

# UN Principles for Responsible Banking

# 2023

REPORTING AND SELF-ASSESSMENT



Principles for  
Responsible Banking

# Sydbank

Hvad kan vi gøre for dig

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## Introduction

In 2020 Sydbank signed the UN Principles for Responsible Banking, which define the framework for sustainable banking and include an annual reporting obligation. Signatory banks align their sustainability efforts and business activities with the UN Sustainable Development Goals and the Paris Agreement.

As a signatory of the UN Principles for Responsible Banking, Sydbank is required to report on an ongoing basis on our progress on integrating the 6 principles.

In accordance with the principles, all items related to the three key steps of this report (item 2.1, 2.2, 2.3 and 5.1) have been subject to limited assurance by our independent auditors.

## Reporting and Self-Assessment

### Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

#### 1.1 Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

##### *Response*

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 business model.

Sydbank is a nationwide bank with local roots in 12 Danish regions as well as Northern Germany, where the Bank has 3 branches.

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. Sydbank's core business is made up of lending and asset management. Sydbank focuses on the segments Corporate, Private Banking and Retail.

Sydbank's investment universe is an international market for trading in e.g. corporate bonds and government bonds.

Sydbank's lending is exposed by way of loans and advances and guarantees to 11 primary industries as well as to retail clients

##### *Links and references*

[Business Model](#) p. 3

[Annual Report 2023](#) p. 32-33

[Credit Risk 2023](#) p. 16

(17.1%) and public authorities (0.0%). The 11 primary industries are Building and Construction (4.6%), Energy supply etc (4.2%), Real estate (10.7%), Finance and insurance (10.8%), Trade (20.9%), Hotels and restaurants (0.5%), Manufacturing and extraction of raw materials (10.5%), Information and communication (0.6%), Agriculture, hunting, forestry and fisheries (3.6%), Transportation (3.4%) and Other industries (13.1%).

## Strategy alignment

**Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?**

Yes

No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

**Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?**

UN Guiding Principles on Business and Human Rights

International Labour Organization fundamental conventions

UN Global Compact

UN Declaration on the Rights of Indigenous Peoples

Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: Pillar 3 disclosures on ESG risks

Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----

None of the above

### Response

Sustainability and the related ESG issues are included as an initiative in Sydbank's strategy for 2022-2024. As a result, focus is on incorporating ESG issues and sustainability in the Bank's products and processes.

Sydbank has in 2023 worked to incorporate ESG and sustainability into its products and processes to a still greater extent.

We believe that by becoming a signatory to the UN Principles for Responsible Banking Sydbank shows the strongest connection as regards working on the Sustainable Development Goals and the Paris Agreement as well as achieving sustainable banking in the long term. In future we will continue to support and comply with our obligations according to the international endorsements and also comply with existing legislation.

### Links and references

[Annual Report 2023](#)  
p. 43

## Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

### 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):

**a) Scope:** What is the scope of your bank’s impact analysis? Please describe which parts of the bank’s core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

#### *Response*

Sydbank has prepared an impact analysis using the Portfolio Impact Tool as described under “Basis of preparation” on p. 24. The impact analysis was prepared in 2022 based on 2021 data.

In addition to deposit and loan products produced in-house, Sydbank’s business model includes 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. We want to focus our analysis where we have the most significant impact on society. To this end, the impact analysis covers the activities within the Bank’s core activities: finance and investment.

#### *Links and references*

[Business Model](#) p. 3

Information about the [Portfolio Impact Tools](#) is publicly available on the UNEP FIs website.

Furthermore, the [PRB Guidance Document](#) describes reporting at the PRB, including the impact analysis.

**b) Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank’s scale of exposure, please elaborate, to show how you have considered where the bank’s core business/major activities lie in terms of industries or sectors.

#### *Response*

The business volume covered by the analysis within finance and investment totals DKK 107bn and estimated CO<sub>2</sub>e emissions constitute 1.15m tonnes, of which 73.82% relates to lending and 26.18% to investments.

#### *Links and references*

Information about the [Portfolio Impact Tools](#) is publicly available on the UNEP FIs website.

*Finance:* The impact analysis is prepared on the basis of bank loans and guarantees for both retail and corporate clients. Retail loans are broken down into homes and cars. Corporate clients are broken down into the 10 primary industries listed in item 1.1. Industries with high emission intensities have been further examined by dividing them into sub-industries.

*Investment:* The business volume comprises equity investments in the Bank's pooled products. We have decided to focus on equity investments because we believe that our global equity portfolio represents the asset class in the overall investment universe with the most significant impact on society.

**c) Context:** What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

*This step aims to put your bank's portfolio impacts into the context of society's needs.*

*Response*

As a Danish bank primarily operating within the Danish borders it is important that in connection with the identification of impact areas we address the challenges facing society.

In Denmark, climate policy is a key topic on the sustainability agenda. Denmark's climate policy is largely shaped by the national greenhouse gas reduction targets contained in the Danish Climate Act from 2020. The Climate Act aims to reduce the country's greenhouse gas emissions by 70% in 2030 relative to 1990 and for Denmark to be climate neutral by 2050.

To reach the goal of reducing Denmark's CO<sub>2</sub>e emissions, the central government has established 13 climate partnerships, including a climate partnership for the finance sector. The latter has issued 11 recommendations for the establishment of a coherent model to be used by all public and private players to make it transparent, simple, and standardised to calculate, collect, use and exchange CO<sub>2</sub>e emissions data.

Financial and credit institutions make up the financial engine in Denmark and in collaboration with customers they can contribute to the sustainable transition of our society. As a natural consequence, the Danish business association Finance Denmark (Finans Danmark) has in its current strategy designated the financial sector's contribution to reaching the political climate and biodiversity goals as one of the six most important strategic focus areas for the financial sector.

