

REPORT ON

CORPORATE SOCIAL RESPONSIBILITY

2017

About the report

This report, which is a CSR report for Spar Nord Bank A/S, is part of the management commentary section in Spar Nord's 2017 annual report. In presenting this report, Spar Nord meets the requirements of section 135 b of the Danish Financial Statements Act.

The report gives an account of Spar Nord's CSR efforts in relation to the UN's global Sustainable Development Goals, which Spar Nord recognises and supports. Spar Nord has not defined an actual human rights policy, as Spar Nord believes that the Bank has a relatively moderate impact on this area.

Spar Nord welcomes feedback from the local community, including suggestions, comments and questions. Please contact Ole Madsen, Senior Vice President, Communication & Business Development, at oma@sparnord.dk or tel. (+45) 25 27 05 80.

Introduction

In 2018, Spar Nord will most likely be assigned status as a systemically important financial institution (SIFI) in Denmark. The prospect of a new status, which will result in stricter requirements for Spar Nord vis-à-vis society, will of course increase our focus on social responsibility. Consequently, we are pleased to present this first report on Spar Nord's CSR policies, ambitions and initiatives.

While the report marks the beginning of more thorough and more dedicated CSR initiatives, the idea of responsibility, prudence and understanding the Bank's importance and obligations in society is by no means new. Playing a constructive and sustainable role in our communities is embedded in the Bank's history and values and has been part of our day-to-day operations throughout 193 years, while we have reported annually on ethics, quality and social responsibility for 27 years.

Spar Nord is a local bank that is attentive to its customers' needs. Therefore, part of this report deals with how we support and invest in local communities that help build cohesion and well-being across Denmark. Collaborating with Spar Nord Foundation, in 2017 we paid out more than DKK 50 million in grants and donations to more than 950 local environments and non-profit projects.

The financial sector is in the midst of a digital revolution of automated processes, and the personal interaction between a bank adviser and his or her customer is at risk of becoming less personal. Consequently, this report also describes how Spar Nord assumes responsibility with respect to developing new digital solutions in the field of

financial technology. We aim to digitise our Bank in such a way that we have more time for personal advice – to be a personal bank in a digital world.

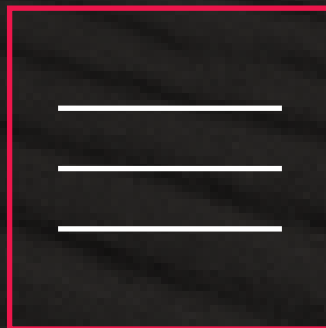
The digitisation of money makes life easier for the customers and Spar Nord, but an unfortunate effect is that many children and young people lack basic financial insight. This represents an unnecessary risk later on in their lives, and this report describes how Spar Nord reaches out to schools, parents and children, offering free education material and collaboration programmes.

We live in a world where local action and behaviour is seen and felt globally. Therefore, the report also provides a first insight into our policies, goals and performance in response to a large number of the UN's Sustainable Development Goals, focusing in particular on environmental impact and matters relating to Spar Nord's most important resource: our employees.

I hope you will find this an interesting read!

Lasse Nyby
CEO





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Spar Nord started as a local savings bank in Aalborg back in 1824. Today, the Bank is a market leader in North Jutland and also covers most of Denmark based on a branch network counting 50 local banks.

Spar Nord's core earnings entities are its local banks and Trading, Financial Markets & the International Division, which are backed by support and service functions at the headquarters in Aalborg.

Spar Nord's primary target groups are retail customers and small and medium-sized businesses in the local areas where the Bank has established a presence. The Bank offers all types of financing, advisory services and financial products.

Local commitment

Spar Nord is acting based on local banks, served from the headquarters in Aalborg.

The local banks are operating highly autonomously, and it is viewed as a very natural part of the business model that the local banks make themselves an integral and committed part of the networks and communities that help build cohesion, well-being, initiative and growth in the local community. We are an active part of the local communities and fully share their interests.

Focus on Denmark



Spar Nord focuses 100% on the Danish market and does not have branches or banking activities outside Denmark. It is Spar Nord's ambition to contribute to growth, prosperity and cohesion in Denmark by giving the customers competent advice and finance financially sustainable projects. The focus on Denmark makes the business simpler and less exposed to issues such as money laundering and tax evasion.



394,000
Customers

(359,000 retail customers and 35,000 business customers)



50
Local banks



4%
National market share



1,538
Employees



32%
Market share, North Jutland



DKK 37.3 billion
Loans and advances

Denmark's most personal bank



Digitalisation constantly opens up new opportunities for automation and rationalisation of the business and our customer service.

However, it also involves a risk of increasing the distance and diminishing the personal relation between the bank adviser and the customer. Therefore, Spar Nord is making an effort to become Denmark's most personal bank through focused digital innovation that frees up time to meet the customers, reduces the risk associated with credit granting and streamlines the processes relating to products and agreements.

Spar Nord wishes to build a close, trusting and personal customer relationship allowing us to advise our customers as well as possible. Consequently, we pay particular attention to observing all codes of ethics and continually managing lending risks.



**LOANS AND ADVANCES,
RETAIL CUSTOMERS**

DKK 11.6 billion



**LOANS AND ADVANCES,
BUSINESS CUSTOMERS**

DKK 25.7 billion

Responsible lending

Spar Nord neither wants to use risk tolerance as a competitive parameter nor to enter into business with customers who could potentially jeopardise the Bank's reputation. Therefore, we continually monitor credit lines to ensure that the customer has the willingness and ability to pay, and we regularly pre-calculate loss risks.

As Spar Nord attaches importance to long, fruitful customer relationships, we do not grant loans solely based on collateral. We closely assess each customer's willingness and ability to pay to ensure that the customer can repay his/her loans without putting the Bank at risk of having to realise the collateral.

Spar Nord's values

Competent

Ambitious

Attentive

Prudent

Risk management and risk

It is not possible to run a bank without assuming risks.

Spar Nord therefore has extensive risk management policies and efficient tools in place. We review our risk policies at least once a year. Spar Nord's risk appetite is defined as "**Low to medium**" on a "Low to high" scale.

Business model risks

In line with all other banks, Spar Nord's business model is associated with a number of inherent risks.

As a consequence, we pay particular attention to the efforts to maintain and develop an agile organisation with a sound code of conduct, which will be even more able to respond to the increasing number of threats against our business, our customers and society at large. We aim at hedge risks through policies and actions that protect us from moving into zones that are grey from an ethical and legal perspective.

Our primary focus is therefore on ensuring:

- that local commitment and personal relations go hand in hand with codes of ethics and ongoing credit control.
- that money laundering, corruption and financing of terrorism exist in and may emanate from Denmark.
- that all lending arrangements are screened for potential conflicts of interest and ethical irregularities, even if they appear to be both legal and sound.
- that sub-contractors and chains of sub-contractors are screened as far back as possible to ensure that our deliverables live up to Spar Nord's code of ethics and legal standards.



Real and sustained improvements

In Spar Nord, we acknowledge our responsibility for building a sustainable community.

Therefore, we make a continuous and systematic effort to influence both our management practice and individual behaviour in our organisation.

