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# Management Code of Conduct 2015

# Sydbank Management Code of Conduct 2015

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	The corporate governance report is an integral part of the annual report and is available at Sydbank's website.
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.	Non-compliance	Sydbank's fundamental values were most recently revised in 2013. The new fundamental values are available at Sydbank's website. They describe what Sydbank considers appropriate conduct but they do not constitute a strict code of conduct.
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	The recruitment of candidates for appointment to Sydbank's Shareholders' Committee and Board of Directors is reviewed by the Board of Directors and the Nomination Committee. The basis of the work of the Board of Directors and the Nomination Committee is the annual self-evaluation carried out by the Board of Directors where the composition of the Board of Directors is reviewed in relation to Sydbank's business model.
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	Sydbank's Articles of Association provide that Board members are elected by the Shareholders' Committee – and must, as a main rule, be elected from among the Shareholders' Committee, which has up to 80 members. This ensures that a good knowledge of the individual person and his or her professional and personal qualifications has been obtained before being elected to the Board of Directors. There are no restrictions as to who may be elected to the Shareholders' Committee. The Shareholders' Committee is elected by the general meeting.
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 course is to reflect the company's size, business model and complexity.	Compliance	Sydbank will comply with the recommendations with regard to Board members who are elected to the Board of Directors effective from the general meeting in 2014. To date, Board members have been offered a one-day in-house seminar where the Group Executive Management and executive staff elaborate on issues that have the Board of Directors' attention.

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The Association recommends that board members receive ongoing skills development of relevance to the work of the board of directors. Topics and scope must be adapted to the company's size, business model and complexity.	Compliance	
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	The annual self-evaluation of the Board of Directors is based in part on a structured form that each Board member completes, stating his or her qualifications in a number of selected areas. The form includes management-related and banking issues. As a minimum every three years an evaluation is made by external consultants.
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 Board meetings.
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	
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	
The Association recommends that member companies address the provisions of the Danish Financial Business Act regarding limits on executive functions.	Compliance	The Board members of Sydbank will comply with the provisions after the specified transitional period.

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<p>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 in a team with complementary areas of competence. To be an experienced accountant, s/he must have completed training targeted the banking area and have participated in the audit of a bank, savings bank or cooperative through a minimum of three years.</p>	Compliance	<p>Sydbank complies with the recommendation. 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 Ernst &amp; Young.</p>

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