

Nykredit Portefølje Administration Sustainable Investment Policy

Our ambition to benefit society and create long-term value for our customers guides our investment, advisory and general business practices. Nykredit is both committed and uniquely positioned to help solve the challenges faced by society and to make a difference. Nykredit wants to be the customer-owned, responsible financial provider for people and businesses all over Denmark. We aspire to be strong custodians of capital and society, for current and future generations. We believe this is how we achieve the best results – for our customers and the world around us.

Purpose

This policy sets the framework for our work with sustainable investment and environmental, social and governance issues, commonly referred to as ESG. Nykredit Portefølje Administration provides fund administration services to a number of pension funds, investment managers and investment funds. These funds make investments on behalf of their respective clients and therefore have their own policies to match them.

Nykredit Portefølje Administration offers its insights and expertise to help our administration clients realise our common ambition of contributing to resolving societal challenges. This policy describes how Nykredit Portefølje Administration wants to contribute to sustainable development and respect for international guidelines and conventions.

Nykredit wants to invest in alignment with the Paris Agreement and contribute to reaching the UN Sustainable Development Goals (SDGs). We share this ambition with many of our fund administration clients, and Nykredit Portefølje Administration therefore offers its expertise to its customers in that respect.

Nykredit Portefølje Administration also seeks to do its utmost to facilitate new administration solutions specifically targeted at investments that will push the green transition in the right direction. Examples include solutions for investments in alternatives, green bonds or other instruments. This way, Nykredit Portefølje Administration wants to facilitate investments within the EU taxonomy.

Nykredit has adopted international standards and committed to collaboration

Nykredit supports and collaborates with a number of organisations and frameworks that are aligned with our own sustainability approach.

Nykredit adopted the UN Principles for Responsible Investments (UN PRI) in 2009 and has continued working with the six principles in our processes. In addition to this, Nykredit plays an active role in further developing methods in the area of responsible investment.

Nykredit has endorsed the UN Global Compact since 2008 and was one of the founding members of the UN Principles for Responsible Banking in 2019. Furthermore, Nykredit is a member of Dansif, Eurosif and several trade associations, including Finance Denmark. Also, Nykredit has contributed to and supports the Danish Investment Association's sector recommendations on sustainability. Generally, we consider it important to contribute to the development of sector recommendations and shared methods.

Nykredit Portefølje Administration wants to help our administration clients in their commitment to and work with standards.

Link to Nykredit's Remuneration policy

This Sustainable Investment Policy has a direct link to Nykredit's Remuneration policy. The individual staff member's compliance with the policies of the Nykredit Group, including this one, is one of the cornerstones of the Remuneration policy. Nykredit's ambition to be Denmark's leading customer-owned, responsible financial provider also plays a key role, and this policy has ties with Nykredit's Corporate Responsibility Policy. Nykredit has formulated ESG key figures focused on climate footprint, sustainable solutions as well as customers' and staff's views of Nykredit's performance in terms of sustainable investment. Some Nykredit staff members have bonus schemes or may receive performance awards, and in both cases, the determination is based partly on this policy and their sustainable investment performance. Nykredit's remuneration policy is available at Nykredit's website.

Link to other policies

Nykredit Portefølje Administration has set minimum standards in a number of areas, which apply to our business, and which are also of relevance in this context. For example, Nykredit Portefølje Administration complies with Nykredit's tax policy, which sets out to counter tax evasion. Nykredit Portefølje Administration is also making a keen effort to ensure that our administration clients comply with EU sanctions.

Help to include the aspects of sustainability in the funds

Nykredit Portefølje Administration wants to help its administration clients invest within the framework of international agreements and Danish standards for responsible investment. Nykredit Portefølje Administration has a diverse investor base with different investment motives and invests in highly different markets and asset classes. Nykredit Portefølje Administration therefore wants to offer investors a broad range of solutions and flexibility in responsible investment methods. All investment funds share a wish for integrity and transparency of issues, solutions and results.

Nykredit Portefølje Administration helps our administration clients meet the minimum recommendations for sustainable investments issued by Finance Denmark, also with respect to the annual reporting of these funds.

In this connection, Nykredit Portefølje Administration offers quarterly screening of the administered investment funds for issuers' activities in breach of widely recognised UN conventions, the Ten Principles of the UN Global Compact or the OECD's Guidelines for Multinational Enterprises. At the same time, ESG-related risks are assessed. As part of this process, the climate footprint of the investment funds is assessed, provided that available data from

issuers so permits. The results of these analyses are shared with the individual fund managers charged with acting on such information in accordance with the guidelines of the individual investment funds.

