



UN Principles for Responsible Banking

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

Spar Nord dates back to 1824, and as part of our business model we have close relations with our customers and engage with the local communities in which we operate. Spar Nord is the 5th largest Danish bank and operates within the borders of Denmark. The bank has 1,700+ employees spread over 62 local branches and the Bank's head office.

Spar Nord's business model is inspired by the franchise concept, in which strongly anchored local ownership is the driver of customer relations and business volume. The business model builds on decentralised decision-making powers with a high degree of local autonomy. Spar Nord's principal activities consist of:

- Banking services targeting retail customers and small and medium-sized business customers
- Trading and investment activities targeting retail and business customers
- Leasing and financing activities targeting equipment for the business sector
- Management of proprietary funds

Spar Nord has a market share of around 6% of the total Danish market for bank loans, leasing and mortgage-credit loans.

Links and references

About Spar Nord:

<https://www.sparnord.com/about-spar-nord-bank>

Spar Nord Annual Report 2023

<https://www.sparnord.com/annualreport2023>

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

☒ Yes

☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

☒ UN Guiding Principles on Business and Human Rights

☒ International Labour Organization fundamental conventions

☒ UN Global Compact

☐ UN Declaration on the Rights of Indigenous Peoples

☒ Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these? Additional Pillar 3 Disclosures

<https://www.sparnord.dk/investor-relations/regnskab-risiko>

☐ applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----

☐ None of the above

Response

Spar Nord has committed to implementing sustainable business practices across all business areas, and to promoting a responsible corporate culture. This means that ESG is integral to Spar Nord's operations and the way we run our business. Moreover ESG has been included in our strategy and in our business model.

Spar Nord's ESG work supports the goal in the Climate Act and the Paris Agreement of climate neutrality by 2050. Spar Nord supports the UN Sustainable Development Goals (SDGs) and we have decided to focus on our strategic work on SDGs 5, 7, 8, 11, 12, 13, 16 and 17. Spar Nord supports and applies the UN Guiding Principles on Business and Human Rights and the ILO. In 2020, Spar Nord acceded to the UN Global Compact (UNGC) and the UN Principles for Responsible Investment (UN PRI), and in 2021 also the UN Principles for Responsible Banking (UN PRB).

Sustainability initiatives at Spar Nord pervade the whole organisation and all layers of management, and they affect our internal processes and reporting as well as our products and customer-oriented initiatives. Daily

Links and references

Spar Nord Annual Report 2023, page 32-49

<https://www.sparnord.com/annualreport2023>

work is governed by our business strategy and prioritised through materiality analyses and assessments of the areas where we can make the greatest difference.

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response

Spar Nord has applied the Portfolio Impact Analysis Tools for Banks to carry out an analysis of our lending and investment activities within our main geographical area, Denmark, and on the basis of the bank's significant business areas, Retail (Consumer Banking), Business (Institutional Banking) and Investments (Investment).

Spar Nord has included the bank's total loans and deposits as disclosed in the balance sheet. Lending has been included before impairments and excluding reverse transactions.

Investments the bank undertakes on behalf of customers through capital management services are included, as well as the bank's proprietary portfolio and, thus, investments about which the bank itself is entitled to decide. The investments included cannot be reconciled with the balance sheet, because, portfolios via Stjerneinvest and portfolio management agreements are included in the Portfolio Impact Analysis Tools for Banks.

Links and references

Spar Nord Impact Analysis 2023 pages 5-7:
<https://www.sparnord.com/impactanalysis2023>

The [Portfolio Impact Analysis Tools for Banks \(Version 3\)](#) has been applied to cover Spar Nords impact areas. See also [PRB Guidance Document](#).

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response

In the Portfolio Impact Analysis Tools for Banks for Consumer Banking and Institutional Banking, Spar Nord has included the bank's total lending portfolio as at 31.03.23. This breaks down to 37% in retail lending and 63% in business lending and essentially all of this is located in Denmark.

Business lending breaks down as follows (DB07):

- Real estate (21%)
- Other business (15%)
- Trade (13%)
- Bank, financial, and mortgage-credit activities as well as insurance (11%)
- Industry and minerals extraction (9%)

The above main sectors (DB07) constitute a total of 68% of the bank's portfolio. The remaining 32% is distributed over a number of other sectors.

Spar Nord has included the bank's investment portfolio as at 30.06.23 in the Investment Portfolio Impact Analysis Tool. The investment portfolio is divided into DB07 sectors, and Spar Nord has primarily invested in:

- Bank, financial, and mortgage-credit activities as well as insurance (63%) of which 2/3 constitutes mortgage-credit bonds
- Manufacturing (16%)

Together, the above investments amounted to about 79% . The remaining approx. 21% is spread over other sectors, none of which constitute more than 5% .

Links and references

Spar Nord Impact Analysis 2023 pages 5-7:

<https://www.sparnord.com/impactanalysis2023>

[The Portfolio Impact Analysis Tools for Banks \(Version 3\)](#) has been applied to cover Spar Nords impact areas.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Response

With outset in the Portfolio impact Analysis Tools for Banks, we have identified the bank's impact areas and ascertained that the bank's most important challenges and priorities with respect to sustainable development in Denmark are still *Climate change mitigation*.

Furthermore, the following impact areas have been identified as important for the bank: *Availability, accessibility, affordability, quality of resources & services, Circularity, and Resource efficiency & circular economy*.

The results of the identification of impact areas in accordance with the Portfolio Impact Analysis Tools for Banks have been discussed with the bank's most important internal stakeholders, including the board of directors, the executive board and the ESG steering group.

Links and references

Spar Nord Impact Analysis 2023 pages 5-7:
<https://www.sparnord.com/impactanalysis2023>

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)? Please disclose.

