should be seen in the light of the revised definition of the categories.

\* Due to breaks in historical data, 2015 data are determined according to older management level definitions.

## Female Board representation

%	2015	2016	2017	Target 2018
Nykredit A/S	22%	22%	28%	30%
Nykredit Realkredit A/S	20%	20%	33%	30%
Nykredit Bank A/S	20%	0%	0%	25%
Totalkredit A/S	22%	11%	11%	25%

## Staff receiving regular performance and career development reviews

2017, % of staff	Men	Women	Total
Management	77.0%	88.0%	81.0%
Total	86.0%	85.0%	85.0%

Numbers are lower than 100% because of maternity and other leave, illness, change of jobs, etc.



## Customers

### Number of customers

('000)	2015	2016	2017
Number of customers	1,065	1,067	1,101
- of which personal customers	398	396	409
- of which business customers	73	68	69
- of which Totalkredit customers	617	625	644
- of which "double customers"	-23	-22	-21

\* Customers who are customers of both Nykredit and Totalkredit.

### Customer satisfaction

	2015	2016	2017
Personal customers, (EPSI 1-100)	70	71	71
Business customers, (EPSI 1-100)	66	66	63
Complaints	267	195	183





## Environment and climate

Nykredit wants to run a sustainable, socially responsible business.

We have therefore set a target of reducing our carbon footprint by 65% by 2020, which we monitor regularly.

### Resource consumption

	HQ + staff buildings	Customer centres	Subsidiaries	JN Data**	Nykredit 2017	Nykredit 2016	Nykredit 2012	Index 2016-2017
<b>Nykredit facts</b>								
Number of locations	7	43	1	1	53	63	74	84
- of which leased premises	6	34	1	-	41	54	56	76
Heated area (sqm)	65,076	41,963	1,473	2,483	110,995	128,922	146,784	86
Number of staff (total)	2,757	924	46	89	3,816	4,224	4,807	90
Number of full-time staff (FTE)	2,264	910	41	89	3,304	3,623	4,100	91
<b>Consumption data</b>								
Electricity (MWh)	5,576	2,145	47	3,012	10,780	12,476	16,054	86
Electricity from renewable energy systems (MWh)	228	72	0	0	301	304	-	99
Heating (MWh)	5,040	4,182	117	72	9,412	9,570	12,010	98
Heating, degree-day adjusted (MWh)*	5,737	4,761	122	77	10,697	11,693	14,094	91
Direct energy consumption (MWh)	335	437	0	0	772	857	806	90
Indirect energy consumption (MWh)	10,509	5,964	164	3,084	19,720	23,616	29,343	84
Total energy consumption (MWh)	10,844	6,400	164	3,084	20,492	24,474	30,149	84
<b>KPIs</b>								
Heated area per staff member (sqm)	29	46	36	28	34	36	35	94
Electricity consumption per staff member (kWh)	2,564	2,437	1,143	33,838	3,354	3,527	3,773	95
Electricity consumption per square metre (kWh)	86	51	32	1,213	100	99	107	101
Heat consumption per staff member (kWh)	2,534	5,232	2,972	867	3,238	3,228	3,312	100
Heat consumption per square metre (kWh)	88	113	83	31	96	91	94	106
Total energy consumption per staff member (kWh)	4,790	7,033	4,005	34,650	6,202	6,755	7,085	92
Total energy consumption per square metre (kWh)	167	153	112	1,242	185	190	200	97
<b>Transport</b>								
Company car travel (1,000 km)	782	0	4	18	804	816	927	99
Own car travel (1,000 km)	4,236	0	292	0	4,528	4,693	6,427	96
Taxi travel (1,000 km)	293	0	3	2	298	252	525	118
Rail travel (1,000 km)	1,468	0	22	37	1,526	1,694	2,170	90
Air travel (1,000 km)	2,974	0	11	169	3,153	3,723	9,120	85
<b>CO<sub>2</sub> emissions****</b>								
<i>Scope 1 – direct CO<sub>2</sub> emissions</i>								
Company car travel (tonnes)	109	0	1	3	113	114	143	99
Heating – oil and gas	20	54	0	0	73	114	165	65
<i>Scope 2 – indirect CO<sub>2</sub> emissions</i>								
Electricity consumption (tonnes)	1,598	615	13	863	3,089	2,911	6,609	106
Heat consumption – from CHP plants	513	411	12	8	944	1,214	1,522	78
<i>Scope 3 – other indirect CO<sub>2</sub> emissions</i>								
Air travel (tonnes)	359	0	1	19	379	457	1,191	83
Rail travel (tonnes)	54	0	1	1	56	66	52	85
Own car travel (tonnes)	593	0	41	0	634	657	1,060	96
Taxi travel (tonnes)	43	0	0	0	44	37	78	118
<i>Total</i>								
Total heat consumption (tonnes)	533	465	12	8	1,017	1,328	1,688	77
Total transport (tonnes)	1,158	0	44	23	1,225	1,331	2,524	92
Total CO <sub>2</sub> emissions (tonnes)	3,289	1,079	70	894	5,332	5,570	10,821	96
CO <sub>2</sub> emission per staff member (tonnes)***	1.45	1.19	1.70	10.04	1.61	1.54	2.64	105

