



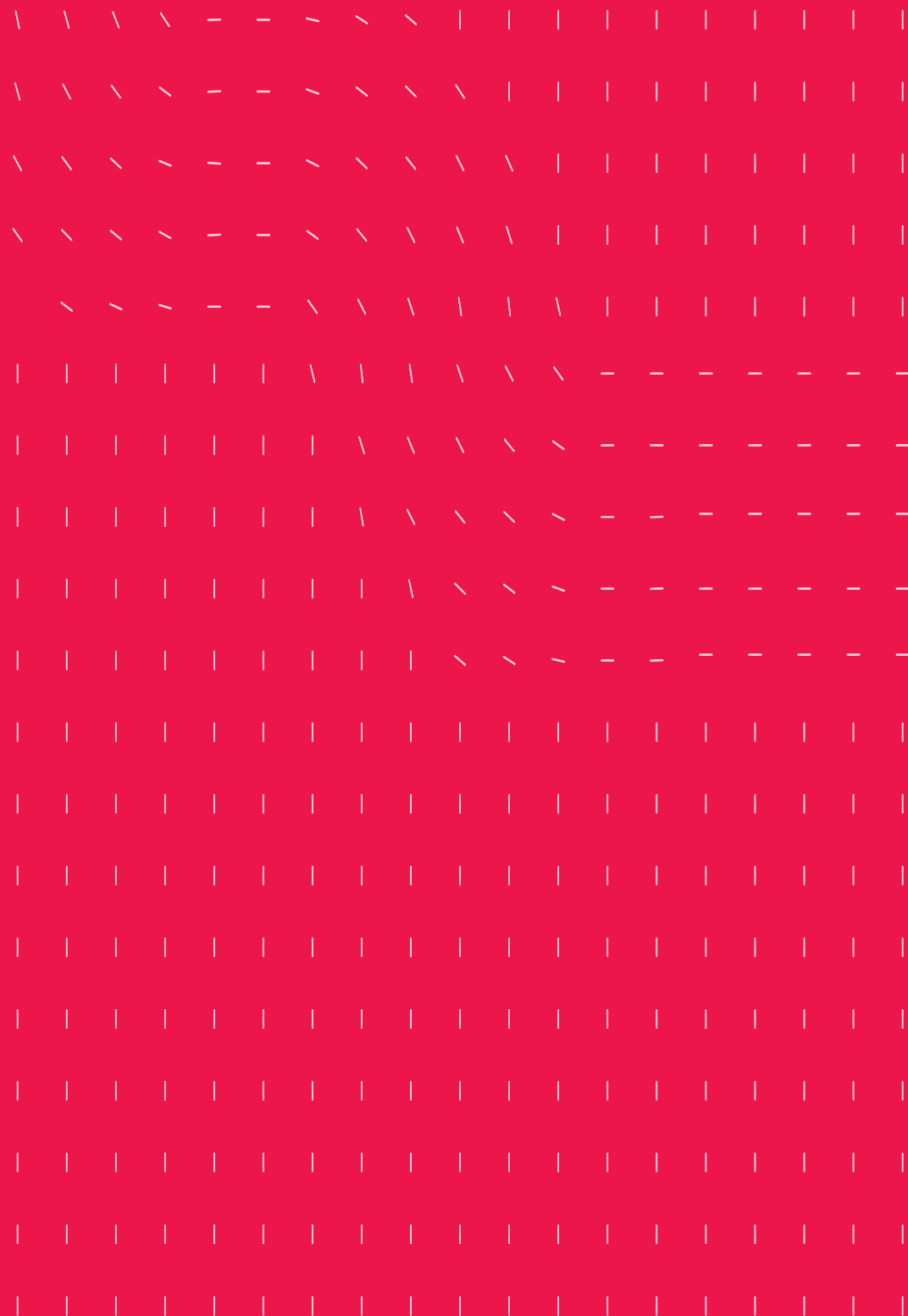
Corporate social responsibility 2020  
A reputable bank



This report is a CSR report for Spar Nord Bank A/S, company reg. (CVR) no. 13737584 for the period 1 January 2020 to 31 December 2020.

The report is part of the management commentary section in Spar Nord Bank A/S's annual report for 2020. With this report Spar Nord meets the requirements of sections 135a and 135b of the Danish FSA's Executive Order on financial reports presented by credit institutions and investment companies. The report represents Spar Nord's first reporting to the UN on our progress in implementing the principles of the UN Global Compact, the UN Principles of Responsible Investment and the UN Principles of Responsible Banking. The contents and data of the report are generated from own data and supplier data and have been checked internally on a random basis. Deloitte provided assistance in performing these random checks of statements and data.

Spar Nord Bank A/S welcomes feedback from the surrounding society, including suggestions, comments and questions. Please direct any feedback to Martin Bach, Senior Vice President, Communication & Business Development, at [mbc@sparnord.dk](mailto:mbc@sparnord.dk) or tel. (+45) 25 27 01 40.



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## A challenging year



It would be tempting to conclude that the best thing about 2020 is that it is now behind us. The global pandemic affected everyone's lives and tested the cohesion of our societies in every way imaginable. However, although 2020 was a challenging year, our employees and our business model demonstrated how strong we are when it really matters.

The lockdown enacted in Denmark in March put the economy and markets in a state of emergency. Supply and demand were hit simultaneously, and Danish banks assumed responsibility by making liquidity available to customers affected by the consequences of the pandemic. At Spar Nord, we benefitted from being a solid and personal bank with in-depth knowledge of our customers' finances, which enabled us to accommodate 99% of our retail customers' and 95% of our business customers' requests for extraordinary credits during the pandemic. This contributed not only to supporting our goal of helping create opportunities and prosperity wherever we are present, but also underpinned our goal of being a reputable and responsible bank.

While our business model stood its test, our employees passed with flying colours. Every day, they were challenged by lockdowns, distance working, online meetings, childcare, quarantines and changing work shifts. Nevertheless, mutual solidarity and tolerance meant we were able to maintain job satisfaction as well as productivity under these difficult conditions.

As a result, our own challenges did not displace our focus on the challenges the world is facing, and our work towards a sustainable and responsible development remained on track during the year. This also applied to our efforts to comply with upcoming statutory sector requirements in the area.