Response

The result of the Portfolio Impact Analysis Tools for Banks shows where the bank has its largest potential positive and negative impact areas.

Availability, accessibility, affordability, quality of resources & services has been identified as Spar Nord's largest positive social impact area. This may be because, as a bank, Spar Nord provides financing for customers, which stimulates the economy and increases welfare. On the other hand, access to financing can potentially have a negative effect on the economy because of the risk of excessive consumption and over-borrowing.

Climate change mitigation and *Resource efficiency & circular economy* are the most relevant areas for continued work by Spar Nord due to the combination of potential negative environmental impacts of our lending exposure. Both areas have high priority politically in the bank's geographical area of Denmark. Denmark has introduced a Climate Act.

Links and references

Spar Nord Impact Analysis 2023 pages 5-7:
<https://www.sparnord.com/impactanalysis2023>

Spar Nord Annual Report 2023, page 32-49
<https://www.sparnord.com/annualreport2023>

Spar Nord's Climate Actions
<https://www.sparnord.com/climateactions>

<p>We have designated climate change as our first impact area, and since 2021 we have calculated estimated financed emissions from the bank's lending and investment activities. These calculations have enabled us to prepare action plans and set reduction targets for lending and investments, and to prepare a SMART target. Read Spar Nord's Climate Actions on and in section 2.2b of our Self-Assessment.</p> <p>Spar Nord has decided to focus on resource efficiency and circular economy as our second important impact area. We have done this with special focus on the bank's lending activities, including loans to production companies, as well as financing retail customer activities in which we indirectly contribute to increasing purchases of goods and services and thus also resource consumption and waste. Furthermore, Spar Nord has sharp focus on recycling and waste separation internally, as well as on supplier behaviour with regard to this, e.g. recycling paper serviettes, focus on food waste, reduction of printing, as well as reuse and donation of used IT equipment, etc. In 2023, we took the first steps towards analysing and learning more about the impact area Resource-efficiency and circular economy, and in the long term this will enable us to define a baseline, set targets and thereby positively influence the area. This work will continue in 2024.</p>	<p>See also Klimaloven (Climate Act)</p>
<p>d) For these (min. two prioritized impact areas): <u>Performance measurement</u>. Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex 1.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p> <p><i>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</i></p>	

Response

Climate change

Spar Nord completed and published an Impact Analysis in 2021, 2022 and 2023. The analyses take outset in the impact area *Climate change mitigation*.

The Impact Analysis for 2023 includes car and home loans to retail customers, and these amount to 58% of total lending to retail customers. Similarly, for business customers we have included loans amounting to 83% of total lending by the bank to business customers. 99% of the investment portfolio is included for investments.

The 2023 Impact Analysis is based on business activities of DKK 122 bn.: DKK 43 bn. for loans and DKK 79 bn. for investments.

In this context, 44% of carbon emissions relate to lending, of which business lending accounts for 40% of total emissions. The principal contributors to carbon emissions are business loans to Transport, Agriculture and Industry. Retail lending accounts for 4% of total emissions, and emissions are higher for car loans than for home loans.

Spar Nord's investment activities account for 56% of total carbon emissions. Within this figure, investments made on behalf of customers, i.e. equity and corporate bond portfolios, add to carbon emissions in particular. By contrast, Danish mortgage-credit bonds, which involve fairly low emissions, account for a relatively large proportion of the bank's proprietary portfolio.

Spar Nord has prepared specific action plans and reduction targets for both loans and investments, and these follow recommendations from the Forum for Sustainable Finance.

Resource efficiency and circular economy

Spar Nord has commenced a process to examine *Resource efficiency & circular economy* from the perspective of the bank, the sector, investors and society. We are doing this to gather knowledge and learn more about the area in general, as well as to obtain a more detailed insight into how the bank affects the area, currently and potentially in the future. On the basis of this process, the bank's ambition is to set SMART targets in 2024. To this end, we expect to report on and obtain assurance over Principle 2.1.d - Performance measurement for the significant impact area Resource efficiency and circular economy within our 2024 self-assessment.

Links and references

Spar Nord Impact Analysis 2023 pages 8-14:
<https://www.sparnord.com/impactanalysis2023>

Spar Nord's Climate Actions
<https://www.sparnord.com/climateactions>

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation and Resource efficiency & circular economy.

How recent is the data used for and disclosed in the impact analysis?

- ☐ Up to 6 months prior to publication
- ☐ Up to 12 months prior to publication
- ☒ Up to 18 months prior to publication
- ☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

2.2 Target Setting (key Step 1)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Response

Climate change mitigation

In the Impact Analysis, we found that Spar Nord's commercial activities for retail customers, including car loans and home loans, account for about 58% of the bank's overall portfolio of loans to retail customers. Therefore, Spar Nord has established two loan products aimed at financing cars and homes, respectively.

Our climate target-setting has taken the following aspects into consideration:

- the overall objectives of the Paris Agreement
- The Danish government Climate Act
- recommendations and methodologies from Finans Danmark and the Danish financial sectors forum for sustainable finance (Forum for Bæredygtig Finans)
- Spar Nord's overall strategic direction and climate actions

Spar Nord's energy-friendly car loans offers attractive interest rates on loans for electric and plug-in hybrid cars. Spar Nord's energy-friendly home loans offer an attractive rate of interest on financing energy renovation and energy optimisation in the home for retail customers, including energy-efficient heating sources.

With outset in the climate change impact area, we have defined the following SMART target:

- By 2025, 80% of all new loans to finance cars are to be for electric or plug-in hybrid vehicles.

Links and references

Spar Nord's Climate Actions

<https://www.sparnord.com/climateactions>

For investment activities our overall target is, to:

- Reduce financed emissions from investments in shares and corporate bonds in the portfolios managed by Spar Nord by 30% in 2025 and by 60% in 2030, measured in relation to the weighted benchmark level in 2020.

