

ESG and sustainability policy

1. Introduction

The ESG and sustainability policy applies to the Sydbank Group (in the following “Sydbank” or “the Group”) with the exception of Coop Bank.

As one of Denmark’s largest banks, Sydbank has a responsibility to support positive developments in society so that together we can ensure a sustainable future for the next generations.

We live up to our responsibility and make our contributions to comply with global and national goals and comply with applicable rules and legislation regarding ESG and sustainability. Our efforts are guided by relevant national and international frameworks such as the UN Sustainable Development Goals and the Paris Agreement.

We believe that our work on ESG and sustainability is an indispensable part of running a decent bank with a good reputation. Our overall objective is to embed ESG and sustainability into our core business because we believe that we will achieve the greatest long-term value when our efforts are business driven. Consequently it is essential that ESG and sustainability, including environmental issues, social issues, respect for human rights and good governance, are incorporated into the Bank’s products and processes. We aim to make wise decisions based on facts and we strive to make a real contribution to a sustainable transition. In other words we do not seek easy solutions but believe that the long haul will create the greatest effect.

Our ESG and sustainability efforts must be balanced with regard to the Bank’s stakeholders, including customers, employees, shareholders and society at large.

2. Five strategic focus areas

Sydbank focuses on five strategic focus areas. These areas have been selected because this is where we believe we can make the greatest difference.

2.1 Responsible finance

Through decency and systematic procedures Sydbank will continue to be an efficient, well-run and solid bank with a responsible approach to financing and lending to the Bank’s customers.

The Bank’s sensible approach as regards lending supports a high credit quality. Sound advice and creditworthiness assessments aim to ensure that customers can repay their debt without being placed in an unsustainable financial situation.

2.2 Responsible investment

Sydbank will make investments in a responsible and sustainable manner. Our decisions will be made on a solid and updated basis where we analyse ESG issues in terms of financial and business risks. We will be active owners in a constructive dialogue with the companies we invest in.

2.3 Responsible employer

Sydbank believes that excellent and committed employees are the Bank’s most important asset. Sydbank will provide a healthy and attractive work environment for its employees that allows for professional skills development and further training.

2.4 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, national and global climate goals. 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.

2.5 A decent bank

Sydbank is one of Denmark's largest banks and given its SIFI label it has a responsibility to make a contribution to financial stability in Danish society. As a result the Bank has measures in place to prevent and combat money laundering and corruption as well as ensure data protection, information security and sound data ethics – all measures that set the framework for a decent bank.

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 authorities and interest organisations.

3. Training – ESG and sustainability

By training its employees, Sydbank strives to ensure a sufficiently high knowledge level within ESG and sustainability. The Bank provides training to its employees in the form of a basic learning module which is mandatory for all employees. Moreover the Bank provides targeted training to selected employee groups where specific knowledge of ESG and sustainability is relevant.

4. International agreements and endorsements

In 2010 Sydbank A/S signed the UN Principles for Responsible Investment and consequently the Bank is committed to comply with the six principles for responsible investment.

Sydbank A/S joined the UN Global Compact in 2020 and as a result the Bank has undertaken to adhere to the 10 principles of the Global Compact and report on its compliance with the principles on an annual basis. The principles are based on international conventions and agreements and they comply with the OECD's guidelines, the UN Guiding Principles on Business and Human Rights, the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Rights and Principles at Work, the Rio Declaration and the United Nations Convention against Corruption.

Sydbank A/S signed the UN Principles for Responsible Banking in 2020 and as a result the Bank has undertaken to incorporate the six principles for responsible banking within a period of four years as well as to analyse its impact, set targets and to report on a regular basis on its progress.

5. Sustainable governance foundation

The Bank's policies and business procedures, including the policy for ESG and sustainability, ensure a foundation for good governance regarding sustainable decisions.

Examples of the Bank's governance foundation:

- Code of conduct
- Conflicts of interest policy
- Policy for prevention of money laundering, terrorist financing and sanctions breaches

- Responsible investment and active ownership policy
- Tax policy
- Remuneration policy
- Policy for the underrepresented gender
- Policy for healthy corporate culture
- Data ethics policy
- Anti-corruption and bribery policy

6. Scope, responsibility and follow-up

The Board of Directors is responsible for preparing and updating the policy. On a regular basis and at least once a year the Board of Directors considers whether the policy should be updated. Once a year the Board of Directors examines whether the policy is complied with, including whether the Bank complies with its obligations in relation to international agreements and endorsements mentioned in 4. above.

Furthermore the Board of Directors is responsible for the Bank's strategy for ESG and sustainability and approves the Bank's ESG targets. At least once a year the Board of Directors reviews the status of the targets and the Bank's strategy in this area.

The Group Executive Management is responsible for the Bank's ESG and sustainability efforts. In practice this responsibility has been delegated to Sydbank's ESG Forum, which consists of at least one member of the Group Executive Management, relevant group executive vice presidents and selected ESG specialists. The forum guarantees dialogue and sparring on objectives for the five focus areas and determines which ESG and sustainability activities should be launched throughout the Bank.

The day-to-day activities concerning ESG and sustainability are carried out in the Bank's business areas and business units. The activities are wide ranging, which is why an ESG working group has been set up to focus on sparring and knowledge sharing across the Bank's areas. The group includes relevant employees whose daily work involves ESG and sustainability in the Bank's business areas and business units. The day-to-day activities, including the Bank's compliance with legislation and reporting obligations, are coordinated by Secretariat, Strategy & ESG.

Further information about Sydbank's ESG and sustainability efforts is found at sydbank.com.