



## **BankTrack**

Jyske Bank / August 2019

Jyske Bank A/S hereby has the pleasure to send our input to the 6 PRB questions. Please note that we will be signing the PRB in the coming week and that we from that point in time will be looking forward to being part of a Global network of financial institutions helping and advising each other in relation on how to progress in the relevant areas for the individual members. As Jyske Bank is a minor commercial bank in the Global context (and with an almost Danish Client only focus) we are looking forward to be accelerating our learning from other banks and financial institutions around the World having gone through processes in the for us relevant sustainability areas.

## Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

- a) Can you explain briefly what concrete steps your bank will take to 'align your business strategy to be consistent with and contribute to society's goals, as expressed in the Paris Climate Agreement'?
- b) What concrete consequences will adopting this principle have for your current and future involvement in the fossil fuel industry (coal, oil and gas)?

## An integrated focus in the new IR & Sustainability department

Jyske Bank endorsed the PRB end April 2019.

In June 2019 the Group reorganized in order to further strengthen our responsibility and sustainability efforts. Today, Investor Relations, CSR activities, and the Sustainable Finance programme working to provide sustainable products and services are combined in the IR & Sustainability department.

The IR & Sustainability department refers to Group CFO.

Hence, the department's responsibility has been extended from defining and following-up on strategic initiatives related to the environment and climate, human rights, social issues and labour rights, as well as anti-corruption and bribery to also encompass our core business. To do this we work closely with internal as well as external stakeholders.

Regarding our products and services / lending and investments we are still in the early stages of this important journey to formally structure our ESG efforts, in order to provide future ESG products and services.

More specifically, in Q4 2018 our Board approved our 'Sustainable Finance Programme'. The overall purpose of the programme is, in addition to providing safe and sustainable economic advice and services, to develop our products and services to become more environmentally and socially responsible.

The programme is anchored in the Management Board through all areas being represented in the steering committee chaired by the CEO (please see 1.1 and 1.2 above) . The programme is currently organized in the following 3 tracks:

### **Track 1: Trading, investment & wealth**

1. Investment advice (Private and Private Banking)
2. Investment products and processes
3. Jyske Markets product shelf
4. Treasury
5. Green (mortgage) bonds

We offer our clients a series of investment solutions specifically focused on responsibility. Jyske Bank is PM for three specific foundations (Socially Responsible Investments (SRI) foundations) particularly focused on social responsibility and ethical screening. These foundations invest in shares and corporate bonds, respectively, but not in companies where it can be documented that they conduct their business in a manner that violates recognised international conventions and standards, which also applies to the rest of our AUM portfolio managed by the bank and Jyske Invest.

In this context, the difference between ordinary investment foundations and the three SRI foundations is that we seek to influence companies' conduct in the ordinary foundations, whereas, in the SRI foundations, we sell the investments if they do not meet the above conditions. In addition, the SRI foundations do not invest in shares in companies which manufacture or distribute weapons, alcohol, tobacco, games or adult entertainment. In 2016, the ethical screening was widened to also filter out companies which extract, develop or refine fossil fuels (coal, oil and gas).

The total assets of these three SRI departments amounted to DKK 1,689m at the end of 2018. This is a small percentage of our AUM. Next step is conducting and integrating an ESG risk analysis which encompasses the fossil fuel sector and, based on the results together with our overall ambition to act responsibly and sustainably, we will adjust our strategic dispositions.

Currently we are reviewing how to include ESG (and ESG ratings) consistently in all our investment processes in Jyske Capital and Jyske Invest. We have started the process of incorporating ESG rating on all assets and defining rules that states which assets can be bought and held. We are also looking to further strengthening our governance structures in these areas so that an independent department will be overlooking the AUM portfolios and taking actions should something be "wrong". They will also be overlooking for incidents in relation to the assets in the various portfolios.