For lending activities, our overall target is, to:

- Reduce financed emissions from lending by 20% in 2025 and by 45% in 2030 compared with the 2021 baseline.

Resource efficiency & circular economy

Specific targets for this impact area have not yet been set. The bank has implemented a process in which we want to gain insight into the most affected sectors and business areas for the bank, identify an appropriate method to measure the bank's impact, and on this basis prepare a baseline for specific targets. To this end, we expect to report on and obtain assurance over Principle 2.2.a - Alignment for the significant impact area Resource efficiency and circular economy within our 2024 self-assessment.

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex 1 of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

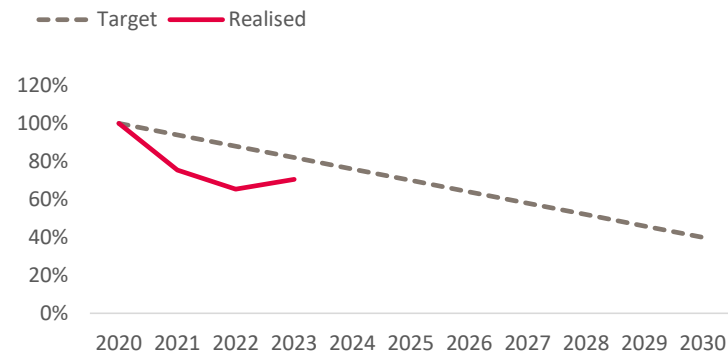
Impact area	Indicator code	Response
Climate change mitigation	A.1.1.	In progress - We are in the process of devising a strategy for climate change mitigation
	A.1.2.	No - Spar Nord's goals support the target in the Climate Act and the Paris Agreement for climate neutrality by 2050. We have set sub-targets for reduction of financed emissions from lending and investments for 2025 and 2030.
	A.1.3.	In progress
	A.1.4.	Yes - See our Impact Analysis 2023
	A.1.5.	Yes - See description 3.2 Business opportunities
	A.2.1.	Yes - With the relevant customers See 3.1 Customer engagement
	A.2.2.	735,000 tonnes CO ₂ e broken down as 44% for lending and 56% for investments
	A.2.3.	Yes - See table below
	A.2.4.	The indicator is currently not calculated
	A.3.1.	In progress - Spar Nord does not yet issue green bonds
	A.3.2.	Yes- See tables below
	A.4.1.	Carbon emissions from lending and investments in 2023 have been estimated as 735,000 tonnes CO ₂ e. Compared with 2022, there has been an increase of 14%, and this is particularly attributable to an increased business volume and the fact that the bank has included a larger share of in the investment portfolio. The change in financed emissions has been calculated in tonnes of CO ₂ e per DKK mill. and amounted to 6.0 in 2023, the same level as in 2022.
	A.4.2.	The indicator is currently not calculated

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Response

Spar Nord focuses on reducing carbon emissions from the investments we make on behalf of our costumers. The graph below shows the development in financed emissions from investments in shares and corporate bonds in the portfolios managed by Spar Nord by from the 2020 baseline and towards our goal of a 60 % reduction in 2030, measured in relation to the weighted benchmark level in 2020.

Financed emissions from investments

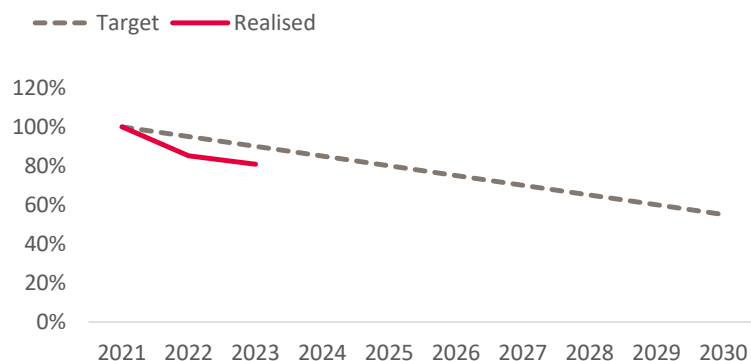


Spar Nords has set interim targets in 2025 and in 2030 for the reduction of the total covered lending portfolio, so that the bank can continuously adapt its efforts to achieve its interim targets. The graph below shows the development in financed emissions from the 2021 baseline for our lending portfolio and towards our goal of a 45 % reduction in 2030.

Links and references

Spar Nord's Climate Action
<https://www.sparnord.com/climateactions>

Financed emissions from lending



Climate change mitigation

Spar Nord's Impact Analysis for 2023 takes a closer look at lending, with retail customers divided into home loans and car loans, and with business customers divided into underlying sectors. Calculations of carbon emissions for business lending have been made on 84 sub-sectors, see the description under 'Business lending'. There are no sector-specific targets for lending.

Investments the bank undertakes on behalf of customers through capital management have been included. In this context, Danish mortgage-credit bonds make up a relatively large proportion of the bank's proprietary portfolio and typically involve a lower carbon footprint than equities, which, on the other hand, account for a relatively large proportion of the bank's asset management services.

Resource efficiency & circular economy

A baseline for this impact area has not yet been set. The bank has implemented a process in which we want to gain insight into the most affected sectors and business areas for the bank, identify an appropriate method to measure the bank's impact, and on this basis prepare a baseline for specific targets. To this end, we expect to report on and obtain assurance over Principle 2.2.b - Baseline for the significant impact area Resource efficiency and circular economy within our 2024 self-assessment.

