

Corporate Governance Principles

Sydbank's statement concerning
the recommendations of
the Committee on Corporate Governance

The statement concerns the period 2010

Sydbank

Recommendation	Compliance	Non-compliance	<p>The company complies/does not comply with the recommendation for the following reason:</p> <p>According to section 107b (1) no.3 of the Danish Financial Statements Act, the company must explain why the company has decided not to comply with parts of the recommendations. Here it is possible for the company to disclose why it has decided not to comply with a given recommendation and to specify its different approach.</p> <p>The company is not obliged to explain its compliance with a recommendation. However it may be advantageous to do so to show what the company is doing to comply with a given recommendation. This may also be stated here.</p>
<p>1. The role of the shareholders and their interaction with the management of the company</p>			
<p><i>1.1. Dialogue between the company and its shareholders</i></p>			
<p>1.1.1. The Committee recommends that the central governing body, for example through investor relations activities, ensure an ongoing dialogue between the company and its shareholders in order that the central governing body knows the shareholders' attitude, interests and views in relation to the company and that investor relations material be made available to all investors on the company's website.</p>	<p>X</p>		<p>Sydbank aims to provide the highest possible level of transparency in the affairs of the Bank and improves communication on an ongoing basis with all stakeholders by making comprehensive, relevant and updated material available eg at the sydbank.com.</p> <p>Following the annual general meeting Sydbank holds around 15 shareholders' meetings in the Bank's regions across the country where the Bank is in direct contact with around 10,000 shareholders. The Bank publishes a magazine, "Sydbank p.t.", providing shareholders with financial information, information about the Bank, the Sydbank share as well as many other bank related and general issues. Furthermore the management holds regular meetings during the year with analysts and investors in Denmark and abroad.</p>
<p><i>1.2. Capital and share structures</i></p>			
<p>1.2.1. The Committee recommends that the central governing body every year evaluate whether the company's capital and share structures continue to be in the interests of the shareholders and the company and account for</p>			<p>It must be noted that Sydbank's Articles of Association contain a voting right limitation to the effect that no shareholder on his own behalf may cast a vote of more than 5,000 votes and that no proxy may cast a vote of more than 5,000 votes. The voting right limitation has been adopted by the shareholders at the general meeting and reflects the wish that Sydbank be preserved as an</p>

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<p>this evaluation in the management commentary in the annual report and/or on the company's website.</p>	<p>X</p>		<p>independently strong nationwide bank albeit deeply rooted in the local communities – to the benefit of all stakeholders. Without this protective rule the Bank's shares could become an object of short-term speculation, which according to the Board of Directors is not in the interest of shareholders, customers, staff or local communities. Consequently the Board of Directors does not intend to propose an amendment of the article in question.</p> <p>The Bank's shares are held by more than 140,000 investors, many of whom live in the Bank's geographical areas of operation and are customers with the Bank. Nykredit and ATP have reported a holding of more than 5% and less than 10% of the share capital.</p>
<p><i>1.3. General meeting</i></p>			
<p>1.3.1. The Committee recommends that the supreme governing body and the executive board promote active ownership, including shareholders' attendance at general meetings.</p>	<p>X</p>		
<p>1.3.2. The Committee recommends that the central governing body resolve or submit to the general meeting the question whether the general meeting shall be conducted by physical attendance or as a partly or entirely electronic general meeting.</p>	<p>X</p>		<p>The annual general meeting of Sydbank is held as a physical general meeting.</p>
<p>1.3.3 The Committee recommends that proxies given to the supreme governing body allow shareholders to consider each individual item on</p>			<p>For administrative reasons only proxies that are more general in nature may be given.</p>

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the agenda.		X	
1.3.4. The Committee recommends that all members of the supreme governing body and the executive board be present at the general meeting.	X		
<i>1.4. Takeover bids</i>			
1.4.1. The Committee recommends that the central governing body, from the moment it obtains knowledge that a takeover bid will be submitted, do not, without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid.	X		
1.4.2. The Committee recommends that the central governing body give the shareholders the opportunity to decide whether or not they wish to dispose of their shares in the company under the	X		