Social responsibility has been high on Spar Nord's agenda throughout the past 27 years. Initially in the form of Ethical Accounts, then through the Quality Accounts and later on through increasingly systematic efforts, which today cover most of the areas formulated in the UN's Sustainable Development Goals. Spar Nord supports these Goals

and acknowledges both the local and the global responsibility which a business like ours bears. We prefer the term 'social responsibility' to the more formal 'corporate social responsibility' to remind ourselves that the responsibility is there every day and in all processes.

Being a sizeable business that can create real and sustained improvements, we treat policies and proposed solutions meticulously, involving all the competent resources we can possibly allocate. We look to solutions that we can implement thoroughly and efficiently in our work, behaviour and organisation.

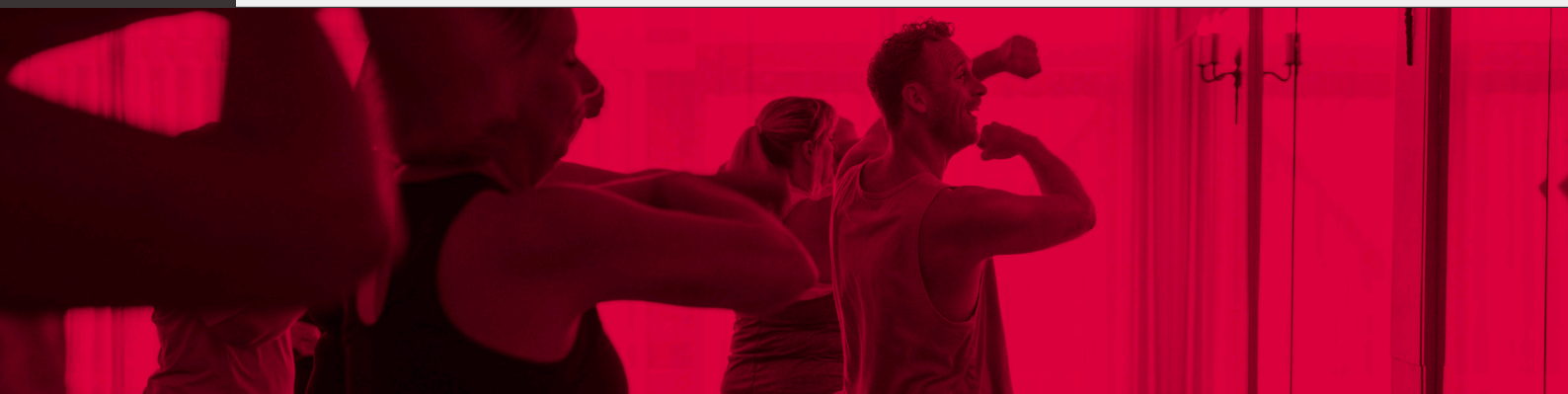
Spar Nord's social responsibility effort is not limited to internal matters.

A great deal of the work is undertaken in collaboration with Spar Nord Foundation where we grant support and donations to local communities, cultural institutions and the educational sector throughout Denmark. Together, we contribute to better cohesion and well-being in all the local communities in which we are represented as a bank.

The UN's Sustainable Development Goals (SDGs)



The SDGs comprise 17 specific Goals committing all UN member states to end poverty and hunger everywhere, reduce inequalities and ensure quality education and good health and wellbeing, decent work for all and sustainable economic growth. The SDGs further focus on promoting peace and security and revitalising global partnerships. Thus, the new agenda acknowledges that social, economic and environmental development, peace and security as well as global collaboration are closely related and that sustained development requires an integral effort. Spar Nord supports the SDGs, focusing particularly on Goals 4, 8 and 11.



In 2017, Spar Nord conducted a population survey to detect if the digitalisation of social life results in loss of sense of community and may be detrimental to cohesion in Denmark.

Nearly one in two of the respondents felt a loss of involvement and sense of community due to increased use of mobile phones and social

media, and 72 % found that their fellow humans are becoming increasingly absorbed by their own interests and less by those of the community.

63% of the respondents pointed to the importance of local initiatives – that little matters live and flourish.

SPAR NORD CAWI

63%

found it **very important** or **important**, that local initiatives are taken in their local community*

53%

found in general that the technological development has made our social relations **much weaker** or **predominantly weaker***

Cohesion promotes growth

These findings are worrying, as it is in Spar Nord's own interest that the society we do business in is coherent both socially and humanly. We believe that well-being, a sense of community and close personal

relations make Denmark a stronger community with better cohesion and a greater potential to ensure economic growth. Therefore, Spar Nord is making an active effort to ensure that small, local communities in the

areas of sports, culture, education, citizenship and non-profit activities get support in the form of donations, sponsorships or through crowdfunding projects.

*) The data were collected as CAWI (computer-assisted web interviews) among randomly selected representatives of the target group in Userneeds' Danmarkspanel. The data were collected in August 2017. A total of 1,048 interviews were conducted.

Every single branch is committed

Efforts are organised in collaboration with Spar Nord Foundation, and every single local Spar Nord branch is committed to encouraging local associations to seek support or sponsorships. Each branch handles and considers applications and partnerships in the lo-

cal community, whereas comprehensive applications are handled directly by the headquarters or Spar Nord Foundation. While applications to the Bank may concern grants and sponsorships, applications to Spar Nord Foundation always concern donations for non-profit

and non-commercial activities. It is essential that local applications to the Bank are always assessed and, possibly, accommodated by the local branch in collaboration with the regional bank committees.

NO OF GRANTS
SPAR NORD FOUNDATION

813

AMOUNT

DKK 58,728,640

NO OF SPONSORSHIPS
SPAR NORD BANK

188

AMOUNT

DKK 26,433,971

TOTAL

DKK 85,162,611

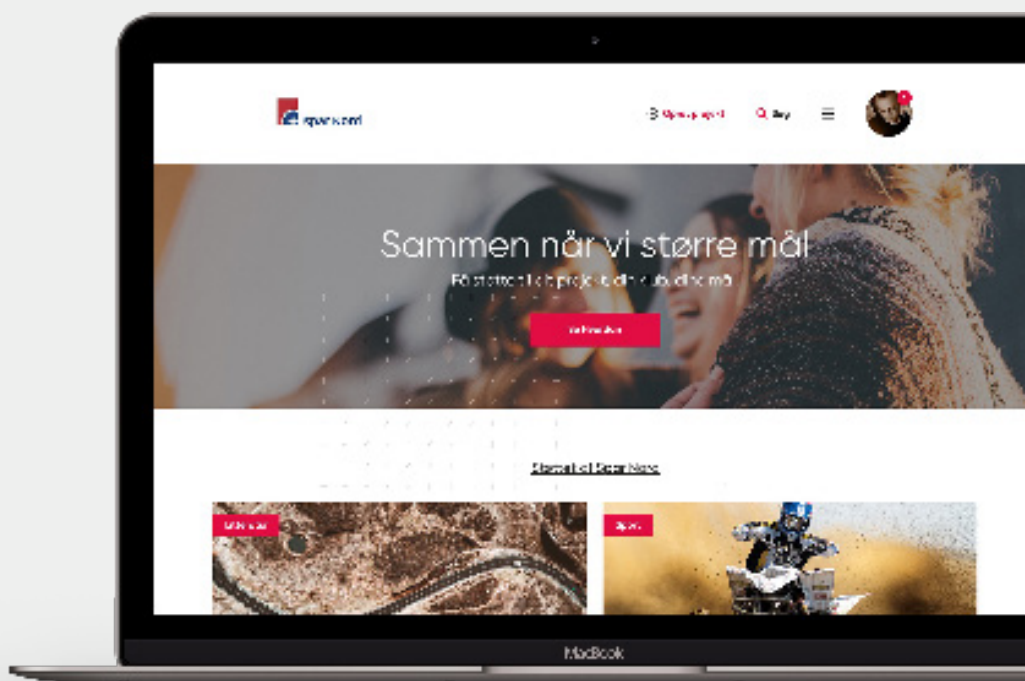
Crowdfunding platform to be launched

In 2018, Spar Nord is going to launch its own crowdfunding platform.