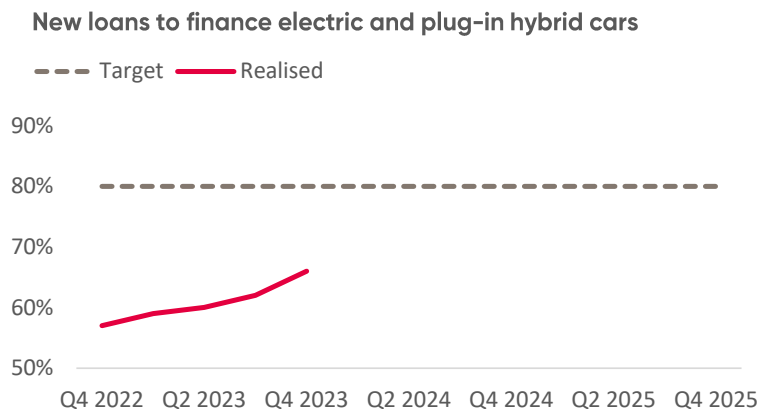
c) SMART targets (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Response

Climate change mitigation

Spar Nord Bank has set the following SMART target for climate change:

By 2025, 80% of all new loans to finance cars are to be for electric or plug-in hybrid vehicles. The graph below shows developments for the year to date.



For lending activities, our overall target is, to:

- Reduce financed emissions from lending by 20% in 2025 and by 45% in 2030 compared with the 2021 baseline.

For investment activities our overall target is, to:

- Reduce financed emissions from investments in shares and corporate bonds in the portfolios managed by Spar Nord by 30% in 2025 and by 60% in 2030, measured in relation to the weighted benchmark level in 2020.

Links and references

Spar Nord Impact Analysis 2023 pages 8-14:

<https://www.sparnord.com/impactanalysis2023>

<p>Resource efficiency & circular economy</p> <p>A SMART target has not yet been set for this impact area. First, the bank will gain insight into the most affected sectors and business areas for the bank, identify an appropriate method to measure the bank's impact, and on this basis prepare a baseline with a view to setting a specific SMART target. To this end, we expect to report on and obtain assurance over Principle 2.2.c – SMART targets for the significant impact area Resource efficiency and circular economy within our 2024 self-assessment.</p>	
<p>d) <u>Action plan:</u> which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	
<p><i>Response</i></p> <p>Climate change mitigation</p> <p>Meeting the bank's SMART target for energy-friendly car loans, as well as action plans for the reduction of financed emissions from lending and investments, is based on advice and active dialogue with customers. Spar Nord has special focus on helping customers to steer a more sustainable course, and on increasing lending for activities and assets that contribute to reducing carbon emissions. Spar Nord also wants to strengthen relevant partnerships and continue to develop and provide the relevant products and value services that match customers' needs for sustainable solutions.</p> <p>In the investment area, Spar Nord has focus on consulting services and on helping customers to choose investments that match their preferences for sustainability. Furthermore, in close collaboration with relevant external stakeholders and cooperation partners, we are working to identify opportunities and activities that can contribute to reducing carbon emissions from investments.</p> <p>Resource efficiency & circular economy</p> <p>A SMART target has not yet been set for this impact area, and therefore specific milestones or supporting actions have not been set either. We are working to improve insight into the area, so that we can identify an appropriate measurement method in order to prepare a baseline and set specific SMART goals. To this end, we expect to report on and obtain assurance over Principle 2.2.d – Action plan for the significant impact area Resource efficiency and circular economy within our 2024 self-assessment.</p>	<p><i>Links and references</i></p>

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... (please name it) <i>Climate change mitigation</i>	... second area of most significant impact: ... (please name it) <i>Resource efficiency & circular economy.</i>	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it) <i>N/A</i>
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

Climate change mitigation

With outset in the climate change impact area, Spar Nord has set reduction targets for financed emissions from both investments and lending activities.

For investment activities our overall target is, to:

- Reduce financed emissions from investments in shares and corporate bonds in the portfolios managed by Spar Nord by 30% in 2025 and by 60% in 2030, measured in relation to the weighted benchmark level in 2020.

For lending activities, our overall target is, to:

- Reduce financed emissions from lending by 20% in 2025 and by 45% in 2030 compared with the 2021 baseline.

With outset in the climate change impact area, we have defined the following SMART target:

- By 2025, 80% of all new loans to finance cars are to be for electric or plug-in hybrid vehicles.

We have applied the model for carbon footprint from Finance Denmark to map our financed emissions from lending and investment activities.

Spar Nord focuses on reducing carbon emissions from the investments we make on behalf of our costumers.

Spar Nord helps customers uncover their sustainability profile via Digital Investment Guide (DIG), which makes it possible to prioritize ESG aspects in investment decisions.

Links and references

Spar Nord Impact Analysis 2023 pages 8-14:

<https://www.sparnord.com/impactanalysis2023>

In work to reduce financed emissions from lending, the most important focus area has been interaction with customers via offers of energy-friendly home loans and energy-friendly car loans for retail customers, as well as dialogue to support business customers in the sustainable transition of their finances and activities.

Target attainment is supported by dialogue with the bank's retail customers in connection with financing a new car, and an attractive interest rate encourages customers to select an energy-efficient electric or plug-in hybrid car.

Through quarterly ESG steering group meetings, Spar Nord continuously follows up on the targets, to ensure a positive development in relation to established targets. The climate targets and related actions will be included in information oversight performed by the ESG steering group. Execution of actions and milestones will be monitored, challenges and risk flagged, and addressed, and progress against targets will be a recurring discussion point at the quarterly ESG steering group meetings.

Resource efficiency & circular economy

In 2023, we initiated a process to carry out an overall analysis of resource-efficiency and circular economy exposures compared with Spar Nord's total lending portfolio. In 2024, we will continue work on understanding the potential customer-related impact, and identify specific sectors in which we have the greatest impact through our lending portfolio. To this end, we expect to report on and obtain assurance over Principle 2.3 – Target implementation and monitoring for the significant impact area Resource efficiency and circular economy within our 2024 self-assessment.

