

## CSR Policy

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## 1. Introduction

This policy describes Sydbank's approach to social responsibility and the principles for being a responsible and transparent financial services provider.

The CSR policy is based on the Bank's business model, which states that the Bank's operations rest on fundamental values drawing on three core values:

**Excellence** – *Tailored to the needs of each individual customer, we provide service that makes a difference and offer advice that is simple and easy to understand. The quality of our work must be outstanding because we achieve results when we excel. This is what our customers measure us by. Each of our employees takes responsibility for doing their very best.*

**Professional relationships** – *Human decency and mutual respect reflect the way we act, both internally and externally. Our business is built around professional relationships. Sydbank is a relationship bank and professional relationships are the reason why we can create, maintain and build on long-term customer relationships. Relationships are earned, one at a time.*

**Value** – *Excellence and relationships create value. This is why value is what we strive for. Value is measurable value as well as human value.*

Sydbank seeks in all contexts to create value for all its stakeholders and society at large through excellence and the ability to create relationships.

No matter how customers use Sydbank, the customer experience must be simple and seamless. We strive for simplicity and work toward eliminating complexity. We want to be a bank – pure and simple. Nothing more.

As a bank we wish to be perceived as a respected, competent and decent business partner that complies with legislation in force and, from a Danish perspective, takes into consideration principles concerning responsible business activities as regards the environment, human rights and collective agreements, business ethics and anti-corruption measures.

## 2. Background

Sydbank takes its responsibility seriously. As a bank we have a great responsibility not only to our customers but also to help ensure financial stability in society and the economy in general. We contribute to financial stability by running a sound business.

Sydbank's corporate social responsibility is business-driven and supports its core business.

The Bank is conscious of the significant socio-economic responsibility that its role as an asset manager, securities trader, lender and payment intermediary involves and this is reflected in its policies and efforts to solve tasks as rationally as possible while observing the Bank's values.

Sydbank's corporate social responsibility is a concern common to all the Bank's business areas and represents the sum of efforts in the individual business units.

### 3. Scope

Sydbank's corporate social responsibility comprises the entire group and encompasses all employees.

### 4. Corporate social responsibility

Sydbank interfaces with many areas of importance to the state of society and its development.

We set standards for corporate social responsibility in our business so that we can contribute to creating a sustainable society. In addition to our immense responsibility as regards our customers, financial stability and the economy in general, we have a duty to take good care of our customers' money. As a relationship bank, Sydbank is responsible for advising its customers about the opportunities and risks that are a result of a more dynamic and complex world.

A significant part of Sydbank's corporate social responsibility is defined in legislation and takes place in close dialogue and collaboration with public supervisory authorities. As a SIFI, Sydbank is also subject to a number of stringent requirements concerning its capital base and resilience.

Consequently financial stability is the overall focus of the Bank's CSR efforts and objectives.

The other CSR focus areas at Sydbank are:

- social responsibility for customers and employees
- local engagement
- environmental and climate issues
- human rights
- anti-corruption and crime fighting.

These focus areas serve as Sydbank's guidelines when setting targets and assessing risks in the area of CSR. Our CSR objectives and efforts are limited to the areas that are especially relevant for us as a bank and where our business can promote a positive development in society.

#### **Financial stability**

**A stable and well-functioning banking system is an important mainstay in today's society. Sydbank has a corporate social responsibility for incorporating security and stability in its business practices.**

## **Compliance**

**Compliance in terms of regulation and supervision is high on the agenda for Sydbank. This area covers for instance AML efforts, personal data protection, credit issues and consumer protection.**

**As Sydbank sees it, in order to run a large modern bank, the Bank must be able to earmark considerable resources for dialogue and interaction with supervisory authorities and for developing its systems to ensure that they live up to current requirements and expectations.**

**This helps to create a stable and reliable banking system, which in turn contributes to preserving financial stability in society.**

## **Responsible lending**

Sydbank's credit activities must be consistent with its business model and the risk profile chosen.

Society needs loans and credit facilities which Sydbank provides on an informed and well-founded basis through efficient and quick decision processes.

The Bank's activities in connection with lending must be based on good advisory services. The solutions offered must help to ensure that customers' finances are transparent, healthy and sustainable. Concrete action plans are made as regards financial commitments that customers are unable to honour.

The Bank wishes to be perceived as a professional bank whose credit management is appropriate and whose impairment charges and losses are no larger than comparable banks in Denmark.

Sydbank does not wish to participate in financial transactions where doubts may be raised about the motives or business methods irrespective of whether these transactions are considered to be legal.