The platform is to supplement and strengthen the ongoing support effort, as it will show applications in the public space and allow citizens and organisations to participate as donors and sponsors of local projects. Thus, small projects may be allowed to grow bigger and take root with more interest and support from the local community. Projects will be established with a certain support amount in view, and the amounts contributed by Spar Nord Foundation will be disclosed.

If a project does not get the desired support, it can be closed down.

The platform will make it possible to accelerate projects that have great support from the local community. With this platform, Spar Nord Foundation hopes to be able to act as a catalyst for large projects and obtain new insight into what local communities want and can achieve.



Substantial donations



Sea waste

Sea pollution from plastics is a global, cross-border problem, which affects everyone and which everyone must help resolve. Spar Nord Foundation and Spar Nord have therefore donated DKK 575,000 to Værnsfælles Forsvarskommandos "Havmiljøvogterkampagne". With this donation, the project can be further extended to the benefit of national and international waters.

DONATION

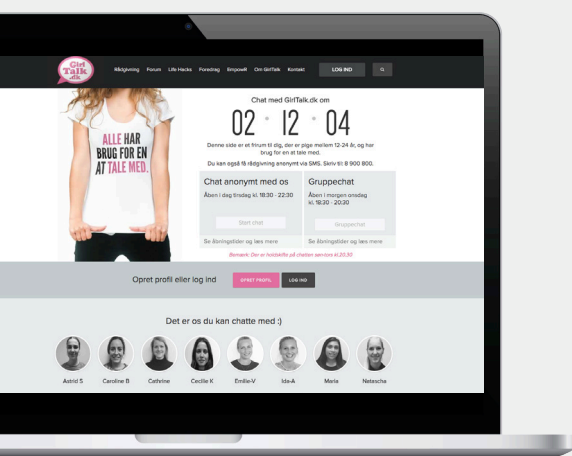
DKK 575,000

Skolernes Skakdag ("schools' chess day")

Chess can learn children logical thinking, concentration, problem-solving under pressure and respect for their opponent. Spar Nord Foundation has therefore supported the Danish chess organisation called Dansk Skoleskak for a number of years, and we have donated 3 x DKK 300,000 to arrange Skolernes Skakdag in 2017, 2018 and 2019. Every year, Skolernes Skakdag involves 275 schools and more than 45,000 public school students.

DONATION

DKK 900,000



GirlTalk.dk

Far too many young girls and women in Denmark are unhappy. Analysis shows that 19.8% of all girls/women aged 15-24 years have considered committing suicide, that violence has been inflicted on 8% and that 50% suffer from low self-esteem. In 2018, Spar Nord Foundation is therefore going to donate DKK 500,000 to GirlTalk.dk, an open and anonymous help line aimed at young girls who have life problems.

GirlTalk.dk is a non-profit organisation with six employees and 125 volunteers. Users can chat with volunteer consultants, join open chats or seek direct help from the organisation. GirlTalk.dk receives over 6,000 calls from young girls every year.

DONATION

DKK 500,000



The digital revolution has automated and rationalised countless processes and routines in both the Bank's and the customers' everyday life.

By far the majority of our customers are today digital citizens benefiting every single day from automated services which are available, independently of time and place. This not only changes the customer's routines – it certainly also changes the customer's behaviour and relation to the Bank.

While digitalisation has made life easier for both the Bank and the customer in terms of administrative work, it has, unfortunately, also the potential to widen the personal distance between the customer and the bank adviser. Digital interaction can imply a mental distance to the detriment of both the customer's insight and the quality of the advice given.

Incubator, accelerator and investor

Since it is Spar Nord's strategic goal to be the personal bank in a digital world, we are in search of innovative digital solutions which both bring the customer and the bank adviser closer together and offer the customer automated and transparent solutions in his/her everyday life. However, it has turned out that such solutions neither grow on trees nor are offered on big software providers' front shelves.

In consequence, Spar Nord has decided to facilitate and act as a catalyst for the development of

innovative digital solutions which, in a personal and attentive manner, improve the customer's financial situation, support and develop a sound digital behaviour and contribute to good and close relations between the Bank and the customer. We do this through an incubator network and events in collaboration with universities and technology businesses, through education and advice and direct investment in entrepreneurship and ideas in the area of financial IT. So far, we have invested in the businesses SubHub and Ernit, but more are in the pipeline.

DIGITAL INNOVATION IN NUMBERS



215

Hackathon participants
from +20 countries



21

supported students



8

projects



3

prototypes



2

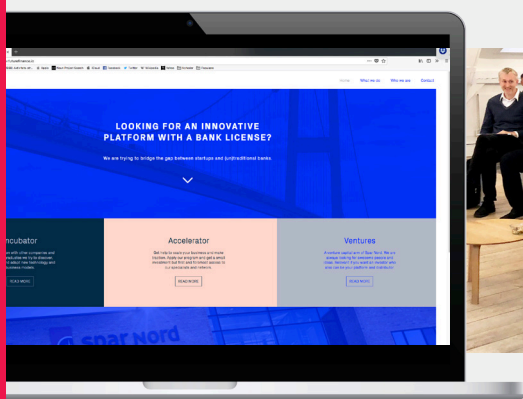
venture investments

Future Finance

Future Finance is Spar Nord's portal for students, creative ideas persons and entrepreneurs in the area of digital IT.

We are in search of ideas which challenge traditional business models, technologies and trains of thought in the area of financial IT. So far, Future Finance has hosted +200 participants, at Hackathons, supported 21 students, advised eight entrepreneurs and made direct investments in two businesses.