The lockdowns made for a challenging year, but they also accelerated some of the measures already underway. Carbon emissions dropped because of less transport and more distance working, and new digital work methods proved efficient from day one. Hence, the hurdles of the pandemic also contributed positively to the climate, work efficiency and job satisfaction.

At the beginning of 2020, Spar Nord became a signatory to the UN Global Compact (corporate responsibility), the UN Principles for Responsible Banking (UN PRB) and the UN Principles for Responsible Investment (UN PRI). Consequently, this report describes our continued efforts to implement these principles within our business, organisation and culture, while also providing a status report on developments in our special focus areas.

I hope you will find it an interesting read!

**Lasse Nyby**  
Chief Executive  
Officer

**Kjeld Johannesen**  
Chairman



## Business model

# Customers first

Spar Nord is a nationwide bank with 335,000 retail customers and 49,000 business customers. Spar Nord offers all types of financial services, consultancy and products, focusing on retail customers and SMEs in the local areas in which the Bank is represented.

Spar Nord currently has a nationwide distribution network comprising 49 local banks, which will be expanded to 51 local banks in 2021.

As one of the country's systemically important banks, it is not only our duty to contribute to positive and sustainable

economic developments in the many local communities in which we operate, we also share a responsibility for promoting prudence and accountability in society in general.

Born as a local bank, we have nearly 200 years' experience showing we do our best by being as close to our customers as possible. The core of our business model is local commitment combined with strong central support. Spar Nord consists of local entities with extensive decision-making powers in areas such as customer service, market canvassing and employee conditions.

Our decentralised and customer-focused business model allows the local Spar Nord branch to focus on customer proximity, while our headquarters deal with highly specialised tasks in areas such as the development of responsible products, centralised management and monitoring of the credit area, investing, and in our efforts to combat money laundering, terrorist financing and cybercrime.

**335,000** retail customers  
**49,000** business customers  
**51** local banks  
**1,545** employees

Revenue **DKK 3,326 million**  
Profit **DKK 737 million**  
Tax **DKK 181 million**



## ! Risks

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

As a consequence, we are especially focused on maintaining and developing an agile organisation that adheres to sound practices and strengthens its resilience to the growing threats against our business, our customers and society at large. We aim to hedge risks through policies and actions that protect us from moving into zones that are grey from an ethical and legal perspective.

Our credit policy states that we seek to avoid loan exposures that could potentially harm the Bank's reputation, and we have procedures in place to ensure 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.

## Our responsibilities

### UN Sustainable Development Goals, by order of priority



#### **Affordable and Clean Energy**

Using affordable and clean energy and goal of carbon neutrality in 2021. Read more on page 14.



#### **Decent Work and Economic Growth**

Actively engaging employees in a well-documented effort to continuously improve our employees' health, safety and working conditions throughout their working lives. Read more on page 20.



#### **Sustainable Cities and Communities**

Promoting healthy communities and activities across the locations at which we do business, through donations and sponsorships of local culture and sports. Read more on page 12.



#### **Responsible Consumption and Production**

Buying sustainably and reducing our waste while continuously implementing resource-saving initiatives across the organisation and encouraging a sustainable corporate culture. Read more on page 14.



#### **Climate Action**

Bringing down direct and indirect climate impacts by reducing our own footprint, implementing sustainable investing criteria and developing sustainable loan products. Read more on page 7.



#### **Peace, justice and strong institutions**

Countering money laundering, terrorist financing, economic crime and cybercrime by establishing effective systems, a healthy employee culture and open collaboration with public authorities. Countering violence, war and human rights abuse through responsible investment, responsible financing and responsible supply chain management. Read more on page 17.



Spar Nord has defined a strategic goal of being a reputable and responsible bank. This applies not only in relation to customers, employees and suppliers, but also from a social and global perspective. Accordingly, we have committed to implementing responsible and sustainable business practices across all business areas and to promoting a responsible, inclusive and sustainable corporate culture.

In 2020, Spar Nord became a signatory to the UN Global Compact, the UN Principles for Responsible Investment (UN PRI) and the UN Principles for Responsible Banking (UN PRB). This means the UN goals and principles are now the overall benchmark for our initiatives, while our daily work is governed by our business strategy and prioritised through materiality analyses and assessments of the areas where we can make the greatest difference. For 2020 onwards, we have selected six dedicated areas of priority.

While the UN principles are the backbone of our CSR efforts, national, European and sector-specific requirements and initiatives are also emerging. Consequently, CSR activities are naturally anchored in our management team.

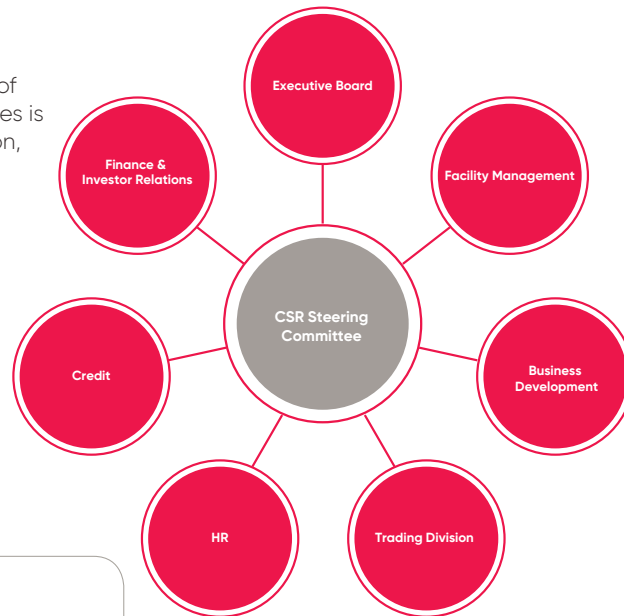


## Our responsibilities

### CSR organisation

The day-to-day management of Spar Nord's various CSR initiatives is handled by our CSR organisation, which is anchored in the Bank's senior management team. The members of our CSR organisation meet on a regular basis and constantly monitor risks, opportunities and progress in Spar Nord's initiatives.

The management of the CSR organisation determines which measures and initiatives are required to achieve the Bank's current sustainability goals.