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

\*\* Approximately 15% of the energy consumption of JN Data has been included in 2017 as Nykredit took up about one-fifth of its operations. The number of kilometres and emissions from transport for JN Data are based on the distribution also applied to expenses.

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

\*\*\*\* See next page for a detailed definition of Scopes 1-3.

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

### Direct and indirect emissions

#### Our air emissions are divided into three categories:

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

### CO<sub>2</sub> emissions (Scopes)

	2012		2016		2017		Index 2012-2017	
	Location-based	Market-based	Location-based	Market-based	Location-based	Market-based	Location-based	Market-based
<b>Total CO<sub>2</sub> emissions (tonnes)</b>	10,821	12,400	5,570	9,196	5,332	8,419	49%	68%
<b>Direct CO<sub>2</sub> emissions (Scope 1)</b>	308	308	228	228	186	186	60%	60%
- Company car travel (tonnes)	143	143	114	114	113	113	79%	79%
- Heat consumption (tonnes) – oil and gas	165	165	114	114	73	73	45%	45%
<b>Indirect CO<sub>2</sub> emissions (Scope 2)</b>	8,131	9,710	4,125	7,751	4,033	7,121	50%	73%
- Electricity consumption (tonnes)	6,609	8,188	2,911	6,537	3,089	6,177	47%	75%
- Heat consumption (tonnes) – from CHP plants	1,522	1,522	1,214	1,214	944	944	62%	62%
<b>Other indirect CO<sub>2</sub> emissions (Scope 3)</b>	2,382	2,382	1,217	1,217	1,113	1,113	47%	47%
- Air travel (tonnes)	1,191	1,191	457	457	379	379	32%	32%
- Rail travel (tonnes)	52	52	66	66	56	56	107%	107%
- Own car travel (tonnes)	1,060	1,060	657	657	634	634	60%	60%
- Taxi travel (tonnes)	78	78	37	37	44	44	57%	57%

Note: Source of the market-based emissions from electricity is RE-DISS European Residual Mixes.

## Waste

In 2017, Nykredit measured the Group's waste according to the following table. It shows that about 45% of Nykredit's waste was recycled. We aim to increase this percentage.

