

## Statement on the principal adverse impacts of investment decisions on sustainability factors

**Financial market participant** Jyske Bank A/S (3M5E1GQGKL17HI6CPN30)

### Summary

Jyske Bank A/S (3M5E1GQGKL17HI6CPN30) considers the principal adverse impacts on sustainability factors in its investment decisions. This statement is the consolidated statement on the principal adverse impacts on sustainability factors from Jyske Bank A/S and its subsidiaries, i.e. Jyske Invest Fund Management A/S and Handelsinvest Investeringsforvaltningsselskab A/S as regards investment. The Group's overall impact analysis for both investment, lending and own banking operations is available at [jyskebank.dk](https://www.jyskebank.dk).

This statement on the principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023.

The sustainability factors involve environmental, social or employee matters as well as matters regarding respect for human rights, anti-corruption and anti-bribery. This report outlines how we consider impacts on these factors in our investment decision-making process. The statement reports on 18 mandatory and 2 voluntary indicators for adverse impacts on sustainability factors (PAI indicators). In addition, it is disclosed which actions have been taken and planned as well as which targets have been set for each specific indicator.

Jyske Bank gives priority to three PAI areas, which are found to have the highest priority of adverse impacts on investment made on behalf of our clients. For 2024, we have given priority to greenhouse gas emissions (PAI 1-6), biodiversity (PAI 7) and norms (PAI 10-11). The specific areas that are believed to be relevant to the overall Group, in terms of investment, lending and own banking operations, will be incorporated in the Group's CSRD disclosures.

Our disclosures are published on an annual basis. Our disclosures for the year 2024 will be published on or before 30 June 2025.

## **Summary**

Jyske Bank A/S (3M5E1GQGKL17HI6CPN30) considers the principal impacts on sustainability factors in its investment decisions. This statement is the consolidated statement on the principal adverse impacts of investment decisions on sustainability factors from Jyske Bank A/S and its subsidiaries, ie Jyske Invest Fund Management A/S and Handelsinvest Investeringsforvaltningsselskab A/S.

This statement on the principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023.

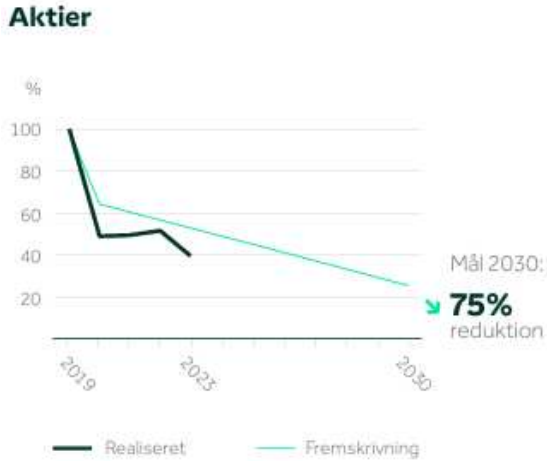
The sustainability factors are environmental, social or employee matters as well as matters regarding respect for human rights, anti-corruption and anti-bribery. In this statement, it is explained how we consider impacts on these factors in our decision-making process. The statement reports on 18 mandatory and 2 voluntary indicators for adverse impacts on sustainability factors (PAI indicators). In addition, it is disclosed which actions have been taken and planned as well as which targets have been set for each specific indicator.

The reporting is released on an annual basis. The reporting for the year 2024 will be released no later than 30 June 2025.

**Description of the principal adverse impacts on sustainability factors**

**Indicators applicable to investments in investee companies**

Indicators for adverse impact on sustainability	Parameter	Impact 2023	Impact 2022	Explanation	Actions taken, actions planned and targets set for the next reference period	
<b>Climate and other environment matter indicators</b>						
GHG emissions	1. GHG emissions	Scope 1 GHG emissions	314,255	321,487	Data coverage = 95%	<p><b>Policy</b></p> <p>The Jyske Bank Group’s policy for responsible and sustainable investments excludes companies of which more than 5% derives from thermal coal and tar sand activities from our investment universe. Furthermore, we offer selected clients investment solutions that exclude fossil fuels. The exclusions involve PAI 4 and reduces PAI 1, 2 and 3, all things being equal.</p> <p>In 2024, we are planning to announce a policy for fossil fuels.</p> <p><b>Climate goal</b></p> <p>In the Jyske Bank Group, we have committed ourselves to a long-term goal of becoming net carbon-neutral by 2050 on</p>
		Scope 2 GHG emissions	81,480	73,191	Data coverage = 95%	
		Scope 3 GHG emissions	2,370,848	2,111,740	Data coverage = 95%	
		GHG emissions in total	2,766,583	2,506,418		
	2. CO <sub>2</sub> footprint	CO <sub>2</sub> footprint	150.62	180.50	Data coverage = 95%	

