

Report on corporate social responsibility

2014

Introduction

Jyske Bank is aware of the banking sector's general importance to society, including importance in respect of financial stability and, in accordance with legislation and business circumstances, the Group fulfils its role in this respect.

In all respects, Jyske Bank strives to operate an honest, fair and responsible business in respect of the Group's values and views as well as in a way that upholds the balance between shareholders, clients and employees.

CSR policy

In 2014, Jyske Bank established a Group CSR function to further develop the Group's CSR policy and ensure the relationship between the core business and the work on corporate social responsibility. Together with the management, the CSR function holds the overall responsibility for future CSR initiatives.

Jyske Bank follows the rules applying to social, ethical as well as climate and environmental issues and has not found it necessary to implement special policies in these areas.

As Jyske Bank primarily operates in Denmark, which has acceded to the United Nations Universal Declaration of Human Rights, it was found of no relevance to adopt special policies on human rights

In actual practice, the responsibility materialises as a natural ingredient of the Group's policies on all relevant areas and will always be based on relevant current legislation on the individual areas and specific business circumstances.

In the opinion of Jyske Bank, satisfactory results were achieved in 2014 from its work with corporate social responsibility.

Social issues

Jyske Bank supports the work on voluntary debt counselling instigated by the Danish Ministry of Children, Gender Equality, Integration and Social Affairs and a number of other organisations. Citizens who are facing a combination of low income, debt and low disposable income are being helped to manage their finances. Jyske Bank offers account managers and advisers who take part in this work time off with pay covering half the time they spend on such debt counselling.

Jyske Bank has established Jyske Banks Almennyttige Fond, a non-profit foundation, with the purpose of furthering charitable causes as well as the development of trade and industry. In 2014, support was given to about 40 donations (educational purposes, travel, etc.).

Clients

In its credit policy, Jyske Bank emphasises the importance of responsible conduct towards clients as well as guarantors.

The basis of Jyske Bank's concept for advisory services to corporate clients is that of a strategic dialogue that will ensure the client an overview of opportunities available to and risks facing him. This entails, among other things, a dialogue about circumstances relating to the client's corporate social responsibility. According to analyses, corporate clients rate Jyske Bank's advisory services as satisfactory, but there is no particular measurement indicating the outcome of the dialogue about issues relating to the client's corporate social responsibility.

In 2014, Jyske Bank launched a new concept targeting young clients where an essential part of the project is about training in general financial understanding. The objective is to help young people whose finances may be characterised by spending impulses with the result that their future opportunities may be at risk due to early overspending and lack of control.

Jyske 3-bold (Jyske 3-ball)

Jyske 3-bold was launched by Jyske Bank in 2005 and has since then developed into regular, on-going cooperation with local units of Dansk Boldspil Union (Danish Football Association). A simple concept: Bring children to small playing field, simple rules and focus on the joy of playing rather than results.

In 2014, 14 events were held with about 1,000 children at the age of 6-8 years participating at each event. Jyske Bank provides healthy snacks and mineral water for the participants in the events that are held in cooperation with local sports clubs all over the country.

The Jyske 3-bold concept has been awarded the UEFA grassroots award twice, namely in 2006 and 2011.

Sportcar Event – cooperation in support of Børnecancerfonden (Danish Children's Cancer Foundation)

Sportscar Event is an organisation consisting of dedicated private individuals who initiate a number of charity events in support of Børnecancerfonden. They really make a difference. Everybody volunteer their work and the proceeds are donated to Børnecancerfonden.

Each year a unique range of super sports cars gather at the two race tracks FDM Sjællandsringen close to Roskilde and FDM Jyllandsringen close to Silkeborg. There are two events at each race track, one for children with cancer and one for the general public.

Since the beginning in 2002, the event has each year grown into a still bigger event. It is an event made possible by 100% voluntary work, and the entire proceeds are donated to Børnecancerfonden. Over the years the donations total more than DKK 10m.

Since 2004, Jyske Bank has supported the project by being the main sponsor of the cars that have become symbols of Sportscar Event - a yellow and an orange Lamborghini - and by cooperating on various events, including two that are held for children with cancer and their families hospitalised at Skejby and Righshospitalet.

Local activities

In addition, Jyske Bank's local branches support and participate in a large number of activities that enhance awareness and collect money, for instance for the fighting of cancer in the form of the campaigns "Støt Brysterne" (breast cancer) and "Movember" (prostate cancer), and also Jyske Bank's branches and employees volunteer in connection with collections for Kræftens Bekæmpelse (the Danish Cancer Society).

Diversity

In 2013, Jyske Bank adopted an equal opportunities policy, which entails annual follow-up on the development of gender representation on the Supervisory Board and in management. At least once a year, the Supervisory Board discusses targets, policy and initiatives in the area.

Jyske Bank has a policy on diversity in respect of age and management, which is discussed annually. The average age and seniority for managers are compared to those of the average age of employees. According to collective agreements, employees are entitled to special terms and conditions, including senior part time jobs when they turn 60. Furthermore, job and career courses as well as courses on retirement planning are offered.

Jyske Bank does not have any special policy for employees of a different ethnic background. This group is subject to regular terms and conditions in line with all other employees. It is assessed that there is no need for special initiatives or the introduction of target figures for this group.

Jyske Bank does not have any special policy for handicapped employees. Jyske Bank has special focus on enhancing its corporate social responsibility in respect of this group. This is materialised in the form of flexible jobs and employment on special terms and conditions.

Employees

An important element of the employee policy of Jyske Bank is that the Group shall constitute a place of work where lasting relations are created in a productive, trusting, unpretentious and good working environment characterised by reserves of strength and positive energy. Another important principle is that Jyske Bank is a socially responsible employer within the limits set by the market economy under which Jyske Bank operates.

With a view to strengthening efforts to secure a good working environment, Jyske Bank professionalised its work environment organisation by appointing employees holding special competences to handle such tasks, which were previously solved as a side-line activity by employees with another primary role in the Group. After the restructuring of the organisation, Jyske Bank has maintained its good work environment as evidenced by the 'green smileys' awarded at all 9 inspections by the Danish Working Environment Authority in 2014.

Jyske Bank has introduced an alternative to the traditional workplace assessments based on forms and questionnaires, namely the innovative 'Dialog APV' (workplace assessment through dialogue). In this dialogue, the work environment consultants assist the departments/branches in processing the local work environment through a guided process during which all employees will get the opportunity to talk about their successes and problems, and also they can contribute to the development of feasible solutions. The experience gained from working with the new method is that it both ensures an open and honest dialogue and offers a platform for the employees' influence on and involvement in their own work environment.

The corporate social responsibility of an employer very much involves facilitating the access of young people to jobs and education and offering employees the possibility of training and development that will make them attractive and valuable in the job market. On the other hand, there must also be positive prospects of lasting future

employment. Employment of newly qualified employees still form a significant element of the Group's recruitment even though the level has fallen in step with generally lower employment in the financial sector.

In order to stimulate the interest in empowerment and competence development and to ensure the interrelationship between public and private education, the Group has since 2010 awarded ECTS credits in connection with its internal training schemes, and these efforts continued in 2014.

In 2014, Jyske Bank was given 'Førstehjælpsprisen' (first aid award) by the Danish Red Cross in consideration of the its work throughout 2013 to install defibrillators in public areas close its branches all over the country. Also, in connection with this, a majority of Jyske Bank's employees received first-aid training. These efforts continued in 2014, and also refresher courses have been designed to retain these life-saving competences of the employees.

Generally Jyske Bank has a very positive view of employees' social and voluntary involvement in the local community they are each part of. In this connection, Jyske Bank has in its employee policy made it possible that, to a reasonable extent, employees may use the Bank's resources, e.g. print, email, telephones, conference rooms, etc. in support of such involvement.

Jyske Bank has established Jyske Banks Medarbejderfond (employee foundation), of which the purpose is to support current and former employees of Jyske Bank.

Energy food for body and soul

Jyske Bank's policy is based on its values and views of food and meals. It is the aim of the canteens in Silkeborg that the Group's employees' are offered tasty meals that are also nutritionally balanced and ensure that the individual employee can be up to speed.

As far as possible, local Danish produce in season is used, and the canteen makes most things from scratch so it ensures the best knowledge of what each dish contains, thus avoiding unnecessary additives.

Since 2011, the canteens have focused its efforts to reduce food waste in all processes, which has resulted in a reduction in the amount of produce used of about 7%. These savings have also resulted in lower resource requirements as less waste means less energy consumption and the amount of waste has almost been halved over the period.

In 2014, Jyske Bank removed the trays that were available to the users of the canteens as internal tests had demonstrated that food waste would be reduced by 5-10% when trays were not used. An important side benefit from the removal of the trays is an improved work environment, as it was possible to reduce the load to be lifted every day by two tonnes, to reduce the noise from the clearing area and to reduce pressure on the dishwashing function. The same applies to the environment in general as less dishwashing means less soap and chemicals used.

Kitchen and waiting work is physically demanding, and therefore the canteens make continuous efforts to do away with or minimise heavy lifting and bad working postures. Therefore all the canteen employees have participated in an ergonomics course helping them to choose correct work postures and to minimise lifting.

Also, in 2014, lifting trucks / hand trucks were purchased to ensure that employees no longer have to lift heavy crates, for instance, with vegetables, fruit and mineral water. The last workstations in the kitchen without adjustable height functions have been replaced so now all workstations can be adjusted individually.

Water glasses in the canteens have been replaced by polycarbonate (plastic) drinking glasses and in this way, each time a glass tray is lifted, the load is reduced by 4 kilogrammes, which means that the daily lift load is reduced by 300-500 kg.

Environment and energy

Jyske Bank is aware of its responsibility for the environment and endeavours to establish a setting to ensure effective and careful employment of resources. Based on common sense, the Group relates on an on-going basis to energy consumption, choice of materials and reduction of CO₂ emissions. Jyske Bank attaches high priority to installations and solutions that minimise the impact on the environment, and the Bank seeks to involve employees so the initiatives are successful.

Jyske Bank assesses on an on-going basis installations and lighting in respect of useful life and energy consumption by focusing on integration of environmentally sound sources of energy in connection with construction projects.

Jyske Bank has replaced 2000 light bulbs with LED lighting. Thanks to this initiative, the Group achieved savings of about 90,000 kWh a year, corresponding to about DKK 180,000. Also, the replacement resulted in a reduction in the need for cooling by about 30,000 kWh, corresponding to about DKK 60,000. Moreover, LED lighting results in large savings in respect of CO₂ emissions due to the low power consumption.

Jyske Bank makes sure that used office furniture and fittings are re-used by selling used office furniture and fittings to the company JK Office, which donates unsellable furniture and fittings to the Red Cross and also by donating used furniture and fittings directly to NGOs, which can then enjoy the use of the furniture.

Jyske Bank chooses water-saving models when replacing sanitary installations and fittings.

The Group continuously attempts to reduce the amount of printed materials, and when printing marketing materials, the Group uses products with the Nordic Ecolabel. Such products are used whether the marketing materials are printed by the Group's own printing shop or by an external printing shop.

Paper and cardboard waste is sorted carefully and recycled in cooperation with an external supplier of recycling solutions. Similarly, metal waste is being recycled.

Investments

Jyske Bank seeks to optimise its clients' investments on the basis of their risk profiles. Jyske Bank takes corporate social responsibility in connection with investments, meaning that environmental, social and governance (ESG) issues are included in the investment decisions.

Jyske Bank 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.

1. We will incorporate environmental, social and active ownership issues into investment analyses and decision-making processes.
2. We will seek to take active ownership and incorporate environment and social issues in our policies on ownership and in the practical handling of the investments.
3. We will seek to achieve openness on environment, social issues and active ownership from the units in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will cooperate with a view to enhancing the efficiency of the implementation of the principles.
6. We will report our activities and progress in the implementation of the principles.

Jyske Bank cooperates with other investors to practice active ownership in relation to companies with ESG challenges.

Jyske Bank has entered into an agreement with an external adviser, from whom Jyske Bank twice annually receives a screening report on companies seriously violating international norms or conventions.

In order to assess the reports from the external adviser, to decide on the contribution to the cooperation with other investors on active ownership and to act in situations involving ESG challenges, Jyske Bank has established an internal committee, which can quickly be convened to decide on Jyske Bank's stance on the individual investment or the individual company.

Exercising responsibility when selecting investments is a very complicated matter. Opinions differ widely when it comes to responsible investment. Investors, authorities, media, politicians and interest groups have varying definitions of the concept. Jyske Bank wishes to be at liberty to assess which companies and industries it will invest in on the basis of corporate social responsibility.

In 2014, Jyske Bank was together with other investors involved in a number of engagements regarding violation of international conventions and norms. In many of these cases, it was ascertained that the engagement generated very positive results.

In December 2013, *Rådet for Samfundsansvar* (the Danish Council for Corporate Responsibility) issued guidelines for responsible investment in government bonds.

These guidelines advocate that two principles be met:

1. International sanctions and bans issued by the UN and the EU must always be complied with.

Jyske Bank complies with this principle.

2. Investors must, to the extent possible, themselves examine the conditions in countries that may pose a significant risk of violating human rights.

Jyske Bank follows this area closely and demands reports from our suppliers on their approach to this principle.

Through its membership of Danish Social Investment Forum (DANSIF), Jyske Bank participated in the most recent annual survey of responsible investment in Denmark. The survey found that 88% of the largest 50 institutional investors in Denmark have a policy for responsible investments, representing 99% of the total Assets Under Management (AUM).

Being a co-signatory of PRI, Jyske Bank conducted in 2014 its first full-year "Reporting and assessment process" according to the PRI guidelines and obtained the desired result and feedback. According to the guidelines, parts of the subsequent report were published on PRI's website. Jyske Bank expects to complete its second reporting according to the PRI guidelines in spring 2015.

Tax

Jyske Bank has always pursued a clear policy not to contribute to clients' tax evasion, neither in the Danish nor the international business units.

For many years, the Group has through its business terms and conditions stated on the internet and in other connections made international private-banking clients aware of the fact they are responsible for reporting their deposits, returns, etc. to the tax authorities in their home countries. Jyske Bank did not, however, check whether clients made such reporting.

In 2010, the Group decided to strengthen its efforts in respect of tax transparency by in future solely to work with clients in connection with whom Jyske Bank either ensures that they declare their tax liabilities to the relevant tax authorities or that Jyske Bank takes care of the reporting to the tax authorities. Subsequently the Group contacted the relevant clients to ask for documentation of tax transparency. The clients who could not produce documentation of tax transparency were given the opportunity to initiate a declaration process in their home countries.

The Group completed the project on 30 June 2014, and the clients were divided into three categories.

1. "Green clients" who had produced documentation or on whose behalf Jyske Bank reports their tax matters.
2. "Amber clients" for whom Jyske Bank knows positively that they have initiated declaration.
3. "Red clients" whom Jyske Bank cannot get in touch with or who do not want to declare their tax liabilities.

This last group had their accounts and custody accounts blocked and cannot make transactions involving these accounts.. If they want to have access to their funds, they must inform Jyske Bank of which other bank they wish to have all their accounts transferred.

In the autumn of 2014, Jyske Bank Compliance conducted a comprehensive review to examine whether this policy had been embraced by the employees and whether clients

had been registered as outlined above. The conclusion was very positive and all reports were 'green'.

CSR initiatives in 2015

In respect of CSR, 2015 will be a year of consolidation where the gathering and the structuring of CSR initiatives in the Group will continue. The outcome will form the basis of the Group's CSR strategy for the period 2016-2020. The initiatives will be based on the concept of "Sustainable involvement" and must be business-driven and value-creating in relation to the Group's overall activities.

The Group's activities will be divided into four main categories: social, climate & environment, clients and employees. The work on the activities is a cross-organisational task, and for the initiatives to be successful, the employees will be involved.

Reporting

Jyske Bank reports its CSR initiatives in this report and on Jyske Bank's website investor.jyskebank.com.

This statutory report constitutes part of the management's review in the Annual Report 2014 of Jyske Bank.