

Sydbank

**Sydbank
Green Bond Framework**

May 2022

Contents

- 1. Introduction 3
 - Sydbank’s core story..... 3
 - Sydbank’s business model..... 4
- 2. Approach to ESG at Sydbank..... 4
 - Sustainability Strategy 4
 - Responsible Finance 5
 - Reporting under the taxonomy regulation 6
 - Responsible investment and ESG integration 6
 - Sydbank’s ESG efforts – Investments..... 7
 - Sydbank’s process – Engagement with companies 8
 - Increased governance efforts..... 8
 - Sustainable endorsements and levers..... 9
- 3. Rationale for Issuance 10
- 4. Alignment with voluntary market standards 11
 - 4.1 Use of Proceeds 11
 - 4.1.1 Exclusions 15
 - 4.2 Process for Project Evaluation & Selection 15
 - 4.3 Management of Proceeds 16
 - 4.4 Reporting 17
- 5. External Review..... 17
 - 5.1 Second party opinion..... 17
 - 5.2 Verification 18
- 6. Disclaimer..... 19

1. Introduction

Sydbank has a solid financial foundation that offers room for more business with new customers as well as existing customers. Our growth will be built on a firm and sound footing. Sydbank wishes to remain a bank operating on its own terms and we aim to be the preferred business partner. We focus on our own products but use business partners for a wide variety of financial services, for instance mortgage credit, pensions and insurance. As an advisory and service undertaking Sydbank's primary objective is to meet the financial requirements of its customers. Sydbank achieves this objective by striving to be among the absolute top performers in Denmark in terms of operating a bank and providing advisory services to customers based on their unique situation. Sydbank's business volume is evenly distributed across 12 Danish regions which form the basis of the direct advisory services to the Bank's customers. The total business volume consists of loans and advances, arranged mortgage loans, deposits, guarantees and custody accounts. Depending on customer segment and type of business Sydbank has a market share of between 6 and 12%. The Bank's largest market share is within the SME segment. Furthermore Sydbank has 3 branches in Northern Germany and together they constitute the Bank's 13th region.

Sydbank's core story

Sydbank's mission is to be a bank that is close to its customers. We find solutions where they are – quickly and efficiently. We build on relationships between people. And we focus on what is important – banking and sound business. Banking – pure and simple.

Rooted in Southern Jutland, Sydbank is a strong and independent nationwide bank operating on its own terms. For the backbone of the Danish corporate sector and for retail clients who value professional advice we are a bank for most people but not the same bank for everyone. Good old-fashioned attentiveness, new technology – we use what works. We know our customers and we are close to them providing advice tailored to their individual needs. Backed by the best business partners our competitive strength is increased. Our bank – excellence and relationships create value.

We make 3 promises – to our customers, to our employees and to our shareholders. You will know us for the value we create for our customers. You will know us for our belief that excellent and committed employees are our most important asset. And you will know us for always having a level of profitability that will enable us to remain an independent and resourceful bank. Sydbank – what can we do for you?

Sydbank's business model

The classic business model for banks is fundamentally concerned with optimising risk management when short-term deposits are converted to long-term loans. This remains the cornerstone of Sydbank's – as well as other banks' – business model. And banks have an exclusive licence to accept deposits and arrange loans. In addition to deposit and loan products produced in-house, Sydbank's business model comprises activities within payment services, securities trading and asset management as well as arranging mortgage credit products, investment management products and insurance products via business partners and is similar to the rings of an onion. For more information about our business model, please refer to our dedicated document [here](#).

2. Approach to ESG at Sydbank

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

Consequently, sustainability claimed a bigger seat in 2021 in the boardroom. The Board of Directors is now responsible for approving objectives in the area of sustainability in addition to ensuring that the sustainability and social responsibility policy is complied with. Additionally we launched our new strategy for 2022-2024. One of the key strategic initiatives is ESG and sustainability. As a result, Sydbank will continue to incorporate ESG and sustainability into its products and procedures to an even greater extent.

We believe that by becoming a signatory to the UN Principles for Responsible Banking, Sydbank shows the strongest commitment to the Sustainable Development Goals and the Paris Agreement as well as achieving sustainable banking in the long term.