3. GHG intensity of investee companies	GHG intensity of investee companies	681.24	988.90	Data coverage = 97%	<p>investments made on behalf of our clients. We have co-signed the Net Zero Asset Managers Initiative. Jyske Bank has defined "near term" climate goals via reduction targets for 2030 on stocks and mortgage bonds. We aim to reduce our equity investments by 75% by 2030 compared to 2019. At year-end 2023, the carbon footprint of our equity investments had been reduced by 60%. The CO<sub>2</sub> reduction target has been defined pursuant to PAI 2.</p> <p>For additional information on our CO<sub>2</sub> reductions, go to <a href="https://www.netzeroassetmanagers.org/signatories/jyske-capital/">https://www.netzeroassetmanagers.org/signatories/jyske-capital/</a></p>
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	7.21	9.73	Data coverage = 97%	
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and production of non-renewable energy from non-renewable energy sources of investee companies compared to renewable energy sources, expressed as a percentage of total energy sources	66.85	74.52	Data coverage = 83%	
6. Energy consumption intensity per high-impact climate sector	Energy consumption in Gwh per million EUR of revenue of investee companies, per high impact climate sector	A: 0.26 B: 1.06 C: 0.58 D: 4.94 E: 1.35 F: 0.13 G: 0.32 H: 0.94	A: 0.28 B: 1.46 C: 0.94 D: 6.17 E: 1.20 F: 0.61 G: 0.29 H: 1.93 L: 0.38	Data coverage in total = 41% A: 0.0% B: 1.1% C: 28.0% D: 1.9% E: 0.5% F: 0.4% G: 5.8% H: 2.4% L: 0.9%	 <p><b>Action</b></p> <p>Jyske Bank practises active ownership. We are a member of Climate Action 100+, through which we practice engagement towards some of the largest CO<sub>2</sub> emitters. We have an engaging dialogue on climate matters with Danish mortgage issuers at least once a year.</p>

			L: 0.34 <sup>1</sup>			By integrating CO <sub>2</sub> observations in its investment decisions, Jyske Bank has once again in 2023 ensured an equity and mortgage bond CO <sub>2</sub> intensity below that of its CO <sub>2</sub> pathway.
Biodiversity	7. Activities adversely impacting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies adversely impact those areas	0.03	0.02	Data coverage = 97%	In 2023, Jyske Bank exercised, and in 2024 it plans to exercise, engagement as regards biodiversity by means of two engagement bundles from Sustainalytics under the headline 'Future food supplies' and 'Sustainable forestry and finance'.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	28.90	37.87	Data coverage = 9%	In 2023, Jyske Bank exercised, and in 2024 it plans to exercise, engagement as regards water by means of an engagement bundle from Sustainalytics under the headline 'Managing water resources'.  Jyske Bank observes emissions to water (PAI 8) for selected stock market strategies by means of threshold limits
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1.20	1.40	Data coverage = 35%	In 2023, Jyske Bank exercised, and in 2024 it plans to exercise, engagement as regards waste by means of an engagement bundle from Sustainalytics under the headline 'Responsible cleantech'.  Jyske Bank observes PAI 9 for selected stock market strategies by means of threshold limits

<sup>1</sup> A = Agriculture, forestry and fishing, B = Raw material extraction, C = Industry, D = Electricity, gas and heating supply, E = Water supply, F = Building and construction, G = Trade and auto repair, H = Transport and storage, L = Real property.

**Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

Social and employee matters	10. Violations of the UN Global Compact principles and the Organisation for Economic Cooperation and Development (OECD's) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises	0.29	0.42	Data coverage = 97%	<p><b>Policy</b></p> <p>Jyske Bank's policy for responsible and sustainable investment excludes investments in controversial weapons and takes a stand on the violation of norms. For additional information, go to <a href="https://www.jyskebank.dk/privat/investering/investeringsinfo">https://www.jyskebank.dk/privat/investering/investeringsinfo</a></p> <p><b>Action</b></p> <p>During 2023, Jyske Bank participated along with other investors in Sustainalytics' norm-based engagement program comprising 151 engage cases regarding the violation of international conventions and norms, of which 142 were still pending at year-end 2023. 95 of these cases concern human rights and labour rights, 23 concern environmental matters and 24 concern business ethics.</p>
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.00	48.18	Data coverage = 97%	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	11.74	11.48	Data coverage = 27%	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	36.41	34.91	Data coverage = 97%	

	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00	0.00	Data coverage = 97%	14: In our own portfolio management, Jyske Bank consequently excludes companies that have activities that can be related to controversial weapons: Anti-personnel mines, cluster weapons and nuclear weapons (where the UN Treaty on the Non-Proliferation of Nuclear Weapons is violated).
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**Indicators applicable to investments in sovereigns and supranational organisations**

Adverse sustainability factors		Parameter	Impact 2023	Impact 2022	Explanation	Actions taken in 2023 and actions planned for 2024
Environmental	15. GHG intensity	GHG intensity of investee countries	600.85	689.13	Data coverage = 91%	
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in	3 countries 4.2%	6 countries	Data coverage = 91%	

		international treaties and conventions, United Nations principles and, where applicable, national law				
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Jyske Bank gives priority to three PAI areas, which are found to have the highest priority of adverse impacts on investment made on behalf of our clients. For 2024, we have given priority to greenhouse gas emissions (PAI 1-6), biodiversity (PAI 7) and norms (PAI 10-11).

The specific PAI indicators identified and prioritised for use in relation to specific financial products depend on e.g. the investment strategy and data quality of the product.

For financial products that have obligated themselves to a minimum share of sustainable investments, the sustainable investments will be regularly monitored, in order to ensure their consideration of all 14 PAI indicators listed in the table above.

**Description of policies to identify and prioritise principal adverse impacts on sustainability factors**

**Governance**

The Jyske Bank Group’s policy to identify and prioritise principal adverse impacts on sustainability factors define the framework for the Group’s work on identifying and prioritising principal adverse impacts on sustainability factors. Both the Supervisory Board of Jyske Bank A/S and the Supervisory Board of Jyske Invest Fund Management A/S approve the policy and set out its main guidelines on an annual basis.

The Sustainability Committee of Jyske Bank A/S most recently approved this policy on 04.06.2024.

The Supervisory Board of Jyske Invest Fund Management A/S most recently approved this policy on 21.06.2024.

The annual review and recommendation of the Group policy to identify and prioritise principal adverse impacts on sustainability factors are rooted in the Bank’s Forum for Responsible and Sustainable Investments (FRSI). Decisions of the committee for responsible and sustainable investments are passed on as advisory services to Jyske Invest Fund Management A/S.

At Jyske Bank A/S, the chairperson for FRSI is responsible for policy compliance. At Jyske Invest Fund Management A/S, the Investment and Sustainability Manager is responsible for policy compliance.

### **Identification and prioritisation of the principal adverse impacts**

It is our impression that financial players, via their overall investments, and especially via corporate investments, are in a great position to impact sustainability-related matters.

We identify potential adverse impacts by calculating the mandatory and selected PAI indicators.

The prioritisation of Jyske Bank's principal adverse impacts as regards investments made on behalf of our clients is based on:

- Being aware of requests made by stakeholders, such as clients, staff members and NGOs.
- The sustainability targets that we have defined, resulting from e.g. the national and international obligations and voluntary initiatives to which we are committed.
- Whether the PAI indicators are assessed to be high/medium or low, as regards the likelihood and severity of the impact, with the severity being rated by the scale, extent and irreparable damage of the impact, in accordance with the procedures laid down in the OECD guidelines for Multinational Enterprises.

Three PAI areas are selected once a year, which we find to have principal adverse impacts on investments made on behalf of our clients.