#### ! Risks

We are particularly attentive to:

- the risk of the Bank's services being used for money laundering, corruption and terrorist financing purposes;
- the risk of taking part in non-sustainable activity through our investment activities;
- the risk of taking part in non-sustainable activity through our lending activities; and
- the risk of taking part in non-sustainable activity through our choice of suppliers.

## The UN Principles for Responsible Banking (UN PRB)

In 2021, we will make analyses and define priorities relative to the implementation of the UN principles in the Bank's business procedures. The first CSR report containing a full report in relation to the UN Principles for Responsible Banking will therefore be the report for 2021.

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 (SDGs), the Paris Climate Agreement and relevant national and regional frameworks.

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.

3

### Clients & 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.

4

### Stakeholders

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

5

### Governance & culture

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

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.

## Strategic framework for CSR initiatives

Responsibility	A reputable bank			
Strategy	Business	Society in general	Employees	Partnerships
Initiative	UN Global Compact UN PRI UN PRB CSR organisation Sustainable finance Responsible investment Data and cybercrime ESG	Local commitment A greener bank Government climate partnerships AML initiatives Measures to combat cybercrime Climate neutrality UN sustainable development goals	Wellbeing Diversity Employee satisfaction Senior policy Employee development Physical and mental health Policy on sound business culture	Responsible supplier relationships Collaboration with BankInvest Collaboration with Totalkredit
Foundation	CSR policies			
	Values			



## Sustainable finance



At year-end 2020, Spar Nord's total loans and advances to retail and business customers stood at some DKK 138 billion with bank and leasing loans accounting for some DKK 44 billion and mortgage loans for some DKK 94 billion. By means of its lending, the Bank helps finance a wide range of activities that may affect people, the environment and local communities, positively as well as negatively. Therefore, Spar Nord is committed to developing and offering financial products that inspire our customers to make sustainable choices and also mitigate the negative effects of human activity on the environment, climate and social conditions.

Spar Nord's balanced credit policy was a key reason for the Bank escaping relatively unscathed from the financial crisis. Our lending policy has generally contributed to strengthening our integrity and the perception of Spar Nord as a socially responsible and sound bank. One of the cornerstones of our lending policy is that we will not use risk tolerance as a competitive parameter or do business with customers who could potentially harm 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.

Spar Nord's credit policy includes climate considerations and sustainability in the assessment of business customers. As a result of the policy, sustainable businesses are considered to be better equipped to handle market demands for green transitioning and accountability.

### Increased focus on sustainable finance

In very general terms, every krone we lend has an environmental and climate impact. As part of our implementation of the UN Principles for Responsible Banking (UN PRB), we will therefore document the impact as precisely as possible going forward. This documentation will provide the foundation for our future efforts to promote sustainability through our lending activities.

As a first step, we have chosen to focus our sustainable finance efforts on specific loan products, beginning with car and home financing, and in future we will work with products targeting other areas.

By means of our sustainable finance initiatives, we expect to make our customers conscious of their choices, reduce the negative impact of our lending activity and generally improve our reputation. We launched our first sustainable finance product, BæredygtigBil (*SustainableCar*), in early 2020. At the same time, we started a collaboration with Totalkredit and Forenet Kredit to make homeowners more aware of green construction and renovation.

### Bank and leasing loans:

2020 approx. DKK **44** billion

(DKK 44.136 billion).

### Mortgage loans arranged

2020 approx. DKK **94** billion

(DKK 93.892 billion).

### Total volume of loans arranged

2020 approx. DKK **138** billion

(DKK 138.028 billion).

### Loans and advances

	2020		2019	
	DKKm	%	DKKm	%
Public authorities	976	2.2	1,200	2.7
Agriculture, hunting, forestry and fisheries	2,820	6.4	2,711	6.1
Industry and raw materials extraction	2,337	5.3	2,556	5.7
Energy supply	1,712	3.9	1,573	3.5
Building and construction	2,050	4.6	2,134	4.8
Trade	3,044	6.9	3,788	8.5
Transport, hotels and restaurants	2,308	5.2	2,419	5.4
Information and communication	184	0.4	225	0.5
Financing and insurance	2,906	6.6	2,950	6.6
Real estate	5,610	12.7	5,852	13.1
Other business areas	3,527	8.0	3,340	7.5
<b>Business customers, total</b>	<b>27,475</b>	<b>62.3</b>	<b>28,749</b>	<b>64.4</b>
<b>Total retail customers</b>	<b>16,661</b>	<b>37.7</b>	<b>15,860</b>	<b>35.6</b>
<b>Total loans and advances</b>	<b>44,136</b>	<b>100.0</b>	<b>44,609</b>	<b>100.0</b>

## Sustainable finance



### ! Risks

Total loans and advances of DKK 138 billion entail a risk that the business activities we help finance have harmful effects on the climate, the environment and on human rights and conditions. This includes indirect effects, such as pollution and other environmental effects of driving, and more direct effects resulting from, for example, providing funding to companies that do not respect labour rights.

## Sustainable car loans

In Denmark, cars drive an average of 16,000 km a year, severely affecting the climate and the environment. Against this background, Spar Nord has launched a car loan that contributes to reducing the global climate impact through purchases of carbon credits and investments in carbon reduction projects approved by the UN. The loan can be taken out for the purchase of a new or used car, irrespective of fuel type, and an existing loan can be restructured into the sustainable variant.

When a customer finances a new or used car (petrol, diesel or hybrid), the average annual carbon emissions of that type of car may be compensated at a rate of 150% through the purchase of carbon credits. In this way, Spar Nord helps reduce the total climate impact from carbon dioxide emissions.

At end 2020, the value of sustainable car loans totalled DKK 105 million.

### ✓ Results

At end 2020, the value of sustainable car loans totalled DKK 105 million.



## Green housing renovation

Some 40% of Denmark's energy consumption derives from buildings, and a substantial part of Spar Nord's loan volume is for financing the construction or renovation of buildings. Therefore, we participate in Totalcredit's initiative to promote green construction and energy-friendly renovation projects. This is not only to the benefit of the climate and the environment, but in the vast majority of cases also the most cost-effective solution for the owner.

In 2020, around 2,600 persons used the tool for calculating energy savings at [totalcredit.dk](https://totalcredit.dk).

