

Diversity Policy

30 April 2019

Document no 8i

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1. Introduction

This policy on diversity aims to promote sufficient diversity in the qualifications and competences among the board members of Sydbank A/S.

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

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, 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 board work and the board members must possess a number of professional qualifications that combined enable the Board of Directors to perform its duties. In addition the composition of the Board of Directors must have a diversity which collectively enables the Board of Directors to elucidate matters from several perspectives as well as ensure that all important interests are taken into consideration.

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.

The diversity policy describes the qualifications and competences that are relevant for Sydbank's Board of Directors.

3. Scope

The diversity policy is relevant in connection with the ongoing evaluation of the qualifications of the Board of Directors 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 the Danish Bankers Association. In connection with recruitment the specified qualifications and competences of the diversity policy are included as criteria for the selection of candidates.

The qualifications and competences set out in this policy must be taken into consideration in connection with the ongoing evaluation of the Board of Directors, which is carried out by the Nomination Committee. If it is assessed that there are qualifications and competences that are not sufficient this must be pointed out and initiatives to impart the necessary competences must be proposed.

The addition of further competences may be achieved by supplementing the Board of Directors with new members or by means of for instance education and training of board members.

In connection with the Board of Directors' recruitment of new members to Sydbank's Board of Directors the qualifications and competences listed 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.

4. Qualifications and competences

All board members must possess the following competences:

- Basic knowledge of banking
- Basic knowledge of strategic management
- 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 of 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
- 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

In order to ensure diversity in the composition of the Board of Directors, diversity among board members must be sought in terms of their:

- age
- gender, see Sydbank's target for the underrepresented gender on the Board of Directors
- professional background
- experience, including international experience.

5. Policy follow-up

The Nomination Committee of the Board of Directors 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.