See more at futurefinance.io



Hackathons

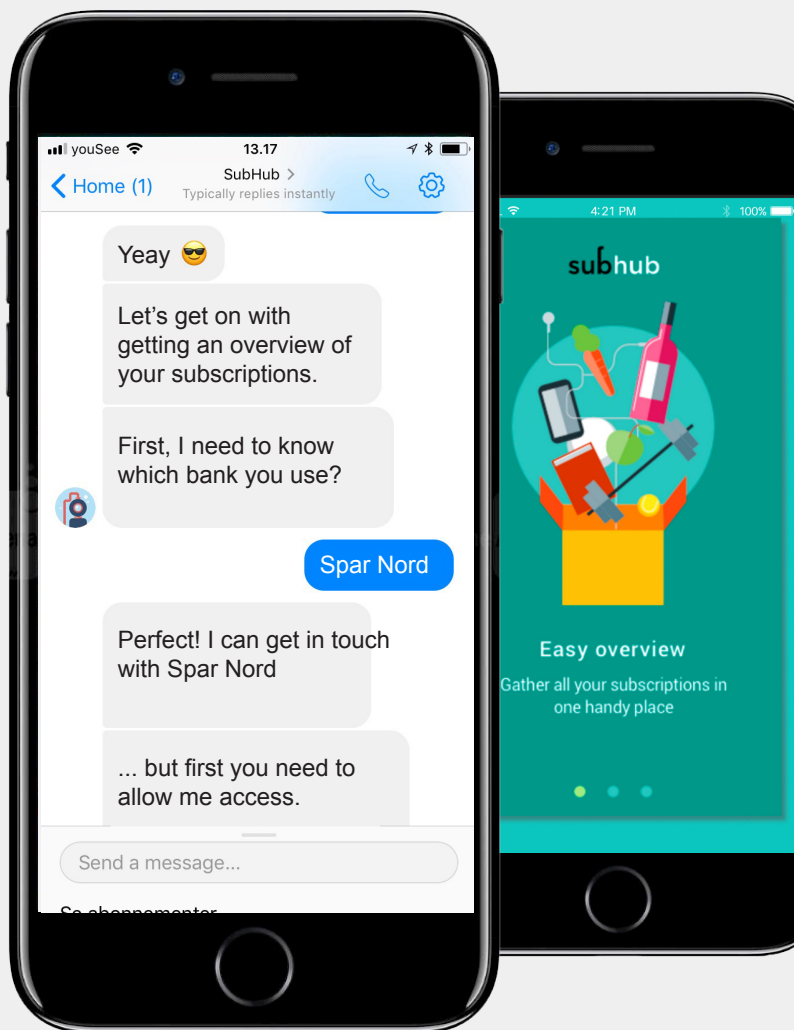
215 participants from over 20 countries.

In 2016-17, Spar Nord carried through two Hackathons – one of them in collaboration with Nordea. Hackathons are contests where teams of developers compete to develop and present ideas for new products and technologies in the area of financial IT. The contestants were allowed to benchmark their ideas and technologies directly against the Bank's systems in a protected development environment. Spar Nord's headquarters hosted the first event, which, after 48 sleepless hours, peaked with the election of winners, distribution of the main prize of DKK 100,000 and, subsequently, direct investment in the best ideas. 100 developers from 11 countries participated in the Future Finance Hackathon in Aalborg. 115 developers from 15 countries participated in Copenhagen Open Banking in Copenhagen Hackathon.

SubHub

SubHub is a direct and successful result of the Future Finance project.

SubHub is an application which, based on automated dialogue (Chatbots) and access to account entries, help bank customers get an overall view of and administrate subscriptions. SubHub finds the forgotten, ongoing subscriptions and terminate them automatically whenever the customer so wants. In that way, SubHub provides an overview, finds savings potential and eases the administration of troublesome termination procedures for the customers. Today, SubHub is an independent business expanding internationally and attracting a great deal of attention. See more at subhub.dk





Children, young people, teachers and politicians want financial insight on the timetable.

Financial products are becoming increasingly complex and high-risk. So, it is essential that citizens obtain good financial insight and are in a position to enter into rational agreements that concern their own financial situation. Lack of financial insight puts you at risk not only of exposing yourself and your family to unnecessary risks, you also risk losing perspective in terms of social and global economic affairs. Therefore, Spar Nord takes responsibility for and systematically contributes to ensuring that citizens' financial insight is enhanced. In the best interests not only of the customer, but also the Bank and society at large.

A subject in high demand

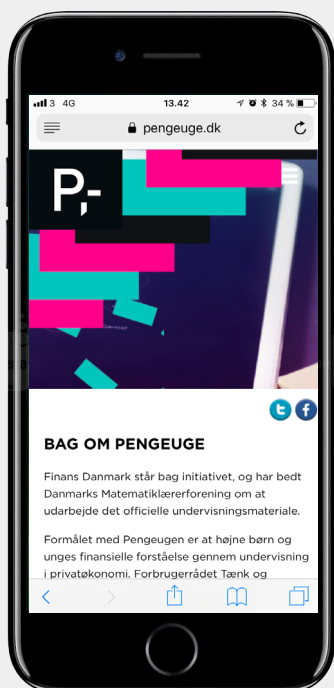
A number of analyses show that children and young people not only lack, but also demand, better financial insight. Analysis conducted by Finance Denmark reveals that a majority of young people would like to have this subject on the timetable and, hence, an integral part of their schooling. And so do politicians, schools and financial institutions. Consequently, Spar Nord has worked for a long time to put the subject on the timetable and the agenda for both children, young people, parents, teachers and politicians.

Collaboration with schools

The effort made vis-à-vis Danish schools is important and has included two maths books on money issues, which 3rd-4th and 7th-8th form teachers can order free of charge from Spar Nord and Spar Nord Foundation. As the books were designed to write in, they are not meant to

be handed down to new classes. Our efforts also include reception of school classes in our local banks and headquarters as well as on-going hiring-out of 'visiting teachers' to local schools. Since 2015, Spar Nord has also had formalised collaboration with schools in Aalborg

where Spar Nord's employees every year dedicate 100 working days to teach senior class pupils topics related to personal finances. A number of local banks make similar efforts in their own region.



Pengeugen

Spar Nord supports and participates in Pengeugen.

Pengeugen ("money week") is an initiative taken by Finance Denmark, which focuses on teaching personal finances at 7th-9th form levels in primary schools. All schools, classes and teachers can join and use the free teaching material that has been customised for purposes of Pengeugen, free of charge.

Ernit

Ernit is a virtual piggy bank designed to give small children sound financial habits.

In a world with virtually no banknotes or coins to count and save, children risk losing any basic understanding of money they may have. The virtual piggy Bank app Ernit teaches children to receive and distribute money to various savings accounts through a visually and aurally stimulating interface designed for children. Ernit thus revitalises the concept of money in a tactile and concrete manner for children, who can now play and familiarise themselves with money in the same way as previous generations could do with cash. Spar Nord has injected venture capital into Ernit, scheduled to be launched in February 2018. **See more at ernit.dk.**





Young Money

In autumn 2017, Spar Nord launched the Young Money concept, which addresses the challenges facing children aged 7-12 when it comes to understanding the concept of money in a cashless, digital world.

