

Policy for healthy corporate culture

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1. Introduction

The purpose of this policy is to establish general guidelines for the decent and reasonable conduct expected of all employees at all levels of the organisation and thereby to contribute to promoting and ensuring a healthy corporate culture at Sydbank A/S.

The policy for healthy corporate culture has been determined by the Board of Directors in accordance with section 70a(2) of the Danish Financial Business Act and serves to describe the Bank's focus on for instance compliance, money laundering prevention and risk management in general.

2. Background

The guidelines of this policy are general in nature and must always be considered in conjunction with the Bank's other policies and business procedures as regards the areas covered by this policy. The content of these policies and business procedures will not be repeated here but will nevertheless be of considerable importance to the interpretation and content of this policy as they contain a more detailed and elaborate description of the expectations of all employees in different situations. All policies, business procedures and job descriptions must be updated, relevant and operational and are expected to be adhered to by all the Bank's employees.

The conduct of all employees must be in accordance with Sydbank's core values where the Bank attaches great importance to excellence, professional relationships and value creation. In addition risk awareness of each employee must at all times be raised in relation to financial legislation, money laundering, terrorist financing and other financial crime. Furthermore the conduct of employees must at all times be characterised by responsibility, decency and respect for others.

3. Responsibility

Sydbank complies with current legislation governing financial undertakings and is highly conscious of its role in society, which includes living up to the expectations of society at large and enjoying the confidence of its customers so as to promote the Bank's reputation and integrity.

Employees are expected at all times to put compliance with rules before profit and to react and seek information when in doubt about the rules in force – including the Bank's internal rules in the form of business procedures and job descriptions.

One of the significant tasks facing financial undertakings is to prevent the financial system from being used for money laundering, terrorist financing or other financial crime. Sydbank takes this task very seriously and takes corrective action in compliance with regulations and by doing so seeks to effectively prevent the Bank from being used for the purposes of money laundering, terrorist financing or 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.

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.

Moreover the Bank takes its responsibility in respect of tax seriously, both as regards its own tax payments as well as those of its customers. As a result the Bank does not advise on or otherwise assist in tax evasion. If an employee is in doubt whether the Bank – directly or indirectly – is assisting or may be assisting a customer in tax evasion, it is expected of the employee that he or she immediately contacts the Bank's tax department to clarify the matter.

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.

Vast amounts are traded each day on the securities markets and it is important that markets are protected against 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 management and employees as well as to customers' use of the Bank.

Relevant employees receive training annually on the rules on market abuse. If an employee becomes aware of any abuse regarding securities, this knowledge must be passed on immediately to Compliance, which will handle the matter. A report on the development in the number of these notifications is submitted to the Group Executive Management and the Board of Directors on a quarterly basis.

4. Decency

All customers, business partners and other stakeholders must be treated with respect and decency regardless of whether the Bank does business or declines business with customers or business partners. The Bank does not accept discrimination on the grounds of gender, ethnic background, sexual orientation, religion or age, and harassment is not tolerated. This applies with regard to employees, customers, suppliers, business partners and all other relationships.

For the Bank it is important that its customers are satisfied. Should the Bank fail to come to an acceptable agreement with a customer, it is easy to make a complaint. Complaints are handled swiftly and impartially on a local level but also by the Bank's Complaints Officer. Complaints are reported in the OpRisk Report, which is submitted to the Group Executive Management and the Board of Directors on a quarterly basis.

Through their customer relationships employees gain considerable insight into customers' private affairs. The Bank treats personal data in the strictest confidence and in compliance with legislation. A report on Sydbank's processing and storage of personal information, measures implemented, internal controls and other significant

matters in the personal data area is submitted to the Group Executive Management and the Board of Directors on a quarterly basis.

The Bank's employees are its most important asset. They help to create and nurture professional relationships with customers. 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 year among employees to gauge for instance whether Sydbank is a good workplace with a healthy psychosocial work environment. The results of the survey are presented to the Bank's management so that adjustments can be made if there are any signs that its corporate culture is no longer healthy.

The Bank promotes an environment with open communication and wants to encourage the constructive critical approach of employees to their work where knowledge or suspicion of wrongdoing can be communicated to all management levels without reprisal. Notwithstanding the above the Bank does not want critical information to be withheld. For this purpose the Bank has set up a whistleblower scheme which employees can use to anonymously report serious violations that come to their attention. The Bank protects employees who report violations and ensures that they are treated with respect. Retaliation against employees who report violations is not tolerated.

Consequently the Bank also expects that any employee who discovers a serious violation of rules actively reports this so that the Bank can take action and stop the violation.

5. Risks

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

On the basis of the policies, business procedures and job descriptions have been formulated in the individual areas where the obligations of each employee are described in greater detail. These are expected to be adhered to by the individual employee.

Credit risks represent the majority of the Bank's risks. The Bank's activities in connection with lending must be based on good advisory services ensuring that customers' finances are healthy and sustainable. In addition the Bank's credit management must be appropriate and its impairment charges and losses must not be larger than comparable banks in Denmark.

The Bank expects employees to put a customer's healthy and sustainable finances before the Bank's profit at all times.

6. Authorities

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

Financial undertakings compete to provide financial services to customers. The Bank's participation in the competition for customers 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 withdraw from communication relating to or proposals for agreements that could be contrary to the rules on competition.

7. Employees

As regards the areas stated above, the Bank's other policies, business procedures and job descriptions contain a more detailed and elaborate description of the expectations of employees in these respects and the expectations specify how the policy for healthy corporate culture is implemented and observed at the Bank.

By means of training, cultivating attitudes, communication and recruitment, the Bank aims to have highly skilled and competent employees who are committed to building relationships. The Bank's products and advisory services must be among the best in the market and build on long-term relationships with customers.

Employees receive ongoing training in relevant legislation as and when needed. Furthermore new employees are introduced to this policy.

Conflicts of interest must be avoided as they could cast doubt on the Bank's integrity and the qualifications and conduct of its employees. A conflict of interest could arise in any of the Bank's business units when customers receive a service that also benefits the Bank or has an adverse effect on other customers.

If an employee is uncertain whether he or she is involved in a conflict of interest, it is expected that the issue is clarified with the employee's immediate superior. The Bank expects an employee to react when a colleague – intentionally or unintentionally – is involved in a conflict of interest.

All employees must exercise great care when invited to participate in events or offered gifts from or giving gifts to customers, business partners or suppliers. The Bank's employees do not receive gifts from customers, business partners or suppliers to any excessive degree.

If an employee is uncertain whether to accept a specific gift or whether an invitation from a customer or business partner to participate in an event falls within his or her area of work, the employee must immediately contact Human Resources, which will review the matter and reach a conclusion about the specific situation.

8. Monitoring

Employees' compliance with policies, business procedures and job descriptions is monitored on a regular basis by Compliance and the Bank's Chief Risk Officer.

Moreover Compliance monitors on an ongoing basis that the quarterly reporting, see 3 and 4, to the Group Executive Management and the Board of Directors is made.

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.

9. Follow-up and updating

The Board of Directors ensures that this policy is consistent with the Bank's other policies, including the remuneration policy.

The Board of Directors monitors that the policy is complied with and that it has the intended effect.

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.

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