

**Policy**  
**for**  
**healthy corporate culture**

---

23 November 2021

Document no 8v

## 1. Introduction

Banks are crucial to a modern society. Being a nationwide, full-service, corporate and advisory bank with three branches in Germany, Sydbank plays a key role in Danish society. Consequently society rightly expects that Sydbank will fulfil its role prudently.

Sydbank's policy for healthy corporate culture has been prepared to ensure that Sydbank has and will continue to have a healthy corporate culture. The overall framework for ensuring a healthy corporate culture throughout the entire organisation is described below.

## 2. Risk awareness

Sydbank and the other banks in Denmark make up an important part of the country's infrastructure. This means that Sydbank's management and employees must be mindful of the various risks that the Bank and its employees should be aware of.

To counter these risks Sydbank's Board of Directors has issued guidelines for the Group Executive Management on the basis of the Bank's strategic objectives and has adopted policies as regards for instance credit risk, liquidity risk, market risk, money laundering risk, operational risk, insurance and IT security.

Credit risks represent a significant part of the Bank's risks. The Bank's activities in connection with lending must be based on good advisory services. While building long-term relationships with customers, the Bank must provide advice ensuring that customers' finances are healthy and sustainable. Sydbank's credit management must be prudent and ensure that its impairment charges and losses are not larger than comparable banks in Denmark.

Data processing is another risk area which the Bank and its employees must focus on in their day-to-day work. It is crucial for the Bank that the data protection rules are complied with.

The Bank's employees must also comply with the guidance on IT security given by the Bank. The Bank's chief information security officer (CISO) ensures that the Bank is protected in the best possible way against current threats.

Finally the Bank's employees and management must be aware that the Bank may be used for money laundering, terrorist financing or other financial crime. This implies that employees must be aware of any suspicious transactions or conduct by customers and business partners.

The Bank's employees are under an obligation to comply with financial legislation.

Sydbank has implemented the following measures to ensure that the Bank's management and employees are mindful of the mentioned risks and in general have knowledge of financial legislation:

- Thorough training of new employees
- Ongoing further training of managers and employees
- A description of risks in policies and business procedures
- Job descriptions to mitigate risks
- In-house campaigns to raise employees' awareness of risks

- Different internal controls within the first and second lines of defence to detect and reprimand inappropriate conduct
- Quarterly reports to describe the Bank's operational risks
- The Bank's risk executive (Group Executive Management member) and the key group executive vice presidents go over the report and address the Bank's operational risks.
- A report on controls and an update on the different areas, including credit, risk, data protection, compliance and anti-money laundering, are submitted to the Group Executive Management and the Board of Directors on a quarterly basis.

### **3. Appropriate conduct**

As mentioned in the introduction Sydbank serves an important function in society. It is crucial for the Bank that society has confidence in Sydbank. To ensure this confidence the Bank's management and employees must display appropriate conduct.

Sydbank's fundamental values – excellence, simplicity and professional relationships – are elaborated in its 10 rules to live by.

Sydbank's relationships and advisory services to its customers must always be in accordance with legislation. Putting profit before ethics is not compatible with Sydbank's culture and values. Sydbank does not compromise on its risk profile or its business-related standards.

#### **3.1. Employees**

The Bank's employees are its most important asset. As a result the Bank makes ongoing efforts to be a workplace with a healthy corporate culture and a good and healthy physical and psychosocial work environment. A satisfaction survey is carried out every other year among employees to gauge for instance whether there is a healthy work environment. The findings of the survey are presented to the Bank's management and employees.

Employees receive ongoing training in relevant legislation as and when needed. New employees take part in an introduction programme where they are introduced to Sydbank as a place of work, relevant legislation, policies, business procedures and job descriptions. In this way the Bank ensures that also new employees are familiarised with the Bank's culture and values.

#### **3.2. Learning from mistakes**

Mistakes are unavoidable in a busy work environment. However it is imperative that any mistakes are dealt with and used for training purposes. If a mistake occurs, an investigation into why it occurred must be made and the need for any changes in procedures must be considered so as to avoid the mistake in future.

It is important that employees immediately consider whether their immediate superior and/or other departments in the Bank should be contacted if a mistake occurs.

#### **3.3. Conflicts of interest**

Employees must avoid conflicts of interest as they could cast doubt on the Bank's integrity and the qualifications and conduct of its employees. If an employee is uncertain whether a specific situation holds or potentially holds a conflict of interest, it is expected that the issue is clarified with the employee's immediate superior.

### **3.4. Gifts**

All employees must exercise great care when offered gifts. An invitation to take part in an event may also constitute a gift. If an employee is uncertain whether to accept a specific gift, the employee must immediately contact Compliance.

### **3.5. Communication and discrimination**

All colleagues, customers, business partners and other stakeholders must be treated with respect and decency in all situations.

If a customer is not satisfied with the Bank, the account manager must inform the customer of the right to complain to the Bank's complaints officer. The customer may file a complaint with [klageansvarlig@sydbank.dk](mailto:klageansvarlig@sydbank.dk). Complaints are reported on a quarterly basis in the OpRisk report.

The Bank does not accept discrimination on the grounds of gender, ethnic background, sexual orientation, religion or age, and bullying and harassment is not tolerated.