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?

☐ Yes ☒ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☐ Yes ☒ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response

Spar Nord aims to enter dialogue with customers to support sustainable transition of their personal finances or their company and to develop and offer financial solutions that not only encourage customers to make sustainable choices but that also mitigate the adverse impact of human activity on the environment, climate and social conditions.

The ambition over time is to reduce the negative impacts of our financing activities and work on increasing focus on sustainability aspects in our overall product range.

Links and references

Environmental, Social and Governance (ESG) Policy
<https://media.sparnord.dk/dk/omsparnord/csr/esg-policy.pdf>

Environmental and climate policy
<https://media.sparnord.dk/dk/omsp>

<p>Spar Nord has integrated sustainability into our overall policy for corporate social responsibility and sustainability, as well as our environmental and climate policy, our policy for a sound business culture, our policy for responsible investments, our product policy and our credit policy, all of which can be accessed via the bank's website. These policies support and set the course for sustainable practice in the bank.</p>	<p>arnord/csr/environmental-and-climate-policy.pdf</p> <p>Policy on sound business culture https://media.sparnord.dk/dk/omsparnord/csr/sound-business-culture.pdf</p> <p>Policy for Responsible Investment https://media.sparnord.dk/dk/omsparnord/csr/responsible-investment.pdf</p>
<p>3.2 Business opportunities</p> <p>Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).</p>	
<p><i>Response</i></p> <p>Spar Nord ensures accountability in our lending and investments by:</p> <ul style="list-style-type: none"> - Integrating sustainability risks in the decision-making basis when granting credit to business customers. - Considering sustainability risks by way of our policy on product approvals. - Asking about customers' sustainability preferences in connection with investment activities. - Offering customers attractive financing for electric or plug-in hybrid cars via a energy-friendly car loan product. - Offering customers attractive financing for energy improvements via an energy-friendly home loan. - Providing energy calculations for customers in collaboration with Totalkredit. - Providing tools so that business customers can begin preparing their own climate accounts and sustainability reports. - Continuing skills enhancement for our employees and advisors so that they can enter into dialogue about sustainability with both retail and business customers. 	<p><i>Links and references</i></p> <p>Code of conduct for Suppliers https://media.sparnord.dk/dk/omsparnord/csr/code-of-conduct-for-suppliers.pdf</p> <p>Environmental and climate policy https://media.sparnord.dk/dk/omsparnord/csr/environmental-and-climate-policy.pdf</p> <p>Data ethics policy https://media.sparnord.dk/dk/omsparnord/csr/data-ethics-policy.pdf</p>

<ul style="list-style-type: none"> - Reporting on financed emissions from our lending activities and defining quantitative targets and action plans further to this. <p>Spar Nord buys goods and services from hundreds of Danish and international suppliers. We therefore require our suppliers to adhere to our code of conduct, to maintain high environmental standards, and to support the UN's Sustainable Development Goals and the ten principles of the UN Global Compact.</p> <p>A central part of Spar Nord's sustainability and ESG work is based on Danish and international legislation and is conducted in collaboration with relevant supervisory authorities. We aim to comply with applicable laws and regulations at all times. We therefore focus strongly on integrity by combating money laundering and terrorist financing and ensuring data protection, information security, data ethics and preventing corruption and bribery.</p>	<p>Anti-corruption and bribery policy https://media.sparnord.dk/com/abou/sparnord/esg/anti-corruption-and-bribery-policy.pdf</p>
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Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

☐ Yes ☒ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

Spar Nord wants to contribute to and support the Danish Climate Act and contribute to reducing Denmark's carbon emissions by 70% by 2030 (relative to 1990 levels) and that Denmark is to be a carbon-neutral society by 2050. To that end, we have committed ourselves to the climate partnership for the financial sector and we comply with the 20 recommendations of the Forum for Sustainable Finance.

Spar Nord also takes part in a number of sustainability working groups under Finance Denmark, National Banks in Denmark (LDB), BEC Financial Technologies and E-nettet. Spar Nord has entered into climate partnership agreements with the City of Aalborg and Hjørring Municipality and hopes to be part of even more municipal partnership agreements in the years to come.

Links and references

The Danish Climate Act:

<https://www.retsinformation.dk/eli/lt/a/2020/965>

Climate partnerships in the financial sector:

<https://finansdanmark.dk/aktuelle-temaer/finanssektorens-klimapartnerskab>

Spar Nord Annual Report 2023, page 32-49

<https://www.sparnord.com/annualreport2023>

Principle 5: Governance and Culture



We will implement our commitment to these principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes the following information:

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

Integrity and sustainability are an integral part of Spar Nord's strategy and they are essential hubs for operation of the Bank at both strategic and operational levels.

On the basis of the strategic ambition, Spar Nord's board of directors has approved an ESG policy that serves as an overall framework for a number of relevant internal policies, including a sound corporate culture policy, environmental and climate policy, anti-money laundering policy, anti-corruption and bribery policy, data ethics policy, credit policy as well as policies for responsible investments, etc.

The board of directors is responsible for preparing and updating the ESG policy and regularly (at least once a year) considers whether the policy needs to be updated.