*Links and references*

[Climate Act 2020](#)  
[11 recommendations from the climate partnership for the finance sector](#)  
[Finance Denmark 2024-2026 strategy](#) p. 8

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)? Please disclose.



<p><i>Response</i></p> <p>The impact analysis prepared in 2022 identified several significant impact areas. It is our assessment that the impact areas identified in 2022 continue to apply, because Sydbank's business model and portfolio composition have not undergone any significant changes since then.</p> <p>Climate, Waste, Resource efficiency/security and Water have been identified as significant negative impact areas, and Inclusive, healthy economies, Employment, Health &amp; sanitation, Economic convergence and housing have been identified as significant positive impact areas.</p> <p>Sydbank has chosen Climate as the first impact area, as climate represents the most significant and most relevant negative impact area for Sydbank.</p> <p>The Bank has chosen Biodiversity as the second impact area. Biodiversity is not identified as a significant impact area in the impact analysis due to the lack of biodiversity data in the Portfolio Impact Tool. However, the Bank has chosen biodiversity as the second impact area, because our investment activities cover many sectors and geographies, and focus on biodiversity in society is also increasing, e.g., Finance Denmark's current strategy mentions biodiversity goals.</p>	<p><i>Links and references</i></p> <p>Information about the <a href="#">Portfolio Impact Tools</a> is publicly available on the UNEP FI's website.</p> <p><a href="#">Finance Denmark 2024-2026 strategy</a> p. 8</p>
<p><b>d) For these (min. two prioritized impact areas): <u>Performance measurement.</u></b> Has your bank identified which sectors &amp; industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&amp;inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p> <p><i>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact</i></p>	
<p><i>Response</i></p> <p><u>Climate:</u> Sydbank has calculated the carbon footprint of our finance and investment activities by using Finance Denmark's CO<sub>2</sub> model for the financial sector, which has been developed to create a common method to measure carbon footprints. By calculating carbon emissions across finance and investment activities we were able to assess how our core business impacts the climate.</p>	<p><i>Links and references</i></p> <p>Information about the <a href="#">Portfolio Impact Tools</a> is publicly available on the UNEP FI's website.</p>

To measure the Bank's current performance levels, we will report on the following indicator codes from the Annex: Climate strategy (A.1.1), Paris alignment target (A.1.2), Absolut financed emissions (A.2.2), Sector-specific emission intensity (A.2.3), and Reduction of GHG emissions (A.4.1).

*Finance:* We calculated the total emissions and emission intensity of retail and corporate lending by product and industry. The industries Transportation, hotels and restaurants and Energy supply etc have relatively high emission intensity compared with loans to other industries, therefore we have decided to examine these two primary industries in more detail by dividing them into sub-industries. Within the industry Transportation, hotels and restaurants, the emission intensity is highest for the sub-industries Freight transport by road, Air transport and Water transport. Within the industry Energy supply etc. the emission intensity is highest for the sub-industries Remediation activities and other waste management and Waste collection, treatment and disposal activities.

*Investments:* We calculated the total emissions and emission intensity on equity investments. We have decided to focus on equity investments as we assess that this asset class has the highest emission intensity. A large proportion of Sydbank's total assets under management is placed in Danish mortgage bonds whose emission intensity per DKKm invested is much lower.

Biodiversity:

While we have a common method to measure our impact on climate with CO<sub>2</sub>e, we do not have the same common method to measure our impact on biodiversity. Sydbank will work on finding a method to measure our impact on biodiversity as well as collecting reliable data, as a measurable impact then will form the basis for target setting.



## Self-assessment summary:

**Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?**

- |                          |   |   |                             |
|--------------------------|---|---|-----------------------------|
| Scope:                   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress            | <input type="checkbox"/> No |
| Portfolio composition:   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress            | <input type="checkbox"/> No |
| Context:                 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress            | <input type="checkbox"/> No |
| Performance measurement: | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> In progress | <input type="checkbox"/> No |

**Which most significant impact areas have you identified for your bank, as a result of the impact analysis?**

*Climate change and biodiversity.*

**How recent is the data used for and disclosed in the impact analysis?**

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

## 2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**a) Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

*You can build upon the context items under 2.1.*

*Response*

Climate:

*Finance:* The target-setting on our finance activities relates to green lending. Sydbank's definition of green lending is described in Sydbank's Green Bond Framework. The Bank's Green Bond Framework contains strict eligibility requirements as regards green lending and aligns the eligible categories to the appropriate Sustainable Development Goals.

*Investments:* The target-setting on our investment activities supports the wish that over time Sydbank's investments are made in compliance with the goals of the Paris Agreement regarding a limited increase in temperature of 1.5 and no more than 2.0 degrees Celsius, and the adjustment is in line with the targets that global net-zero initiatives encourage the investment industry to set.

Biodiversity:

No target has been set yet, as we must first be able to measure our impact. We expect to report on this item, when we find a common method to measure impact based on reliable data.

*Links and references*

[Sydbank.com: ESG & Sustainability - Responsible finance](#)

[Sydbank.com: ESG & Sustainability - Responsible investment](#)

[Sydbank Green Bond Framework](#) - SDG alignment p. 12-14

[Annual Report 2023](#) p. 51-52 and 54

**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

*You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.*

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex.

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

*Response*

Climate:

*Finance:* The baseline for our green finance target of DKK 10bn is 1 January 2020. The baseline year for our reduction targets for CO<sub>2</sub>e footprint of loans is 2021.

*Investments:* The baseline for our target on investments is the CO<sub>2</sub>e footprint of the investment portfolio at year-end 2020.