### ✓ Results

In 2020, more than 2,600 persons used the tool for calculating energy savings at [totalcredit.dk](https://totalcredit.dk).



## Sustainable finance



### Oil furnaces phased out

Oil furnaces are being phased out as they are expensive and emit 70% more CO<sub>2</sub> than a heat pump. Consequently, Spar Nord facilitates Forenet Kredit's offer of a DKK 10,000 subsidy for replacing oil furnaces, which ran at the end of 2020. During 2020, 116 certificates with a value of DKK 10,000 were granted for the replacement of oil furnaces. The replacement of oil furnaces with heat pumps is expected to reduce the carbon footprint from housing in Denmark.



#### Benefits of replacing oil furnaces:

- CO<sub>2</sub> savings averaging 70%
- Typical annual savings of several thousand kroner
- Public subsidies and subsidy from Totalkredit
- Often improves the value of the home and energy-labelling

### Collaboration on green loans

Spar Nord is a shareholder of DLR, and from the beginning of 2021 Spar Nord and other shareholder banks will be arranging green loans for the agricultural sector, urban commercial property and for renewable energy projects. The loans are offered on attractive terms and conditions in order to speed up the green transition. As DLR plays an important role in the financing of the Danish agricultural sector and Danish rental properties, it has particularly good opportunities to contribute to the government's goal of achieving a 70% reduction in Denmark's carbon emissions by 2030.



## Responsible investment



Spar Nord offers proprietary and facilitates third party investment products for retail and business customers. Investment always involves a risk of direct or indirect co-financing of activities which have an adverse impact on meeting the UN Sustainable Development Goals. We therefore share a responsibility for ensuring accountability in proprietary and facilitated investments. We have defined responsible investment requirements in our own investment policies and for investments made by our business partners.

### Committee for responsible investment

At the beginning of 2020, we became a signatory to the UN Principles for Responsible Investment (UN PRI), which are now the backbone of our responsible investment efforts and our development of responsible investment offers to customers. In 2020, we also set up a Committee for Responsible Investment anchored in the Bank's senior management. The committee is charged with implementing our policy on responsible investment and the UN Principles for Responsible Investment (UN PRI), including monitoring the normative screening of proprietary and facilitated investments, monitoring the exercise of stewardship, defining targets and maintaining exclusion lists.

### Ongoing screening and stewardship

As a large proportion of the investment products Spar Nord offers its customers is developed and managed by suppliers and business partners, it is paramount for us that suppliers and partners meet the same standards for responsible investment

as we do. Consequently, we require that asset managers and unit trusts meet our own standards for responsible investment. In 2020, Spar Nord screened all portfolios in which Spar Nord has a mandate to invest on behalf of its customers. We carried out a screening of ESG issues and compliance with international standards and conventions, and the results showed that we generally succeeded in selecting investments that perform well in terms of ESG and compliance with conventions. Our screening procedures thus only resulted in a few divestments and exclusion of stocks in our portfolios.

### Sustainable investment product

In 2020, Spar Nord started to offer its customers the sustainable investment product BankInvest Global Equities Sustainable Development. The investment fund is an eco-labelled investment product with very ambitious targets for overall ESG performance, carbon emissions and compliance with the UN SDGs. In 2020, Spar Nord's customers invested more than DKK 1.35 billion in BankInvest Global Equities Sustainable Development.

Spar Nord also collaborates with Bankernes EDB Central (BEC) and other banks on developing and launching customer-oriented digital tools which, in compliance with upcoming EU legislation for sustainable investment, help customers define their own sustainability profile with a view to prioritising ESG issues when making investment decisions.



### ! Risks

Spar Nord manages its own and its customers' investments in companies all over the world. This exposes Spar Nord and its customers to the risk of investing in companies that have an adverse environmental and climate impact or violate human rights. Moreover, Spar Nord and its customers risk suffering financial losses on investments, which may result in impeded customer and business opportunities.

### ✓ Results in 2020

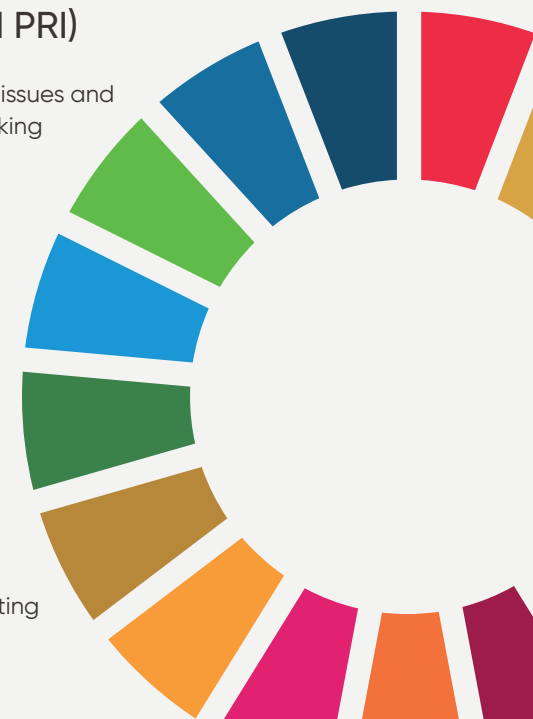
- 100% ESG screening of Spar Nord's managed portfolios
- 100% ESG screening of suppliers' portfolios
- About 13% of our "Stjerneinvest" investment concept is placed in the eco-labelled fund BankInvest Global Equities Sustainable Development.
- Implemented stewardship policy relative to Danish equities

### ➔ Goals for 2021

- Contributing to advancing sustainable investment products
- Engaging in dialogue and participating in forums for the development of methods and tools to promote sustainable investment
- Advancing sustainability issues in system support aimed at customers
- Advisory training for employees with respect to sustainable investment
- Finalising implementation of stewardship setup for the entire investment landscape
- Preparing exclusion list for Spar Nord's portfolios
- Preparing Spar Nord's first UN PRI report

## The UN Principles for Responsible Investment (UN PRI)

- 1** We will incorporate ESG issues (i.e. environmental/climate and social issues and responsible management) into investment analysis and decision-making processes.
- 2** We will be active investors and incorporate ESG issues into our investment policy.
- 3** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4** We will promote acceptance and implementation of the Principles in the financial sector.
- 5** We will work together, where possible, to enhance our effectiveness in implementing the Principles.
- 6** We will each report on our activities and progress towards implementing the Principles.