Sustainability Strategy

For Sydbank sustainability is about doing something because it is the right thing to do and because it can be integrated naturally in the Bank's business. In other words we must focus on the challenges in society that are closest to our core business and primary areas of impact. As a result we have decided to focus on 4 areas where we believe we can make a significant difference: responsible finance, responsible investment, responsible employer and responsible climate footprint.

Focus Area	Overall Objective
Responsible finance	To ensure that, through decency and systematic procedures, Sydbank is a well-run and solid bank with a responsible approach to financing and lending to the Bank's customers.
Responsible investment	To 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.
Responsible employer	To provide a healthy and attractive work environment for our employees that allows for professional skills development and further training.
Responsible climate footprint	To be respectful of the environment in all aspects of its business and to make a positive difference in order to reach our own, national and global climate targets. 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.

Responsible Finance

Sydbank wants to be an active player in the sustainable transition. We wish to support our customers' sustainable transition and we work continuously to improve our sustainability data as data serves as the basis for the goals we want to set in the future. In 2021 we created the foundation for the integration of ESG risks and how to address them, for instance by providing training to our corporate account managers and reporting for the first time on the CO₂ footprint of the lending portfolio.

Reporting the carbon footprint of our loans and including an assessment of the ESG risks in the basis for decision-making as regards of lending are naturally limited by data availability and data quality. At Sydbank we are fully aware that the calculations and analyses made in the area of sustainability cannot be better than the data on which they are based. Even though we made significant headway with our data in 2021, there is still a way to go in regards to sustainability data.

For the coming year, our ambitions are clear: We want to continue our work on integrating ESG risks in credit risk management and capital planning and we strive to address ESG risks associated with individual corporate clients in connection with credit evaluation. In line with the carbon footprint assessment, we

plan to work on enhancing the underlying data and CO₂ calculations of the Bank's loans and to increase the volume of sustainable loans.

Reporting under the taxonomy regulation

In 2021 the EU taxonomy had a significant impact on our work regarding responsible finance. The final wording of the taxonomy was released in July 2021, which resulted in a relatively short implementation period as the taxonomy came into force on 1 January 2022. Sydbank has taken an active part in working groups across the sector in order to reach a common interpretation and understanding of the taxonomy.

From 1 January 2022 to 1 January 2024 the proportion of total assets eligible under the taxonomy will be reported and after this period the assets that align with the taxonomy. In the reporting of the Bank's proportion of total assets eligible under the taxonomy, the exposure to retail clients is calculated as regards car loans and home loans. With regard to the exposure to corporate clients reporting only applies to companies subject to the NFRD (Non-Financial Reporting Directive). A company is subject to the NFRD if it is listed and has more than 500 employees.

However mandatory reporting follows the reporting that companies have published and since the requirements do not apply to companies until 2022, data is not yet available from the individual companies. With regard to future reporting of the Bank's exposure to companies subject to the NFRD, the Bank expects to have available data from the individual companies.

Responsible investment and ESG integration

This strategic pillar is governed by the overall objective to 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.

As a result, in 2021, targeted efforts were made to increase focus on the integration of ESG factors in our day-to-day investment processes. Our employees responsible for making the final investment decisions received access to even more ESG data. This led to 1,276 companies being monitored on an ongoing basis with regard to violations of international norms. In connection with non-sustainable conduct we visited or held meetings with companies 55 times.

Sydbank's ESG efforts – Investments

At Sydbank we will actively address the Paris Agreement by our above mentioned efforts to increase focus on the integration of ESG factors in our investment processes. We hope that this will enable us to a greater extent to actively select an investment – not just opt out. Within sustainable investment Sydbank is moving away from an exclusion-based approach to a more active and inclusion-based approach. The launch of the new global equity product with the Nordic Swan Ecolabel is a step towards more sustainable investment products where actively selecting a product based on its sustainability factors play a greater role.



We will actively address the Paris Agreement by setting concrete targets to reduce the carbon footprint of our overall share portfolios. Other types of investments will be added as soon as data and methods improve.

We wish to offer our customers an actual choice between 2 overall product strategies, with a common long-term target of 75% carbon reduction from 2021 to 2030 compared to global equity index MSCI All Country World Index.