*Links and references*

[Annual Report 2023](#) p. 34, 51, 52, 54 and 60-61

[Sydbank.com: ESG & Sustainability – Responsible investment](#)

Impact area	Indicator code	Response
Climate change mitigation	A.1.1	Yes. ESG and sustainability is part of our strategy.
	A.1.2	In progress. Our investment target supports the wish that over time Sydbank's investments are made in compliance with the goals of the Paris Agreement.
	A.2.1	Yes. All corporate clients are evaluated on ten ESG themes through dialogue – subsequently the client is given an individual score on each of the ten ESG themes. In discussion with the corporate client, the financial advisor covers issues such as CO <sub>2</sub> e emissions.
	A.2.2	Absolut financed emissions in the impact analysis is 848,862 tonnes CO <sub>2</sub> e for lending and 301,115 tonnes CO <sub>2</sub> e for investment activities. Most recent data can be found in the Annual Report 2023 p. 60-61.
	A.2.3	The emission intensity in the impact analysis is 12.01 tonnes CO <sub>2</sub> e per DKK 1m for lending and 8.26 tonnes CO <sub>2</sub> e per DKK 1m for investment activities. Most recent data can be found in the Annual Report 2023 p. 60-61. Corporate clients are broken down into the 10 primary industries listed in item 1.1, where the industries Transportation, hotels and restaurants and Energy supply etc have the highest emission intensity compared with loans to other industries.

	A.4.1	The CO <sub>2</sub> e footprint of the investment portfolio went down 34.8% in 2023 compared to the baseline level at year-end 2020.	
<p><u>Biodiversity:</u> No target has been set yet, as we must first be able to measure our impact. We expect to report on this item, when we find a common method to measure impact based on reliable data.</p>			
<p><b>c) <i>SMART targets</i></b> (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.</p>			
<p><i>Response</i></p> <p>Sydbank focuses on 5 strategic focus areas where we believe we can make the greatest difference – two of the areas cover the Bank’s core business: responsible finance and responsible investment. The Bank has set targets for the 5 strategic focus areas, and the targets set for the core business are:</p> <ul style="list-style-type: none"> <li>• Responsible finance: DKK 10bn for green finance in 2027.</li> <li>• Responsible investment: 50-70% reduction in CO<sub>2</sub>e footprint from investments in 2030 compared to the CO<sub>2</sub>e footprint in 2020.</li> </ul> <p>In line with the governance structure described in item 5.1, Sydbank’s Board of Directors have reviewed and approved these targets.</p> <p>We consider the targets related to responsible finance and responsible investment to be in adherence with the SMART principles and thus replacing the initial targets set in the impact analysis and reported in previous self-assessment reports.</p> <p><u>Climate:</u> The above-mentioned targets address the impact area Climate in relation to our lending and investment activities. Our impact analysis has showed us, that a small change in the Bank’s composition of loans could be of considerable importance to the emission intensity associated with the Bank’s corporate loans. To this end and in addition to the Responsible finance target, Sydbank has also set reduction targets for CO<sub>2</sub>e footprint of loans:</p> <ul style="list-style-type: none"> <li>• Electricity and heat production: 50% reduction in emission intensity of electricity and heat production from 2021 to 2030.</li> <li>• Agriculture: 40-50% reduction in emission intensity of the agricultural sector from 2021 to 2030.</li> <li>• Transport by road: 30% reduction in emission intensity of the transport sector from 2021 to 2030.</li> </ul>		<p><i>Links and references</i></p> <p><a href="#">Sydbank.com: ESG &amp; Sustainability</a> – more information about the targets for the strategic focus areas</p> <p><a href="#">Sydbank.com: ESG &amp; Sustainability – Responsible investment</a></p> <p><a href="#">Annual Report 2023</a> p. 43-44, 51-52 and 54</p>	

<ul style="list-style-type: none"> <li>• Owner-occupied dwellings: 65% reduction in emission intensity of owner-occupied dwellings from 2021 to 2030.</li> <li>• Private cars: 55% of new car loans must be for EVs in 2030.</li> </ul> <p>In relation to the reduction targets, we are using emissions and emission intensity to monitor the progress towards reaching the targets.</p> <p><u>Biodiversity:</u> No target has been set yet, as we must first be able to measure our impact. We expect to report on this item, when we find a common method to measure impact based on reliable data.</p>	
<p><b>d) <u>Action plan:</u></b> which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	
<p><i>Response</i></p> <p><u>Climate:</u> <i>Finance:</i> In relation to the green finance target, the common definition of green finance allows us to identify green loans across our business – and consequently to work towards the target of DKK 10bn for green finance in 2027. New financing solutions are underway to our corporate clients as well as our retail clients. Solutions that can be categorised as green loans in accordance with the Bank’s Green Bond Framework. One example of our existing solutions is Sydbank Energilån (energy loans). The package of green lending products was expanded in 2023 with a new EV loan for retail clients and a green loan for corporate clients – 2 lending products that are characterised as green finance under the Bank’s Green Bond Framework.</p> <p>In order to identify green loans the loan purpose must be known. Data availability and documentation represent challenges to our green finance efforts and our focus is on finding solutions to these challenges to ensure that our target is based on a solid foundation. A greater volume of data will enable us to identify and provide documentation for a loan purpose as green finance.</p> <p><i>Investment:</i> To ensure that we remain on track we have set a sub-target that the CO<sub>2</sub>e footprint of the investment portfolio is 25-35% lower in 2025. Our efforts to achieve our investment target involve active ownership and exclusion. Active ownership gives Sydbank the possibility to impact companies’ development through engagement and voting at general meetings. We are basically of the opinion that selling off polluting companies in strategically important industries, e.g. cement and steel, will not contribute effectively to reducing de facto CO<sub>2</sub>e emissions worldwide.</p>	<p><i>Links and references</i></p> <p><a href="#">Sydbank.com: ESG &amp; Sustainability – Responsible finance</a></p> <p><a href="#">Sydbank.com: ESG &amp; Sustainability – Responsible investment</a></p> <p><a href="#">Annual Report 2023</a> p. 51 and 54</p> <p><a href="#">Responsible Investment and Active Ownership Policy</a></p>

In some instances, the exclusion of companies and countries may however be necessary to ensure a responsible investment process. In the investment process we combine our focus on CO<sub>2</sub>e emissions with a broader focus on companies' overall management of ESG risks to ensure that we do not harm other ESG themes when selecting investments with a low CO<sub>2</sub>e footprint.