### **Methods and data sources**

Jyske Bank makes use of internal as well as external tools to assess the impact of its portfolios on sustainability factors. The table below presents data sources and any margin of error for each indicator

<b>Indicator</b>	<b>Data source</b>	<b>Margin of error</b>
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GHG emissions (companies and sovereigns)	MSCI	Figures are based on a combination of recorded and estimated data. Scope 3 is based on estimation method that may be flawed
GHG emissions (mortgage credit institutions)	Jyske Bank	Based on principles in CO2 model composed by Finance Danmark and Jyske Bank estimates, which may be flawed
Biodiversity	MSCI	The data quality is considered inadequate, but is expected to be improved concurrently with the CSRD reporting
Water emissions	MSCI	The data quality is considered inadequate, but is expected to be improved concurrently with the CSRD reporting
Waste	MSCI	The data quality is considered inadequate, but is expected to be improved concurrently with the CSRD reporting
Social and employee matters	MSCI	The data quality is considered inadequate, but is expected to be improved concurrently with the CSRD reporting
Violation of the UN Global Compact's 10 principles	MSCI and Sustainalytics	Based on assessment that may be flawed
Exposure to controversial weapons	MSCI and Sustainalytics	Based on assessment that may be flawed
GHG emissions of investee countries	MSCI	Based on assessment that may be flawed
Investee countries subject to social violations	MSCI	Based on assessment that may be flawed
<p>Sustainability data are characterised by a lack of consistent methods. It has been established that various data suppliers score and assess companies differently, also as regards controversial conduct.</p> <p>Hence, a majority of ESG data from companies are provided on a voluntary basis, meaning e.g. large companies with extensive resources are able to provide more detailed sustainability disclosures, resulting in bias indicating that large companies have a better score than small companies. Moreover, problems concerning data quality and data availability exist across regions and asset classes, especially regarding emerging markets and, to some extent, lower-rated mortgage bonds.</p> <p>As regards CO2e figures, it is estimated that the vast majority of the big-name companies report on this matter – typically under scope 1 and 2. Data on CO2e emissions relating to Danish covered bonds are not, however, based on the issuers' own reporting.</p>		
<b>Engagement policies</b>		

As an active investor, the Group is, e.g. via an external financial adviser, in ongoing dialogue with companies about activities that violate international conventions and norms, including cases relating to human rights, labour rights, environmental issues and business ethics. Jyske Bank cooperates with other investors to practice engagement in relation to companies with ESG challenges, in order to achieve as much influence as possible.

The Group also practises engagement by exercising its voting rights. Voting rights will typically be exercised in situations where the voting relates to issues of responsibility and sustainability matters. Jyske Bank's work concerning the exercise of voting rights is based on three focus areas:

1. Voting as a consequence of escalation in company dialogues where the company is not found to change behaviour to a satisfactory degree
2. Voting supports specific proposals on sustainability
3. The company's sustainability risks are considered extraordinarily high

Exercising voting rights considers all PAI, except exposure to controversial weapons, as companies associated with controversial weapons are generally not included in our investment universe. In terms of PAI 12 and 13, regarding unadjusted gender pay gap and board gender diversity, we exercise our voting rights in cases where the company's associated sustainability risks are found to be material and extraordinarily high.

If no improvements as regards engagement are noted over a period of time, companies are excluded. If no reductions of principal adverse impacts are made over more than one reporting period, we will not necessarily increase our engagement in these areas.

The Jyske Bank group's work on responsible and sustainable investments, including its focus on active ownership, is described in our policies for sustainable and responsible investments. The policies for the relevant units are available at [www.jyskebank.dk](http://www.jyskebank.dk) and [www.jyskeinvest.dk](http://www.jyskeinvest.dk)

### **Reference to international standards**

The details below clarify if, and to what extent, Jyske Bank complies with the codes of responsible business ethics and internationally recognised standards for due diligence and disclosure in addition to the extent of adjustments made to the Paris Agreement.

### ***The Paris Agreement***

Jyske Bank has determined long-term targets that align with the Paris Agreement, aiming at achieving net CO<sub>2</sub> neutral investments on behalf of clients by 2050. Our long-term targets cover 100% of the investments made on behalf of our clients. For the medium-long term, the Jyske Bank group has defined reduction targets for stocks and mortgage bonds on behalf of its clients.

We consider our target of a 75% reduction on equity investments by 2030, as measured against our 2019 baseline, to be compliant with the Paris Agreement, as this aligns with the asset owner alliance protocol for climate targets <https://www.unepfi.org/wordpress/wp-content/uploads/2023/01/AOA-Target-Setting-Protocol-Third-edition.pdf>, which concludes that a reduction of more than 50% (40% to 60%) by 2030 is in line with the IPCC 1.5 degree scenarios. Our equity investment target covers around 20% of our AUM.