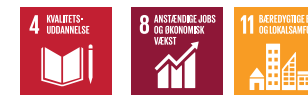


### ⚠ Risks

Any uncritical investment approach would entail a risk not only of contributing to breaching international conventions, but also a risk of directly or indirectly promoting activities that could be harmful to human relations, the climate, the environment and anti-corruption initiatives. In addition, we risk jeopardising our reputation and thereby impair our market position.



## Local commitment



Spar Nord builds on a locally-rooted business model, and we are committed to entering into healthy and sustainable relations with the local communities in which we operate. The locally-rooted model allows us to build better customer relations, and it facilitates the creation of local community cohesion through active participation in and support for local associations, initiatives and institutions. We want to continue and strengthen these initiatives as they contribute both financially and in terms of human value creation in society and in our bank. We believe that our role in society is to stimulate healthy and sustainable associations at all of our bank locations.

Associations – be they local, regional or national – are the centre of attention for the Spar Nord Foundation, which each year makes donations of DKK 40–50 million for small and large initiatives across Denmark. The Spar Nord Foundation owns 20% of Spar Nord Bank, and the dividends from this ownership interest are channelled back into society.

The Foundation and the Bank remain focused on working with many local, small donations and sponsorships – partly to reach out to more individuals, and partly to make it easier for dedicated locals to reach their goals. In 2019, we studied the socio-economic impacts of the Spar Nord Foundation's donations and our sponsorships, and we clearly saw that local donations and sponsorships are important and

very valuable to local communities. In 2020, the Spar Nord Foundation donated DKK 40.7 million to support 681 different projects across Denmark, while Spar Nord signed for a total amount of DKK 20.6 million.

### Associations and the pandemic

Danish associations were dealt a hard blow when the pandemic struck. Many of them were just about to open for the summer season, and in many associations the membership income was threatened. Many members were in doubt as whether to sign up because nobody knew how long the restrictions would last. As a result, the Spar Nord Foundation decided to contact to local associations and institutions encouraging them to seek donations, while the Bank, using its network, marketing and advertisements in local media, encouraged everyone to protect and support their local associations. These initiatives led to donations and sponsorships despite the challenges of the pandemic.

2019 donations from the Spar Nord Foundation: **DKK 58,788,519** for 705 initiatives

2019 sponsorships from Spar Nord Bank: **DKK 23,367,000**

2020 donations from the Spar Nord Foundation: **DKK 40,692,552** for 681 initiatives

2020 sponsorships from Spar Nord Bank: **DKK 20,573,000**



### ! Risks

The digitalisation of business and social relations represents a risk to the local cohesion and the personal relations and commitments required to create positive change and progress in local communities. Failure to stimulate meetings in person and practical collaboration in local communities entails a risk of reduced attractiveness of a local community and jeopardise the well-being of the citizens – to the detriment of citizens' opportunities and Spar Nord's business. However, the autonomous and decentralised commitment of each individual bank in local communities also involves a risk of favouritism and nepotism in relation to sponsorships and donations







## A greener bank

### Carbon-neutral banking operations in 2021

Climate and environmental impacts are a major challenge to our society, and Spar Nord takes an interest in and co-responsibility for tackling this challenge. Accordingly, Spar Nord is a signatory to the UN's Sustainable Development Goals (SDGs) (UN Global Compact), which forms the foundation for our efforts to reduce our negative carbon footprint. As a part of Spar Nord's strategy plan, operations should eventually be carbon neutral. Our goal was originally to achieve carbon neutrality by 2025, but in 2020 we came a major step closer to our goal by purchasing green power and optimising energy consumption. Consequently, we are now working to be carbon neutral by the end of 2021.

#### Green culture

Spar Nord is continuously working to build climate awareness among its employees



that goes beyond work-related efforts. This applies, for example, to transport, where we joined the "Let's bike to work" campaign of the Danish Cyclists Federation in 2020, which prompted a large number of employees to leave their car and get on their bikes.

In 2020, Spar Nord contributed to the biodiversity of the local area around its headquarters by planting wild flowers to simulate biodiversity and the insect fauna.

#### COVID-19 pandemic accelerated the transition.

The global pandemic in 2020 accelerated a number of changes that were already underway. This included the widespread use of internal online meetings, which not only reduced transport needs, but during the lockdown also showed the way forward to a different and less capacity-intensive organisation of our work. It also extended to customer meetings, most of which had to be held online, reducing our customers' transport needs. The number of online meetings was thus 6-7 times higher than in 2019. The experience gained is now being reviewed with a view to reaping the benefits of online meetings and distance working more quickly than we originally planned.

#### Transport and travel

Spar Nord promotes sustainable transport solutions by buying environmentally friendly company vehicles (93% of the Bank's vehicles in 2020 were energy-labelled A), by

installing an initial two charging points for electric vehicles, by pursuing a climate-focused travel policy that encourages the use of public and/or environmentally friendly transport solutions, and by holding online meetings instead of travelling whenever possible. We also encourage our employees to carpool and to reduce work-related mileage in their own vehicles.

#### Reduced and greener energy consumption

Starting in 2020, Spar Nord uses only certified green power from Danish wind turbines, complemented by energy from our own solar cell panels. As part of our endeavours to become carbon neutral in 2021, Spar Nord is making a dedicated effort to energy-optimize the interiors and exteriors of company-owned buildings and rented premises. These efforts include reducing energy-losses from new and existing buildings and implementing solar energy at suitable locations. The consumption of procured energy is reduced through improvements to buildings' thermal envelopes and through the use of intelligent optimisation systems for managing heating, ventilation, cooling and lighting systems. At the same time, we are implementing sustainable technologies, such as the solar power-driven ice bank for cooling Spar Nord Hadsund and the conversion to LED light sources across the organisation. In addition, we are working to optimise our combined building stock by letting excess floorage, through the flexible use of office areas and via the relocation of activities to smaller and more energy-efficient buildings.