The process is supported using a number of tools enabling portfolio managers to monitor, analyse and select responsible investments across different types of assets. Where relevant and value creating, we use external advisers and business partners. In other areas Sydbank develops and maintains tools to support the incorporation of sustainability factors into the investment process. Sydbank's portfolio managers use different data sources as well as internal and external research in the investment process. The portfolio managers have access to CO<sub>2</sub>e emissions data for most of our equity investments. Consequently, they can assess on a regular basis how any investment decisions could affect the emission intensity of the investment portfolio.

In relation to both finance and investment activities, we are aware of the potential indirect impacts of our set targets in relation to data availability. The challenge with data availability can cause the Bank to exclude industries, countries and companies based on immature data. Sydbank wants to help finance the sustainable transition, so we have to be careful when excluding industries, countries and companies.

Biodiversity:

No target has been set yet, as we must first be able to measure our impact. We expect to report on this item, when we find a common method to measure impact based on reliable data.



## Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: <b>Climate</b>	... second area of most significant impact: <b>Biodiversity</b>
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No

## 2.3 Target implementation and monitoring (Key Step 2)

### For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

**Or, in case of changes to implementation plans (relevant for 2<sup>nd</sup> and subsequent reports only):** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

### Response

Sydbank is still working on establishing structured ESG data to allow synergies across the business and to improve data quality and data availability.

In line with the governance structure described in item 5.1, Sydbank's ESG forum monitor and evaluates on a regular basis the targets set within the five strategic focus areas. The green finance target has been upgraded since 2022 because we reached our 2025 target of DKK 4bn for green finance already in 2023.

### Climate:

For the financial year 2023, Sydbank have reported on CO<sub>2</sub>e emissions resulting from our investments and our lending portfolio in order to track and monitor progress towards achieving the set targets.

*Finance:* Since the last report, the Bank has set reduction targets to reduce CO<sub>2</sub>e emissions related to total lending.

*Investment:* In addition to our subtarget set to keep us on track, the development in the emission intensity of our overall equity investments is monitored and therefore we can evaluate on a regular basis whether we are following the desired direction towards meeting the target of a 50-70% reduction in the emission intensity.

### Biodiversity:

No target has been set yet, as we must first be able to measure our impact. We expect to report on this item, when we find a common method to measure impact based on reliable data.

### Links and references

[Annual Report 2023](#) p. 51-52 and 54

[Responsible Investment and Active Ownership Policy](#) p. 3

## Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

### 3.1 Client engagement

*Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?*

Yes     In progress     No

*Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?*

Yes     In progress     No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

*This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).*

#### Response

Sydbank will to a greater extent highlight the sustainable choices available to customers. As a result, in 2021 we set up a dedicated page on sydbank.dk (in Danish only) highlighting the Bank's offerings, which enables customers to make more sustainable choices.

Sydbank's business model rests on the fact that the Bank focuses on having its own products and is able to procure of a wide range of financial services, including mortgage credit, pensions and insurance via strong business partners. By doing so the best portfolio of financial products and services can be offered to the Bank's customers. Via partnerships Sydbank offers its customers the following opportunities:

- We aim to make it possible for our customers to make responsible and sustainable investments when offering products from our business partners.
- We wish to guide our customers to the right benefits of making their homes energy efficient – we do so in collaboration with Totalkredit.
- Via our collaboration with Letpension our customers can invest part of their pension savings in a more climate-friendly manner.

#### Links and references

[Sydbank.dk](https://sydbank.dk) – [Gør dine valg mere bæredygtige](#) (in Danish only)

[Business Model](#) p. 5  
[Annual Report 2023](#) p. 53

<ul style="list-style-type: none"> <li>• We have a process in place for engaging with our corporate customers about their ESG risks.</li> <li>• In collaboration with Totalkredit, DLR and EIF we offer financing opportunities to corporate clients focusing on the green transition.</li> </ul> <p>The mandatory training on sustainability as described in 5.2 will provide our employees with the tools to enter into a dialogue with the Bank's customers on a sustainable transition.</p> <p>In order to create transparency regarding the share of sustainable investments in the Bank's investment products a method to calculate this share was developed in 2023. The Bank's customers will be able to see the share of sustainable investments in the Bank's investment pools in the first quarter of 2024.</p>	
<h3>3.2 Business opportunities</h3> <p>Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).</p>	
<p><i>Response</i></p> <p>Sydbank wishes to be able to offer more green products to help support the financing of the green transition. The package of green lending products was expanded in 2023 with a new EV loan for retail clients and a green loan for corporate clients – 2 lending products that are characterised as green finance under the Bank's Green Bond Framework. All eligible categories in the Green Bond Framework are aligned with the appropriate Sustainable Development Goals.</p> <p>Sydbank issued its first green bond on the basis of the Bank's Green Bond Framework in September 2022. Yet a green bond issuance followed in September 2023 and the Bank has now issued green bonds totalling EUR 1bn. The use of proceeds from Sydbank's first green bond has led to an avoidance of 221,991t greenhouse gas emissions.</p>	<p><i>Links and references</i></p> <p><a href="#">Annual Report 2023</a> p. 51</p> <p><a href="#">Sydbank Green Bond Framework</a> – SDG alignment p. 12-14</p> <p><a href="#">Impact and Allocation Report 2023</a> p. 6</p>

## Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

### 4.1 Stakeholder identification and consultation

*Does your bank have a process to identify and regularly consult, engage, collaborate, and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?*

Yes       In progress       No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

#### *Response*

Sydbank's existence and development depend on dialogue and interaction with our stakeholders in our own organisation, in the marketplace and in society at large. Professional relationships and dialogue with our most important stakeholders enable us to obtain a deeper insight into how we can make strides in sustainability and accelerate our contribution to a sustainable transition. Sydbank's stakeholders are shown on p 42 of the Annual Report 2023.

