

ANBEFALINGER FOR GOD SELSKABSLEDSELSE

Spar Nord. Februar 2014

1. Communication and interaction by the company with its investors and other stakeholders			
	Comply	Doesn't comply	Remarks
1.1. Dialogue between company, shareholders and other stakeholders			
1.1.1. THE COMMITTEE RECOMMENDS that the board of directors ensure ongoing dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company's potential and policies, and in order for the board of directors to be aware of the shareholders' views, interests and opinions on the company.	√		Each year Spar Nord Bank hosts approx. 40 shareholder meetings throughout Denmark with a total number of participants exceeding 20,000. Furthermore, Spar Nord Bank promotes shareholder communication by presenting thorough, up-to-date and accessible information on the company web site. The web site offers direct contact with investor relation officers as well as top management. All shareholders that have signed up receive the newsletter Spar Nord Nyt.
1.1.2. THE COMMITTEE RECOMMENDS that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders and other investors, and that the board ensures that the interests of the shareholders are respected in accordance with company policies.	√		
1.1.3. THE COMMITTEE RECOMMENDS that the company publish quarterly reports.	√		
1.2. General meeting			
1.2.1. THE COMMITTEE RECOMMENDS that, when organizing the company's general meeting, the board of directors plan the meeting to support active ownership.	√		On annual shareholder meetings in all regions shareholders with less than 20,000 shares elect delegates to represent the region's total share capital on the general meeting. In each region 8 delegates are appointed. Shareholders with 20,000 shares or more participate and vote at the general meeting. By applying this approach Spar Nord ensures that approx. 20,000 shareholders are directly involved in the democratic process.
1.2.2. THE COMMITTEE RECOMMENDS that proxies granted for the general meeting allow shareholders to consider each individual item on	√		

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the agenda.			
1.3. Takeover bids			
1.3.1. THE COMMITTEE RECOMMENDS that the company set up contingency procedures in the event of takeover bids from the time that the board of directors has reason to believe that a takeover bid will be made. According to such contingency procedures, the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid themselves.	√		

2. Tasks and responsibilities of the board of directors			
	Comply	Doesn't comply	Remarks
2.1. Overall tasks and responsibilities			
2.1.1. THE COMMITTEE RECOMMENDS that at least once a year the board of directors take a position on the matters related to the board's performance of its responsibilities.	√		
2.1.2. THE COMMITTEE RECOMMENDS that at least once a year the board of directors take a position on the overall strategy of the company with a view to ensuring value creation in the company.	√		
2.1.3. THE COMMITTEE RECOMMENDS that the board of directors ensure that the company has a capital and share structure ensuring that the strategy and long- term value creation of the company are in the best interest of the shareholders and the company, and that the board of directors presents this in the management commentary on the company's annual report and/or on the company's website.	√		
2.1.4. THE COMMITTEE RECOMMENDS that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board on timely, accurate and adequate reporting to the board of directors.	√		
2.1.5. THE COMMITTEE RECOMMENDS that at least once a year the board of directors discuss the composition of the executive board, as well as developments, risks and succession plans.	√		
2.1.6. THE COMMITTEE RECOMMENDS that	√		

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once a year the board of directors discuss the company's activities to ensure relevant diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management commentary on the company's annual report and/or on the website of the company.			
2.2. Corporate Social Responsibility			
2.2.1. THE COMMITTEE RECOMMENDS that the board of directors adopt policies on corporate social responsibility.	√		
2.3. Chairman and vice-chairman of the board of directors			
2.3.1. THE COMMITTEE RECOMMENDS appointing a vice-chairman of the board of directors who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.	√		
2.3.2. THE COMMITTEE RECOMMENDS ensuring that, if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special operating activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, overall management and control function. Resolutions on the chairman's participation in day-to-day management and the expected duration hereof should be published in a company announcement.	√		

3. Composition and organization of the board of directors			
	Comply	Doesn't comply	Remarks
3.1. Composition			
3.1.1. THE COMMITTEE RECOMMENDS that the board of directors annually accounts for <ul style="list-style-type: none"> • the skills it must have to best perform its tasks, • the composition of the board of directors, and • the special skills of each member. 	√		
3.1.2. THE COMMITTEE RECOMMENDS that the selection and nomination of candidates for the board of directors be carried out through a thoroughly transparent process approved by the	√		

