

CSR Policy

1. Introduction

This policy describes Sydbank's approach to sustainability and corporate social responsibility.

As one of Denmark's largest banks, Sydbank has a special responsibility to make a positive contribution to developments in society so that together we can ensure a sustainable future for the next generations – we take this responsibility seriously.

Sydbank believes that its work on sustainability adds value – also in the long run – when these efforts are business driven and support its core business. As a result Sydbank aims to embed sustainability into its core business and therefore we are not seeking easy solutions but believe that the long haul will create the greatest effect for society.

Sydbank's sustainability efforts must have value for the Bank's shareholders and customers. Sydbank's focus on favourable initiatives for society must help to produce an attractive business position and we believe that our work on sustainability is an indispensable part of running a decent bank with a strong brand and a good reputation.

Sustainability is embedded in many parts of Sydbank. Consequently sustainability and social responsibility also form part of and are implemented in Sydbank's governance foundation, which includes the following policies:

- Sydbank's code of conduct
- Sydbank's management code of conduct
- Conflicts of interest policy
- Policy for prevention of money laundering, terrorist financing and sanctions breaches
- Responsible investment and active ownership policy
- Sydbank's tax policy
- Remuneration policy
- Policy for the underrepresented gender
- Policy for healthy corporate culture
- Data ethics policy.

A significant part of Sydbank's sustainability and social responsibility efforts are defined in legislation and take place in close dialogue and collaboration with public supervisory authorities. Sydbank would like to be perceived as a respected, competent and decent business partner that complies with legislation in force and takes into consideration principles concerning responsible business activities. As a result Sydbank has measures in place to ensure eg anti-corruption, prevention of money laundering, data protection, information security and data ethics – all measures that set the framework for a decent bank.

2. Four strategic focus areas

For Sydbank sustainability is about doing something because it is the right thing to do and because it can be integrated naturally in the Bank's business. We focus on the challenges in society that are closest to our core business and primary areas of impact.

Sydbank has decided to focus on four areas where we believe we can make a significant difference: responsible finance, responsible investment, responsible employer and responsible climate footprint. These focus areas reflect the fact that Sydbank's social responsibility is an issue that is important to all of the Bank's business areas.

Human rights and workers' rights are a component of several of Sydbank's focus areas and therefore actual and potential impacts on these rights are integrated in the specific policies relating to the focus areas.

Responsible finance

Through decency and systematic procedures we will ensure that Sydbank is an efficient, well-run and solid bank with a responsible approach to financing and lending to the Bank's customers.

Sydbank's credit policy must ensure responsible lending so we will remain a solid bank also going forward where risks are reasonably balanced as regards the Bank, customers as well as society. Sustainability risks will be integrated in Sydbank's risk management and capital planning.

Sydbank ensures responsible finance by:

- integrating sustainability risks in the basis for decision-making as regards lending
- working on reporting the CO₂ footprint of our loans.

Responsible investment

Sydbank will make investments in a responsible and sustainable manner. Sydbank's decisions will be made on a solid and updated basis where we analyse ESG issues in terms of financial and business risks.

Sydbank will contribute constructively with new climate targets and increased information on sustainability issues with our customers.

Sydbank exercises its social responsibility in the investment area primarily by the way in which the assets of the various portfolios managed by Sydbank are invested. When planning the management of these portfolios, we find it important that:

- ESG issues are incorporated in investment decisions
- we engage in a constructive dialogue with the companies that do not fully live up to our expectations regarding sustainability factors
- we do not invest in companies that violate international arms conventions.

Responsible employer

We will provide a healthy and attractive work environment for our employees that allows for professional skills development and further training.

Sydbank wishes to ensure that in general all employees have equal access to participation and promotion in the organisation regardless of age, gender, ethnic background, religion or culture.

Efforts to ensure that Sydbank is a responsible employer involve for instance:

- maintaining the high level of employee engagement by supporting excellence and good leadership as well as ensuring interesting work assignments
- maintaining an equal gender balance among Sydbank's employees

- achieving the target figures for the gender balance in management positions and on the Board of Directors. The target figures are described in Sydbank's Policy for the Underrepresented Gender
- ensuring employees' professional skills development by means of the annual development review meeting and training courses
- preventing offensive behaviour.

Responsible climate footprint

Sydbank will be respectful of the environment in all aspects of its business and make a positive difference in order to reach its own climate targets and thereby contribute to achieving national and global climate goals as set out in eg the Paris Agreement. We optimise energy efficiency on an ongoing basis to reduce the Bank's energy consumption and high priority is given to ensuring transparent reporting of our consumption, for instance by complying with the Greenhouse Gas (GHG) Protocol.

Sydbank contributes to a responsible climate footprint by:

- systematically monitoring its energy consumption in order to optimise energy efficiency on an ongoing basis and working to lower its consumption
- ensuring that energy efficiency is a consideration in connection with relevant activities
- focusing on renewable energy sources, including the use of solar cell systems
- working on setting CO₂ targets for its emissions.

3. International agreements and endorsements

In 2010 Sydbank signed the UN Principles for Responsible Investment and consequently the Bank is committed to take into consideration the six principles for responsible investment.

Sydbank joined the UN Global Compact in 2020 and as a result Sydbank has undertaken to adhere to the 10 principles of the Global Compact and to report on its compliance with the principles on an annual basis. This reporting is included in Sydbank's CSR report, which is available at sydbank.com.

Sydbank signed the UN Principles for Responsible Banking in 2020 and as a result Sydbank has undertaken to incorporate the six principles for responsible banking within a period of four years and to report on a regular basis on its progress. Reporting is included in Sydbank's CSR report, which is available at sydbank.com.

In addition Sydbank follows the UN Sustainable Development Goals, the Paris Agreement, the OECD Guidelines for Multinational Enterprises and ILO conventions on dignity of workers.

4. Scope, responsibility and follow-up

Sydbank's CSR Policy comprises the entire Group and encompasses all employees.

The Board of Directors is responsible for preparing and updating the CSR policy. On a regular basis and at least once a year the Board of Directors considers whether the policy should be updated.

The day-to-day activities concerning sustainability and social responsibility are carried out in the Bank's business units. Reporting as regards the Group's sustainability and social responsibility efforts is the responsibility of Secretariat, digitization & strategy.

Secretariat, digitization & strategy is the secretariat for Sydbank's CSR forum. Sydbank's CSR forum consists of Sydbank's CEO as well as representatives from the Bank's relevant business units. The forum evaluates and decides upon initiatives in the area of sustainability and follows up on these initiatives on a continuing basis. The Group Executive Management informs the Board of Directors about the initiatives.

Further information about Sydbank's sustainability efforts, including Sydbank's annual corporate social responsibility report, is found in the CSR report at sydbank.com. The CSR report is subject to external auditing.