Sydbank's stakeholder policy sets out general principles for dialogue and collaboration with its stakeholders. One of the general principles include acting as a credible and open bank proactively seeking dialogue with stakeholders. This is done through both dialogue and overall market surveys.

Sydbank is a member of several working groups across the financial sector to promote a common interpretation and understanding of sustainability efforts in the sector but also to create transparency and comparability in ESG reporting. As an example, Finance Denmark has set up several working groups concerned with sustainability in the finance sector. As a member of Finance Denmark, Sydbank is an active participant in working groups relating to ESG issues and CO<sub>2</sub>e footprint calculation as well as working groups concerning sustainable regulation and reporting, sustainable finance and sustainable investments.

#### *Links and references*

[Annual Report 2023](#)  
p. 42 and 44

[Stakeholder policy](#) p. 3

## Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

### 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes     In progress     No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

#### Response

The Board of Directors is responsible for the Bank's strategy and objectives for ESG and sustainability as well as preparing and updating Sydbank's ESG and sustainability policy. Once a year the Board of Directors examines whether the policy is complied with, including whether the Bank complies with its obligations in relation to international agreements and endorsements, including the UN Principles for Responsible Banking. At least once a year the Board of Directors also reviews the Bank's strategy and targets in relation to ESG and sustainability.

The Group Executive Management is responsible for the Bank's ESG and sustainability efforts. In practice this responsibility has been delegated to Sydbank's ESG Forum, which consists of Sydbank's CEO as well as relevant group executive vice presidents. The forum guarantees dialogue and sparring on target set within the five focus areas and determines which ESG and sustainability activities should be launched.

For the Group Executive Management, the annual remuneration assessment takes into account whether the KPIs set annually for the Group Executive Management by the Board of Directors have been reached or exceeded. The KPIs may consist of financial as well as non-financial targets, including targets set within the framework of the ESG and sustainability policy.

#### Links and references

[Annual Report 2023](#)  
p. 44

[ESG and sustainability policy](#) p. 4

[Remuneration Policy](#)  
pp 5-6



## 5.2 Promoting a culture of responsible banking

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

### Response

Employees at Sydbank receive mandatory training in ESG and sustainability on an ongoing basis. The training programme provides insight into and knowledge of sustainability in the financial sector as well as Sydbank's ESG and sustainability efforts. In addition to training in sustainability the Bank's employees receive continuous training in a variety of subjects supporting a decent bank. More than 99,5 pct. of the Bank's employees have completed these training courses.

Sydbank's investment managers must be equipped in the best possible way to talk about sustainability in investment situations. This is why investment managers received additional training in 2023 to identify customers' sustainability preferences.

### Links and references

[Annual Report 2023](#)  
p. 43, 53 and 55

## 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

### Response

At Sydbank it is our wish that our investments create value for our customers. We also strive to invest responsibly and contribute to sustainable developments in society. Therefore, we have established an overall investment process that is formalised in Sydbank's responsible investment and active ownership policy. The process aims to ensure that our investment decisions take into account all relevant risks, including sustainability risks.

As regards Sydbank's overall investment portfolio it is our assessment that greenhouse gas emissions are the problem associated with the largest single sustainability risk. As a result, our efforts are targeted at reducing greenhouse gas emissions from our overall investment portfolio in order to minimise this sustainability risk and ensure the best risk-adjusted financial return for our customers. We apply exclusion-based investment strategies as well as investment strategies focusing on active ownership to mitigate the sustainability risk associated with greenhouse gas emissions.

### Links and references

[Annual Report 2023](#)  
p. 51-53  
[Responsible Investment and Active Ownership Policy](#) p. 4

Sydbank addresses ESG risks in connection with credit evaluation of the Bank's corporate clients on an ongoing basis. The Bank's knowledge of ESG risks is obtained on the basis of information about a customer's business together with the Bank's industry knowledge and analyses. ESG risks are an integrated element of the Bank's credit evaluation of a customer. As a result Sydbank gains insight into the customer's sustainable transition and any risks. The integration of ESG in credit evaluations is anchored in the Bank's credit policy.

Sydbank's credit policy highlights that Sydbank should have a cautious approach to customers whose activities, business model or future earnings are particularly exposed to ESG risks. Sydbank has decided that some ESG issues are so serious that it will not provide finance to businesses that:

- do not have measures in place to ensure safe handling of hazardous waste
- do not have the necessary licences for activities requiring publicly issued environmental permits
- do not observe human rights in accordance with the Universal Declaration of Human Rights
- use child labour in violation of the UN Convention on the Rights of the Child.

## Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes     No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes     No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes     In progress     No

## Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

### 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes     Partially     No

If applicable, please include the link or description of the assurance statement.

#### Response

In this report, all items related to the three Key Steps (item 2.1, 2.2, 2.3 and 5.1) is subject to limited assurance by the external auditor. Please refer to the assurance report on p. 30 of this report.

Furthermore, sustainability data in our Annual Report 2023 is also subject to limited assurance, which means that any reference to data from our Annual Report 2023 has been assured by an external auditor.

