

Diversity Policy – the Board of Directors

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1. Introduction

This diversity policy aims to promote sufficient diversity among the board members of Sydbank A/S and it describes the qualifications and competences that are relevant for Sydbank's Board of Directors.

The Board of Directors must aim to maintain the necessary diversity in terms of:

- age
- gender, cf Sydbank's target figure for the underrepresented gender on the Board of Directors
- educational and professional backgrounds
- experience

The diversity policy for the Board of Directors has been determined by the Nomination Committee, cf section 70(1)4, cf section 70(6), and section 80a(3)3 of the Danish Financial Business Act.

Sydbank is conscious that diversity contributes to the Bank's development, success and growth. Focus on diversity strengthens the Bank's reputation as an attractive bank and workplace.

2. Background

Sydbank's Board of Directors must possess the necessary knowledge and experience to ensure that the Bank's activities are carried out in a proper manner and to manage the risks associated therewith.

In this connection it is the duty of the Board of Directors to ensure that each of its members has sufficient knowledge, qualifications, professional competence and experience so that collectively the members of the Board of Directors meet the requirement regarding knowledge and experience.

Each board member must have a basic knowledge that is relevant for the board work at Sydbank and the board members must possess a number of professional competences that combined enable the Board of Directors to perform its duties. In addition the composition of the Board of Directors must have a diversity reflecting the Bank's stakeholders and customers.

The level of competences must enable the Board of Directors to carry out the overall and strategic management of the Bank and ensure that the Board of Directors in its follow-up can challenge the Group Executive Management in a constructive manner, including raise relevant questions and take a critical approach.

3. Scope

The diversity policy is relevant in connection with the annual evaluation of the qualifications of the board members as regards the Bank's current strategy and market situation as well as in connection with the recruitment of new board members.

The recruitment of new board members must take place on a well-documented basis and by means of a transparent process for the Board of Directors as recommended by the Committee on Corporate Governance and as stated in the management code of conduct of Finance Denmark. In connection with the Board of Directors' recruitment of new members to Sydbank's Board of Directors the qualifications and competences set out in this policy must be included. The stipulated qualifications must be compared with the most recent evaluation of the Board of Directors so as to ensure that after changes – incoming as well as outgoing board members – the Board of Directors collectively possesses the required qualifications and competences.

The qualifications and competences set out in this policy must be taken into consideration in connection with the annual evaluation of the Board of Directors, which is planned by the Nomination Committee. If the evaluation shows that there are qualifications or competences that are not sufficient the Nomination Committee must propose initiatives to impart the necessary competences. This may be achieved by supplementing the Board of Directors with new members, by replacing board members or by means of education and training of board members.

4. Qualifications and competences

Documentation of the competences must be provided either by way of work experience, professional duties or by way of education and training.

All board members must possess the following competences:

- Basic knowledge of banking
- Basic knowledge of business operations
- Basic knowledge of accounting
- Basic knowledge of regulation
- Basic knowledge of capital requirements

The following competences must be present on the Board of Directors:

Product related:

- Comprehensive knowledge of banking products, including knowledge about product development of financial services
- Knowledge of financial transactions (derivatives, swaps etc)
- Knowledge of the mortgage market and related products
- Knowledge of investments and related products
- Knowledge of pensions and related products
- Knowledge of insurance and related products

Professional qualifications:

- Experience in digitization
- Experience in operational top management of large organisations
- Experience in sustainability

Market knowledge:

- Knowledge of the banking market in Denmark
- Knowledge of the banking market in Northern Germany

Industry knowledge:

- Knowledge of agriculture
- Knowledge of trades and industries
- Knowledge of commerce
- Knowledge of real property

Knowledge of risk:

- Knowledge of credit risk
- Knowledge of market risk
- Knowledge of interest rate risk
- Knowledge of foreign exchange risk
- Knowledge of liquidity risk
- Knowledge of operational risk related to the financial sector
- Knowledge of IT risks

Furthermore qualifications prescribed by law must be present – these are at present:

- At least one board member with management experience from the financial sector
- At least one board member with qualifications within accounting or auditing.

The Board of Directors must function as a combined body. Consequently it is not necessary that each member meets all criteria.

On the committees set up by the Board of Directors diversity among the committee members is sought by appointing as committee chairman a member who is not the Chairman or Vice-Chairman of the Board of Directors.

5. Policy follow-up

The Nomination Committee is responsible for preparing and updating the diversity policy.

The Nomination Committee assesses on an ongoing basis and at least once a year whether the policy should be updated.