Sydbank

Updated on 14 January 2023

Information on integration of sustainability risks in investment advice*

* Compliance with the REGULATION OF THE EUROPEAN PARLIAMENT AND COUNCIL (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (the Disclosure Regulation)

The information concerns advice on financial products offered in connection with investment advice in Sydbank A/S.

At Sydbank we wish to help our customers achieve their long-term financial objectives through wealth and investment services. We are an advisory bank offering investment advice with the ambition to deliver satisfactory risk-adjusted returns. It is therefore important to us to take into account the most important risk factors, including sustainability risks.

We provide investment advice on a non-independent basis and it is, therefore, our assessment that the most effective way to integrate sustainability risks in our investment advice is through financial products.

We cooperate with a number of service providers who provide us with financial products. We consider it important to ensure that the topics that are essential to us (integration of sustainability risks) are also manifested in the financial products.

Consequently we require our business partners to have an accessible policy for or information on the integration of sustainability risks.

Business partners who fail to meet our requirements must be able to explain why they have no accessible policy for or information on the integration of sustainability risks. The explanation will be considered by our Product Management Committee for the purpose of deciding whether the service provider can exceptionally be approved as a business partner.

Below is a list of the business partners who meet our requirements:

Approved business partner	Information on sustainability risks
Sydbank	Yes
Sydinvest	Yes
BankInvest	Yes
Sparinvest	Yes
Maj Invest	Yes
Value Invest	Yes
Blackrock / Ishares	Yes
Core Property Management	Yes
Advantage Investment Partners	Yes
Nordea Bank	Yes

This information must be updated at least every third year – the next time in the first quarter of 2026.

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Assessment of the likely impacts of sustainability risks

Our investment advice is based on our model portfolio. Model portfolios are available in various risk variants but one feature common to them all is their diversification across asset types, regions, sectors and segments.

This means that a local incident triggered by sustainability risks has minor impact on the customer's return as the security constitutes only a small part of the overall investment. An example of a situation having a minimal impact on the financial return is a production stoppage for a single enterprise due to a heat wave.

This does not mean however that the customer's financial return cannot be affected by sustainability risks. The customer's financial return may be affected directly by adverse sustainability events if they hit the entire or parts of sectors or regions, or indirectly if an affected sector or region is having impacts on the entire global economy.

If an adverse sustainability event unfolds, the affected enterprises will either see increases in costs or limited earnings through one or more mechanisms.

Below is a list of the most likely sustainability risks that may affect customers' financial returns in connection with the Bank's investment advice.

Climate and environmental transition These risks may arise in different ways, for instance as a consequence of changes in political measures such as increases in the tax on emissions, significant changes in technology or consumer behaviour, causing consumers to choose not to buy products having an adverse impact on the climate. In particular sectors with a high CO_2 consumption or using a lot of fossil resources are directly exposed.
Damaged physical objects These risks may arise in case of several sudden and more extreme weather events such as heat waves, floods, fires and storms, or damage to ecosystems such as desertification, water shortage or soil degradation. This may have tremendous consequences as it may lead to weakened production or production stoppage and thus potentially reduced efficiency in the global supply chain or increases in the costs of insurance and financing. In particular production companies in certain regions are directly exposed.
Unacceptable working conditions These risks may arise if employees go on strike because of poorer working conditions such as pay or job cuts, working hours, etc. In particular sectors delivering critical infrastructure services such as transportation, airports, supplies, etc. are directly exposed.
Violation of human rights These risks may arise in case of international sanctions against one or more states violating human rights, for instance by way of acts of war, violation of democratic principles, offences against populations, etc. It may have significant consequences for exporting enterprises that may lose both production power and business. In particular regions with unstable or undemocratic political regimes are exposed.