#### Links and references

[Annual Report 2023](#)  
p. 148-149

### 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other

#### Response

In addition to UN PRB, Sydbank is a signatory of UN Global Compact and UN PRI.

#### Links and references

[Annual Report 2023](#)  
p. 44-45

### 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.

<p><i>Response</i></p> <p><u>Climate:</u> We will continue to focus on our climate-related impact as well as report and follow-up on the set targets.</p> <p><u>Biodiversity:</u> We will start exploring the possibilities in relation to biodiversity data within our investment activities in order to identify and understand our impact.</p>	<p><i>Links and references</i></p>
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## 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

*What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).*

- |  |  |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance                               | <input type="checkbox"/> Customer engagement             |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank                           | <input type="checkbox"/> Stakeholder engagement          |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability    |
| <input type="checkbox"/> Conducting an impact analysis   | <input checked="" type="checkbox"/> Data quality         |
| <input type="checkbox"/> Assessing negative environmental and social impacts                   | <input type="checkbox"/> Access to resources             |
| <input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting                       |
| <input type="checkbox"/> Setting targets   | <input type="checkbox"/> Assurance                       |
| <input type="checkbox"/> Other: ...  | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

## Basis of preparation

Sydbank's 2023 Reporting and Self-Assessment for the implementation of the UN Principles for Responsible Banking has been prepared in accordance with the Principles for Responsible Banking Reporting Guidance document (November 2021) and the Reporting and Self-Assessment Template (September 2022). Both documents are prepared and published by UNEP FI.

The purpose of this document is to disclose the Bank's progress on implementing the PRB as per 31 December 2023 in a consistent and structured manner.

UNEP FI has designed the Self-Assessment Template with an aim to keep any additional reporting burden to a minimum while ensuring transparency and accountability. To this end and where possible, this report makes use of other publicly available reporting from Sydbank, such as the Annual Report 2023, Sydbank's Green Bond Framework, relevant policies, and Sydbank's website. The relevant sources are referred to in each response.

The following sections provide supplementary information about the basis and methodologies used when responding to items related to the three Key Steps.

### 2.1 Impact Analysis

Sydbank has prepared the impact analysis based on the UNEP FI Portfolio Impact Analysis Tool for Banks – a targeted analysis of the Bank's lending activities – and on the UNEP FI Investment Portfolio Impact Analysis Tool – a targeted analysis of the Bank's investment activities (together referred to as the "Portfolio Impact Tool").

#### 2.1a Scope

The scope forms the basis for the impact analysis. As mentioned under item 2.1a, the impact analysis covers the Bank's core activities: finance and investment. When selecting the scope, we wanted to focus our analysis where we have the most significant impact on society. For finance activities, the impact analysis comprises loans and guarantees covering both retail clients (home and car financing) and corporate clients (industries). For investment activities, the impact analysis comprises equity investments in the Bank's pooled products and equity investments within Sydinvest funds. Since the preparation of the impact analysis, the Bank has scoped out Sydinvest from its calculations.

#### 2.1b Portfolio composition

The impact analysis is prepared in 2022 on the basis of data for the 2021 financial year as at 31 December 2021.

*Finance:* The impact analysis is prepared on the basis of bank loans and guarantees of DKK 88,593m, of which DKK 27,719m is attributable to retail loans and guarantees and DKK 60,874m is attributable to corporate loans and guarantees.

*Investment:* The impact analysis is prepared on the basis of a business volume within investment of DKK 36,439m.

#### 2.1c Context

By applying the Portfolio Impact Tool, we can identify the impact areas in which Sydbank can strengthen its positive impact and at the same time reduce the negative impact associated with the Bank's in-house financing and investment activities. On the basis of the output from the Portfolio Impact Tool, it is the Bank's overall opinion that Climate is the first negative impact area that should be subject to further analysis. In addition, Waste, Resource efficiency/security and Water have been identified as significant negative impact areas. The most significant positive impact areas are Inclusive, healthy economies, Employment, Health & sanitation, Economic convergence and Housing.

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As a Danish bank primarily operating within the Danish borders it is important that in connection with the identification of impact areas using an internationally applicable tool, we address the challenges facing society in a national context. In Denmark, there is a considerable national political focus on climate in relation to calculating and reducing CO<sub>2</sub>e emissions. However, a national focus on biodiversity is also increasing.

## 2.1d Performance measurement

For the impact area of Climate, we have in our impact analysis calculated the carbon footprint (total emissions and emission intensity) of our finance and investment activities by using Finance Denmark's CO<sub>2</sub> model for the financial sector, which has been developed to create a common method to measure carbon footprints. By calculating carbon emissions across finance and investment activities we are able to assess how our core business impacts the climate.

*Finance:* The carbon footprint calculated in the impact analysis from 2022 cover loans and guarantees to retail clients of DKK 9,790m which consists of home and car financing. As regards other loans and guarantees to retail clients representing DKK 17,929m a carbon footprint is not calculated. In relation to the calculation of the carbon footprint from retail loans, limitations in data availability have meant that the carbon footprint of car loans is estimated on the basis of data from the Danish Centre for Environment And Energy (DCE) according to the car's emission type and average mileage. The calculations regarding home loans are based on data available from the Danish Building and Housing Register.

As regards the calculation of the carbon footprint from corporate loans, limitations in data availability have meant that to a large extent sector averages have been used instead of specific customer data. Using a sector average is a transitional solution until a greater part of emissions associated with lending is likely to be calculated on the basis of CO<sub>2</sub>e data reported by our corporate clients. Where possible to obtain CO<sub>2</sub>e data for corporate clients we have used this data rather than the sector average. For instance, EU verified emissions data is used in connection with the calculations as regards corporate clients who are part of the European CO<sub>2</sub> quota system, EU Emissions Trading System (EU ETS).