#### ✓ Results in 2020

- Drop in company car emissions of 41 tCO<sub>2</sub>e
- Total drop in air travel emissions of 191 tCO<sub>2</sub>e
- Two vehicle charging points installed
- 93% of the Bank's company cars were A-labelled in 2020
- Emissions from the treatment of waste and spillage in 2020 were 3 tCO<sub>2</sub>e.
- Emissions from water consumption in 2020 were 6 tCO<sub>2</sub>e.

#### ✓ Results in 2020

- 100% use of certified green power from Danish wind turbines. Expected saving of just under 3,000 tCO<sub>2</sub>, cf. the market-based method (GHG)
- 520 sqm of solar cells installed on the roof of head office building in Aalborg
- System for energy monitoring fully extended throughout the Bank in 2020
- New and energy-friendly servers
- Savings of 85,285 kWh, equal to approx. 20 tCO<sub>2</sub> from optimising ventilation system
- Total energy savings of 555.4 MWh



## Reduced resource waste and environmental impact

Spar Nord works systematically to reduce resource consumption and to step up recycling efforts – through encouragement and campaigns, through waste sorting for recycling purposes and through initiatives such as giving away replaced furniture to various associations. For example, we now collect food waste that is processed into biofuel for use in local public transport.

All paper and all cleaning agents were eco-labelled in 2020, and measures are regularly taken to avoid unnecessary use of paper and toner, for example by printing on both sides and by avoiding large colour areas in documents sent for printing. The use of bottled water is being phased out and, where possible, replaced by tap water fountains.

In 2020, we installed 520 sqm of solar cells on the roof of our head office building.

## Climate accounts of Spar Nord 2020

Key figures for greenhouse gas emissions

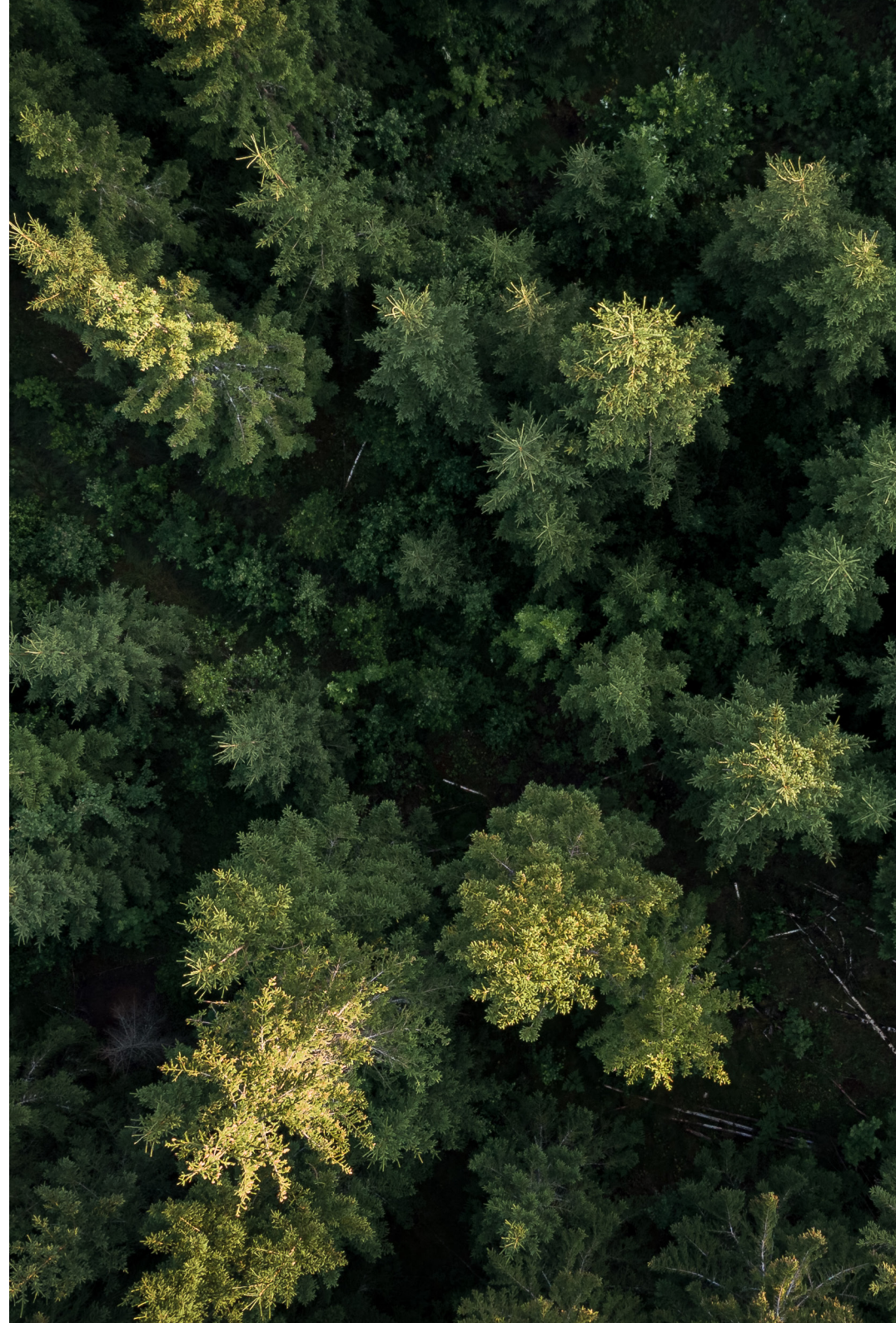
	Unit	2020	2019
<b>Total Scope 1 emissions</b>	tCO <sub>2</sub> e	123	164
<b>Total Scope 2 emissions</b> (location-based method)	tCO <sub>2</sub> e	2,077	2,039
100% certified green power purchased in 2020	tCO <sub>2</sub> e	0	2,662
<b>Total Scope 2 emissions</b> (market-based method)	tCO <sub>2</sub> e	1,451	3,762
<b>Total Scope 3 emissions</b>	tCO <sub>2</sub> e	248	536
<b>Total (location-based method)</b>	tCO <sub>2</sub> e	2,448	2,737
<b>Total (market-based method)</b>	tCO <sub>2</sub> e	1,822	4,463

### ✓ Results in 2020

- Emissions from the treatment of waste and spillage in 2020 were **3 tCO<sub>2</sub>e**
- Emissions from water consumption in 2020 were **6 tCO<sub>2</sub>e**

### ➔ Goals for 2021

- Climate-neutral banking operations in 2021
- Continued energy optimisation
- Advancing sustainable employee culture
- Continued responsible resource consumption





## Responsible business relations



Spar Nord buys goods and services from hundreds of Danish and international suppliers. Consequently, Spar Nord takes joint responsibility for maintaining good and transparent supplier relationships, which underpin the Bank's good reputation, help attract good suppliers and retain and attract customers.