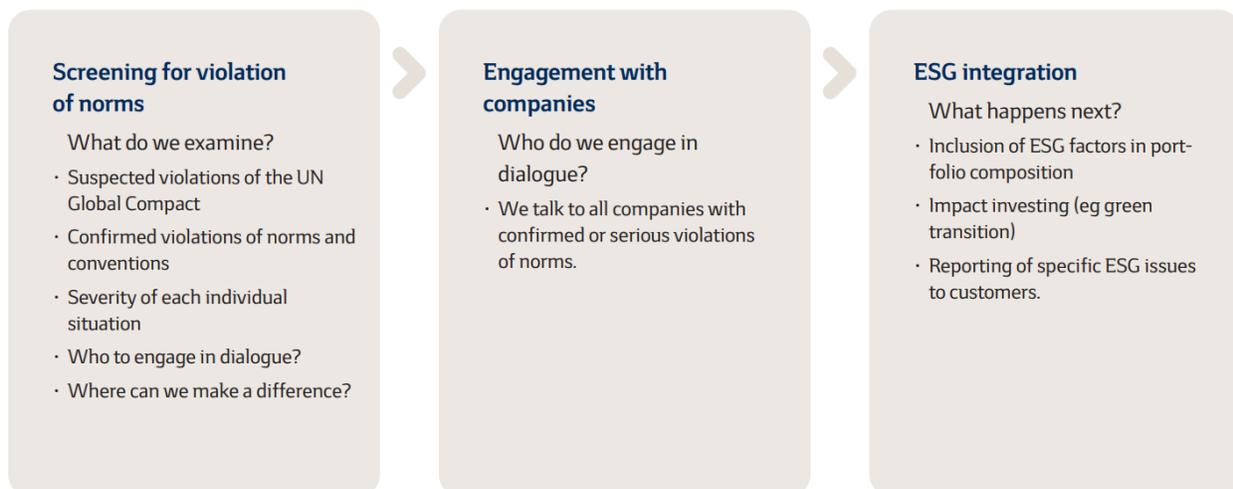
- One group of products will allow a gradual average CO₂ reduction and the products will invest in companies transitioning from fossil fuels to renewable energy sources. In this context our sustainability efforts will involve reaping returns through expected future climate gains of companies' green transition activities.
- Another group of products will implement an immediate adaptation to the CO₂ target via a reduction of around 50% in 2021 and a further 25% over the next 10 years until 2030. The reduction will initially be achieved by opting out of sectors involved in fossil fuels. In the long term

reductions will be achieved by means of a targeted selection of companies reporting low CO₂ emissions.

Sydbank's process – Engagement with companies

Active ownership is at the root of all Sydbank's investments. Being an active owner means for instance ensuring that there is continuous monitoring of violations of norms in our portfolio companies. Screening may also be carried out to determine whether companies are involved in different products and activities that are unacceptable in some investment strategies, e.g. tobacco, alcohol as well as the extraction or production of fossil fuels.

One crucial element in active ownership is constructive dialogue or engagement with a company's management. When we purchase shares we can express our position by voting at a company's general meetings. When we buy corporate bonds we decide whether we wish to support the financing of the company or not but we have no voting rights. In both cases dialogue is considered the central element in order to achieve the desired changes.



Increased governance efforts

Sustainability is a subject that is increasingly addressed in the dialogue with our stakeholders. Consequently we made it a priority in 2021 to devote time and resources to offering all the Bank's employees basic training in sustainability. Some employee groups were given a deeper insight into and knowledge of sustainable issues of particular relevance to their jobs and several board members completed a training course in sustainability.

In addition to our training efforts on employee level, we maintain strong governance structures which guide our holistic approach to CSR. Sydbank's Board of Directors is responsible for preparing and updating Sydbank's sustainability and social responsibility policy. By anchoring the responsibility at board level the Board of Directors is responsible for e.g. Sydbank's compliance with voluntary international endorsements, including the UN Principles for Responsible Banking. Furthermore the Board of Directors is responsible for approving and monitoring the Bank's objectives in the area. On a regular basis and at least once a year the Board of Directors considers whether the policy should be updated. The day-to-day activities concerning sustainability and social responsibility are carried out in the Bank's business units. These efforts are guided by a governance foundation comprising policies and codes related to the area of sustainability. Sydbank's sustainability and CSR forum evaluates and decides upon sustainability initiatives and guarantees internal dialogue and sparring on objectives for the Bank's 4 strategic focus areas.

