

The Jyske Bank Group’s policy for responsible and sustainable investment

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1. Objective

This policy describes the Jyske Bank Group's approach to responsible and sustainable investment and how the Group integrates sustainability risks in its investment decisions and investment advice on financial products.

The policy is a group policy, which applies when Jyske Bank A/S offers portfolio management or investment advice or when Jyske Invest Fund Management A/S makes investment decisions on behalf of the associations under management. The policy is subject to approval by Jyske Bank's forum for responsible investments.

This policy supports the intentions of the Jyske Bank Group's overall policy on sustainability. The Jyske Bank Group wishes to operate a financial services group that acts responsibly and promotes sustainability in accordance with our identity and values and with regard to customers, employees and shareholders. The Group's work on sustainability focuses, among other things, on the issue of making it easy to invest sustainably. In the event that Jyske Bank has taken a stance on a specific topic in a position paper, any relevant aspects of this will be incorporated in the policy.

Jyske Bank A/S has signed the Principles for Responsible Investment (PRI), which is a joint declaration on corporate social responsibility in connection with investments and the fulfilment of six key principles for responsible investment. In addition, Jyske Bank has signed the Principles for Responsible Banking and the UN Global Compact. The Jyske Bank Group participates in Net Zero Asset Managers Initiative, Climate Action 100+ as well as Nature Action 100. On an ongoing basis, the Jyske Bank Group assesses and signs up for relevant initiatives that support sustainable and responsible investment.

The forum for responsible and sustainable investments plays a pivotal role in connection with the Jyske Bank Group's handling and decision on general issues relating to responsible and sustainable investment. The forum for responsible and sustainable investments makes decisions on investment cases of fundamental importance (for instance companies and countries), issues relating to approaches, active ownership, and exclusion lists. Cases of a general and fundamental nature can be escalated to the Jyske Bank Group's Sustainability Committee. Decisions of the committee for responsible and sustainable investments are passed on as advisory services to Jyske Invest Fund Management A/S.

The applicable policy for responsible and sustainable investment is available at our website: jyskebank.dk/Investering/investment-information. At least once a year, the policy will be revised by the forum for responsible and sustainable investments.

2. Norm-based screening

Within its own portfolio management, the Jyske Bank Group performs regular norm-based screening of the investment portfolios to identify companies that are seriously violating or are suspected to be violating international norms or conventions. The screening is based on data from external business partners. The criteria relate to a wide range of areas such as protection of the environment, labour rights and human rights.

Basically, we have two main approaches when a company is linked to a violation or suspicion of violation of international norms and conventions: dialogue and exclusion. We often find that dialogue is the most appropriate approach to influence companies into changing their behaviour. We will therefore typically enter into a dialogue with companies at which a violation or suspicion of 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 we have been in ongoing dialogue for two years, without any progress, will be reviewed for potential exclusion, and after four continuous years without progress, the company will be excluded, unless exceptional circumstances apply.

3. Activity-based screening

The Jyske Bank Group performs regular screenings of companies based on the activities pursued. In our own portfolio management, the Jyske Bank Group excludes companies with activities that can be related to controversial weapons: Anti-personnel mines, cluster weapons, chemical weapons, biological weapons, and nuclear weapons (where the UN Treaty on the Non-Proliferation of Nuclear Weapons is violated).

In addition, the Jyske Bank Group has decided not to invest in companies whose revenue is associated with the extraction of thermal coal and tar sand and where revenue related to this business exceeds 5%. In addition, investment in companies that initiate any development of new coal-fired power production. Selected sub-sectors of oil and gas companies are reviewed under the terms of the Net Zero Investment Framework and will be de-selected over the next few years, if they do not manage to effect a climate transition.

These opt-outs apply within own portfolio management, but it is to the widest possible degree endeavoured to comply with this with respect to all investments.

4. ESG integration in the investment decision process

The Jyske Bank Group seeks to optimise its customers' investments on the basis of their investment profiles.

The Jyske Bank Group focuses on finding solutions, which may balance sustainability with the objective of obtaining the best possible return and a broad investment universe.

The point of departure of our investments is to have access to a wide investment universe, while at the same time endeavouring to optimise the return or reduce the risk by taking the companies' handling of sustainability risks into account. On an ongoing basis, we assess the companies' strategy and objectives for a sustainable transition and include environmental, social and governance issues (ESG) in the investment decision-making processes.

We assess on an ongoing basis whether all investment objects in strategies classified as articles 8 or 9 follow good governance practices. We evaluate good governance practice via a number of indicators designed to disclose whether the enterprises in which we have invested or intend to invest have material shortcomings relating to management structures, tax practice, remuneration practice and employee matters.

5. Engagement

The Jyske Bank Group considers engagement a key element of sustainable investment management. Engagement means that investors attempt to affect the companies in which they have invested and may potentially invest, either through dialogue or by exercising voting rights.