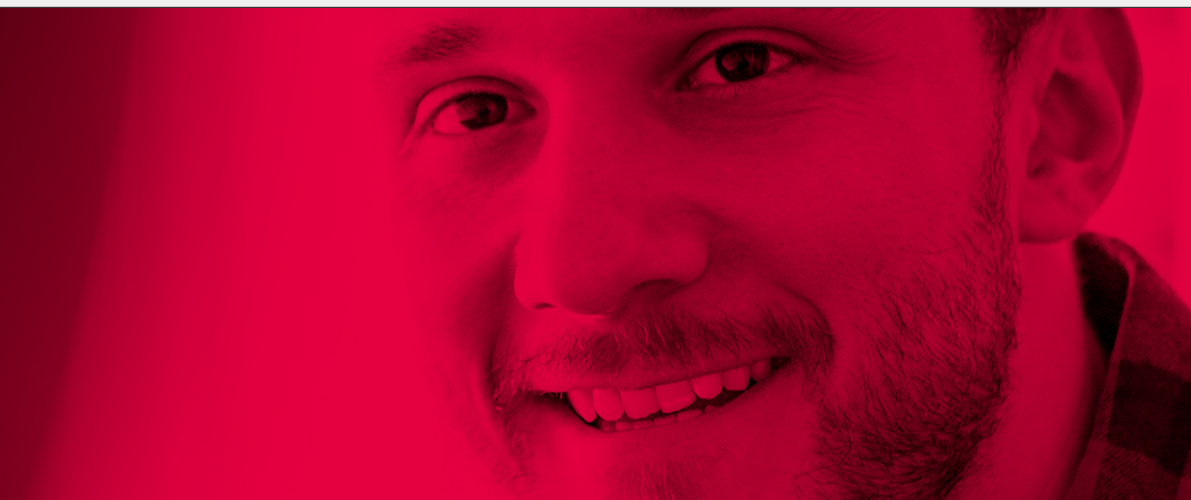
The concept consists in an account, a debit card that cannot be overdrawn and an app which visualises earnings and consumption in an educational way. The app promotes sound financial habits and discussions on finances between children and their parents, because the parents are also called upon to download the app and follow the child's handling of earnings and consumption.



The SmåPenge app

In 2014, Spar Nord launched the app and the book SmåPenge, which teaches preschoolers about money on an iPad or a smartphone.

The idea was to involve parents in the subject by letting them download the materials and use them together with preschoolers at home. The app was a huge success and was downloaded more than 100,000 times, resulting in brilliant reviews from parents.



Our employees are Spar Nord's most important resource, and as an employer, we are responsible for treating every single employee with dignity and respect.

It is our responsibility to ensure that our employees thrive in a healthy and developing, rather than stressful, working environment. Not only physically, but also psychologically and socially. It is also our responsibility to ensure that all employees are remunerated based on merit and qualifications, regardless of gender. If we fail to do so, we risk that our employees are worn down or do not thrive to the detriment of their well-being as well as the Bank's competitiveness.

Being a big place of work with more than 1,500 employees, we strive to ensure that employees who choose to leave us for jobs in other businesses demonstrate exemplary behaviour and sound values to the benefit of other workplaces and society at large. In Spar Nord, we believe that a healthy and developing working environment is a prerequisite for creativity and growth in our business and society at large.

Organisation

Spar Nord considers unionisation of employees and the resulting, individual awareness of good working conditions a great advantage, both in terms of the extensive organisation in Spar Nord associations in relation to sports, culture and other spheres of interest and organisation in trade unions. We estimate that more than 90% of all Spar Nord's employees are organised in trade unions.

Education and development

Competency is one of Spar Nord's core values. Strong professional competencies and systematic upgrading are key to the Bank's competitiveness and our ability to attract the best talents. Therefore, we continually up-skill our employees and strive to ensure clear development plans for all employees, agreed and documented with management. In 2017, appraisal interviews were conducted with 82% of our employees, and development plans were made and documented for 74% of our employees. 246 training days were spent in-house in 2017, and the courses were attended by a total of 3,426 employees.

Health & Well-being policy

Spar Nord is continually monitoring employees' well-being and acts upon any challenges, taking concrete action where required. In 2017, Spar Nord adopted an actual Health & Well-being policy with focus on promoting well-being and health in the organisation. The policy has been communicated to all employees, accompanied by an action catalogue, which not only increases the employees' focus on and ability to enhance well-being among them, but which also includes a number of specific actions aimed at greater job satisfaction. We also encourage our employees to take breaks and avail themselves of our physical exercise options.

Physical working environment

Spar Nord has a dedicated working environment organisation counting eight teams and one consultant, who attends to the physical working environment on a full-time basis. The organisation meets with all employees twice a year to focus on the physical working environment.

All employees have height-adjustable desks, as required by law, as well as adjustable chairs and headsets at their disposal. In addition, the employees have access to individualised tools allowing them to undertake their job free of discomfort. In 2018, we will focus on sedentary work and ensure that no employee undertakes one-sided, repetitive functions.

Well-being week

One of our initiatives in the well-being policy is to make week 48 a well-being week. During that week, we will provide tools and methods to increase our employees' care for one another under one, common theme, which will be communicated on all

in-house platforms and in the form of posters, etc. at the workplace. The concept for our 2017 well-being week was Go'llega – a theme focusing on a good social working environment.

Keyhole-labelled canteen

As tasty and healthy food is essential to our employees' well-being at work, the canteen at our headquarters is keyhole-labelled. This means that freshly made and healthy dishes with a reduced content of fat, sugar and salt are always on the menu. All healthy dishes are labelled with a keyhole, allowing the employees a healthy choice at all times.



Educational level

Primary school



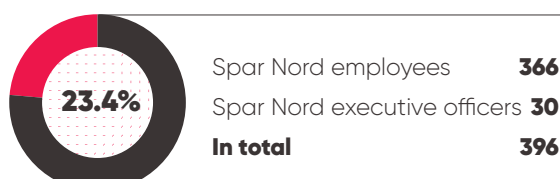
Upper secondary education



Vocational training



Short-cycle education



Middle-range training



Bachelor



Long-cycle, further education



In-house training

Number of training



246
In-house courses

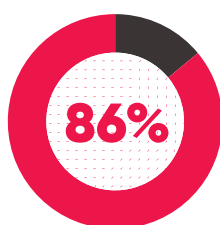
Number of course participants



3,426

Psychological working environment

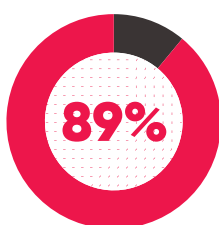
I thrive in my job at Spar Nord



change relative
to 2016

0%

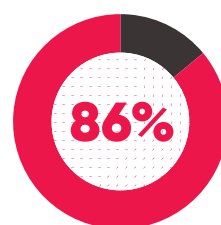
My working life makes



change relative
to 2016

2%

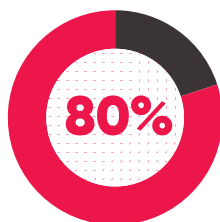
People in my department respect and
show interest in one another



change relative
to 2016

0%

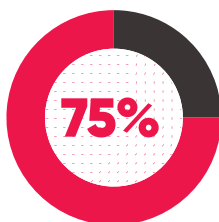
My immediate superior tells me very
clearly what is expected from me



change relative
to 2016

2%

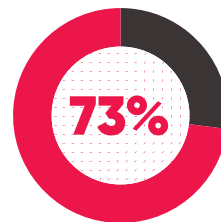
I feel I have a say
on my working day



change relative
to 2016

-1%

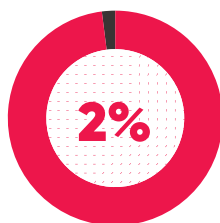
I feel that the work I do is appreciated
and recognised