The members of the forum include Sydbank's CEO as well as representatives from the Bank's relevant business units. The forum submits proposals to the Group Executive Management, which in turn informs the Board of Directors.

Further details of the Group policies relating to CSR and our sustainability efforts are available on the company website¹.

Sustainable endorsements and levers

In order to strengthen Sydbank's sustainability and CSR efforts, the bank complies with a number of international and national initiatives, principles and guidelines. A few of these are described below.

- **UN SDGs:** Sydbank greatly respects the UN's efforts to establish a global partnership to work for a sustainable future. We work continuously to develop and implement measures that help to support the SDGs. Our sustainability efforts are related to 7 SDGs where our activities can make a difference.
- **UN Global Compact:** Sydbank joined the UN Global Compact in 2020 and as a result we became a part of a movement where more than 15,000 companies from 163 countries work for a better world. The UN Global Compact is a voluntary initiative and by giving our endorsement we as a company undertake to adhere to 10 principles. The principles focus on a company's social

¹ <https://www.sydbank.com/about/csr>

responsibility and are based on international conventions and agreements. Our participation also requires us to report on how we comply with the principles and work for a better world. As a signatory Sydbank has the possibility to boost its CSR and sustainability efforts and at the same time send a clear message to the surrounding world that we take sustainability and social responsibility seriously.

- **UN Principles for Responsible Banking:** Sydbank signed the UN Principles for Responsible Banking at the end of 2020. The incorporation of the principles define the Bank's efforts to embed sustainability into the Bank's core business to a still greater extent. In 2021 Sydbank will report on its progress concerning the integration of the UN Principles for Responsible Banking for the first time. The table on page 56 in the Bank's CSR report shows the report on Sydbank's progress as regards integrating the principles. The table describes the foundation we built in 2021 – a foundation to support the proper integration of the principles.

In addition to the above endorsements Sydbank continues to comply with and support the UN Principles for Responsible Investment, the Paris Agreement, the OECD Guidelines for Multinational Enterprises and ILO conventions on dignity of workers.

3. Rationale for Issuance

Sydbank is one of Denmark's largest banks and our role in society involves a special responsibility to make a positive contribution to developments. The advice we provide contributes to improving big and small financial decisions by companies and private persons. As such, Sydbank aims to offer a range of products that promote sustainable investment and behaviour.

To demonstrate Sydbank's commitment to sustainability, we have established a Green Bond Framework to fully align our funding strategy with our sustainability commitments within this Framework and to provide investors in Sydbank debt instruments with an opportunity to support this vision.

4. Alignment with voluntary market standards

The Green Bond Principles, as published by the International Capital Market Association (ICMA), are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for issuing such bonds. The Sydbank Green Bond Framework follows the Green Bond Principles (GBP) 2021², which provide guidance in the form of four core components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

Sydbank also follows the key recommendations of the Principles with regards to External Review and has taken into account the 'EU Taxonomy' on environmentally-sustainable economic activities in determining eligible Uses of Proceeds.

For any Green Bond issued by Sydbank, these four core components will be applied subject to and in accordance with this Green Bond Framework, as amended from time to time.

This Framework may be updated from time to time to ensure continued alignment with voluntary market practices, emerging standards and classification systems, including for example the developing EU Taxonomy and EU Green Bond Standard⁴. Sydbank will aim to obtain an updated or new SPO in case this Framework is significantly updated.

4.1 Use of Proceeds

Sydbank will allocate an amount equal to the net proceeds of any Green Bond to finance or re-finance eligible green expenditures. The primary use of proceeds are allocated within Denmark and Germany.

An overview of the eligible green expenditures can be found below, which shows how the green expenditures relate to GBP categories. Sydbank intends to allocate an amount equal to the net proceeds raised by the issuance to the Eligible Activities (i) where financing has taken place within a 36-month period preceding the date of the issuance of, and/or (ii) where financing takes place within a 36-month period following the date of issuance.