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terms offered.			
<p>2. The role of stakeholders and their importance to the company and the company's corporate social responsibility</p>			
<p><i>2.1. The company's policy in relation to its stakeholders and corporate social responsibility</i></p>			
<p>2.1.1. The Committee recommends that the central governing body identify the company's key stakeholders and their main interests in relation to the company.</p>	X		<p>The Board of Directors agrees that the stakeholders in and around the Bank operate in a mutual dependency evolving with the progress of time. Therefore the Bank will continue to ensure that the Bank's policies and procedures are in accordance with the zeitgeist, legislation in force, rules of good practice, etc and as a consequence respect, as best possible, the interests and roles of customers, shareholders and staff.</p>
<p>2.1.2. The Committee recommends that the central governing body adopt a policy on the company's relationship with its stakeholders, including the investors, and ensure that the interests of the stakeholders are respected in accordance with the company's policy on such issues.</p>		X	<p>The Bank does not have a formal policy regarding its relationship with stakeholders. The relationship with stakeholders is key to a broadly based customer-oriented service undertaking and as a result the Board of Directors and the Group Executive Management are constantly focussed on ensuring and enhancing beneficial relations – all for the purpose of strengthening the Bank's position. Every year Sydbank takes part in a number of extensive customer satisfaction and loyalty surveys. The findings of the surveys, as well as the results of recurring employee satisfaction surveys, are applied as tools in the ongoing development of the Bank.</p>
<p><i>2.2. Corporate social responsibility</i></p>			
<p>2.2.1. The Committee recommends that the</p>			<p>The Bank does not have a formal policy on CSR. Sydbank is an enterprise</p>

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central governing body adopt a policy on corporate social responsibility.		X	operating as a responsible player in society while respecting its business goals. The common denominator in the Bank's CSR initiatives is that they serve to emphasise Sydbank's position as an ethically responsible enterprise – among employees, customers and other stakeholders.
3. Openness and transparency			
<i>3.1. Disclosure of information to the market</i>			
3.1.1. The Committee recommends that the central governing body adopt a communication strategy.		X	<p>The Board of Directors attaches great importance to the dialogue with shareholders as well as other stakeholders. At the annual shareholders' meetings in the Bank's regions, the Bank's management is in contact with a large number of shareholders.</p> <p>The members of the Group Executive Management and the officer responsible for the Bank's investor relations hold frequent meetings with investors and analysts – individually as well as in groups.</p> <p>Extensive relevant investor relations information is available at the Bank's websites, including a special section on corporate governance.</p>
3.1.2. The Committee recommends that information from the company to the market be published in both Danish and English.	X		

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3.1.3. The Committee recommends that the company publish quarterly reports.	X		
4. The tasks and responsibilities of the supreme and the central governing bodies			
<i>4.1. Overall tasks and responsibilities</i>			
4.1.1. The Committee recommends that the central governing body determine the company's overall strategy at least once every year with a view to sustaining value creation in the company.	X		
4.1.2. The Committee recommends that the supreme governing body at least once every year discuss and ensure that the necessary qualifications and financial resources are in place in order for the company to achieve its strategic goals.	X		
4.1.3. The Committee recommends that the supreme governing body at least once every year define its most important tasks related to the financial and managerial control of the company,	X		

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including how to supervise the work of the executive board.			
<i>4.2. Procedures</i>			
4.2.1. The Committee recommends that the supreme governing body review its rules of procedure annually to ensure that they are adequate and always match the activities and needs of the company.	X		
4.2.2. The Committee recommends that the supreme governing body annually review and approve procedures for the executive board, including establish requirements for the executive board's timely, accurate and adequate reporting to the supreme governing body and for any other communication between the two governing bodies.	X		
<i>4.3. The chairman and deputy chairman of the supreme governing body</i>			
4.3.1. The Committee recommends that a deputy chairman of the supreme governing body be			

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appointed, who must be able to act in the chairman's absence and also act as an effective sounding board for the chairman.	X		
4.3.2. The Committee recommends the preparation of a scope of work and task list specifying the tasks, duties and responsibilities of the chairman and deputy chairman.		X	Scope of work and task lists have been prepared for the Board of Directors of Sydbank. It is natural that the Chairman of the Board of Directors ensures that the Board lives up to these lists and generally fulfils its role in a satisfactory manner.
4.3.3. The Committee recommends that the chairman of the supreme governing body organise, convene and chair meetings to ensure efficiency in the body's work and to create the best possible working conditions for the members, individually and collectively.	X		
4.3.4. The Committee recommends that, if the board of directors in exceptional cases asks its chairman to perform special tasks for the company, including briefly participate in the day-to-day management, a board resolution to that effect should be passed and precautions taken to ensure that the board of directors will maintain responsibility for the overall management and control function. A reasonable distribution of duties must be ensured between the chairman, the deputy chairman, the other members of the board of directors and the executive board. Information about agreements on the chairman's	X		The situation is not currently relevant.