Links and references

Description of Spar Nord
<https://www.sparnord.com/about-spar-nord-bank>

Spar Nord Annual Report 2023, page 32-49
<https://www.sparnord.com/annualreport2023>

<p>The ESG area is naturally rooted in the bank's board of directors and the executive board, with maximum involvement of the underlying organisation through an ESG steering committee, with the CEO of Spar Nord as the acting chairman. The ESG steering group is also composed of directors from relevant specialist fields in the bank. The ESG steering group meets once every quarter, and the group assesses risks, opportunities and further development of sustainability initiatives by the bank. Coordination, reporting and securing cohesion across the organisation is carried out by the ESG department. The Bank's audit committee addresses ESG-related several times a year. The executive board briefs the board of directors on the bank's sustainability initiatives at least twice a year. Spar Nord does not have performance-based remuneration in relation to ESG.</p>	<p>Environmental, Social and Governance (ESG) Policy https://media.sparnord.dk/dk/omsparnord/csr/esg-policy.pdf</p>
<p>5.2 Promoting a culture of responsible banking: Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).</p>	
<p><i>Response</i></p> <p>Policy on sound business culture</p> <p>Spar Nord sets focus on its policy on sound business culture by publishing a number of in-house articles. Furthermore, the policy has become an integral part of the bank's mandatory e-learning and a fixed topic when onboarding new employees.</p> <p>ESG skills enhancement</p> <p>In 2022-23, the bank completed a comprehensive ESG skills development process at three levels for all employees in Spar Nord:</p> <ul style="list-style-type: none"> - all employees complete e-learning on sustainability in the financial sector. - all advisors complete e-learning on sustainable investment. - all business advisors complete a 4-module training course organised in collaboration with the training centre for the financial sector (Finanssektorens Uddannelsescenter). <p>Marine litter collection</p> <p>Every year in the autumn, employees throughout the bank participate in a nationwide marine litter collection campaign to focus on the environment and biodiversity in the areas and towns where they live and we operate. In many places, the initiative is organised with local associations, schools and businesses.</p>	<p><i>Links and references</i></p> <p>Spar Nord Annual Report 2023, page 32-49 https://www.sparnord.com/annualreport2023</p>

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response

In order to ensure implementation of the Principles for Responsible Banking, the bank has set up a working party to draw up and annually align the Impact Analysis.

In order to ensure progress, there is follow-up at quarterly internal ESG steering group meetings.

Spar Nord annually reports on performance regarding the SMART targets in the management's review in the Annual Report.

Necessary adjustments will be made to respond to any unexpected negative impacts.

Links and references

Spar Nord Annual Report 2023, page 32-49

<https://www.sparnord.com/annualreport2023>

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes

☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes

☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☒ Yes

☐ In progress

☐ No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☒ Yes ☐ Partially ☐ No

If applicable, please include the link or description of the assurance statement

Response

See annex 3.

Links and references

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- ☐ GRI
- ☐ SASB
- ☐ CDP
- ☐ IFRS Sustainability Disclosure Standards (to be published)
- ☐ TCFD
- ☐ Other:

Response

The bank reports relevant sustainability information to the UN Global Compact and the UN PRI.

Links and references

Spar Nord Annual Report 2023, page 32-49
<https://www.sparnord.com/annualreport2023>

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis , target setting and governance structure for implementing the PRB)? Please describe briefly.

Response

Climate change mitigation

Spar Nord Bank has committed itself to update continuously the Impact Analysis, as well as climate-related goals and action plans, so they support the targets in the Danish Climate Act and the goal in the Paris Agreement of climate neutrality by 2050. Similarly, the Bank closely follows developments with a view to improving data, data quality and calculation methods.

Resource efficiency & circular economy

In future, we will work on acquiring new knowledge and insight into the bank's potential customer-related impact on resource-efficiency and the circular economy in order to be able to define a baseline, and set specific goals and actions.

Links and references

Spar Nord Annual Report 2023, page 32-49
<https://www.sparnord.com/annualreport2023>

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|---|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability |
| <input checked="" type="checkbox"/> Conducting an impact analysis | <input checked="" type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources til ressourcer |
| <input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input checked="" type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

In order to set the right goals, we need good quality data from our customers and investments. This applies in relation to both climate data and data to help us establish the baseline for resource efficiency and the circular economy. We expect that data accessibility and quality will be improved in the years to come. In particular as a consequence of the Corporate Sustainability Reporting Directive (CSRD) and other international ESG reporting frameworks.

Annex 1

Basis for reporting

Reporting and Self-Assessment from Spar Nord on implementation of the principles for responsible banking has been prepared in accordance with the Principles for Responsible Banking Guidance document and the Self-Assessment Template published in November 2021 and September 2022 by the UNEP FI.

The purpose of this document is to give a summary of the Reporting and Self-Assessment by the Bank, and thus show an accurate, balanced and transparent view of how Spar Nord has implemented each of the six principles under the Principles for Responsible Banking Framework as at 31 December 2023. This will make it possible for us to measure progress with implementation consistently.

The questions in the PRB Reporting and Self-Assessment template make it possible to highlight progress relating specifically to the different business models and different contexts in which the bank operates.

The principles for responsible banking aim to keep to a minimum any further reporting burdens for banks and to ensure transparency and accountability, as described in principle 6.

Reporting and Self-Assessment by Spar Nord uses and refers to other publicly available reports, such as information on the Spar Nord website and our Impact Analysis, Climate Actions as well as our Annual Report 2023, which also includes the Bank's overall ESG reporting.

In order to enhance transparency and improve understanding of our Reporting and Self-Assessment, we describe below the basis and methods applied in preparation of selected results.

Principle 2.1 Impact Analysis

Principle 2.1a Scope

The scope of Spar Nord's business activities form the foundation for our Impact Analysis. We have decided to include the lending portfolio for our key business units in our geographic market area of Denmark, as defined in the Bank's Annual Report 2023. Spar Nord has included the bank's total loans and deposits as disclosed in the balance sheet. Lending has been included before impairments and excluding reverse transactions. Investments undertaken by the bank on behalf of customers through capital management have been included and, thus, investments about which the bank itself is entitled to decide. The investments included cannot be reconciled with the balance sheet.

Principle 2.1b Composition of the portfolio

We have used 2023 data in the PRB tools and methods to analyse the composition of our portfolio. In the Portfolio Impact Analysis Tools for Banks for Consumer Banking and Institutional Banking, Spar Nord has included the bank's total lending portfolio as at 31.03.23. This breaks down to 37% in retail lending and 63% in business lending, and essentially all of this is located in Denmark.