### Code of conduct for suppliers

Spar Nord requires that its suppliers maintain high environmental standards, respect human rights and pursue anti-corruption measures. We also require major suppliers to support the UN Sustainable Development Goals and the ten principles of the UN Global Compact. To ensure this, Spar Nord launched a code of conduct in 2019 for major suppliers, which, with systematic follow-up from 2020, became a natural part of the Bank's central procurement processes and supply chain management.

### Complying with the code of conduct

In 2020, all major suppliers were asked to consider Spar Nord's code of conduct for suppliers. The code defines requirements for suppliers in terms of adherence to laws, conventions and principles for the environment and the climate, for human rights, for labour rights and for anti-corruption. Furthermore, a number of major suppliers' position on and compliance with a range of specific issues were uncovered through questionnaires. In 2020, 86% responded to the questionnaires, and the replies were generally satisfactory and did not give rise to criticism or termination of the collaboration. The remaining suppliers will participate in 2021, when the survey will be continued and extended.

### ! Risks

If Spar Nord engages with suppliers whose conduct is not sustainable, we risk promoting inexpedient conduct that could be harmful to the environment, the climate or human relations and rights. We would also risk irresponsible supplier conduct adverse affecting Spar Nord's reputation and business.



## Countermeasures against money laundering and financial crime

Countermeasures against money laundering, terrorist financing and financial crime start with responsible banking. It is about putting the customers' interests first with respect to advisory services and product innovation, about complying with applicable laws and regulations and about ensuring that compliance and general conformity with the law form an integral part of the Bank's strategy and business. Responsible banking is paramount given that the existence of cross-border financial crime and international terrorism is a basic condition for all banks. The risk of the Bank being abused for purposes of money laundering and the financing of terrorism is present every day, and the threat level is rising.

### The role of the employees

Consequently, it is the duty of Spar Nord to contribute actively to reducing the risk of money laundering and terrorist financing, and, to that end, we have defined a money laundering policy and a number of preventive measures which are regularly adapted to legislation and the current threat scenario. The policy, which, among other things, serves to ensure that financial transactions, customer relationships, employee matters and agreements are screened when entered into and are monitored on an ongoing basis, outlines a low risk exposure in the area. Consequently, we regularly implement risk-mitigating measures and initiatives to strengthen the Bank's systems and employee capabilities in this area. A dedicated policy in this area sets out a number of measures. The policy encompasses six principal areas:

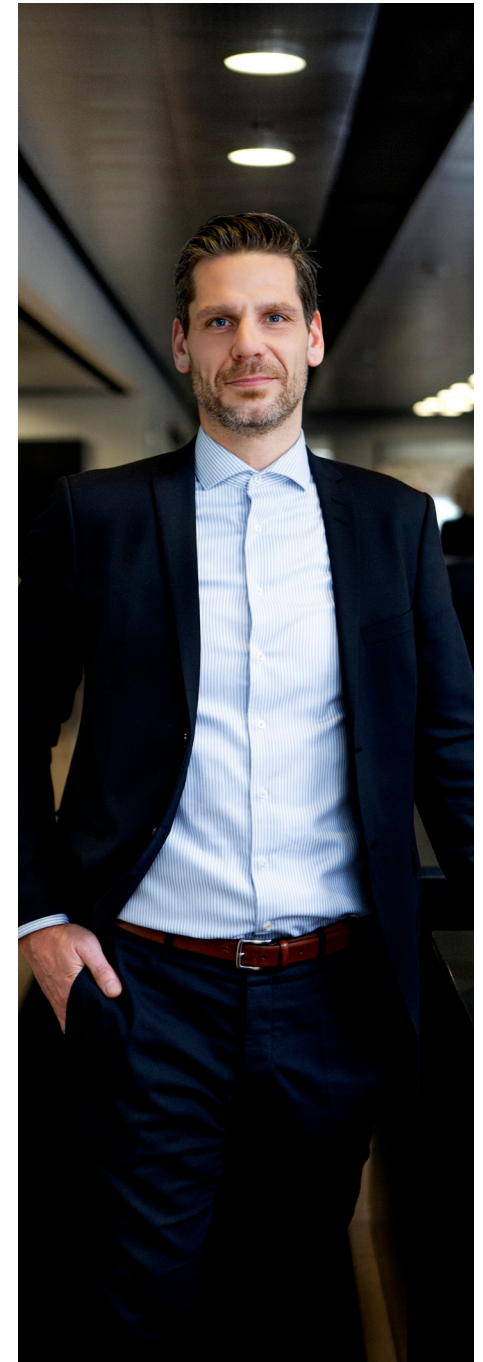
1. Know Your Customer procedures
2. Duty of investigation and recording
3. Transaction monitoring
4. Duty of notification
5. Duty of record-keeping
6. Screening against sanction lists and AML assessment of special risks

### Adhering to Finance Denmark's principles of conduct

Spar Nord cooperates with the banking industry and the authorities to ensure responsible banking and conduct with respect to preventing money laundering and financial crime. To that end, we adhere to Finance Denmark's principles of

### Principles of conduct

- We commit to combatting financial crime in a loyal and responsible manner.
- We recognise that the prevention and combatting of money laundering and terrorist financing is not a competition parameter and that collaboration and joint solutions are desirable.
- We will ensure that our management and staff adhere to these six principles and relevant instructions:
  1. We always prioritise ethics over profit.
  2. We comply with the spirit and the letter of the law.
  3. We welcome oversight.
  4. We have a targeted corporate culture commitment.
  5. We assume managerial responsibility and ensure that all staff take responsibility for AML/CTF efforts
  6. We have constructive partnerships with all stakeholders, including the authorities.







conduct on anti-money laundering and counter-terrorist financing in the Danish financial sector.