	HQ + staff buildings	Customer centres	Subsidi- aries	JN Data	Nykredit 2017	Nykredit 2016	Index 2016-2017
Total waste (tonnes)	297	117	-	-	413	421	98
Waste per staff member (kg/FTE)	131	128	-	-	125	120	104
Waste sent to landfill (tonnes)	3.93	0.00	-	-	3.93	0.55	714
Waste sent to incineration (tonnes)	171	54	-	-	225	245	92
Batteries (tonnes)	0.00	0.03	-	-	0.03	0.05	60
Waste recycled (tonnes)	121	65	-	-	186	175	106
- of which food waste (tonnes)	46	0	-	-	46	21	217
- of which paper waste (tonnes)	69	61	-	-	131	147	89
- of which electronic waste (tonnes)	1.71	0.02	-	-	1.73	1.71	101
- of which glass waste (tonnes)	1.78	3.78	-	-	5.56	3.28	170
- of which iron and metal waste (tonnes)	1.91	0.00	-	-	1.91	1.33	143
- of which other waste (tonnes)	0	0	-	-	0	0	14
Recycling (%)	41%	56%	-	-	45%	42%	108
Other fragments (%)	59%	44%	-	-	55%	58%	94

## Water consumption

In 2017, water use was an independent reporting item in Nykredit's Climate and Environment Report. See the figures below.

	HQ + staff buildings	Customer centres	Subsidi- aries	JN Data*	Nykredit 2017	Nykredit 2016	Index 2016-2017
Heated area (sqm)	65,076	41,963	1,473	2,483	110,995	111,843	99
Total water use (cubic metres)	26,880	8,718	428	691	36,717	39,928	92
Number of staff (FTE)	2,264	910	41	89	3,304	3,623	91
Water use per staff member (litres)	11,873	9,580	10,436	7,764	11,113	11,021	101
Water use per square metre (litres)	413	208	291	278	331	289	114

\* Approximately 15% of the energy consumption of JN Data has been included in 2017 as Nykredit took up about one-fifth of its operations. The water use of JN Data is based on the distribution also applied to expenses.





# 10 GRI reporting

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

**Annual Report** = Annual Report 2017, Nykredit Group

**Fact Book** = Fact Book 2017, Nykredit Group

**CSR Report** = CSR Report 2017, Nykredit Group

## General standard disclosures

GRI	Disclosure	Description/Reference	External Assurance
<b>Strategy and Analysis</b>			<b>No</b>
G4-1	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.	CSR Report Annual Report	
G4-2	Description of key impacts, risks and opportunities.	CSR Report	
<b>Organisational profile</b>			<b>No</b>
G4-3	Name of the organisation.	Annual Report	
G4-4	Primary brands, products, and services.	Annual Report, Business areas CSR Report www.nykredit.com	
G4-5	Location of the organisation's headquarters.	Annual Report, Company information	
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Annual Report, Business areas	
G4-7	Nature of ownership and legal form.	Annual Report, Group chart	
G4-8	Markets.	Annual Report, Business areas	
G4-9	Scale of the organisation.	Annual Report, Financial highlights Annual Report, Business areas	
G4-10	Number of staff.	CSR Report, Key figures	
G4-11	Percentage of total employees covered by collective bargaining agreements.	Nykredit has a collective agreement with NYKREDS, a company-specific branch of the Danish Financial Services Union	
G4-12	The organisation's supply chain.	CSR Report, Investment and procurement	
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain.	Annual Report, Nykredit's strategy	
G4-14	Whether and how the precautionary approach or principle is addressed by the organisation.	Annual Report, Organisation, management and corporate responsibility	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	CSR Report	
G4-16	Memberships of associations and national or international advocacy organisations.	CSR Report	
<b>Identified Material Aspects and Boundaries</b>			<b>No</b>
G4-17	Entities included in the organisation's consolidated financial statements and whether any entity included in the organisation's consolidated financial statements is not covered by the report.	Annual Report, Group chart	
G4-18	The process for defining the report content and the Aspect Boundaries and how the organisation has implemented the Reporting Principles for Defining Report Content.	The material aspects were identified through internal assessment of key factors	