change relative
to 2016

-1%

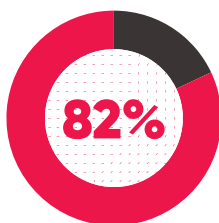
I or one of my colleagues in the
department am/is bullied or harassed



change relative
to 2016

1%

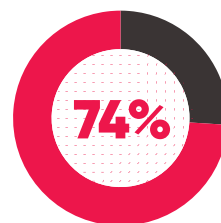
In the past 12 months, my immediate
superior conducted an appraisal interview



change relative
to 2016

4%

My immediate superior and I have
scheduled a meeting to discuss my

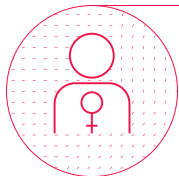


change relative
to 2016

6%

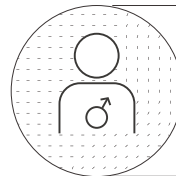
Gender, age and seniority

Women



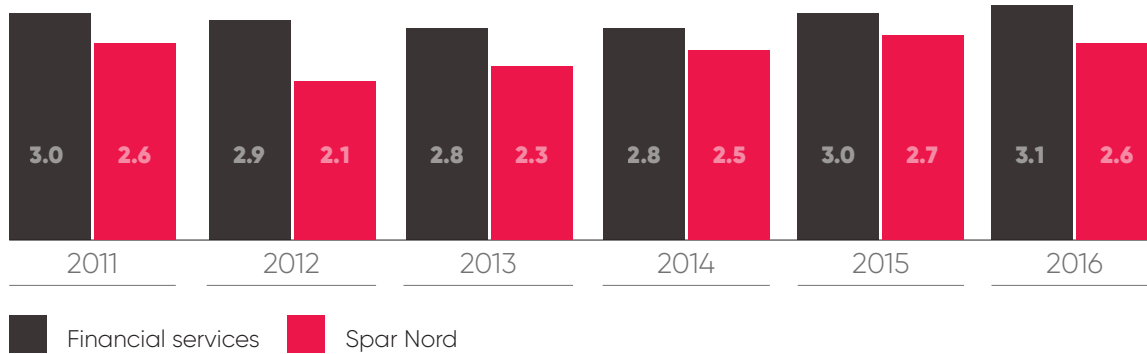
No of women employed **868**
Average seniority **12.9 years**
Average age **48.1 years**

Men

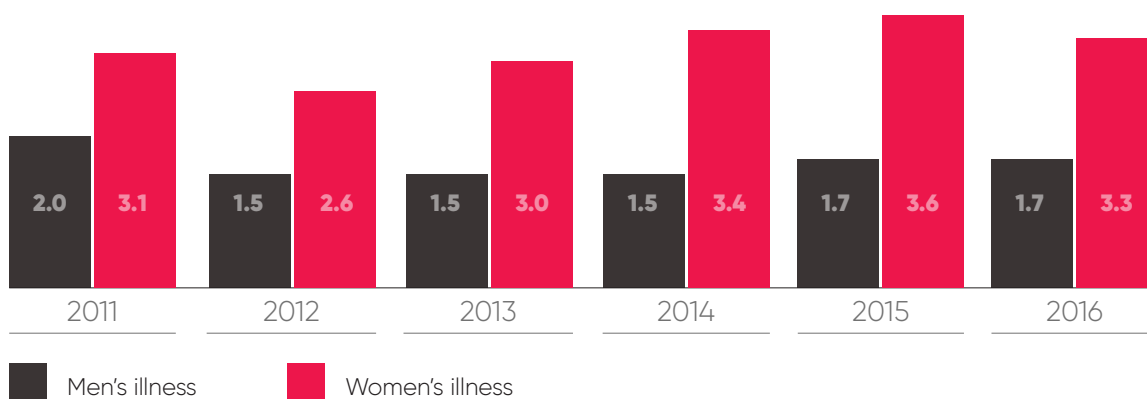


No of men employed **737**
Average seniority **15.5 years**
Average age **47.1 years**

Absenteeism owing to own illness



Absenteeism in Spar Nord – men and women





Spar Nord's code of conduct

Part of the strategy

The core message in Spar Nord's business model is attentiveness and commitment to personal relations with the customers and good relations with the surrounding world. Therefore, our code of conduct is a common guideline for all employees' conduct in every imaginable situation. The code of conduct is communicated to all new hires in the form of written-down guidelines, which are to be considered a superstructure to the Bank's policies.

In our opinion, compliance with the code of conduct is a prerequisite for prudent banking operation and lasting customer relations. If not, we not only risk jeopardising the public's confidence in Spar Nord. We also risk putting the customers at risk and that both the customers and Spar Nord move into a grey zone in terms of compliance with applicable law.

Ethical advice and straight talking

Spar Nord's vision is to be Denmark's most personal bank. Meeting that end requires ethical customer advice

and unwavering focus on the customer's requirements. As this is based on a balance between sale and advice, our advisers are never financially incentivised or rewarded for their sales performance. This is to ensure that the customer's requirements are in focus and that the Bank's performance is based on considerations for the customer only. Good ethics also imply that Spar Nord will not enter into relationships with customers or other business partners whose activities could jeopardise the Bank's reputation.

It is an ideal in the relationship with the customers that the Bank's prices and terms are presented in a transparent manner and that all information and marketing material communicates clearly and in line with applicable law. This goes for all material made available to our customers.

Good form between employees and customers

Personal relations between customers and employees as well as

the Bank's long-term performance depend on the ability to establish and maintain long-term and mutually beneficial customer relations. It is therefore Spar Nord's desire that the relationship between the Bank's employees and customers is a good and constructive dialogue – also in difficult situations where the Bank may not be able to honour a loan application or where the customer is dissatisfied with the Bank.

In relation to good form between employees and customers, it is also essential to Spar Nord to emphasise that any kind of discrimination or harassment based on gender, age, religion, sexual orientation or other is unacceptable and may imply legal proceedings.

Constructive handling of complaints

Spar Nord welcomes feedback from customers – and wants to learn from it. This is ensured through positive and constructive receipt and handling of customers' approaches to employees in the local banks, in cus-

customer service or in the support and service functions at the Bank's headquarters – no matter whether such approaches concern positive input, criticism or actual complaints. In the case of complaints, Spar Nord has established a clear and transparent procedure for receipt and handling of complaints, which is available at the Bank's website and in all local banks.

The procedure is based on the approach that, first, attempts should be made to handle the complaint as closely to the employee and department it concerns as possible. If this is not possible, the complaint will be handled by the complaints officer, who reports directly to the Executive Board.

Finances and interests under control

It follows from the Bank's employment agreements that the employees are expected to have their finances under control and that they must refrain from transactions that could jeopardise that.

It further follows that the employees must refrain from entering into transactions with related parties (persons or businesses) and that the employees cannot, with the exception of ordinary use of the Banks' self-service systems, process/effect own financial transactions (loan applications, securities trading, etc.).

Confidential information and insider knowledge

The Bank has put in place business procedures and controls to prevent abuse and other misapplication of confidential information, including customer data and knowledge about the Bank's own internal affairs.