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participation in the day-to-day management and the expected duration hereof must be disclosed in a company announcement.			
5. Composition and organisation of the supreme governing body			
<i>5.1. Composition</i>			
<p>5.1.1. The Committee recommends that the supreme governing body annually specify the skills it must have to best perform its tasks and that the specification be posted on the website. Proposals for the nomination/replacement of members of the supreme governing body to be submitted to the general meeting should be prepared in the light hereof.</p>		X	<p>The Board of Directors finds the existing framework for the Board's work to be sufficient and it does not intend to make any significant changes. This also applies to current recruitment criteria and processes, restrictions as regards other directorships of the board members, length of the term of office as well as recurrent evaluation procedures.</p>
<p>5.1.2. The Committee recommends that the supreme governing body ensure a formal, thorough and transparent process for selection and nomination of candidates to the supreme governing body. When assessing its composition and nominating new candidates, the supreme governing body must take into consideration the need for integration of new talent and the need for</p>		X	<p>New board members are recruited by means of a process based on for example a dialogue between the Board of Directors and the Shareholders' Committee. This is to ensure that the Board of Directors has relevant professional qualifications, a satisfactory age composition, a broad business background as well as geographical diversification within the Bank's area of operation. According to financial legislation, the management of a bank must meet a number of requirements as to aptitude (qualifications and experience) as well as integrity. The recruitment of new board members is based on the</p>

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diversity in relation to international experience, gender and age, etc.			above criteria. The recruitment procedure is considered to be satisfactory documentation in terms of the aptitude of the nominated candidates and therefore the publication of the profile of the Board of Directors on an annual basis is not considered necessary.
5.1.3. The Committee recommends that a description of the nominated candidates' qualifications, including information about other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, held by the candidates in both Danish and foreign companies as well as information on demanding organisational tasks should accompany the notice convening the general meeting when election of members to the supreme governing body is on the agenda.		X	The Shareholders' Committee is elected by the general meeting. The Board of Directors is subsequently elected by the Shareholders' Committee.
5.1.4. The Committee recommends that every year, the management commentary in the annual report contain an account of the composition of the supreme governing body, including its diversity, and of any special skills possessed by the individual members.		X	In Sydbank's opinion it is essential that the Board of Directors is composed in such a way so as to enable it to attend to the multifarious tasks bestowed upon the Board of Directors.
<i>5.2. Training of members of the supreme governing body</i>			
5.2.1. The Committee recommends that new members joining the supreme governing body be			

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given an introduction to the company.	X		
5.2.2. The Committee recommends that the supreme governing body annually assess whether the skills and expertise of its members need to be updated.	X		
<i>5.3. Number of members of the supreme governing body</i>			
5.3.1. The Committee recommends that the supreme governing body have only so many members as to allow a constructive debate and an effective decision-making process enabling all members to play an active role.	X		
5.3.2. The Committee recommends that in connection with the preparation for each year's general meeting, the supreme governing body consider whether the number of members is appropriate in relation to the requirements of the company.	X		
<i>5.4. The independence of the supreme governing body</i>			
5.4.1. In order for the members of the supreme			

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<p>governing body to act independently of special interests, the Committee recommends that at least half of the members elected by the general meeting be independent persons.</p> <p>The independent supreme governing body member may not:</p> <ul style="list-style-type: none"> • be, or have been within the last five years, a member of the executive board/managerial staff of the company or an associated company, • have received significant additional remuneration from the company/group or an associated company apart from a fee for its services in the capacity as a member of the supreme governing body, • represent the interests of a controlling shareholder, • within the last year, have had a material business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body of companies with similar relations) with the company or an associated company, • be, or have been within the last three years, an employee or partner of the external audit firm, • hold cross-memberships of governing bodies, • have been a member of the supreme governing body for more than 12 years, or • have close family ties with persons that are not 	<p>X</p>		

