

## 1. Extract of declaration

Almost every human activity may have an adverse impact on our planet and our society. Driving a car to work has a significantly greater adverse impact on the climate than riding a bike but even the healthy solution requires that materials are extracted and a bike is produced. Similarly, investments contribute to financing activities which to varying degrees have an adverse impact on society. Via investments you can try to contribute to reducing the adverse impact of your investments on society and thereby help channeling investments away from companies which are not working with sustainability to a satisfactory degree.

At the Jyske Bank Group we want to consider the impact on society of the companies we invest in. We do this by involving sustainability factors when we make investment decisions on financial products on behalf of clients. Sustainability factors mean factors relating to environmental, social and governance issues and issues relating to respect for human rights and combating of bribery and corruption (ESG factors).

The Group has at present given priority to consider the investment portfolios' adverse CO<sub>2</sub> emission. From 2019 to 2020, the CO<sub>2</sub> footprint (carbon footprint) of the investment portfolios was reduced by 30%.

This declaration describes how Jyske Bank A/S considers adverse impacts on ESG factors when the Bank makes decisions on investment decisions on behalf of asset management clients and how Jyske Invest Fund Management A/S (JIFM) considers adverse ESG factors when the investment management company makes investment decisions on behalf of investors in the investment funds under management. JIFM has delegated investment advisory services to the asset management unit at Jyske Bank but is still responsible for the investment decisions and monitors the advisory services on an ongoing basis.

The declaration is effective from 30 June 2021 and will be updated regularly, as a minimum once a year.

## 2. Description of adverse impact on ESG factors

When we make investment decisions, we want our clients to be assured that we have a structured approach to our work on reducing the adverse impact of investments on ESG factors. Investment portfolios in Jyske Bank cannot on their own ensure that the goals of the Paris Agreement are met, but we want to be an active participant in the growing trend towards more sustainable investments. We want to include sustainability where it makes sense to both the surrounding world and the return. The first step in reducing the adverse impact of our investments is to understand which adverse impacts our investments have.

### ***Adverse impact on CO<sub>2</sub>***

In the Jyske Bank Group's work on integrating ESG factors we have selected a special focus on the investment portfolios' CO<sub>2</sub> emission. The total emission of greenhouse gasses (GHG) in our clients' investment portfolios has fallen from 914 to 619 thousand tonnes CO<sub>2</sub> from 2019 to 2020. At the same time, our CO<sub>2</sub> footprint (carbon footprint) has fallen by 30%.

**Table 1: List of investment portfolios' emission of greenhouse gasses and CO<sub>2</sub> footprint (carbon footprint) in 2020 and 2019**

| Adverse sustainability indicator              | Ratio                                | End of 2020 | End of 2019 |
|---|--------------------------------------|-------------|-------------|
| GHG emission tonne CO <sub>2</sub> e          | Scope 1+2 GHG emission               | 464.836     | 746.208     |
|   | Scope 3 GHG emission (covered bonds) | 154.412     | 167.887     |
|   | Total GHG emissions                  | 619.248     | 914.095     |
| Carbon footprint tonne CO <sub>2</sub> /m DKK | Carbon footprint                     | 5,6         | 7,99        |

The largest emission of greenhouse gasses is attributable to our clients' investments in equities and corporate bonds. It has therefore been a special focus area to integrate company-specific CO<sub>2</sub> data in our investment processes to regularly control and assess these data. The reduction in CO<sub>2</sub> emission is primarily attributable to our decision that if two investments within the same sector are expected to yield the same return, the investment with the lowest CO<sub>2</sub> footprint is selected.

A considerable portion of our investment portfolios is placed in covered bonds, including Danish mortgage bonds. This asset class has a considerably lower CO<sub>2</sub> footprint than equities and corporate bonds. In the asset class of Danish covered bonds, the adverse impact on the climate primarily comes from financing of coastal and sea transport via bonds issued by the Ship Credit Fund of Denmark.