GRI	Disclosure	Description/Reference	External Assurance
G4-19	Material Aspects identified in the process for defining report content.	See the two tables below with Specific Standard Disclosures and Financial Services Sector Disclosures	
G4-20	Aspect Boundary within the organisation for material aspects.	None	
G4-21	Aspect Boundary outside the organisation for material aspects.	None	
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	None	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	None	

#### Stakeholder Engagement

No

G4-24	Stakeholder groups engaged by the organisation.	CSR Report	
G4-25	Basis for identification and selection of stakeholders with whom to engage.	CSR Report	
G4-26	Approach to stakeholder engagement.	CSR Report	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns.	CSR Report	

#### Report Profile

No

G4-28	Reporting period.	Calendar year 2017	
G4-29	Date of most recent previous report.	Nykredit GRI index 2017 in Nykredit's CSR Report, February 2017	
G4-30	Reporting cycle.	Annual	
G4-31	Contact point for questions regarding the report.	Nykredit Corporate Communications	
G4-32	The GRI reporting option chosen.	GRI Content Index for 'In Accordance' – Core This table, CSR Report	
G4-33	Assurance.	No external assurance of the GRI index	

#### Governance

No

G4-34	Governance structure of the organisation.	CSR Report Annual Report www.nykredit.com	
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#### Ethics and Integrity

No

G4-56	Values, principles, standards and norms of behaviour.	CSR Report	
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## Specific standard disclosures

GRI	Material Aspects & Indicators	Reported DMA & Indicators	External Assurance
	<b>Economic</b>		No
G4-DMA	Economic performance & community investment.	CSR Report	
G4-EC1	Direct economic value generated and distributed. Value generated by the organisation's community investment programs and breakdown of community investment by theme.	Annual Report, Financial highlights	
G4-DMA	Indirect economic impacts.	CSR Report	
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	CSR Report	

GRI	Disclosure	Description/Reference	External Assurance
	<b>Environmental</b>		Partial
G4-DMA	Energy.	CSR Report	Yes

GRI	Disclosure	Description/Reference	External Assurance
G4-EN3	Energy consumption within the organisation.	CSR Report, Key figures	Yes
G4-EN4	Energy consumption outside the organisation.	CSR Report, Key figures	Yes
G4-EN6	Reduction of energy consumption.	CSR Report, Key figures	Yes
G4-DMA	Water.	CSR Report, Key figures	No
G4-EN8	Total water withdrawal by source.	All water obtained from public water supply CSR Report, Climate and environment	No
G4-DMA	Emissions.	CSR Report, Climate and environment	Yes
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	CSR Report, Key figures	Yes
G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2).	CSR Report, Key figures	Yes
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).	CSR Report, Key figures	Yes
G4-EN18	Greenhouse gas (GHG) emissions intensity.	CSR Report, Key figures	Yes
G4-DMA	Effluents and waste.	CSR Report, Key figures	No
G4-EN23	Total weight of waste by type and disposal method.	CSR Report, Key figures	No
G4-DMA	Products and services.	CSR Report	No
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	CSR Report	No
G4-DMA	Transport.	CSR Report, Key figures	Yes
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce.	CSR Report	No
G4-DMA	Supplier environmental assessment.	CSR Report	No
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	CSR Report, Key figures	No
<b>Labour Practices and Decent Work</b>			<b>No</b>
G4-DMA	Employment.	CSR Report	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.	CSR Report, Key figures	
G4-DMA	Labour/management relations.	Nykredit has a good relationship with NYKREDS, its staff association, and Nykredit appreciates that NYKREDS seeks influence and works to ensure that staff conditions are considered in the day-to-day operations and the continuous group development. Interaction takes place at many levels: between the individual supervisor and union representative, in the local and central works councils and health and safety committees, as well as in a number of ad-hoc working groups. In order to support the objective of being an attractive and challenging workplace, Nykredit has prepared a staff policy, which is being implemented through the local works councils in dialogue with NYKREDS.	
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	Minimum 3 months' notice according to the collective agreement. Changes need approval from NYKREDS before implementation.	
G4-DMA	Occupational health and safety.	Nykredit is focusing on health in general, as healthy staff members have higher job satisfaction, lower sick absence rates and create a good social environment.  Even though the risk of robberies in Nykredit is limited due to the amount of cash handled, Nykredit has guidelines for staff to follow in case of robberies. Psychological treatment is offered to staff in case of robberies. <a href="http://www.nykredit.com">www.nykredit.com</a>	
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	The total workforce of Nykredit is represented.	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	CSR Report, Key figures	
G4-DMA	Training and education.	In 2011 new rules were introduced requiring financial companies to ensure and prove that advisers have the necessary skills to advise customers on investment products and financial instruments.  Nykredit's compulsory training programme ensures that advisers have a high level of expertise and that such expertise is translated into sound advice.	