## Track 2: The Group itself

1. Finance & Accounting
2. HR & CSR
3. Communication & Marketing

## Track 3: Lending

1. Lending products (lending, mortgage and services)
2. Leasing products

## Impact & Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

- a) Which positive and negative impacts of your business operations has your bank already identified?
- b) Which concrete targets have you already formulated to reduce your negative impact, and where possible increase your positive impact?

We haven't made a structured analysis of our positive and negative impacts on the 17 Sustainable Development Goals yet. Therefore, we haven't set concrete targets yet. However, we are very aware of positive impact opportunities and we are currently reviewing how best to include ESG evaluations in relation to the various clients in our lending book. Currently it seems like this process will be started with formal questions and variables that needs to be answered and understood in relation to all clients.

### SME lending and climate efforts

We have end 2018 signed a DKK 750 mio. loan agreement with The European Investment Bank in support of SMEs and mid-caps. Furthermore, at least 20 % of the available funding will be channelled to climate-relevant activities such as for example electric public transport (<https://www.eib.org/en/press/all/2019-115-jyske-bank-to-channel-european-support-for-danish-smes-and-mid-caps>).

We have as the first launched an [ESG template](#) on our Mortgage portfolio

## Clients & Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

- a) Which specific clients or business sectors have you already identified as priority for engagement on encouraging sustainable practices?
- b) What specific procedures does your bank have in place for identifying, issuing sanctions to, or divesting from clients whose operations continue to be unsustainable or damage prosperity for current and future generations?

## GES International

Via our active ownership with other investors in the GES Engagement Forum, we have influenced companies to change their behaviour and to live up to international conventions and standards.

GES screens the companies – which includes the various Jyske Bank AUM portfolios – based on their compliance with OECD guidelines and the UN Global Compact.

During 2018, Jyske Bank participated with other investors in the GES Engagement Forum in 156 involvement cases with companies concerning violations of international conventions and standards. 68 of these involvement cases concern companies in Jyske Bank's portfolios. 43 of these cases concern human rights and labour rights, 14 concern environmental issues and 11 concern corruption. During 2018, 18 cases in Jyske Bank's portfolios were resolved and, hence, closed. In the remaining ongoing cases, very positive results can be ascertained due to the involvement as a progression of the specific cases and a willingness to enter into a dialogue by the companies responsible in 17 of the cases. Positive results have been achieved in 27 of the involvement cases.

## Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

- a) Which concrete stakeholders (names) have you engaged with until now when implementing the PRBs in your bank?
- b) As we consider ourselves a prime stakeholder with a sincere interest in your PRB implementation process, with who (name, contact details) should we be in contact within your bank to follow this process?

In the autumn of 2018 Jyske Bank was one of the initiators of establishing "Advisory Forum for Sustainable Finance in Denmark" – Which is a cross society and cross business initiative in DK being started up in the beginning of 2019 having members with very different profiles and expertise from all parts of the Danish society – including NGO's and members from various governmental agencies and ministries. In this Forum we are arranging a lot of full day conferences on various aspects of the main issues. (put in the Danish context and FACT based). Currently we have had conferences about Danish energy (both production and efficiency in consumption), about Danish buildings, about Transportation in general and in the coming months we will be looking into areas like Agriculture, Financing and supporting Sustainable focused Start-up companies, the Public sector and in more detail into opportunities within Transportation like various Electric cars and electrifying the public sector Transport.

On basis of the findings and conclusions of the Forum the Forum will be giving "advice/suggestions" to the public and to the various relevant Danish ministries etc.

**[Press announcement about the establishing of the Forum here \(in Danish\)](#)**

**[The aims/missions for the Forum \(in Danish\)](#)**

**[The members of the Forum](#)**

Chairman is mr. Anders Eldrup, who among important roles in the Danish society was the CEO of DONG Energy during the process leading to the transformation to become Ørsted. He has also been a permanent secretary of the Danish Ministry of Finance.

Also participating in the Forum is, among others, Connie Hedegaard, currently Chairman of the Board of the green thinktank Concito and former EU Commissioner for Climate Actions.

Jyske Bank is represented in the Forum by Ole Sørensen, Senior Director in Jyske Bank Capital Markets. A brief English description of the Forum and its purpose etc. is enclosed the forwarding mail. The description is from FinansDanmark as this organisation acts as Secretariat for the Forum.

### Activities within media, PR and Public Affairs

During the last few months we at Jyske Bank have been aiming to participate in the public discourse by partnerships and by providing content about subjects regarding the UN Global Goals.

#### We have:

- Been the media and TV partner for VL Døgnet 2019 (in Danish) where more than 600 danish business leaders were discussing the SDG's from a lot of different perspectives.
- Issued this "discussion paper"/analysis [PDF] (in Danish) concerning Denmark and its status and efforts in relation to the SDS's. In the paper we also points to the need to define other/different ways to measure societal progress as the society moves forward in putting the SDG's in front of the aims for society.
- Issued this introduction to ESG ratings and analysis [PDF] (in Danish)– in which we also do a first ESG "status test" of the major Danish listed companies.
- Introduced a series of films about Danish SMV companies incorporating Sustainability in their business models in various ways. A few examples in Danish:  
Ekspor: SAMSON AGRO vil være Europas førende producent  
Ny grøn bydel: Grønttorvet
- Been the media and TV partner for the Conference called "Womenomics 2019"

#### Social housing

We have a close historical collaboration with several social housing associations NaboRum, MurMal, Kloge Hænder, FmE, FødevareBanken. For further details about these partnerships please have a look at our 2018 CSR Report.

### Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

- a. Which board members have been assigned to oversee the proper implementation of the PRBs within your bank?
- b. Which section/unit of your organisation has been tasked with ensuring the proper implementation of the PRBs within your bank.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	The CEO is the owner of the sustainability programme across the Group and responsible for reaching the overall sustainability KPI's.
Chief Financial Officer (CFO)	The CFO is in the sustainability programme steering committee.
Chief Risk Officer (CRO)	The CRO is in the sustainability programme steering committee and is responsible for integrating the risk and sustainability framework
Other, please specify The Head of IR & Sustainability	The Head of IR & Sustainability refers directly to the CFO and is responsible for CSR, Investor activities, and is managing the Sustainable Finance Programme.
Other, please specify The Managing Director for Business Concepts, Capital Markets , Investment and Wealth	The Managing Director for Business Concepts, Capital Markets , Investment and Wealth is in the sustainability programme steering committee and responsible for integrating sustainability in the investment model.
Other, please specify The CEO for Jyske Realkredit/mortgages	The CEO for Jyske Realkredit/mortgages is in the sustainability programme steering committee and responsible for implementing sustainable products and services.
Other, please specify The Managing Director for Capital Markets	The Managing Director for Capital Markets is in the sustainability programme steering committee and responsible for future sustainable capital markets products and private banking.
Other, please specify The Managing Director for Private Banking and Corporate Clients	The Managing Director for Private Banking and Corporate Clients is in the sustainability programme steering committee and responsible for future sustainable advisory.
Other, please specify The Managing Director for HR	The Managing Director for HR is in the sustainability programme steering committee and responsible for employee branding.
Other, please specify The Managing Director for Communications and Marketing	The Managing Director for Communications and Marketing is in the sustainability programme steering committee and responsible for the integration of ESG factors in the marketing and branding strategy.

## Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

- a. What reporting format have you developed to review and report on your implementation of the PRBs?
- b. What concrete procedure have you put in place to allow stakeholders to engage with you on your implementation of the PRBs, or file a complaint in case of apparent non-delivery on the public commitments made by your bank?

### Non-financials

Jyske Bank is a longtime member of PRI. PRB is a new discipline for Jyske Bank. Our aim is to live up to these commitments. Both of these commitments means that we have established an internal TCFD workforce.

We continuously work to improve our ESG ratings and external ESG information.

### Further details

Our 2018 Corporate Social Responsibility Report [PDF]