Spar Nord has included the bank's investment portfolio as at 30.06.23 in the Investment Portfolio Impact Analysis Tool. The investment portfolio is divided between DB07 sectors, which together account for about 79% of the bank's investments. The remaining approximately 21% is spread over other sectors, none of which constitute more than 5%, including in particular the previously defined DB07 codes used to categorise exposures by segment.

Principle 2.1c Context

We have used the context module in the PRB tool and the guidance on important local community needs to analyse the bank's key challenges and priorities. On the basis of the analysis, we have identified the bank's most important impact areas. We ascertained that Climate change mitigation and Resource efficiency & circular economy are the most relevant areas for Spar Nord, due to the combination of potential adverse environmental impacts of our lending and investment exposures. We have therefore decided that our two most important impact areas are Climate change mitigation and Resource efficiency & circular economy.

Principle 2.1d Performance measurement

For the impact area Climate change mitigation, we have estimated the financed emissions across our business units. All the figures are based on our portfolio at the end of 2023.

Measurement of financed emissions is subject to significant estimates and assessments related to data quality, which varies from sector to sector. For details, see Spar Nord's Climate Actions.

Principle 2.2 Targets

Principle 2.2b Baseline

Spar Nord has set target for reduction of financed emissions from investments compared to 2020 baseline, and target for reduction of financed emissions from lending compared to 2021 baseline. Establishment of baseline years for financed emissions is subject to significant estimates and assessments related to data quality, which varies from sector to sector. For details, see Spar Nord's Climate Actions.

Indicators to alleviate climate change

Impact area	Practice ¹ (pathway to impact)									Impact ²		
	1. Action indicators			2. Output indicators			3. Outcome indicators			4. Impact indicators		
	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
A. Climate change mitigation	A.1.1	Climate strategy: Does your bank have a climate strategy in place?	Yes / In progress / No	A.2.1	Client engagement process: Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (for business clients), or towards low(er)-carbon practices (for retail clients)?	Yes / Setting it up / No; If yes: Please specify for which clients (types of clients, sectors, geography, number of clients etc.)	A.3.1	Financial volume of green assets/low-carbon technologies: How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?	bln/mn USD or local currency, and/or % of portfolio; please specify the definition of green assets and low-carbon technologies used	A.4.1	Reduction of GHG emissions: how much have the GHG emissions financed been reduced?	% over time; baseline and tracking GHG emissions in kg of CO ₂ e (or applicable metrics) ³
	A.1.2	Paris alignment target: Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	Yes / In progress / No; If yes: - please specify: to become net zero by when? - Emissions baseline / base year: What is the emissions baseline / base year for your target? - Climate scenario used: What climate scenario(s) aligned	A.2.2	Absolute financed emissions: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or investment portfolio?	Total GHG emissions or CO ₂ e (please also disclose what is excluded for now and why)	A.3.2	Financial volume lent to / invested in carbon intensive sectors and activities and transition finance: How much does your bank lend to / invest in carbon-intensive sectors and activities ⁴ ? How much does your bank invest	bln/mn USD or local currency, and/or % of portfolio	A.4.2	Portfolio alignment: How much of your bank's portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)?	% of portfolio (please specify which portfolio; for corporate and business clients: % of sectors financed)

¹ Practice: the bank's portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices

² Impact: the actual impact of the bank's portfolio

³ If possible and/or necessary, please contextualize the progress: Greenhouse gas emissions might even increase initially because the scope of measurements is extended and financed emissions from a growing proportion of the portfolio are measured, emission factors are updated etc. Emission reductions made by the clients should over time lead to a decrease in GHG emissions financed.

⁴ A list of carbon-intensive sectors can be found in the [Guidelines for Climate Target Setting](#).

			with the Paris climate goals has your bank used?					in transition finance ⁵ ?				
	A.1.3	Policy and process for client relationships: has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?	Yes / In progress / No	A.2.3	Sector-specific emission intensity (per clients' physical outputs or per financial performance); What is the emission intensity within the relevant sector?	Please specify which sector (depending on the sector and/or chosen metric): kg of CO ₂ e/ kWh, CO ₂ e / m ² ; kg of CO ₂ e/USD invested, or kg of CO ₂ e/revenue or profit						
	A.1.4	Portfolio analysis: Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?	Yes / In progress / No; If yes: please specify which parts of the lending and investment portfolio you have analyzed	A.2.4	Proportion of financed emissions covered by a decar-bonization target: What proportion of your bank's financed emissions is covered by a decar-bonization target, i.e. stem from clients with a transition plan in place?	% (denominator: financed emissions in scope of the target set)						

⁵ Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.

	A.1.5	Business opportunities and financial products: Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?	Yes / In progress / No; Please specify which ones, and what financial volume and/or % of the portfolio they account for					
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Annex 2

Statement by Management

On behalf of the management of Spar Nord, we have considered and approved Reporting and Self-Assessment 2023 from Spar Nord with a view to implementation of the UN Principles for Responsible Banking (UN PRB).

The Reporting and Self-Assessment 2023 from Spar Nord has been prepared in accordance with the Principles for Responsible Banking Guidance and the Self-Assessment Template published in November 2021 and September 2022 by the UNEP FI.

In our opinion, the Reporting and Self-Assessment 2023 from Spar Nord as a whole provides an accurate, balanced and transparent view of how Spar Nord has implemented each of the six principles under the Principles for Responsible Banking Framework as at 31 December 2023.