## ***Social responsibility for customers and employees***

### **Responsible employer**

At Sydbank we have a simple and decentralised organisation to ensure high accessibility and easy access to decisions so we can act quickly.

Sydbank strives to be a workplace characterised by excellent and committed employees. Sydbank focuses on being a workplace with a good physical and psychosocial work environment that takes into account principles concerning responsible business activities as regards human rights and collective agreements, business ethics and anti-corruption measures.

One of the Bank's fundamental values is that its employees must be excellent.

Sydbank wants to ensure that women and men have equal access to management positions as diversity and equal gender distribution support a healthy work environment.

### **Accessibility**

Sydbank seeks to ensure high accessibility and gives customers the possibility of contacting the Bank whenever and however it is convenient for them. Sydbank wishes to do business with its customers on the basis of long-term customer relationships and on transparent terms. Sydbank strives to be a bank characterised by high customer satisfaction.

### ***Local engagement***

#### **Contribution to society**

Sydbank is a relationship bank. Sydbank attaches importance to establishing and developing good relationships with its customers, business partners as well as society in general. It is important to Sydbank to play an active part in the local communities where it operates. Sydbank focuses its efforts on building strong relationships with the community of which it is a part.

Sydbank's many sponsorships to enhance an active leisure life and cultural life are nurtured nationally as well as locally – not least as regards amateur associations. The Bank is actively involved in local association activities and sports activities in its market area.

Sydbank donates funds to the sponsorship fund Sydbank Fonden, which makes broad contributions to leisure life and cultural life as well as for study purposes. Moreover Sydbank supports selected charitable organisations operating in the world's poorest areas.

In addition Sydbank organises activities on an ongoing basis to help educate customers and society in general about economics and finance. The Bank also participates in the public debate on a range of economic and financial issues.

### ***Environmental and climate issues***

In terms of climate and energy Sydbank makes a concerted effort to reduce its environmental footprint.

Sydbank works systematically to minimise the energy consumption and CO<sub>2</sub> emissions associated with its business activities.

The Bank has introduced detailed monitoring of and follow-up on energy consumption at all Sydbank's premises in order to ensure ongoing energy optimisation in all its buildings. In this context the Bank aims for its energy consumption to match the best in its class.

### **Human rights**

#### **Equal rights and non-discrimination**

Sydbank wants 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. This is the main reason why we monitor the gender balance at Sydbank. The Bank does not have a specific gender composition target as in practice it also depends on the free choice of employees and their personal preferences and Sydbank also wishes to take into consideration and support the freedom of choice of each individual employee.

#### Responsible investment

Sydbank exercises its corporate 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 assets, we find it important that the companies invested in comply with the UN Principles for Responsible Investment (UN PRI). This entails for instance:

- that environmental, social and corporate governance (ESG) issues are incorporated in investment decisions
- that we apply a commitment approach in relation to influencing companies invested in that do not fully live up to our expectations regarding ESG issues.

In line with its fundamental values, Sydbank does not wish to invest in companies that violate widely accepted international conventions and norms as formulated in for instance the UN Global Compact concerning businesses' positions on human rights, workers' rights, environmental issues and anti-corruption.

#### **Responsible collaboration with suppliers**

We work together with our suppliers to ensure that the goods and services included in the Bank's value chain comply with current legislation and the principles concerning human rights, workers' rights, environmental issues and anti-corruption.

#### Anti-corruption and crime fighting

Sydbank supports efforts by the authorities to fight corruption and crime.

In addition the Bank continues to take a proactive approach to digital security and the correct processing of personal data.

## 5. Responsibility and follow-up

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

Sydbank follows up on an ongoing basis the effects of the efforts made and these are reported to the Board of Directors.

The day-to-day activities concerning CSR are carried out in the Bank's business units. The Bank's CSR reporting is the responsibility of the Group Executive Management Secretariat & Communications.

Sydbank's annual CSR report is available at [sydbank.dk](http://sydbank.dk) and [sydbank.com](http://sydbank.com) and has been audited by the Bank's auditors.

## 6. International agreements

In 2010 Sydbank signed the UN Principles for Responsible Investment (UN PRI) and consequently the Bank is committed to take into consideration the 10 core principles of the UN Global Compact in connection with asset management and investment advice.

Out of the UN's 17 sustainable development goals, Sydbank has identified the following goals as especially relevant in terms of Sydbank's CSR efforts:

- 4. Quality education
- 7. Affordable and clean energy
- 8. Decent work and economic growth
- 9. Industry, innovation and infrastructure
- 17. Partnerships for the goals