GRI	Disclosure	Description/Reference	External Assurance
		A wide range of internal and external courses and training programmes ensure continuous development of staff skills. Nykredit makes an effort to spot talent and offer talent programmes for advisers, specialists and managers. <a href="http://www.nykredit.dk">www.nykredit.dk</a>	
G4-DMA	Diversity and equal opportunity.	Nykredit aims at staff diversity in terms of gender, age, ethnicity, sexual orientation and flextime jobs.  Nykredit focuses 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. <a href="http://www.nykredit.com">www.nykredit.com</a>	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	CSR Report	
G4-DMA	Equal remuneration for women and men.	Nykredit has an equal wage policy, and statistics on the wage distribution are compiled every year. It is Nykredit's ambition to remunerate based on skills, effort and performance, independently of gender.	
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Nykredit has an equal wage policy, and statistics on the wage distribution are compiled every year. It is Nykredit's ambition to remunerate based on skills, effort and performance, independently of gender.	
	<b>Human Rights</b>		<b>No</b>
G4-DMA	Investment.	CSR Report	
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	CSR Report, Key figures	
FS11	Percentage of assets subject to positive and negative environmental or social screening.	CSR Report	
G4-DMA	Non-discrimination.	Nykredit has adopted the Ten Principles of the UN Global Compact in the areas of human rights, labour standards, environment and anti-corruption. Businesses should uphold the elimination of discrimination in respect of employment and occupation.  Nykredit aims to be a workplace that accommodates staff and managers of different ages and sexual orientation, of both genders and with different ethnic and religious backgrounds. <a href="http://www.nykredit.com">www.nykredit.com</a>	
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	None reported	
G4-DMA	Freedom of association and collective bargaining.	Nykredit has adopted the Ten Principles of the UN Global Compact in the areas of human rights, labour standards, environment and anti-corruption. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. <a href="http://www.nykredit.com">www.nykredit.com</a>	
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	CSR Report	
G4-DMA	Supplier human rights assessment.	Nykredit has adopted the Ten Principles of the UN Global Compact in the areas of human rights, labour standards, environment and anti-corruption. Businesses should support and respect the protection of internationally proclaimed human rights and make sure that they are not complicit in human rights abuses.  The procurement practice of the Nykredit Group should support the overall strategy and goals. Contracts are made in accordance with the law and in line with the policies on Corporate Social Responsibility (CSR). CSR Report	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	CSR Report, Key figures	