Personal freedom and responsibility

Spar Nord does not interfere with the employees' personal affairs, but expects the employees to behave, in every situation and respect, in a manner which does not compromise the Bank's reputation. This applies both in relation to the employee's behaviour in the Bank during business hours and in relation to the networks and contexts of a professional or private nature which the employees

may frequent, including social and digital media.

Compliance with the guidelines in the code of conduct

Every single department manager is responsible for ensuring that the Bank's code of conduct is complied with in his or her department. If an employee is uncertain whether some conduct is in accordance with the code of conduct, it is his/her responsibility to discuss the matter with his/her immediate superior. Material breach of the code is handled by the Group's compliance function and will be reported, if required, to the Executive Board and the Board of Directors.

Control and whistleblowing

The Bank has business procedures, internal controls and a whistleblower scheme in place which, combined, are to prevent non-compliance with legislation and guidelines. In case of non-compliance, the Bank's policy is to have the incident investigated by the relevant authorities and to ensure that legal proceedings are instituted, if necessary.



ETHICAL ADVICE



COMPLETE TRANSPARENCY



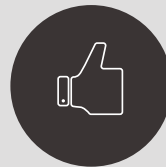
NO SALES COMMISSION



ATTENTIVE LISTENING



STRAIGHT TALKING



GOOD FORM



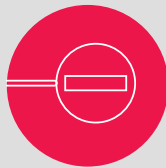
RESPECT FOR HUMAN BEINGS



FINANCES AND INTERESTS UNDER CONTROL



CONSTRUCTIVE HANDLING OF CONFLICTS AND COMPLAINTS



INTERNAL CONTROL AND FOLLOW-UP



WHISTLEBLOWER SCHEME



NO MOVING INTO GREY ZONES



In Spar Nord's opinion, a sound business and a sound environment are two sides of the same coin.

Even though Spar Nord's business activities have a relatively modest environmental and climatic impact, it is nevertheless our responsibility to continually reducing the impact and to build up an environmentally focused culture that leaves its mark on the employees in and outside the Bank. We also play a part in inspiring our suppliers to set the highest environmental standards.

Therefore, Spar Nord is working to reduce our environmental impact through energy optimisation, waste reduction, green waste handling, use of environmentally friendly means of transportation and environmentally focused supplier management.

Ice bank

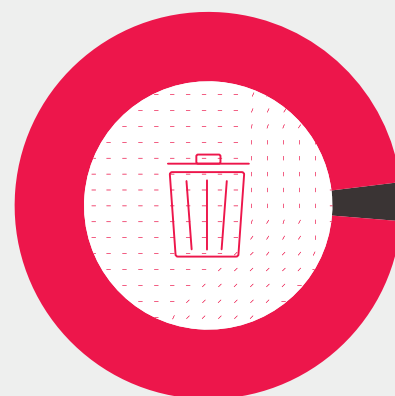
The large glazed areas and thousands of electrical appliances at our headquarters generate heat and adversely impact the indoor climate.

Spar Nord has therefore joined forces with the University of Aalborg to implement an ice bank to cool our premises. The ice bank will be driven by solar cells so that the energy from the heat of the sun can be used to cool and ventilate the buildings.

Waste paper handling

Since mid-2016, all departments have handled all waste paper confidentially. Our goal is for all departments to use ISS to handle such waste in the long run. This will provide a clear overview of volumes and full control in relation to confidentiality and recycling. Today, 26 local banks and the headquarters use ISS as provider of waste paper handling services. At the time of writing, 96.9% of the Bank's waste paper is recycled, whereas only 3.12% is incinerated.

Waste paper



■ Recycling **(96.9%)** 68,930 kilos
 ■ Incineration **(3.1%)** 2,231 kilos

Reduction of food waste

The canteen at our headquarters serves some 500 employees and visitors every day, and we regularly monitor consumption and food waste, partly to reduce resource consumption and waste and partly to further health and a positive impact on the employees' eating habits. Our efforts to promote healthy eating habits include an initiative such as green nudging where the healthy alternatives on the buffet are emphasised and recommended to the employees.

Energy optimisation

We continually monitor and optimise our consumption of energy. We recently energy-optimised the ventilation plant at our headquarters and replaced all light sources by LED

lights, which both give a better light, develop less heat and consume less energy. The consumption of electricity is managed intelligently through the use of sensors and pre-defined consumption time. We have also installed solar panels on some of the buildings at our headquarters.