² [Green Bond Principles](#)

Green Bond Principles Eligible Category	Eligibility Criteria and Example projects	Indicative metrics	SDG alignment
Renewable Energy	<p>Financing and lending to:</p> <ul style="list-style-type: none"> The construction, development, acquisition, maintenance, and operation of renewable energy projects, including Solar and Wind power. The construction, development, acquisition, maintenance, and operation of Green Hydrogen and Power-to-X, biogas, biofuel (with life-cycle emissions at least 65% lower than relevant fossil-fuel baseline), electricity and combined Heat and Power (CHP) from biomass with a direct emissions threshold of 100gCO₂/kWh or less, where the activities are located in EU countries. Companies that produce biogas, biofuel (with life-cycle emissions at least 65% lower than relevant fossil-fuel baseline), electricity and combined Heat and Power (CHP) from biomass with a direct emissions threshold of 100gCO₂/kWh or less; or hydrogen and Power-to-X using electrolysis technology, where (i) electricity with average carbon intensity at or below 100gCO₂e/kWh, and/or (ii) hydrogen with direct CO₂ emissions at or below 5.8tCO₂-e/t-hydrogen are considered eligible. <p>Where allocation opportunities based on the above eligibility criteria are not readily identifiable, Sydbank may apply the following additional eligibility criteria:</p> <ul style="list-style-type: none"> Transmission³, and energy storage. Supporting industry⁴ to wind power or solar power or as described above are considered eligible. 	<ul style="list-style-type: none"> Greenhouse gas emissions avoided (tonnes/year) 	
Green Buildings	<p>Financing and lending to the development, construction, acquisition, maintenance, refurbishment and operation of commercial & residential real estate in Denmark and Germany, achieving the following specified environmental/energy performance levels:</p>	<ul style="list-style-type: none"> Greenhouse gas savings (tonnes/year) Energy savings (GWh/year) 	 

³ Where transmission infrastructure is dedicated to renewable energy only, 100% of the lending asset will be eligible for allocation, where transmission infrastructure is not solely dedicated to transmission of renewable energy, the allocation will be pro-rated based on the annual average proportion of the electricity delivered to the relevant national grid which is deemed as ‘renewable’, by reference to official statistics.

⁴ Supporting industry is defined by manufacturing, installation and repair.

	<ul style="list-style-type: none"> • LEED⁵ Platinum or Gold, BREEAM⁶ Outstanding or Excellent or any equivalent energy efficiency rating (e.g. DGNB “Gold”, HQE “Excellent” or higher level of certification). • For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class ‘A’⁷. • The building is within the top 15% of the national or regional building stock, expressed as operational Primary Energy Demand⁸. • Primary Energy Demand is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council⁹. • Building refurbishment where a 30% improvement in Primary Energy Demand is achieved¹⁰. • Buildings (located in Denmark and Germany) with energy label (EPC) A and B. • Lending to the for energy refurbishment and renovation of existing buildings which is solely earmarked to energy improvements is considered eligible green lending. (Activities include, but are not restricted to installation of cavity wall, roof and/or floor insulation, heat pump, infrared panels, solar boilers and solar panels, installing energy-efficient frames and doors and ‘double glazing’ or HR ++ glazing). 		
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⁵ <https://www.usgbc.org/leed>

⁶ <https://www.breeam.com/>

⁷ As per EU Taxonomy Technical Screening Criteria: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

⁸ As per EU Taxonomy Technical Screening Criteria: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

⁹ As per EU Taxonomy Technical Screening Criteria: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

¹⁰ As per EU Taxonomy Technical Screening Criteria: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

<p>Clean Transportation</p>	<p>Financing and lending to:</p> <ul style="list-style-type: none"> The development, construction, acquisition, maintenance, and operation of infrastructure (e.g. BEV charging stations) and vehicles for zero direct emissions transportation of passengers and freight (e.g. light rail transit, metro, trams, trolleybuses, buses, rail, electric vehicle charging stations, electricity grid connection upgrades and hydrogen fuelling stations). Low emission freight transport vehicles are considered eligible when they have an emission threshold below 25gCO₂/t-km. Passenger transport vehicles, including buses, trains and ferries with direct emissions below 50gCO₂/km until 2025 is considered eligible. 	<ul style="list-style-type: none"> Greenhouse gas savings (tonnes/year) 	 
<p>Sustainable use of natural resources</p>	<p>Sydbank may provide financing to the sustainable management of natural resources e.g. certified agriculture, forestry or fishery. Eligible certifications include:</p> <ul style="list-style-type: none"> EU and/or Danish organic certified agriculture, excluding financing of livestock activities. Forestry certifications include the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC). Sustainable fisheries and aquaculture certifications include Marine Stewardship Council (MSC) and by Aquaculture Stewardship Council (ASC). 	<ul style="list-style-type: none"> % Certified production 	  
<p>Recycling and sustainable production</p>	<p>Financing to promote sustainable production and circular economy through lending to:</p> <ul style="list-style-type: none"> Recycling facilities are considered eligible. Companies or activities that significantly lower pollutants into land, water or air are considered eligible. Activities or companies that engage in water purification. In cases where water purification and supply of sustainable water are entangled, the companies are considered eligible. Material recycling facilities for segregation and sortation of recyclable materials from municipal waste streams. Combined heat and power (CHP) generation from municipal solid waste where plastic, recyclable and/or hazardous materials are separated prior incineration. Activities leading to significant lower emissions of pollutants into air, water or land, as compared to a situation without the activity. Pollution prevention and control related to burning, extraction or refining of fossil fuel is excluded. 	<ul style="list-style-type: none"> Greenhouse gas savings (tonnes/year) 	  