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regarded as independent persons.			
5.4.2. The Committee recommends that at least once every year, the supreme governing body list the names of the members who are regarded as independent persons and also disclose whether new candidates for the supreme governing body are considered independent persons.	X		All shareholder-elected members of the Board of Directors of Sydbank are independent.
<i>5.5. Members of the supreme governing body elected by the employees</i>			
5.5.1. The Committee recommends that the individual company explain, in the company's annual report or on its website, the system of employee-elected board members and the company's use hereof in companies where the employees have chosen to apply the provisions of the Companies Act on employee representation.	X		The considerations of the Board of Directors have resulted in the conclusion that such an explanation is not necessary in light of the fact that the system of staff-elected board members is provided for in legislation and is moreover regarded as common knowledge.
<i>5.6. Meeting frequency</i>			
5.6.1. The Committee recommends that the supreme governing body meet at regular intervals according to a predetermined meeting and work schedule or when meetings are deemed	X		

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<p>necessary or appropriate as required by the company and that the number of meetings held be disclosed in the annual report.</p>			
<p><i>5.7. Expected time commitment and the number of other executive functions</i></p>			
<p>5.7.1. The Committee recommends that each member of the supreme governing body assess the expected time commitment for each function in order that the member does not take on more functions than he/she can manage in a satisfactory way for the company.</p>	<p>X</p>		<p>The assessment is carried out by each board member.</p>
<p>5.7.2. The Committee recommends that the annual report contain the following information about the members of the supreme governing body:</p> <ul style="list-style-type: none"> • the member's occupation, • the member's other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign companies as well as demanding organisational tasks, and 	<p>X</p>		<p>Please see note 37 (page 62) in the Group's 2010 Annual Report.</p>

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<ul style="list-style-type: none"> the number of shares, options, warrants, etc. that the member holds in the company and its consolidated companies and any changes in such holdings during the financial year. 			
<i>5.8. Retirement age</i>			
<p>5.8.1. The Committee recommends that the company's articles of association fix a retirement age for members of the supreme governing body and that the annual report contain information on such retirement age as well as the age of each member of the board of directors.</p>	X		<p>The retirement age for members of the Board of Directors is currently 65.</p>
<i>5.9. Election period</i>			
<p>5.9.1. The Committee recommends that members of the supreme governing body elected by the general meeting be up for re-election every year at the annual general meeting.</p>		X	<p>Sydbank complies in part with the recommendation.</p> <p>Board members are elected for a four-year term with the possibility of re-election. The terms are staggered such that all board members are not up for election in the same year. Consequently the continuity of the Board's work is ensured.</p>
<p>5.9.2. The Committee recommends that the annual report state when the individual member of the supreme governing body joined the body, whether the member was re-elected and when the</p>	X		

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current election period expires.			
<i>5.10. Board committees</i>			
<p>5.10.1. The Committee recommends that the company publish the following information in the management commentary in its annual report or on the company's website:</p> <ul style="list-style-type: none"> • the terms of reference for the board committees, • important activities of the committees during the year and the number of meetings held by each committee, and • the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications. 	X		
5.10.2. The Committee recommends that a majority of the members of a board committee be independent members.	X		
5.10.3. The Committee recommends that the supreme governing body establish an actual <u>audit committee</u> .	X		

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<p>5.10.4. The Committee recommends that the following be taken into account in composing the audit committee:</p> <ul style="list-style-type: none"> • the chairman of the supreme governing body should not be chairman of the audit committee, and • between them, the members should possess such an amount of expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit conditions of companies whose shares are admitted to trading on a regulated market. 	X		
<p>5.10.5. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the supreme governing body about:</p> <ul style="list-style-type: none"> • significant accounting policies • significant accounting estimates, • related party transactions, and • uncertainties and risks, including in relation to the outlook. 	X		
<p>5.10.6. The Committee recommends that the audit committee:</p> <ul style="list-style-type: none"> • annually consider whether there is a need for an internal audit function, and if so, • formulate recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the 	X		

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<p>internal audit function, and</p> <ul style="list-style-type: none"> • monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function. 			
<p>5.10.7. The Committee recommends that the supreme governing body establish a <u>nomination committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • describe the qualifications required in the two governing bodies and for a given position, state the expected time commitment for a position and evaluate the balance of skills, knowledge and experience available in the two governing bodies. • annually evaluate the structure, size, composition and performance of the governing bodies and make recommendations to the supreme governing body with regard to any changes, • annually evaluate the skills, knowledge and experience of the individual members of the governing bodies and report such details to the supreme governing body, • consider proposals submitted by relevant persons, including shareholders and members of the governing bodies, for 		X	<p>Such a committee under the Board of Directors has not been established. This task is attended to by the entire Board of Directors, which must be seen in light of the size and the high meeting frequency of the Board of Directors.</p>