Nykredit Portefølje Administration also assists in handling any breach of international standards. This also involves ensuring compliance with Danish recommendations to not invest in companies involved in the manufacturing of controversial weapons, defined as cluster weapons, landmines, bio-weapons, chemical weapons and nuclear weapons to countries that are not covered by the UN Treaty on the Non-Proliferation of Nuclear Weapons.

Generally, the individual investment fund managers are responsible for any active stewardship activities, but Nykredit Portefølje Administration may also offer its assistance in this respect. The purpose of voting should always be to secure a company's long-term value creation and thereby the investment of our investors. The Fund exercises its vote solely for the purpose of ensuring the highest potential return for investors. Having the most knowledge of the companies, the investment managers are tasked with casting Nykredit's votes in accordance with a fund's policy.

In its prospectus, the individual investment fund describes the specific procedures for handling of breach of international standards and inclusion of ESG-related risks in the investment process. If an investment fund includes futures, derivatives or similar instruments, it will as a general rule choose a version which does not involve controversial weapons and which otherwise meets the guidelines of the investment fund. Cases where this is not possible must be reported to the board of directors.

At least once a year, Nykredit Portefølje Administration collects information on behalf of individual funds' board of directors from the investment fund managers on their efforts in the area of responsible investment, their active stewardship and the actions taken by the investment manager on the basis of quarterly screenings of the investment funds. This information may be included together with the results of any quarterly screenings in the fund's annual corporate responsibility report. This report is presented together with the annual report and published on the website of the funds.

Due diligence and Nykredit Portefølje Administration's data providers

The preconditions for investing with the aim to create value and benefit society are knowledge and the ability to execute. In this context, high quality data and reliable service providers play an important role. Nykredit Portefølje Administration obtains data from a variety of sources via Nykredit. Nykredit receives information from investee companies and combines it with information from public sources such as authorities, international organisations, NGOs and, of course, the media. In addition to this, Nykredit buys data and research from stock brokers and specialised providers of sustainability databases. Insights from these sources may be included in the investment process and the active stewardship through engagement with the company and voting. The latter is executed through our service providers by proxy voting and active stewardship.

Nykredit regularly assesses the suppliers and service providers' ability to supply valid data, accurate research and, in relation to engagements, to deliver on Nykredit's requests. At least once a year, we evaluate the quality of the services and collaboration. Nykredit's website and our annual reports contain a list of our current service providers.

Transparency

Nykredit Portefølje Administration reports on its actions and results thereof on an annual basis. In this connection Nykredit Portefølje Administration will report on the negative consequences of the investments administered as well as the climate footprint. Nykredit Portefølje Administration will also report on the exposure of the assets under administration to the EU taxonomy.

Organisation and reporting

The Board of Directors of Nykredit Portefølje Administration approves the company's Sustainable Investment Policy, which is subject to annual updates. The Board of Directors is briefed at least annually on Nykredit's corporate responsibility activities, often at the time of publication of the statutory corporate responsibility report.

Nykredit Portefølje Administration participates in Nykredit's Sustainable Investment Forum, which decides issues concerning the implementation of Nykredit's overall Sustainable Investment Policy for investment funds related to Nykredit. The Forum meets four times a year to decide on active stewardship and exclusions, and to further integrate sustainability in the investment process. Nykredit's Head of Wealth Management is the Chair of the Sustainable Investment Forum, and other members are representatives of Asset Management, Group Finance and Investment, Nykredit Portefølje Administration and People & Identity. The policy is put into practice by the relevant business units, including Asset Management, which submit recommendations for decision. On an annual basis, Nykredit's Sustainable Investment Forum and the Board of Directors of the individual investment funds evaluate the need for and the efforts made with respect to developing the overall policy. Against this background, Nykredit Portefølje Administration assesses whether any revision of the company's Sustainable Investment Policy is required.

Conflicts of interest

From time to time, Nykredit Portefølje Administration may encounter conflicts of interest in respect of fulfilling its stewardship responsibilities. To ensure that such situations are addressed correctly, they are covered by Nykredit's Conflicts of interest policy.

With a view to treating all customers in an honest, fair and professional manner, Nykredit has initiated the following procedures and precautions to identify situations in which conflicts of interest or suspicions thereof may arise and to avoid these:

1. Business procedures containing provisions to the effect that all staff members must always pay attention to potential and actual conflicts of interest and endeavour to avoid them.
2. Internal training and instruction of relevant staff to identify potential conflicts of interest and endeavour to avoid them.
3. The assignment of responsibilities with staff members in order to ensure that actual and potential conflicts of interest are reported to their supervisors and the compliance function and treated at the appropriate level.

When conflicts of interest in respect of active stewardship are identified, managers and the compliance function will be notified. The Boards of Directors of affected investment funds will be informed about the conflict of interest and

the way it has been handled to safeguard the fund's interests. Nykredit's Conflicts of interest policy is available at Nykredit's website.

The policy also covers voting.

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