### **3.6. Competition law**

Sydbank competes with other financial undertakings to provide financial services to customers. This competition is in compliance with competition law. During meetings with other banks and business partners, employees are expected to have focus on competition regulation and to immediately discontinue communication that could be contrary to the rules on competition.

### **3.7. Market abuse**

The Bank takes an active part in preventing market abuse, both as regards illegal use of inside information as well as market manipulation. This applies to handling of inside information within the Bank, by the management and employees as well as to customers' use of the Bank. If an employee suspects that there is a risk of market abuse the employee must immediately contact Compliance.

### **3.8. Processing of personal data**

The Bank processes a large quantity of personal data on a daily basis. It is imperative that employees are aware that this data is to be treated confidentially and in accordance with legislation. The Bank's data protection officer (DPO) reports on Sydbank's processing and storage of personal data, the measures implemented, internal controls and other significant matters in the personal data area to the Group Executive Management and the Board of Directors on a quarterly basis.

If an employee becomes aware of a data breach the employee must immediately contact Quality Assurance – GDPR.

### **3.9. Tax**

The Bank takes its responsibility in respect of tax seriously, both as regards its own tax payments as well as those of its customers. The Bank does not advise on or assist in tax evasion. If an employee is uncertain whether the Bank is directly or indirectly assisting in tax evasion, the employee must immediately contact the Bank's tax department.

### **3.10. Money laundering, terrorist financing and other financial crime**

Sydbank has considerable focus on combating money laundering, terrorist financing and other financial crime. In connection with the establishment of a customer

relationship and the ongoing customer relationship, customer-facing employees must ensure that the principles of the Bank's anti-money laundering policy are observed.

In addition all employees are under an obligation to be aware of any suspicious transactions or conduct by customers and business partners. If there is suspicion of money laundering, terrorist financing or other financial crime, Transaction Monitoring – AML must be contacted immediately.

A report on controls and an overall update on the anti-money laundering area are submitted to the Group Executive Management and the Board of Directors on a quarterly basis so that an assessment can be made as to whether the desired behaviour is exhibited by employees.

### **3.11. Corruption and bribery**

Sydbank does not accept any form of corruption or bribery neither in its relationship with public authorities nor with regard to its business partners. If an employee believes that he or she has been offered a bribe or that a colleague has been offered a bribe, this must always be reported to the employee's immediate superior.

### **3.12. Supervision and public authorities**

The Bank is subject to supervision by public authorities. The Bank is open and cooperates with public authorities when supervision is conducted.

## **4. Open communication**

Sydbank seeks to promote an environment with open communication. The management expects that employees have a constructive critical approach to their work and that they immediately contact their immediate superior if they obtain knowledge of or suspect wrongdoing.

If an employee does not wish to discuss a problem with his or her immediate superior the employee is always welcome to contact a superior at a different management level.

In addition Sydbank has set up a whistleblower scheme which can be used anonymously by the Bank's employees and by external parties. Via the whistleblower scheme eg violation of financial legislation or companies' misuse of accounts can be reported.

Retaliation against employees who report knowledge of or suspicion of wrongdoing or who make use of the Bank's whistleblower scheme is not tolerated.

## **5. Sydbank's policies**

The topics covered in Sydbank's policy for healthy corporate culture are also further described in the following policies:

- Credit policy
- Liquidity policy
- Market risk policy
- Policy for prevention of money laundering and terrorist financing
- Operational risk policy

- Insurance policy
- IT security policy
- Policy for external whistleblower scheme.

On the basis of the policies, business procedures and job descriptions have been formulated in the individual areas where the obligations of employees are described in greater detail.

The Bank's policies, business procedures and job descriptions are of considerable importance to the interpretation of the policy for healthy corporate culture as they contain a more detailed and elaborate description of the expectations of all employees in different situations.

The policies and the related business procedures and job descriptions are reviewed annually by the management and the individual areas so the management and employees focus on these risks. All policies, business procedures and job descriptions must be updated, relevant and operational, It is expected that all employees actively contribute to preventing the Bank from acting in contravention to the policies, including the policy for healthy corporate culture. Employees experiencing anything that could be contrary to the Bank's policies must always notify his or her immediate superior.

## 6. Supervision and updating

Compliance and the Bank's chief risk officer supervise on a regular basis that the Bank and its employees comply with legislation, policies, business procedures and job descriptions.

In addition Compliance supervises on a regular basis that the mentioned reporting to the Group Executive Management and the Board of Directors is carried out.

Internal Audit performs audits focusing on the most significant areas of the Bank's compliance and risk management, including that business procedures and internal controls for the most important areas of activity are in place and that they are complied with.

Non-compliance with the Bank's policies and business procedures may have consequences relating to employment law and liability for the Bank's management and employees.

The Board of Directors monitors that the policy for healthy corporate culture is complied with and that it works as intended. Moreover the Board of Directors ensures that this policy is consistent with the Bank's other policies.

The Board of Directors is responsible for updating the policy for healthy corporate culture and as a consequence the Board of Directors assesses on an ongoing basis and at least once a year whether the policy is appropriate and updated. The assessment includes the Bank's activities, organisation and resources as well as the market conditions under which the Bank operates its activities.

In his report to the shareholders at the Bank's annual general meeting the board chairman gives an account of how the policy is implemented and observed by

reviewing the overall focus areas and the measures taken to counter risks that have a negative effect on the culture.