

Nykredit

31 May 2024

Scope 1 and 2: Nykredit commits to reduce absolute scope 1 and 2 GHG emissions 85% by 2030 from a 2021 base year.*

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Scope 3 Portfolio Targets

Headline target: Nykredit's portfolio targets cover 77% of its total investment and lending by total balance sheet assets and assets under management as of 2022¹. As of that year, required activities made up 23% of Nykredit's total investment and lending by total balance sheet assets and assets under management while optional activities made up 70% and out of scope activities made up 7%.

Scope 3 asset class level targets

Asset class	Method	Target language
Residential mortgages	Sector Decarbonization Approach (SDA)	Nykredit commits to reduce its mortgage portfolio GHG emissions 70% per square meter by 2030 from a 2021 base year.
Corporate loans: residential real estate	SDA	Nykredit commits to reduce its residential real estate loan portfolio GHG emissions 70% per square meter by 2030 from a 2021 base year.
Corporate loans: commercial real estate	SDA	Nykredit commits to reduce its commercial real estate loan portfolio GHG emissions 70% per square meter by 2030 from a 2021 base year.
Corporate loans: other	Portfolio Coverage	Nykredit commits to 75% of its corporate loan portfolio by financed emissions within the transportation and manufacturing sectors setting

¹These targets and coverage include third-party asset management activities. These targets and coverage % do not include assets under administration. Assets under administration activities made up 23% of total investment, lending, and asset management activities by total balance sheet assets, assets under management and assets under administration.

		SBTi validated targets by 2028 from a 2022 base year.
Listed equity	Temperature Rating	<p>Nykredit commits to align its scope 1 + 2 portfolio temperature score by total portfolio value² within its listed equity portfolio from 2.76°C in 2022 to 2.42°C by 2028.</p> <p>Nykredit commits to align their scope 1 + 2 + 3 portfolio temperature score by total portfolio value² within its listed equity portfolio from 2.76°C in 2022 to 2.42°C by 2028.</p>
Corporate bonds	Temperature Rating	<p>Nykredit commits to align its scope 1 + 2 portfolio temperature score by total portfolio value² within its corporate bond portfolio from 2.92°C in 2022 to 2.53°C by 2028.</p> <p>Nykredit commits to align their scope 1 + 2 + 3 portfolio temperature score by total portfolio value² within its corporate bond portfolio from 3.02°C in 2022 to 2.60°C by 2028.</p>
Mortgage bonds	SDA	Nykredit commits to reduce its real estate mortgage bond portfolio GHG emissions 44% per square meter by 2028 from a 2022 base year.

Summary

Nykredit will implement the following strategy and actions to achieve its targets:

Nykredit's toolbox contains several different elements. Nykredit finances and offers advice on the green transition and makes it easier and more affordable for the customers to make greener choices – thanks in part to a green contribution from the Group's majority shareholder Forenet Kredit, which is applied to provide strong value propositions to support Nykredit's customers' green transition. Nykredit will engage with the Group's customers about their plans and how Nykredit may support their green transition, and Nykredit will exercise active ownership of investee companies. At the same time, Nykredit imposes requirements to ensure that customers support the green transition and address relevant risks.

Nykredit's customer-facing actions may be divided into four categories:

- **Value propositions.** Loans for and investment in assets that contribute to the green transition and green benefits that incentivize customers to make green choices.

² Total portfolio value equals invested value and assets under management.

- **Dialogue and active ownership.** Proactive dialogue with customers about their green transition plans and need for financing. Active ownership of investee companies.
- **Requirements and product terms.** Policies, prices and product terms that reflect Nykredit's ambitions and climate-related risks.
- **Partnerships.** With business and industry organisations, NGOs, authorities and other stakeholders.

Key initiatives are listed in the chart, which can be found in Nykredit's [Corporate Responsibility Report 2023](#) on page 33. In addition to the customer-facing initiatives described in the chart, Nykredit is incorporating the climate targets into the Group's strategy, risk management, credit assessments and business decisions.

On the asset management side, Nykredit is also taking further measures to ensure the long-term decarbonization of Nykredit's investments:

- Active ownership of fossil companies and high-emission companies
- Active engagement with mortgage bond issuers
- More green investments
- Climate-related benchmarks
- Exclusion of companies without a reliable, Paris-agreement aligned transition plan

About the SBTi

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

We develop standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest.

The SBTi is incorporated as a charity, with a subsidiary which will host our target validation services. Our partners are CDP, the United Nations Global Compact, the We Mean Business Coalition, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF).