

Report on corporate social responsibility 2010

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

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

Generally, Jyske Bank does not wish to be bound by charters or declarations on responsibility; nor has Jyske Bank implemented specific policies on social, ethical and environmental issues.

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

In the opinion of Jyske Bank, satisfactory results were achieved from its work with corporate social responsibility in 2010. It is expected that this work will continue in 2011.

Investments

Jyske Bank seeks to optimise its customers' investments on the basis of their risk profiles. Jyske Bank takes corporate social responsibility in connection with investments, meaning that environmental, corporate social and corporate 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.

Jyske Bank cooperates with other investors to exercise 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, decide on the contribution to the cooperation with other investors on active ownership and in order 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 does not wish to be bound by certain conventions or international charters. Jyske Bank wishes to be at liberty to assess which companies and industries the Bank will invest in on the basis of corporate social responsibility.

Environment and energy

Jyske Bank is critical of construction methods and therefore it makes conscious choices in order to deliver buildings ensuring a good working environment for its employees. Based on common sense, Jyske Bank is conscious of sustainability of materials and solutions, and Jyske Bank employs the best installations possible in order to minimise energy consumption.

Jyske Bank is taking specific measures in respect of conserving energy; for instance by

- being critical of technologies being installed in Jyske Bank's properties;
- assessing installations in respect of their operating life and energy consumption;

- minimising energy consumption by applying carefully prepared architecture.

In 2010, Jyske Bank focused on economizing energy usage and optimizing the use of energy. Jyske Bank focuses on the human factor as energy consumption very much depends on the employees' attention to energy-efficient practices. Jyske Bank has changed and simplified installations so branches and departments will only have the light turned on when needed. Moreover, screens and lighting for effect have been optimised and now follow a pre-programmed 24-hour rhythm.

Jyske Bank needs artificial lighting and keeps a close eye on the development of new sources of light. In 2010, Jyske Bank replaced halogen lights with energy-efficient LED lights.

Jyske Bank plans new buildings specifically with focus on sustainable architecture and the possibilities of constructing buildings that produce energy while at the same time economizing on energy. In 2010-2011, Jyske Bank is constructing a building for IT operations; this building will be an 'energy-class 2' building prepared for future use of alternative energy sources as such sources become available.

Employees

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

Jyske Bank contributes to the offering of jobs and training accessible to young people and by offering its employees opportunities for training as well as professional and personal development that make them attractive as colleagues with a high value on the labour market and to society – and preferably with lasting relations to Jyske Bank.

Some of the implications of the employee policy when translated into actual decisions and actions are:

- Training accounts for a considerable portion of Jyske Bank's profit and loss account; and in this way Jyske Bank introduces young people to the labour market through traineeships, student jobs or internships. Another important aspect of the training is to retain and develop the competencies of rather experienced employees through in-service training. To stimulate the interest in competence development and to include such activities in long-lasting public education programmes, the Group has introduced the European Credit Transfer System (ECTS) in connection with its internal training programmes.
- Jyske Bank exercises much patience in connection with illness. If an employee has to resign due to illness, a commitment may be given from Jyske Bank regarding reemployment when the employee is again fit for duty. Jyske Bank frequently enters into agreements on part-time or flexible jobs for employees with a reduced ability to work. For other candidates for flexible jobs, Jyske Bank has made positions available for work ability testing.
- When organisational changes take place at Jyske Bank, it seeks to reassign employees to other duties. Therefore, in 2010, Jyske Bank was able to avoid almost completely laying off employees in connection with the merger of Jyske Bank's IT development functions with Bankdata.
- In cases where it becomes necessary to lay off employees, Jyske Bank will go to great lengths to help such employees finding new employment. Therefore, more than 90% of the employees who participated in such programmes offered in 2010 have found new employment.

Customers

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

The basis of Jyske Bank's concept for advisory services to corporate customers is that of strategic dialogue that will ensure the customer an overview of opportunities available to and risks facing him. This entails, among other things, a dialogue about circumstances relating to the customer's corporate social responsibility.

Shareholders and capital structure

The Articles of Association of Jyske Bank do not vest special rights in any shares, and Jyske Bank does not offer share-option and bonus schemes.

Jyske Bank's capital structure and capital management objective is a solvency ratio sufficient for Jyske Bank independently to continue its lending activities during a period of difficult business conditions and therefore support Jyske Bank's general importance to society. Hence the capital must ensure that legal capital requirements can be met in such a situation and that Jyske Bank will be able to meet serious financial challenges.

Jyske Banks Almennyttige Fond og Medarbejderfond (the Jyske Bank Employee Fund and the Jyske Bank Non-Profit Fund)

Jyske Bank has established Jyske Banks Almennyttige Fond; the purpose of this non-profit fund is to further charitable causes as well as the development of trade and industry. Hence, by giving prizes, etc., several activities of a varying nature all over the country have been supported over a number of years.

Moreover, Jyske Bank has established Jyske Banks Medarbejderfond, of which the purpose is to support current and former employees of Jyske Bank.

The funds' capability to render support depends on the return on their contributed capital. According to the Articles of Association, the majority of the contributed capital is invested in Jyske Bank shares, and because the Jyske Bank share in line with other bank shares is still very much affected by the financial crisis, the funds' reserves - and hence their distributions - are currently limited.