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<p>overall board of directors. When assessing its composition and nominating new candidates, the board of directors must take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender.</p>			
<p>3.1.3. THE COMMITTEE RECOMMENDS that a description of the nominated candidates' qualifications, including information about the candidates'</p> <ul style="list-style-type: none"> • other executive functions, e.g. memberships in executive boards, boards of <input type="checkbox"/>directors, and supervisory boards, including board committees in foreign enterprises, be accompanied by the notice convening the general meeting when election of members to the board of directors is on the agenda. • demanding organizational tasks, and information • about whether candidates to the board of directors are considered independent 	√		
<p>3.1.4. THE COMMITTEE RECOMMENDS that the company's articles of association stipulate a retirement age for members of the board of directors.</p>	√		
<p>3.1.5. THE COMMITTEE RECOMMENDS that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.</p>		√	<p>Spar Nord Bank's board members are elected for a two-year term. In order to ensure continuity, the terms are staggered such that 3 board members are up for election each year.</p>
<p>3.2. Independence of the board of directors</p>			
<p>3.2.1. THE COMMITTEE RECOMMENDS that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been member of the executive board, or senior <input type="checkbox"/>staff member in the company, a 	√		

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<p>subsidiary undertaking or an associate,</p> <ul style="list-style-type: none"> • within the past five years, have received larger emoluments from the company/group, <input type="checkbox"/> a subsidiary undertaking or an associate in another capacity than as member of the <input type="checkbox"/> board of directors, • represent the interests of a controlling shareholder, • within the past year, have had significant business relations (e.g. personal or <input type="checkbox"/> indirectly as partner or employee, shareholder, customer, supplier or member of the executive management in companies with corresponding connection) with the company, a subsidiary undertaking or an associate. • be or within the past three years have been employed or partner at the external auditor, • have been chief executive in a company holding cross-memberships with the company, • have been member of the board of directors for more than 12 years, or • have been close relatives with persons who are not considered independent. 			
<p>3.3. Members of the board of directors and the number of other executive functions</p>			
<p>3.3.1 THE COMMITTEE RECOMMENDS that each member of the board of directors assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the company.</p>	√		
<p>3.3.2. THE COMMITTEE RECOMMENDS that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:</p> <ul style="list-style-type: none"> • the position of the relevant person, • the age and gender of the relevant person, • whether the member is considered independent, • the date of appointment to the board of 	√		

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<p>directors of the member,</p> <ul style="list-style-type: none"> • expiry of the current election period, • other executive functions, e.g. memberships in executive boards, boards of <input type="checkbox"/>directors, and supervisory boards, including board committees in foreign enterprises and • demanding organisational tasks, and • the number of shares, options, warrants and similar in the company, and other <input type="checkbox"/>group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year. 			
<p>3.4. Board committees</p>			
<p>3.4.1. THE COMMITTEE RECOMMENDS that the company publish the following on the company's website:</p> <p>The terms of reference of the board committees,</p> <ul style="list-style-type: none"> • the most important activities of the committees during the year, and the number <input type="checkbox"/>of meetings held by each committee, and • the names of the members of each committee, including the chairmen of the <input type="checkbox"/>committees, as well as information on which members are independent members and which members have special qualifications. 	<p>√</p>		
<p>3.4.2. THE COMMITTEE RECOMMENDS that a majority of the members of a board committee be independent.</p>	<p>√</p>		
<p>3.4.3. THE COMMITTEE RECOMMENDS that the board of directors set up a formal audit committee composed such that</p> <ul style="list-style-type: none"> • the chairman of the board of directors is not chairman of the audit committee, and • between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a 	<p>√</p>		

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regulated market.			
<p>3.4.4. THE COMMITTEE RECOMMENDS that, prior to the approval of the annual report and other financial reports, the audit committee monitors and reports to the board of directors about:</p> <ul style="list-style-type: none"> • significant accounting policies, • significant accounting estimates, • related party transactions, and • uncertainties and risks, including in relation to the outlook for the current year. 	√		
<p>3.4.5. THE COMMITTEE RECOMMENDS that the audit committee:</p> <ul style="list-style-type: none"> • annually assesses the need for an internal audit, and in such case, makes recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and • monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function. 	√		
<p>3.4.6. THE COMMITTEE RECOMMENDS that the board of directors establish a nomination committee chaired by the chairman of the board of directors with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined, • annually assess the structure, size, composition and results of the board of directors and the executive board, as well as recommend any changes to the board of directors, • annually assess the competences, knowledge and experience of the individual members of management, and report to the board of directors in this respect, 	√		Spar Nord Bank has established a nomination committee with the recommended tasks. In addition to this, the nomination process is anchored in a transparent and formal process involving the chairmen of the local bank committees.