Aalborg, 7 February 2024



Lasse Nyby

Chief Executive Officer



Martin Bach

Director, Strategy, ESG, Communication and Marketing

Annex 3

Independent Auditor's Assurance Report over selected responses within Reporting and Self-Assessment under UN Principles for Responsible Banking

To stakeholders of Spar Nord Bank A/S

Management of Spar Nord Bank A/S has engaged us to provide limited assurance on responses to principles: 2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target Implementation and Monitoring and 5.1 Governance Structure for Implementation of the Principles ("the selected responses"), included within their Self-assessment for implementation of the UN Principles for Responsible Banking ("the PRB Reporting and Self-Assessment") for the year ended 31 December 2023, presented on pages 4 to 19 and on pages 24 to 25 in the 2023 PRB Reporting and Self-Assessment of Spar Nord Bank A/S. Our procedures were informed by the Guidance for assurance providers – Providing Limited Assurance for Reporting - Version 2 (October 2022) published by the United Nations Environment Programme Finance Initiative ("UNEP FI") in November 2022.

However, we have performed the procedures as outlined in the "Work performed" section below which do not necessarily obtain the confidence level as outlined by UNEP FI's Guidance for assurance providers, but what is normally obtained by a practitioner in a limited assurance engagement under ISAE 3000 (Revised).

Management's responsibility

Management of Spar Nord Bank A/S is responsible for designing, implementing, and maintaining internal processes and controls over information relevant to data and information in the PRB Reporting and Self-Assessment, ensuring it is free from material misstatement, whether due to fraud or error. Furthermore, Management is responsible for establishing an objective basis of preparation for the PRB Reporting and Self-Assessment, for the overall content of the PRB Reporting and Self-Assessment, and for measuring and reporting data and information in accordance with the Principles for Responsible Banking Guidance Document, published by UNEP FI in November 2021, the PRB Reporting and Self-Assessment Template, published by UNEP FI in September 2022 and the Basis of preparation included on pages 30 to 34 (collectively "the applicable criteria").

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion based on our engagement with Management and in accordance with the agreed scope of work. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and additional requirements under Danish audit regulation, to obtain limited assurance about our conclusion.

We are responsible for:

- planning and performing the engagement to obtain sufficient appropriate evidence about whether the selected responses included in the PRB Reporting and Self-Assessment are free from material misstatement, whether due to fraud or error, and prepared, in all material respects, in accordance with the applicable criteria;
- forming an independent limited assurance conclusion, based on the procedures we performed and the evidence we obtained; and
- reporting our conclusion to stakeholders of Spar Nord Bank A/S.

Deloitte Statsautoriseret Revisionspartnerselskab applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the requirements for independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Work performed

We are required to plan and perform our work to consider the risk of material misstatement in the PRB Reporting and Self-Assessment. To do so, based on our professional judgement and acknowledging the fact that banks are at different stages of implementation of the Principles for Responsible Banking, we have:

- Planned our procedures informed by the Guidance for assurance providers – Providing Limited Assurance for Reporting - Version 2 (October 2022) published by UNEP FI in November 2022, considering the Bank's stage of implementation of the Principles for Responsible Banking;
- Conducted interviews with process owners and internal stakeholders to understand the processes and control activities for measuring, reporting, and presenting information in the PRB Reporting and Self-Assessment, in accordance with the applicable criteria;
- Made inquiries with process owners and internal stakeholders, obtained and reviewed supporting evidence to assess whether disclosures within the selected responses in the PRB Reporting and Self-Assessment reflect the Bank's assessment of the stage of implementation of the Principles;
- In respect of Principle 2.1 (Impact Analysis), based on inquiries made and information obtained and reviewed, checked that the Bank's business areas and scope are clearly described, reconciled portfolio composition to management information and checked that challenges and priorities have been analysed, including the rationale for business areas where the analysis was not performed. Furthermore, we checked that the method for determining its impact areas are disclosed and that what was determined as the two most significant areas of impact (Climate change mitigation, hereinafter "Climate change" and Resource efficiency and circularity economy, hereinafter "Circularity"), were selected. For the one impact area where performance has been measured (Climate change), reconciled this to published information referenced in the response and to supporting management information. Finally, we checked to supporting evidence, including meeting minutes, that the stated governance process was followed;
- In respect of Principle 2.2 (Target Setting), based on inquiries made and information obtained and reviewed, checked that the Bank has set targets for one of its two significant impact areas (Climate change) and that the targets are linked to that impact area. We checked that the Bank has identified frameworks to align with and explained how targets contribute to relevant goals. Further, for the one impact area where targets have been set (Climate change), we checked that the base year for targets is no more than two full reporting years prior to the year when the targets have been set and that the targets are Specific, Measurable, Achievable, Relevant and Time-bound;

- In respect of Principle 2.3 (Target Implementation and Monitoring), based on inquiries made with process owners and internal stakeholders, obtained and reviewed supporting evidence to assess whether disclosures within the selected responses in the PRB Reporting and Self-Assessment reflect the Bank's assessment of the stage of implementation of the Principle;
- In respect of Principle 5.1 (Governance Structure for Implementation of the Principles), based on inquiries made and information obtained and reviewed, checked consistency with supporting evidence, including organisation charts and meeting minutes with that of the disclosures of the Bank's Governance Structure for Implementation of the Principles, that there is oversight over the implementation and monitoring, and that the structure is in line with existing governance structures as defined by the Bank. Further, we checked that the Board of Directors obtained information on the Bank's stage of implementation of the Principles for Responsible Banking on a biannual basis.

Our conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us not to believe that the selected responses presented on pages 4 to 19 and 24 to 25 in the published PRB Reporting and Self-Assessment for the year ended 31 December 2023, have been prepared, in all material respects, in accordance with the applicable criteria.

Copenhagen, 7 February 2024

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56



Jakob Lindberg
State-Authorised Public Accountant
Identification No (MNE) mne40824



Mads Stærdahl Rosenfeldt
ESG Partner