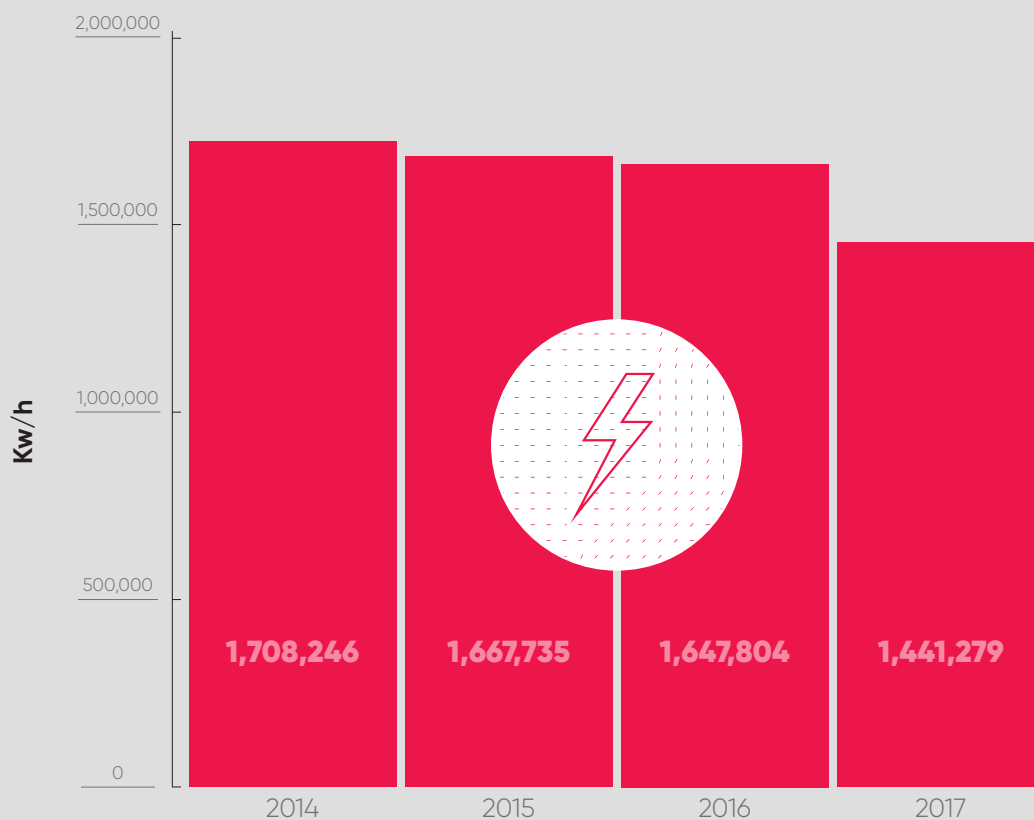
Transport

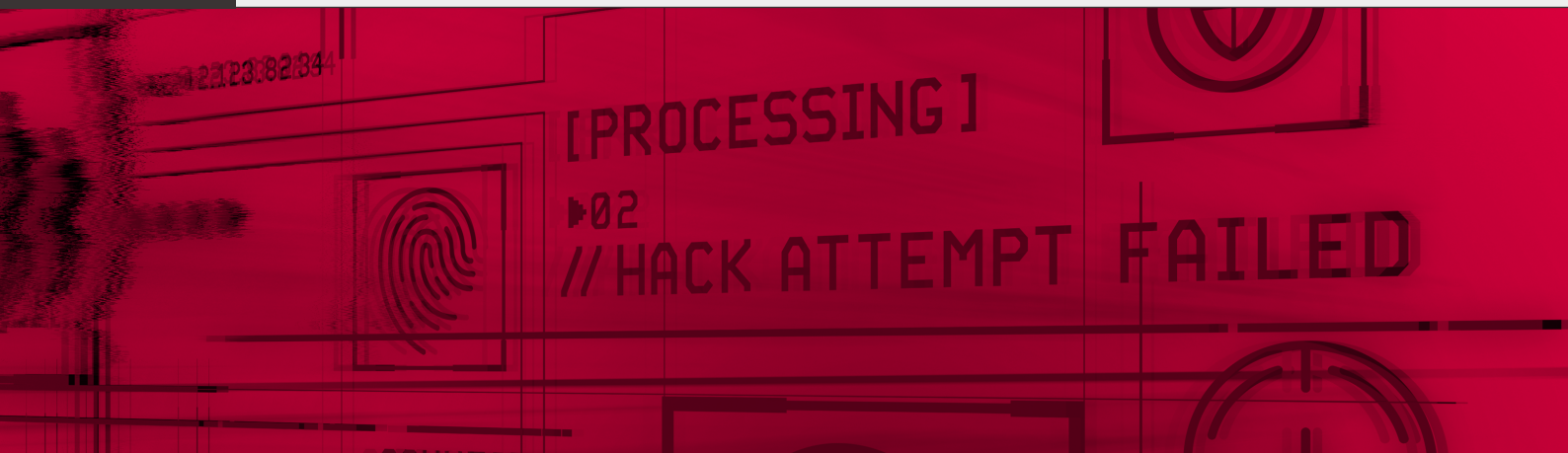
Employees are encouraged to reduce the mileage and to use means of transportation that are environmentally friendly and reduce idle time. All of the Group's vehicles are new (5 years old or less), environmentally friendly and safe. We increasingly use web conferences instead of meetings in person and have installed state-of-the-art equipment in central conference facilities for this purpose.

Supplier management

Efforts are made to ensure that all suppliers who provide services potentially affecting the environment and/or the climate commit to compliance with applicable law and human rights. Our business partners therefore sign an agreement to the effect that their employees have a residence permit and a working permit and that salary tax is withheld on their behalf. They also sign a declaration to the effect that they observe human rights and never engage in corruption. ISS, our canteen and waste partner, has adhered to the UN Global Compact and is making a dedicated effort to fulfil the UN's Sustainable Development Goals.

Electricity consumption trends – headquarters





Security in relation to data and IT systems is a prerequisite for Spar Nord's survival, credibility and competitiveness.

Our business depends on our ability to keep our IT systems operational and our lines of communication open, while at the same time protecting the customers' and the Bank's vital data against unauthorised parties' insight.

Therefore, Spar Nord has implemented an extensive IT security policy to protect us against abuse, IT-related crime, loss of data and loss on operations. The policy covers Spar Nord Bank A/S, our subsidiaries as well as all business partners, including sub-contractors, service providers and outsourcing partners who have access to Spar Nord Bank A/S' network and data internally and externally.

Objective

The objective underlying the IT security policy is compliance with the following, basic security requirements:

- Accessibility implying that data and IT facilities are available when expected.
- Integrity implying that data are available, accurate and complete, and that IT systems in place are working correctly.
- Confidentiality implying that data are protected against unintentional publication and unauthorised use as well as other demands made by our customers, public authorities or the Bank's management.
- Legislation and sector requirements implying that Spar Nord complies with applicable law in the field of IT security and IT risks.

The purpose of the policy is further to ensure that our employees behave responsibly in terms of data and IT system security in the Bank.

Risk assessment

Given that the threat picture in respect of the Bank's data and IT systems is constantly changing, we regularly perform risk assessments and adjust our IT security policy. Any material change in Spar Nord's IT platform and IT systems is always based on a risk assessment, which includes an assessment of confidentiality, integrity and accessibility.

Backup

All software, system preferences and data must be backed up to ensure that normal operations can be resumed within stipulated time frames and that data can be restored within the archiving deadline stipulated by Danish law. Also, a set of rules which describe the

backup frequency and which, as a minimum, comply with applicable law on archiving and frequency of backups must be prepared. One and the same person cannot have unrestricted access to both original data and backup data.

Agreements with third-party suppliers

All agreements entered into with third-party suppliers include requirements to the effect that Spar Nord's independent auditors or Spar Nord may procure any necessary information about matters relating to IT security at the supplier and/or that it has been agreed with the third-party supplier that an auditor's statement on the IT security is to be received from the supplier's auditor. It should further be ensured by agreement that the supplier must observe the same level of security when storing Spar Nord data as applies when Spar Nord stores data itself.

Follow-up

Spar Nord Bank measures, assesses and follows up on data security in the following way:

- Ongoing, unambiguous registration of and follow-up on occurrences in the data security area.
- Ongoing registration of all initiatives taken in the data security area.
- Follow-up on the level of knowledge in the data security area in Spar Nord.
- Independent third-party controls and evaluations of data security.
- Controls of and reports on occurrences.
- Follow-up on internal and external controllers' visits to the Bank, including the Internal Auditors, the independent auditors and the Danish FSA.



The existence of cross-border economic crime and international terrorism is a basic condition for all banks.

The risk of being abused for purposes of money laundering and financing of terrorism is present every day, and the threat picture is constantly changing.

Wanting a world free of money laundering and financing of terrorism, Spar Nord has adopted an AML policy, which is continually reviewed and adjusted to applicable

Danish law as well as the current threat picture. The purpose of the policy is to ensure that financial transactions, customer relationships, employee matters and agreements are screened when entered into and are monitored on an ongoing basis. Each and every employee is therefore under an obligation to contribute to the monitoring and reporting.

Any suspected irregularities must be reported to the Bank's AML officer. If the AML officer cannot disprove the suspicion completely, the Executive Board and the Board of Directors will be notified, and the matter will be handed over to the authorities.

Initiatives

- AML function and officer in place in the organisation
- Risk-based customer identification
- Ongoing, updated risk assessment of customers
- Monitoring of transactions
- Special monitoring of politically exposed persons
- Special monitoring of customer relationships with related parties
- Employees' obligation to investigate, register and report
- Risk assessment and monitoring of corresponding entities
- Archiving of investigation results for minimum 5 years
- Screening against sanction lists
- No customer relationships with empty bank businesses, gambling businesses or currency exchange agencies
- Regular, up-to-date education of employees
- Risk screening of products
- Extensive random sampling and self-control
- Recurring, periodic reporting and compliance statements to the Executive Board