The development of our methods for assessing reduction targets on mortgage credit portfolios is at an early stage. Jyske Bank has been using CREEM and finds that our 2030 mortgage credit reduction target is aligned with the Paris Agreement, albeit this assessment is subject to significant methodology uncertainty. Our mortgage credit targets cover around 50% of our AUM.

Twice a year, we follow up on our equity and mortgage bond reduction targets in FRSI and subsequently inform the Group Sustainability Committee. Disclosures regarding our targets are made on an annual basis in connection with Jyske Bank's annual report. Our follow-up process uses the key indicator carbon footprint, which is calculated by means of the formulas laid down in the EU regulation on sustainability disclosure and by using MSCI data on public companies as well as data provided by Danish mortgage credit institutions on mortgage bonds. For more information, see the section on methods and data sources.

### ***The OECD guidelines for Multinational Enterprises, the UN Global Compact, the ILO Labour Conventions and the UN Declaration of Human Rights***

Jyske Bank performs regular norm-based screenings of its investment portfolios, with the purpose of complying with universally known norms, such as the OECD guidelines for Multinational Enterprises, the UN Global Compact, the ILO Labour Conventions and the UN Declaration of Human Rights. In all financial products, a minimum of one norm-based screening is performed, with the intention of identifying companies that have been involved with, or have been suspected of being involved with, severe violations of international norms or conventions (PAI 10 in the table above).

We often find that dialogue is the most appropriate approach to influence companies in to changing their behaviour. We will therefore typically enter a dialogue with companies at which a violation of the UN Global Compact principles, the ILO labour standards and the OECD Guidelines for Multinational Enterprises have been observed.

If no progress has been made after some time, the company will be excluded from new investment and securities held in the company will be sold off.

To be more specific, companies with which dialogue has been ongoing for two years, without any progress, will be reviewed by Risk & Sustainability at Jyske Bank's asset management unit, with a view to potentially recommending they be excluded by the FRSI.

After four years without any progress, Risk & Sustainability at Jyske Bank’s asset management unit will recommend the FRSI to exclude the company - except for highly exceptional circumstances.

These highly exceptional circumstances must be documented and approved by the FRSI.

The principles stated above apply to in-house portfolio management. Hence, no screening is performed on investments made in external funds.

**Historical comparison**

PAI 1 is indicating an upward-moving trend, which has partly been driven by an increasing amount of capital. Meaning the absolute volume of financed CO2e has increased. Conversely, PAI 2 and PAI 3 have declined over the period. In this regard, Jyske Bank’s climate focus involving fund-specific reduction targets has contributed to reductions in carbon footprint and carbon intensity.

PAI 7 shows a continued low reading of exposure to activities that adversely impact biodiversity-sensitive areas.

PAI 11: Our data provider has changes its method for assessing PAI 11. The 2022 report required the adoption and annual reporting on UN Global Compact. Our data provider has assessed that this approach was more unnecessarily restrictive. Instead, the assessment now requires for companies to have defined policies that include at least one of the following three areas: human rights, labour rights or anti-bribery. In addition, at least one monitoring system or complaints system must exist for at least one of the above-mentioned areas. The change in methodology explains the large drop in this factor from 2022 to 2023.

PAI 14 is a special focus area that involves regular screenings and exclusions of companies that are involved with controversial weapons. Hence, this figure reflects, as anticipated, the fact that we have no exposure to investments related to controversial weapons.

**Additional climate- and other environment-related indicators**

Adverse sustainability impact	Adverse impact on sustainability factors	Parameter
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Indicators applicable to investments in investee companies		
Climate- and other environment-related indicators		
Indicators applicable to investments in real estate assets		
GHG emissions	18. GHG emissions	Scope 2: 2022: 0.04 tonnes Co2e per million EUR invested 2023: 0.05 tonnes Co2e per million EUR invested  Data coverage: 88%  Total GHG emissions: 2022: 371.16 tons CO2e 2023: 475.11 tons CO2e

**Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters
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Adverse sustainability impact	Adverse impact on sustainability factors	Parameter
Indicators applicable to investments in investee companies		
Human rights	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis:  2022: 0.00 2023: 0.00