Once a year, a report is prepared on how the policy on active ownership has been implemented, including a general description of voting activities and an account of the most significant votes.

See separate [policy for handling conflicts of interest](#).

See separate [policy for active ownership](#).

6. Special information on government bonds

The Jyske Bank Group integrates sustainability and ESG issues in its investment decision-making process for government bonds - particularly with focus on government bonds issued by emerging market countries. The Jyske Bank Group applies data from an external business partner, which assesses the countries in respect of ESG based on a number of issues relating to sustainability and ESG. The Jyske Bank Group complies with international sanctions, which for instance prohibit investment in specific countries or companies and exclude government bonds issued by countries comprised by EU sanctions against financial transactions with the country or against leading persons where it may be difficult to separate these and the state/central administration in the particular country.

7. Integration of sustainability risks in the investment decision process and when offering investment advice

According to Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“Sustainable Finance Disclosure Regulation”), we are under the obligation to describe the way in which sustainability risks are integrated in our investment decisions and investment advice on financial products.

A sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or potentially material, negative impact on the value of an investment.

Environmental risks may arise in consequence of pollution caused by a company, such as oil or chemical spills into the ground, water or air. Another example of environmental risks are climate risks, which can generally be grouped into the categories transition risks and physical risks.

Transition risks may arise in the transition to an increasingly CO₂e-neutral economy. Such risks may materialise in various ways, for instance in consequence of changes to political measures such as increased taxes on emissions, significant changes in technology or changes to consumer behaviour, where consumers consciously choose not to use climate-impacting products.

Among other things, physical risks can be related to:

- several sudden and rather extreme weather events such as heat waves, flooding, fires, and storms,

- long-term climate changes, for instance changes in precipitation and increasing water levels,
- loss of ecosystems, for instance desertification, water shortage, deterioration of soil quality or the ecosystems of the sea.

Physical risks may cause financial losses on investments, e.g. due to losses on companies' physical assets, growth deterioration and deteriorated debt-servicing ability in vulnerable countries.

Examples of other sustainability risks are social risks that may arise in consequence of problematic social conditions, such as violation of human rights, poor working conditions, child labour, health issues, inequality, and discrimination. Other examples are governance risks, which may arise in connection with problematic staff and governance issues such as corruption, conflicts of interest and tax affairs that are open to criticism.

Our financial products are exposed to sustainability risks, which may have an adverse effect on the value of our investments. Therefore, assessment of sustainability risks is an integrated element in our investment decisions. We may also incorporate sustainability risks in our investment advice.

Some companies, sectors and markets are in particular exposed to sustainability risks and hence they may pose a heightened risk of financial losses. For instance, companies in the energy sector that are big emitters of greenhouse gases may be affected more severely by substantial regulatory pressure, and therefore investments in such companies may pose a heightened risk of financial losses.

8. Investment decisions

Sustainability risks are identified and handled by each investment team. When integrating sustainability risks, we base our work on tools and data from external data providers.

In addition, other sources of analysis are used, and we also assess whether our work on norm-based and activity-based screening and active ownership contributes to reducing our sustainability risks.

Our approach to sustainability is investment-oriented and based on the conviction that it makes sense to integrate non-financial information in the decision-making process. We assess that the integration of this will enhance the investment choice, among other things by contributing to a more complex risk assessment in relation to both companies and countries.

We integrate climate risks as a natural part of our asset management. We expect and endeavour to ensure that the companies in which we invest consider climate risks and the climate impact exercised by the company. We prefer to impact companies towards a greener direction instead of excluding companies. We see engagement, participation in thematic-oriented company dialogues and participation in Climate Action 100+ as tools to affect companies with high sustainability risks and hence as an element in the long-term minimisation of sustainability risks, including in particular climate risks.

The way in which sustainability risks are specifically integrated in the investment processes varies across asset classes. Please see our website jyskebank.dk/investering/investment-information for further information on how the Bank's asset management unit integrates and handles sustainability risks in specific asset classes.

For investment association funds and capital association funds managed by Jyske Invest Fund Management (JIFM), JIFM takes the investment decisions. Details on how these funds integrate sustainability risks are outlined in the prospectus of the associations or investor information as well as in JIFM's policy for integration of sustainability risks in investment decisions.

9. Investment advice

At Jyske Bank A/S, we endeavour to integrate sustainability risks in our investment advice on financial products. However, we do not take into account material negative effects from sustainability risks in all situations where we offer advice relating to financial products.

Sustainability risks are integrated in the underlying investment process relating to a substantial part of the product universe on which we offer advice. In connection with products managed by external managers, we depend on such managers integrating sustainability risks in the investment decisions. We can use our knowledge of the integration of sustainability risks in connection with the products, but such information is not systematically integrated in our investment advice.

Our integration of sustainability risks in our investment advice on financial products may vary across product types. Please see our website jyskebank.dk/investment-information for further information on how Jyske Bank integrates and handles sustainability risks in specific advice situations.