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<ul style="list-style-type: none"> consider proposals from relevant persons, including shareholders and members of the board of directors and the executive board for candidates for the board of directors and the executive board, and propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes. 			
<p>3.4.7. THE COMMITTEE RECOMMENDS that the board of directors establish a remuneration committee with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> to recommend the remuneration policy (including the general guidelines for <input type="checkbox"/>incentive-based remuneration) to the board of directors and the executive board <input type="checkbox"/>for approval by the board of directors prior to approval by the general meeting, make proposals to the board of directors on remuneration for members of the <input type="checkbox"/>board of directors and the executive board, as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment <input type="checkbox"/>of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group, and recommend a remuneration policy applicable for the company in general. 	√		
<p>3.4.8. THE COMMITTEE RECOMMENDS that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	√		
<p>3.5. Evaluation of the performance of the board of directors and the executive board</p>			
<p>3.5.1. THE COMMITTEE RECOMMENDS that the board of directors establish an evaluation procedure where contributions and results of the board of directors and the individual members, as well as collaboration with the executive board are annually evaluated. Significant changes deriving from the evaluation should be included in the management commentary or on the company's website.</p>	√		

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<p>3.5.2. THE COMMITTEE RECOMMENDS that in connection with preparation of the general meeting, the board of directors consider whether the number of members is appropriate in relation to the requirements of the company. This should help ensure a constructive debate and an effective decision-making process in which all members are given the opportunity to participate actively.</p>	√		
<p>3.5.3. THE COMMITTEE RECOMMENDS that at least once every year the board of directors evaluate the work and performance of the executive board in accordance with pre- defined clear criteria.</p>	√		
<p>3.5.4. THE COMMITTEE RECOMMENDS that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer and that the outcome of the evaluation be presented to the board of directors.</p>	√		

4. Remuneration of management

	Comply	Doesn't comply	Remarks
4.1. Form and content of the remuneration policy			
<p>4.1.1. THE COMMITTEE RECOMMENDS that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including</p> <ul style="list-style-type: none"> • a detailed description of the components of the remuneration for members of the board of directors and the executive board, • the reasons for choosing the individual components of the remuneration, and • a description of the criteria on which the balance between the individual components of the remuneration is based. <p>The remuneration policy should be approved by the general meeting and published on the company's website.</p>	√		
<p>4.1.2. THE COMMITTEE RECOMMENDS that, if the remuneration policy includes variable components,</p> <p>. limits be set on the variable components of the</p>	√		

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<p>total remuneration package,</p> <ul style="list-style-type: none"> . a reasonable and balanced linkage be ensured between remuneration for <input type="checkbox"/>governing body members, expected risks and the value creation for shareholders <input type="checkbox"/>in the short and long terms, . there be clarity about performance criteria and measurability for award of variable <input type="checkbox"/>components, . there be criteria ensuring that qualifying periods for variable components in <input type="checkbox"/>remuneration agreements are longer than one calendar year, and . an agreement is made which, in exceptional cases, entitles the company to <input type="checkbox"/>reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated. 			
<p>4.1.3. THE COMMITTEE RECOMMENDS that remuneration of members of the board of directors does not include share options.</p>	√		
<p>4.1.4. THE COMMITTEE RECOMMENDS that if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.</p>	√		Since 2007, Spar Nord Bank has not utilized any form of share-based remuneration. The Bank has no plans of re-implementing such remuneration.
<p>4.1.5. THE COMMITTEE RECOMMENDS that agreements on termination payments should not amount to more than two years' annual remuneration.</p>	√		
<p>4.2. Disclosure of the remuneration policy</p>			
<p>4.2.1. THE COMMITTEE RECOMMENDS that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.</p>	√		
<p>4.2.2. THE COMMITTEE RECOMMENDS that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.</p>	√		
<p>4.2.3. THE COMMITTEE RECOMMENDS that the total remuneration granted to each member of the board of directors and the executive board</p>	√		

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by the company and other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.			
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5. Financial reporting, risk management and audits			
	Comply	Doesn't comply	Remarks
5.1. Identification of risks and transparency about other relevant information			
5.1.1. THE COMMITTEE RECOMMENDS that the board of directors in the management commentary review and account for the most important strategic and business- related risks, risks in connection with the financial reporting as well as for the company's risk management.	√		
5.2. Whistleblower scheme			
5.2.1. THE COMMITTEE RECOMMENDS that the board of directors decide whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.	√		
5.3. Contact to auditor			
5.3.1. THE COMMITTEE RECOMMENDS that the board of directors ensure regular dialogue and exchange of information between the auditor and the board of directors, including that the board of directors and the audit committee at least once a year meet with the auditor without the executive board present. This also applies to the internal auditor, if any.	√		
5.3.2. THE COMMITTEE RECOMMENDS that the audit agreement and auditors' fee be agreed between the board of directors and the auditor on the basis of a recommendation from the audit committee.	√		