GRI	Disclosure	Description/Reference	External Assurance
<b>Society</b>			<b>No</b>
G4-DMA	Local communities.	CSR Report	
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	www.nykredit.com	
FS13	Access points in low-populated or economically disadvantaged areas by type.	CSR Report Fact Book, Mortgage lending by geography	
G4-DMA	Anti-corruption.	Nykredit's anti-corruption policy sets out the principles for Nykredit's approach to countering any form of corruption. The risk of corruption at the Nykredit Group is assessed as low, as Nykredit is a Danish-based financial services group with relatively few foreign customers and operating mainly in Scandinavia and the EU. www.nykredit.dk	
G4-SO4	Communication and training on anti-corruption policies and procedures.	All new staff members are trained in measures to combat money laundering. All staff must follow the Nykredit Code of Conduct.	
G4-DMA	Public policy.	Nykredit does not provide direct or indirect financial support to politicians or political parties.	
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	Nykredit does not provide direct or indirect financial support to politicians or political parties.	
G4-DMA	Supplier assessment for impacts on society.	The procurement practice of the Nykredit Group should support the overall strategy and goals. Contracts are made in accordance with the law and the policies on Corporate Social Responsibility (CSR) and the environment.	
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	CSR Report, Key figures	
<b>Product Responsibility</b>			<b>No</b>
G4-DMA	Product and service labelling.	It is important that customers have a positive experience when dealing with Nykredit. Nykredit wants to offer its customers the best and most competent advice in the market. Under Nykredit Certification, all customer-facing staff undergo a structured development programme providing them with training that goes beyond the requirements of Danish law.  Nykredit regularly ask customers about their expectations regarding Nykredit's advisers, products and services and whether their experience matches those expectations. www.nykredit.dk	
G4-PR5	Results of surveys measuring customer satisfaction.	CSR Report, Key figures	
G4-DMA	Customer privacy.	Security has top priority in the financial sector in general. The sector as a whole acknowledges the fact that in this area we are not competitors but have a shared interest in maintaining maximum security at national level.  Threats are monitored closely, and cooperation across the financial sector involves internal as well as external experts. Nykredit participates actively in this sector cooperation and complies with the security rules laid down by Finance Denmark for self-service solutions.  We conduct annual penetration tests, where an external expert attempts to hack into our systems.	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	For the total number of complaints, see the CSR Report, Key figures. Nykredit also has a more detailed list of complaints broken down by category.	
G4-DMA	Compliance.	Nykredit acts in compliance with laws and regulations. Under Nykredit Certification, all customer-facing staff undergo a structured development programme providing them with training that goes beyond the requirements of Danish law.	
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		

## Financial services sector disclosures

GRI	Sector Specific Aspects & Indicators	Reported DMA & Indicators	External Assurance
	<b>Product Responsibility</b>		<b>No</b>
G4-DMA	Product portfolio.	<p>Considering Nykredit's market share of the Danish mortgage market of around 41%, future measures in the construction area will significantly impact Nykredit's activities as well as our customers' financial positions. Nykredit therefore wishes to contribute to meeting the challenges of the coming years – by providing support for the solutions needed by society as well as changing our own conduct.</p> <p>Nykredit develops concepts, products and advisory services stimulating the environmental and climate awareness and investments of our customers and primary stakeholders. www.nykredit.dk</p>	
FS6	Percentage of the portfolio for business lines by specific region, size (eg micro/SME/large) and by sector.	Fact Book	
G4-DMA	Audit.	<p>Nykredit Realkredit A/S is subject to financial regulation, an internal audit function has been set up in the Nykredit Group.</p> <p>Nykredit Realkredit A/S has set up a joint Audit Board for all the companies within the Nykredit Group that are obliged to set up such a board. The Board of Directors and the Audit Board meet with the independent auditors at least once a year without the attendance of the Executive Board. www.nykredit.com</p>	
G4-DMA	Active ownership.	<p>A changing society needs sound financial enterprises to foster changes and secure sustainable short and long-term financial solutions. As a market player, Nykredit's business concept is financial sustainability.</p> <p>When we receive confirmed information on breach of conventions etc, we take active ownership of the relevant company in order to make it change its conduct. We may cooperate with other investors, or we may choose to cast our vote at the company's annual general meeting. www.nykredit.com</p>	
FS11	Percentage of assets subject to positive and negative environmental or social screening.	CSR Report, Key figures	

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