A description of the calculation methods for the ratios in the table above and data quality scores for how large a share of data that is based on our estimation and company-specific data, respectively, are available in the Jyske Bank Group's impact analysis covering both investment and lending activity (found [here](#)). The Jyske Bank Group's total impact analysis also contains information on the Group's positive impact on ESG factors.

### **Other ESG factors**

In addition to the investment portfolios' total CO<sub>2</sub> emission, we also look at other factors like ESG ratings, violation of international norms and conventions and the UN's Sustainable Development Goals. We have a target of increasingly integrating relevant sustainability data methodically in our invest processes, and as the data quality of ESG ratios increases, we have an ambition to increase the number of ESG factors which we consider.

### ***Planned actions***

In the coming year, we expect to work on formulating explicit CO<sub>2</sub> reduction targets for the investment area and increasing integration of CO<sub>2</sub> for investment portfolios with mortgage investments.

## **3. Description of policies to identify and prioritise adverse impacts on ESG factors**

We prioritise our adverse impacts on ESG factors based on two primary factors:

*Where do our efforts have the highest effect?*

Where do our efforts have the highest effect? We prioritise indicators based on which challenges are particularly relevant for the sectors in which we invest. For assessment of which sustainability themes are particularly relevant for a given sector, we use information from our dialogue with external business partners and tools, including the sector impact map in the UN's Impact Tool. Read more about the tool [here](#).

*Which sustainability indicators are important to our investors?*

We presently use publicly available analyses of the Danes' view of sustainability and our knowledge from client dialogues about the clients' requirements in connection with sustainability and investment. In the coming years, we expect to launch tools which will enable us to collect knowledge methodically about our clients' preferences.

### ***How are ESG factors assessed***

Jyske Bank will arrange that investment portfolios are monitored on an ongoing basis with the purpose of reducing the adverse impact of prioritised ESG indicators.

Jyske Bank regularly screens the companies for violation of international norms and conventions. Often, we find that dialogue is the most appropriate approach to influence companies to change their behaviour. We will therefore typically open a dialogue with the company, and if, for an extended period, no progress has been made, the Bank's Committee for responsible and sustainable investments will make a decision on exclusion and sale.

In addition, Jyske Bank's asset management unit regularly receives CO<sub>2</sub> ratios for the individual companies in the investment portfolios. In this connection, employees will assess the portfolio's

CO<sub>2</sub> against the CO<sub>2</sub> emission for relevant reference portfolios. If a company is assessed to have significantly adverse impacts on prioritised ESG factors, the Bank's procedures for norm-based screening are followed.

## 4. Summary of policies of active ownership

The Jyske Bank Group considers active ownership a key element of sustainable investment management. By active ownership is understood that investors attempt to affect the companies in which they invest.

As an active investor Jyske Bank is, for instance, through an external adviser in ongoing dialogue with companies about activities violating international conventions and norms, including cases relating to human rights, employee rights, environmental issues and business ethics. Jyske Bank cooperates with other investors to practice active ownership in relation to companies with ESG challenges in order to achieve as much influence as possible.

In certain situations Jyske Bank also attempts to practice active ownership through the exercise of voting rights. This will typically take place in dialogue with other investors to achieve the highest possible effect of the voting.

The Jyske Bank Group's work on responsible and sustainable investments, including focus on active ownership, is described in our policies for sustainable and responsible investments, which are published at Jyske Bank and Jyske Invest's websites.

## 5. Reference to international standards

We have agreed to the following international norms and conventions:

- UN Principles for Responsible Investment (PRI)
- UN Principles for Responsible Banking
- UN Global Compact

In addition, investment at the Jyske Bank Group is based on relevant international norms and conventions, including but not limited to:

- UN Universal Declaration of Human Rights
- UN Sustainable Development Goals
- ILO Declaration of Fundamental Principles and Rights at Work
- OECD Guidelines for Multinational Companies