4.1.1 Exclusions

Allocations within this Green Bond Framework will be made strictly in accordance with the Use of Proceeds requirements as specified above. For the avoidance of doubt, no allocations based on this Framework will be made to activities in the fossil fuel, nuclear, defence, weapon, mining alcohol, tobacco or gambling industries.

4.2 Process for Project Evaluation & Selection

To ensure that allocations are made to Eligible Green companies or activities as specified above, Sydbank has integrated its project selection and evaluation processes into its existing Credit Committee. The Credit Committee makes decisions in the operational interpretation of general and specific credit policy matters. The Credit Committee reviews credit cases granted by the Executive Board and Credit as well as credit recommendations to the Board of Directors, including deciding whether the cases are in accordance with the bank's credit policy, credit rules and considers the risk, price and possible commitment follow-up.

The Credit Committee will be assigned the following responsibilities:

- Ensuring the proposed Eligible Green Investments and Projects are aligned with the categories as specified in the Use of Proceeds section above, and approving any proposed changes in the event that the Project(s) no longer meet the eligibility criteria (e.g. following divestment, liquidation, technology switch, concerns regarding alignment of underlying activity with eligibility criteria etc.).
- Reviewing and approving allocation and where relevant, impact reports, where suitable data is available.
- Reviewing and approving any proposed updates to this Green Bond Framework because of expansions to the list of Eligible Categories and new market developments (such as the introduction of the EU Green Bond Standards) on a best effort basis and oversee its implementation.

The Credit Committee comprises among others the following senior leadership representatives:

- Deputy Group Chief Executive, Bjarne Larsen
- Head of Credits, Stig Westergaard
- Head of Corporate Banking & Finance, Steen Streubel Hansen
- Head of Corporate Credit managers, Jens Lund-Hansen

The Committee meet on a weekly basis to perform their duties. Going forward the review of proposed allocations and assurance of these being made in line with the specified criteria above will be handled as part of the committees' operational procedures.

Sydbank, on a best effort basis, intends that all selected Eligible Assets comply with official national and international standards and local laws and regulations on a best effort basis. It is part of the transaction approval process of Sydbank to determine whether all activities comply with internal environmental and social standards.

Sydbank is aware of the fact the EU Taxonomy and the EU Green Bond Standard require that Eligible Green Assets should not only contribute to at least one of the EU Environmental Objectives, but should also do no significant harm (DNSH) to any other EU Environmental Objective. Sydbank's due-diligence processes support the mitigation of environmental and social risks potentially associated with the Eligible Green Assets through their basis in supporting compliance with national and international legislation. During 2021, we have extended the Bank's industry analysis to include ESG risks at industry level and trained our corporate account managers to address ESG risks in connection with credit evaluation. In line with Danish local legislation, we are assessing any future financing and lending exposure against pre-defined ESG criteria. Furthermore, we are currently undergoing an ESG evaluation of Sydbank's existing loan books. Further information on how we currently address ESG risks and what we are planning to further strengthen our risk assessment can be found in our CSR report¹¹.

4.3 Management of Proceeds

The Green Bond proceeds will be managed by Sydbank in a portfolio approach. Sydbank will allocate an amount equivalent to the proceeds from the Green Bonds to an Eligible Asset Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process presented above.