*Investment:* In relation to the calculation of the carbon footprint from investments, Sydbank's CO<sub>2</sub>e data on Sydbank's equity funds are estimated.

## **2.2 Target setting**

### 2.2b Baseline

Establishing the baseline for financed emissions is subject to significant estimates and judgments related to the data quality, which varies for products and sectors and is under constant development. Please refer to our [Annual Report 2023](#) p. 55-62 for the most recent description of methodology, estimates and data quality related to the calculation of the carbon footprint of our finance and investment activities.

UNEP FI has provided a set of indicators for the impact area of Climate change mitigation. As our first impact area is climate, we report on selected indicators on order to measure our baseline and performance.

The Annex with indicators for Climate change mitigation as provided by PRB/UNEP FI are shown in the table below.

## **2.3 Target implementation and monitoring**

In relation to tracking and monitoring the progress of the set targets, please refer to our [Annual Report 2023](#) p. 55-62 for the most recent description of methodology, estimates and data quality related to the calculation of CO<sub>2</sub>e emissions resulting from our investments and our lending portfolio.



Impact area	Practice <sup>1</sup> (pathway to impact)									Impact <sup>2</sup>		
	1. Action indicators			2. Output indicators			3. Outcome indicators			4. Impact indicators		
	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
A. Climate change mitigation	A.1.1	<b>Climate strategy:</b> Does your bank have a climate strategy in place?	Yes / In progress / No	A.2.1	<b>Client engagement process:</b> Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model ( <i>for business clients</i> ), or towards low(er)-carbon practices ( <i>for retail clients</i> )?	Yes / Setting it up / No;  <i>If yes:</i> Please specify for which clients (types of clients, sectors, geography, number of clients etc.)	A.3.1	<b>Financial volume of green assets/low-carbon technologies:</b> How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?	bln/mn USD or local currency, and/or % of portfolio;  <i>please specify the definition of green assets and low-carbon technologies used</i>	A.4.1	<b>Reduction of GHG emissions:</b> how much have the GHG emissions financed been reduced?	% over time; baseline and tracking GHG emissions in kg of CO <sub>2</sub> e (or applicable metrics) <sup>3</sup>
	A.1.2	<b>Paris alignment target:</b> Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	Yes / In progress / No;  <i>If yes:</i> - please specify: to become <b>net zero by when?</b> - <b>Emissions baseline / base year:</b> What is the emissions baseline / base year for your target? - <b>Climate scenario used:</b> What	A.2.2	<b>Absolute financed emissions:</b> What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or investment portfolio?	Total GHG emissions or CO <sub>2</sub> e  <i>(please also disclose what is excluded for now and why)</i>	A.3.2	<b>Financial volume lent to / invested in carbon intensive sectors and activities and transition finance:</b> How much does your bank lend to / invest in carbon-intensive sectors and activities <sup>4</sup> ? How much does your bank invest in	bln/mn USD or local currency, and/or % of portfolio	A.4.2	<b>Portfolio alignment:</b> How much of your bank's portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)?	% of portfolio ( <i>please specify which portfolio; for corporate and business clients: % of sectors financed</i> )

<sup>1</sup> Practice: the bank's portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices

<sup>2</sup> Impact: the actual impact of the bank's portfolio

<sup>3</sup> If possible and/or necessary, please contextualize the progress: Greenhouse gas emissions might even increase initially because the scope of measurements is extended and financed emissions from a growing proportion of the portfolio are measured, emission factors are updated etc. Emission reductions made by the clients should over time lead to a decrease in GHG emissions financed.

<sup>4</sup> A list of carbon-intensive sectors can be found in the [Guidelines for Climate Target Setting](#).

		climate scenario(s) aligned with the Paris climate goals has your bank used?				transition finance <sup>5</sup> ?			
<b>A.1.3</b>	<b>Policy and process for client relationships:</b> has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?	Yes / In progress / No	<b>A.2.3</b>	<b>Sector-specific emission intensity</b> (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?	Please specify which sector ( <i>depending on the sector and/or chosen metric</i> ): kg of CO <sub>2</sub> e/ kWh, CO <sub>2</sub> e / m <sup>2</sup> ;  kg of CO <sub>2</sub> e/USD invested, or kg of CO <sub>2</sub> e/revenue or profit				
<b>A.1.4</b>	<b>Portfolio analysis:</b> Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?	Yes / In progress / No;  <i>If yes:</i>  please specify which parts of the lending and investment portfolio you have analyzed	<b>A.2.4</b>	<b>Proportion of financed emissions covered by a decarbonization target:</b> What proportion of your bank's financed emissions is covered by a decarbonization target, i.e. stem from clients with a transition plan in place?	%  <i>(denominator: financed emissions in scope of the target set)</i>				

<sup>5</sup> Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.

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	<p><b>A.1.5</b></p>	<p><b>Business opportunities and financial products:</b> Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?</p>	<p>Yes / In progress / No;</p> <p>Please specify which ones, and what financial volume and/or % of the portfolio they account for</p>					
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## Statement by the Management

We have today considered and approved the Sydbank A/S' UN Principles for Responsible Banking Reporting and Self-Assessment 2023 on implementation of the Principles for Responsible Banking Framework.

The UN Principles for Responsible Banking Reporting and Self-Assessment 2023 has been prepared in accordance with the Principles for Responsible Banking Guidance document and Self-Assessment Template, published in November 2021 and September 2022 respectively by the United Nations Environment Programme Finance Initiative.

In our opinion, the UN Principles for Responsible Banking Reporting and Self-Assessment 2023, as a whole, gives a fair presentation of the Sydbank A/S' approach to implementation of the six principles under the Principles for Responsible Banking Framework at March 2024.

