

Sydbank's statement concerning the management code of conduct of the Danish Bankers Association

The statement concerns the period 2022

15 December 2022

Document no 7c

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Recommendation of the Danish Bankers Association	Sydbank's compliance/ non-compliance	Comments
Member companies must address all recommendations issued by the Danish Committee on Corporate Governance.	Compliance	Sydbank's statement concerning the recommendations of the Committee on Corporate Governance is available at sydbank.dk.
The Association recommends that member companies formulate and publish a code of conduct describing the company's underlying values and desired conduct with respect to the company's activities and management.	Compliance	Sydbank has formulated a code of conduct which is available at sydbank.dk.
The Association recommends that member companies use a well-described and structured process in the recruitment of candidates for appointment to the board of directors and draw on external expertise, if relevant.	Compliance	<p>The recruitment of candidates for appointment to Sydbank's Shareholders' Committee and Board of Directors is reviewed by the Nomination Committee. The Nomination Committee nominates candidates for the Board of Directors.</p> <p>The Board of Directors carries out an annual self-evaluation where the work and results of the Board of Directors are assessed. On the basis of the Bank's business model the competences required to perform board duties are determined in connection with the evaluation. The annual self-evaluation was carried out in 2022.</p>
If the articles of association of a member company stipulate that members of the board of directors may be elected from among a limited group of persons only, the member company must state the reason(s) for these limitations.	Compliance	<p>Sydbank's Articles of Association provide that the members of the Board of Directors are elected by the Shareholders' Committee, which has up to 80 members.</p> <p>By virtue of membership of the Shareholders' Committee, the professional and personal qualifications of the individual are known before any election to the Board of Directors.</p> <p>The Shareholders' Committee is elected by the general meeting.</p>
The Association recommends that board members start a training programme in banking operations as soon as possible and no later than six months after their appointment unless members already possess updated and specific banking qualifications. The programme should reflect the company's size, business model and complexity.	Compliance	<p>Sydbank complies with the recommendations.</p> <p>New board members participate in the training programme unless newly elected board members possess updated and specific banking qualifications.</p>
The Association recommends that board members receive ongoing skills development of relevance to the work of the board of directors. The topics and scope must be adapted to the company's size, business model and complexity.	Compliance	As a minimum once a year Sydbank holds a two-day training course for board members.

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The Association recommends that each board member evaluate his or her performance once a year. As part of the evaluation board members must complete an evaluation questionnaire concerning management-related as well as banking issues.	Compliance	As part of the Board of Directors' annual self-evaluation each board member completes an evaluation questionnaire stating his or her qualifications. Every three years the self-evaluation is carried out by an external consultant.
The Association recommends that the board of directors involve relevant specialists, including participation in board meetings in connection with the review of particularly complex issues.	Compliance	Specialists participate in meetings of the Board of Directors on an ad-hoc basis. The head of Credits attends all ordinary board meetings. The Chief Risk Officer, the Anti-Money Laundering Officer, the Compliance Officer, the Data Protection Officer (DPO) and the Chief Information Security Officer (CISO) participate regularly.
The Association recommends that at least once a year the collaboration between the executive board and the board of directors be discussed at a board meeting, without the executive board being present.	Compliance	Immediately following the board meetings the Board of Directors has private sessions without the presence of the Group Executive Management and the person taking the minutes. Moreover the Nomination Committee of the Board of Directors evaluates the Group Executive Management at least once a year. The evaluation is presented to the Board of Directors.
The Association recommends that the attendance of board members at board meetings and committee meetings be published on a member company's website or other similar manner.	Compliance	Sydbank publishes a list of board members' attendance in board meetings and committee meetings. The lists are available at sydbank.dk and are also included in the annual report.
The Association recommends that member companies address the provisions of the Danish Financial Business Act regarding limits on executive functions.	Compliance	Sydbank's board members comply with the provisions.
The Association recommends that member companies be conscious of the role of the external auditor and the quality of the work performed. Member companies should for instance set requirements as to the composition of the teams used by external auditors to ensure that a team includes at least two experienced auditors with complementary areas of competence. To be an experienced auditor, s/he must have completed training aimed at the banking sector and have participated in the audit of a bank, savings bank or cooperative for at least three years.	Compliance	The composition of the team proposed by the external auditor is discussed with the external auditor. In this context it is also ensured that all external auditors have the required bank auditor certification. The external audit firm currently used by Sydbank is PricewaterhouseCoopers.