Sydbank will strive, over time, to achieve a level of allocation for the Eligible Asset Portfolio which, after adjustments for intervening circumstances matches or exceeds the balance of net proceeds from its outstanding Green Bonds. Additional Eligible Assets will be added to our Eligible Asset Portfolio to the extent required to ensure that the net proceeds from outstanding Green Bonds will be allocated to Eligible Assets.

¹¹ [CSR Report](#); p.21f

It is the intention of Sydbank, that the total financed activities meet the criteria set under this Framework should at any time at least equal the total amount for which green bonds have been issued. However, during some periods, sufficient assets may not yet have been allocated to cover the bonds issued.

Sydbank will aim to achieve full allocation for all Green Bonds within 36 months of the issuance date.

Pending allocation, proceeds will be invested on a temporary basis in cash, cash equivalents or where possible in ESG-oriented funds.

4.4 Reporting

Within one year of issuance, and annually thereafter until full allocation of an amount equivalent to the net proceeds of any Green Bond as well as in the event of any material changes, Sydbank will publish (i) an Allocation Report and (ii) an Impact Report, subject to the availability of suitable information and data. Where impact data is reported, details of the methodology applied in compiling the data will be provided. These reports will be made available on Sydbank's website.

The Allocation Report will include:

- Total amount of proceeds allocated to Eligible Green Projects per category, noting any instances where allocations could not be made as originally planned, due to e.g. divestments, project terminations or suspensions etc.;
- The proportion of the proceeds allocated to refinancing of existing Eligible Green Projects; and,
- Unallocated proceeds.

Where possible, the reporting will include a calculated impact of the finance, measured using impact indicators defined under each category.

5. External Review

5.1 Second party opinion

Sustainalytics has provided a Second Party Opinion on Sydbank's Green Bond Framework. The Second Party Opinion as well as the Green Bond Framework will be made available on the Sydbank's website.

5.2 Verification

Sydbank also intends to commission a compliance review within one year of issuance and annually thereafter until full allocation of any Green Bond, with the intention of confirming that proceeds have been allocated in accordance with the uses of proceeds specified in this Green Bond Framework.

6. Disclaimer

The information and opinions contained in this Framework are provided as at the date of this document and are subject to change without notice.

Sydbank A/S does not assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise, or to notify any recipient of this Framework if any information herein changes or subsequently becomes inaccurate.

This Framework represents current Sydbank A/S policy and intent, is subject to change and is not intended nor can it be relied on, to create legal relations, rights or obligations. Any references within this Framework to the provision or publication by Sydbank A/S of any report are, as described in this Framework, subject to the availability of suitable information and data.

This Framework may contain and/or incorporate public information not separately reviewed, approved, endorsed or verified by Sydbank A/S, and accordingly Sydbank A/S makes representation, warranty or undertaking as to, and accepts no responsibility for, the accuracy or completeness of such information.

This Framework is provided for information purposes only and does not constitute or form part of, and should not be construed as, an offer or invitation to sell Sydbank A/S Bonds, or the solicitation of an offer to underwrite, subscribe for or otherwise acquire any debt or bonds of Sydbank A/S, and nothing contained herein shall form the basis of or be relied on in connection with any contract or commitment whatsoever.

Any decision to purchase any Sydbank A/S Bonds should be made solely on the basis of the information to be contained in any offering document produced in connection with the offering of such bonds.

Nothing in this Framework constitutes legal, financial, accounting or tax advice. Prospective investors are required to make their own independent investment decisions. No representation is made as to the suitability of any Sydbank A/S Bonds to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of Sydbank A/S Bonds should determine for itself the relevance of the information contained or referred to in this Framework or the relevant bond documentation for such Sydbank A/S Bonds regarding the use of proceeds and its purchase of Sydbank A/S Bonds should be based upon such investigation as it deems necessary.

Sydbank A/S has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and investor reporting, in connection with Sydbank A/S Bonds. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any Sydbank A/S Bonds if Sydbank A/S fails to adhere to this Framework, whether by failing to fund or complete Eligible Green Projects or to ensure that proceeds do not contribute directly or indirectly to the financing of the excluded activities as specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by this Framework, or otherwise.

In addition, it should be noted that all of the expected benefits of the Projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in Government policy (whether with a continuity of the Government or on a change in the composition of the Government), changes in laws, rules or

Sydbank Green Bond Framework

regulations, the lack of available suitable projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives.

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