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<ul style="list-style-type: none"> • candidates for executive positions, and • identify and recommend to the supreme governing body candidates for the governing bodies. 			
<p>5.10.8. The Committee recommends that the supreme governing body establish a <u>remuneration committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • make proposals, for the approval of the supreme governing body prior to approval at the general meeting, on the remuneration policy, including the overall principles of incentive pay schemes, for members of the supreme governing body and the executive board, • make proposals to the supreme governing body on remuneration for members of the supreme governing body and the executive board and ensure that the remuneration is consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the supreme governing body and the executive board receive from other companies in the group, and 	X		<p>A Remuneration Committee has been established whose tasks include the formulation of a remuneration policy. The terms of reference of the Remuneration Committee do not comprise making proposals on the remuneration of the Board of Directors and the Group Executive Management.</p>

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<ul style="list-style-type: none"> oversee that the information in the annual report on the remuneration of the supreme governing body and the executive board is correct, true and sufficient. 			
5.10.9. The Committee recommends that the remuneration committee do not consult with the same external advisers as the executive board of the company.	X		
<i>5.11. Evaluation of the performance of the supreme governing body and the executive board</i>			
5.11.1. The Committee recommends that the supreme governing body undertake an annual evaluation of the performance and achievements of the supreme governing body and of the individual members of the body.	X		<p>Sydbank complies in part with the recommendation.</p> <p>The Board of Directors conducts an annual evaluation where the work and performance of the Board of Directors and its individual members, including the Chairman, is assessed for the purpose of improving the Board's work on an ongoing basis.</p>
5.11.2. The Committee recommends that the chairman be in charge of the evaluation of the supreme governing body, that the outcome be discussed in the supreme governing body and that the details of the procedure of self-evaluation		X	The evaluation is carried out as described but the procedure is not described in the annual report.

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and the outcome be disclosed in the annual report.			
5.11.3. The Committee recommends that the supreme governing body at least once every year evaluate the work and performance of the executive board in accordance with pre-defined criteria.	X		
5.11.4. The Committee recommends that the executive board and the supreme governing body establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the supreme governing body and the chief executive officer and that the outcome of the evaluation be presented to the supreme governing body.	X		
6. Remuneration of members of governing bodies			
<i>6.1. Content and form of the remuneration policy</i>			
6.1.1. The Committee recommends that the supreme governing body adopt a remuneration policy applicable to the supreme governing body and the executive board.	X		
6.1.2. The Committee recommends that the	X		

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remuneration policy and any changes to the policy be approved by the general meeting of the company.			
6.1.3. The Committee recommends that the remuneration policy include a thorough description of the components of the remuneration for members of the supreme governing body and the executive board.	X		
6.1.4. The Committee recommends that the remuneration policy include: <ul style="list-style-type: none"> • the reasons for choosing the individual components of the remuneration, and • a description of the criteria on which the balance between the individual components of the remuneration is based. 	X		
6.1.5. The Committee recommends that, if the remuneration policy includes variable components, <ul style="list-style-type: none"> • limits be set on the variable components of the total remuneration package, • a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in 	X		

Recommendation	Compliance	Non-compliance	<p>The company complies/does not comply with the recommendation for the following reason:</p> <p>According to section 107b (1) no.3 of the Danish Financial Statements Act, the company must explain why the company has decided not to comply with parts of the recommendations. Here it is possible for the company to disclose why it has decided not to comply with a given recommendation and to specify its different approach.</p> <p>The company is not obliged to explain its compliance with a recommendation. However it may be advantageous to do so to show what the company is doing to comply with a given recommendation. This may also be stated here.</p>
<ul style="list-style-type: none"> • the short and long term, • there be clarity about performance criteria and measurability for award of variable components, and • there be criteria ensuring that vesting periods for variable components of remuneration agreements are longer than one calendar year. 			
<p>6.1.6. The Committee recommends that remuneration of members of the supreme governing body do not include share or warrant programmes.</p>	X		
<p>6.1.7. The Committee recommends that if members of the executive board receive share-based remuneration, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should not be exercisable earlier than three years from the date of grant. An explanation of the relation between the redemption price and the market price at the time of grant should be provided.</p>	X		
<p>6.1.8. The Committee recommends that, in exceptional cases, companies should be able to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be manifestly misstated.</p>	X		

