

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 describe the qualifications and competences that are relevant for Sydbank's Board of Directors.

The Board of Directors aims to maintain diversity in terms of:

- Age
- Gender, including Sydbank's target figure for the underrepresented gender on the Board of Directors
- Educational and professional backgrounds
- Experience

The diversity policy for Sydbank has been determined by the Board of Directors.

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, workplace and long-term investment.

2. Background

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

Each member of the Board of Directors must have 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 business and risk models, its current strategy and market situation as well as in connection with the recruitment of new board members.

The recruitment of new board members takes place on the basis of an assessment and a description of the competences to be added to the Board of Directors and by means of a transparent process for the Board of Directors. In connection with the Board of Directors' recruitment of new members the qualifications and competences described in this policy must be included. The stipulated qualifications are 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 or present 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 one or more board members.

4. Qualifications and competences

Overall statutory competences

Documentation of the competences is provided 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 compliance

Furthermore competences prescribed by law must be present:

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

Sector-specific statutory competences

The following competences among others 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

Market knowledge:

- Knowledge of the banking market in Denmark and 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
- Knowledge of capital requirements

Other professional competences

- Experience in digitization
- Experience in operational top management of large organisations
- Experience in sustainability
- Experience in branding and communication
- Experience in sales and distribution

The Board of Directors functions as a combined body. Consequently the Board of Directors must collectively have the necessary competences and qualifications and therefore 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 based on an assessment of qualifications and competences. In addition the aim is to appoint 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 assesses on an ongoing basis and at least once a year whether the policy should be updated.