Aabenraa, 11 March 2024

Karen Frøsig  
CEO

Flemming Ramberg Mortensen  
Group Executive Vice President

## Independent Auditor's Assurance Report

### To the stakeholders of Sydbank A/S

Sydbank A/S engaged us to provide limited assurance on the data and information included in the published Sydbank A/S UNPRB Reporting and Self-Assessment for the period 1 January – 31 December 2023.

### Our conclusion

Based on the procedures we performed and the evidence we obtained, nothing has come to our attention that causes us to believe that the selected data and information in scope for our limited assurance engagement included in the published UNPRB Reporting and Self-Assessment Template for the period 1 January - 31 December 2023 has not been prepared, in all material respects, in accordance with the applicable criteria.

This conclusion is to be read in the context of what we say in the remainder of our report.

### What we are assuring

The scope of our work was limited to assurance whether the 2023 Sydbank A/S UNPRB Reporting and Self-Assessment, specifically pages 4-15 and 19, containing responses to UN Principles for Responsible Banking including:

- 2.1 Impact Analysis;
- 2.2 Target Setting;
- 2.3 Target Implementation and Monitoring, and
- 5.1 Governance Structure for Implementation of the Principles.

has been stated in accordance with the Principles for Responsible Banking Guidance Document, November 2021, the guidance for assurance providers, Providing Limited Assurance for Reporting – Version 2 (November 2022) both published by the United Nations Environment Programme Finance Initiative (“UNEP FI”), and Basis of preparation as stated on pages 24-28 (the “applicable criteria”).

We express limited assurance in our conclusion.

### Professional standards applied and level of assurance

We performed our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised). A limited assurance engagement is substantially less in scope than a reasonable assurance engagement, in relation to both the risk assessment procedures, including an understanding of internal controls, and the procedures performed in response to the assessed risks; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### Our independence and quality of control

We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and ethical requirement applicable in Denmark. PricewaterhouseCoopers is subject to the International Standard on Quality Management 1, ISQM 1, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding

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compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our work was carried out by an independent, multidisciplinary team with experience in sustainability reporting and assurance.

## **Understanding reporting and measurement methodologies**

The data and information in the 2023 Sydbank A/S UNPRB Reporting and Self-Assessment need to be read, and understood, together with the Basis of preparation on pages 24-28 as well as the linked references in the UNPRB Reporting and Self-Assessment Template, which Management is solely responsible for selecting and applying.

The absence of a significant body of established practice on which to draw on, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities over time.

## **Work performed**

We are required to plan and perform our work in order to consider the risk of material misstatement of the 2023 Sydbank A/S UNPRB Reporting and Self-Assessment. In doing so, and based on our professional judgement, we have:

- Planned our procedures based on the Guidance for assurance providers – Providing Limited Assurance for Reporting - Version 2 (November 2022) published by UNEP FI;
- Conducted interviews with process owners and internal stakeholders to understand the processes and control activities for measuring, reporting, and presenting data and information in the UNPRB Reporting and Self-Assessment, in accordance with the applicable criteria;
- Made inquiries with process owners and internal stakeholders, obtained and reviewed supporting evidence to assess whether disclosures within the selected responses in the UNPRB Reporting and Self-Assessment are supported by underlying documentation;
- In respect of Principle 2.2 (Target setting), based on inquiries made and information obtained and reviewed, checked that Sydbank A/S sets targets for one of its two significant impact areas (Climate change) and that the targets are linked to that impact area. We checked that Sydbank A/S has identified frameworks to align with and explained how targets contribute to relevant goals. Further, for the one impact area where targets have been set (Climate change), we checked that the base year for climate targets (2020 for green finance target and investments and 2021 for reduction targets for CO<sub>2</sub>e footprint) is no more than two full reporting years prior to the year when the targets have been set (2022) and that the targets are Specific, Measurable, Achievable, Relevant and Time-bound;
- In respect of Principle 2.3 (Target Implementation and Monitoring), based on inquiries made with process owners and internal stakeholders, obtained and reviewed supporting evidence regarding disclosures within the selected responses in the UNPRB Reporting and Self-Assessment;
- In respect of Principle 5.1 (Governance Structure for Implementation of the Principles), based on inquiries made and information obtained and reviewed, checked consistency to supporting evidence, including meeting minutes with that of the disclosures of Sydbank A/S governance structure for implementation of the Principles, that there is oversight over the implementation and monitoring, that the structure is in line with existing governance structures as defined by Sydbank A/S;
- Considered the disclosure and presentation of the data and information in the UNPRB Reporting and Self-Assessment, and



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- Evaluated the obtained evidence.

## **Management responsibilities**

Management of Sydbank A/S is responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of data in the 2023 UNPRB Reporting and Self-Assessment that is free from material misstatement, whether due to fraud or error;
- preparing the UNPRB Reporting and Self-Assessment;
- measuring and reporting data in accordance with the Principles for Responsible Banking Guidance Document, published by UNEP FI in November 2021, the UNPRB Reporting and Self-Assessment Template, published by UNEP FI in September 2022 and Basis of preparation presented on pages 24-28; and
- the content of the 2023 Sydbank A/S UNPRB Reporting and Self-Assessment for the period 1 January – 31 December 2023.

## **Our responsibilities**

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether selected responses in the 2023 Sydbank A/S UNPRB Reporting and Self-Assessment is free from material misstatement, and has been prepared, in all material respects, in accordance with the applicable criteria;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the stakeholders of Sydbank A/S.

Herning, 11 March 2024

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR no. 3377 1231

Per Rolf Larssen  
State Authorised Public Accountant

Jens Pultz Pedersen  
M.Sc. (eng.)