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6.1.9. The Committee recommends that termination payments should not amount to more than two years' annual remuneration.	X		Severance pay may not amount to more than two years' annual remuneration.
<i>6.2. Disclosure of the remuneration policy</i>			
6.2.1. The Committee recommends that the remuneration policy be clear and easily understandable and that it be disclosed in the annual report and posted on the company's website.	X		
6.2.2. The Committee recommends that the company's remuneration policy and compliance with this policy be explained and justified in the chairman's statement at the company's general meeting.	X		
6.2.3. The Committee recommends that the total remuneration granted to each member of the supreme governing body and the executive board by the company and other consolidated companies be disclosed in the (consolidated) financial statements and that the linkage with the	X		

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remuneration policy be explained.			
6.2.4. The Committee recommends that the details of any defined-benefit schemes offered to members of the supreme governing body or the executive board and the actuarial value of such schemes as well as changes during the year be included as part of the information on the total remuneration.	X		
6.2.5. The Committee recommends that the most important aspects of retention and severance programmes be disclosed in the company's annual report.		X	As a general rule, the provisions stipulated in the Danish Salaried Employees Act and the current collective agreement for bank employees are applied.
6.2.6. The Committee recommends that the proposal for remuneration of the supreme governing body for the current financial year be approved by the shareholders at the general meeting.		X	The remuneration policy is approved by the general meeting. The remuneration of the supreme governing body is fixed accordingly.
7. Financial reporting			
<i>7.1. Other relevant information</i>			

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7.1.1. The Committee recommends that the annual report and other financial reports be supplemented by additional financial and non-financial information, if deemed necessary or relevant in relation to the information needs of the recipients.	X		
<i>7.2. The going concern assumption</i>			
7.2.1. The Committee recommends that, upon consideration and approval of the annual report, the supreme governing body decide whether the business is a going concern, including supporting assumptions or qualifications where necessary.	X		
8. Risk management and internal control			
<i>8.1. Identification of risks</i>			
8.1.1. The Committee recommends that the	X		

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central governing body at least once every year identify the most important business risks associated with the realisation of the company's strategy and overall goals as well as the risks associated with financial reporting.			
8.1.2. The Committee recommends that the executive board currently report to the supreme governing body on the development within the most important areas of risk and compliance with adopted policies, frameworks etc. in order to enable the supreme governing body to track the development and make the necessary decisions.	X		
<i>8.2. Whistleblowing</i>			
8.2.1. The Committee recommends that the supreme governing body decide whether to establish a whistleblowing scheme for expedient and confidential notification of possible or suspected wrongdoing.		X	<p>In light of the Bank's size, open culture and business area, it has not been considered expedient to introduce a formal whistleblowing system. Sydbank's position is clear: serious wrongdoing must be avoided. Measures to achieve this include guidelines for employees on how to respond if they obtain knowledge of wrongdoing or irregularities and in this connection offering the necessary protection of employees.</p>
<i>8.3. Openness about risk management</i>			
8.3.1. The Committee recommends that the management commentary in the annual report	X		

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include information about the company's management of business risks.			
9. Audit			
<i>9.1. Contact to auditor</i>			
9.1.1. The Committee recommends that the supreme governing body maintain a regular dialogue and exchange of information with the auditor.	X		
9.1.2. The Committee recommends that the auditor agreement and auditors' fee be agreed between the supreme governing body and the auditor on the basis of a recommendation from the audit committee.	X		
9.1.3. The Committee recommends that the supreme governing body and the audit committee meet with the auditor at least once every year without the executive board present. This also applies to the internal auditor, if any.	X		
<i>9.2. Internal audit</i>			

Recommendation	Compliance	Non-compliance	<p>The company complies/does not comply with the recommendation for the following reason:</p> <p>According to section 107b (1) no.3 of the Danish Financial Statements Act, the company must explain why the company has decided not to comply with parts of the recommendations. Here it is possible for the company to disclose why it has decided not to comply with a given recommendation and to specify its different approach.</p> <p>The company is not obliged to explain its compliance with a recommendation. However it may be advantageous to do so to show what the company is doing to comply with a given recommendation. This may also be stated here.</p>
<p>9.2.1. The Committee recommends that the supreme governing body, on the basis of a recommendation from the audit committee, once every year decide whether to establish an internal audit for support and control of the company's internal control and risk management systems and state the reasons for its decision in the annual report.</p>	<p>X</p>		