**PhD project financed by Spar Nord**

Spar Nord supports research into methods to counter money laundering and financial crime, and in 2020 we sponsored the PhD project Machine Learning for Anti-Money Laundering, which examines and develops advanced machine learning models to combat money laundering. The project is a three-year collaboration between Spar Nord and the University of Aarhus on Machine Learning and Computational Intelligence and is 100% financed by Spar Nord. The support will continue until 2023.

**Reporting to the State Prosecutor for Serious Economic and International Crime (SØIK)**

Spar Nord is continually monitoring transactions for irregularities and reports any suspicious issues to the State Prosecutor for Serious Economic and International Crime (SØIK). The number of reports is rising.

**Reporting to the State Prosecutor for Serious Economic and International Crime (SØIK)**

2019	1,750
2020	2,048

**! Risks**

It is a basic condition for all banks that their services and products are at risk of being abused for money laundering, terrorist financing and financial crime. This risk is considered high, and the threat is a global one. If the Bank's services are used for harmful activities, the Bank risks indirectly contributing to such activities and damaging its reputation, losing business relations and incurring losses due to fines.

## Data and cyber security

Security in relation to data, IT systems and their use is a prerequisite for Spar Nord's 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 our customers' and the Bank's vital data from unauthorised parties.

Spar Nord has implemented an extensive IT security policy to prevent abuse, IT-related crime, loss of data and operational failures. The policy covers Spar Nord, our subsidiary as well as all business partners, including sub-contractors and partners who have access to Spar Nord's network and data internally and externally.

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

### Pandemic brings greater threat

During the pandemic in 2020, the threat against IT security increased because the opportunities for conventional crime decrease when everyone stays at home and many businesses are closed. This causes criminals to increasingly turn to IT crime, which is often performed by attacking

customer data from the outside by way of fraud. Consequently, Spar Nord has sought to draw attention to the problem through the media and by directly contacting older customers in particular via traditional mail, as isolated older people are more exposed to fraud and social engineering during the pandemic.

### Increase in IT security investment

In 2020, the Bank significantly increased its IT security investments. The high level of investment was driven partly by the increased risk of cybercrime and the dynamic threat scenario, and partly by the fact that Spar Nord is now designated a systemically important bank in Denmark. It is paramount for the public's confidence in Spar Nord that we maintain a responsible level of security relative to the threat scenario and that the level is at least equal to that of our peers. This work will continue in 2021, as we expect a further rise in threat level.

***We incorporate security in each and every component of our systems, our solutions and our conduct. That is a precondition for operating a reputable bank.***

John Lundsgaard  
Managing Director



### ! Risks

While Spar Nord generally has secure and updated IT systems, like all other banks we are under the constant threat of IT crime. User behaviour with respect to our systems represents a risk. There is a risk of human error by ourselves or by our suppliers, and, in particular, there is a risk relative to our customers, where especially the skills of the older generation in IT and IT security represents a risk. Furthermore, there is a general risk that process automation, the use of algorithms and the launch of artificial intelligence will increase the personal distance between advisers and customers, aggravate the negative consequences of system errors and make it difficult to allocate responsibility precisely.

## A healthy working environment

# A decent workplace



Spar Nord's most important resource is its employees. Therefore, Spar Nord continues to take responsibility for creating a healthy and progressive working environment in which all employees can unfold their professional and personal potential in the best possible way. However, Spar Nord is responsible not only for regulating employee conditions in a proper manner, but also for promoting a culture in which employees consistently act responsibly towards customers, colleagues, the Bank and society in general. At the beginning of 2020, Spar Nord became a signatory to the UN Global Compact, and over the course of the year, we implemented an updated responsible working environment policy in which we disclose that we respect the UN's Universal Declaration of Human Rights.

### Health and well-being during the pandemic

When the pandemic broke out in March 2020, Spar Nord adhered to all recommendations with a view to preventing COVID-19 from spreading. As a result, staffing at our headquarters and at individual branches was periodically limited to essential functions, while the government's recommendations on gatherings, meetings, number of employees per area, ventilation, the use of sanitisers and canteen operations were implemented.

Most employees worked from home during the lockdown, and meetings had to be held online, while our annual health week was cancelled. As this gave rise to concerns about our employees' physical and psycho-

logical working environment, we launched a comprehensive information campaign about health in the home office. Preliminary measurements of health and well-being show that changing working conditions have not had an adverse effect on the health of our employees and that they have in fact enhanced their well-being. Consequently, we will in 2021 seek to draw on these experiences by implementing the best new practice where relevant. We will also continue to monitor well-being and health closely, as the situation could change due to prolonged lockdowns or future reshuffles.

### Organisational diversity

We believe diversity is beneficial for developing both business relations and collegial relations. Spar Nord therefore aims to strengthen its customer services and competitive strength by attracting as skilled employees as possible with respect to professional and human qualities. It follows from this that prejudice based on gender, age, skin colour, religion, sexual orientation, physical appearance or ethnic origin is a barrier not only to developing our business, but also to ensuring a healthy working environment and a good reputation.

### Women in management and as board members

Currently, the Bank has defined a goal that women should represent at least 33% of board members by 2024. At the end of 2020, this goal was not achieved with women representing 22% of board members. The reason was that a female board member resigned from the board in 2020.



### ! Risks

Employee matters are affected by many factors which are outside Spar Nord's control, including legislation and cultural trends. Consequently, Spar Nord involves its employees in defining policies governing employee conditions. Failure to do so would lead to a risk of the Bank being out of step with cultural and social practice, which in turn could damage our reputation, the well-being of our employees, the ability to attract labour and our business in general. If we fail to comply with the policies for employee matters, we also risk discriminating or wearing down employees physically and mentally. The physical working conditions represent a risk in the form of accidents or attrition, and Spar Nord is therefore proactive in terms of preventing accidents, illness and attrition. In 2020, the COVID-19 pandemic represented a special risk in terms of employee health and public health in general. Consequently, Spar Nord complied with all government recommendations for containing the spread of COVID-19 and will continue to do so in 2021.



## A decent workplace

In terms of its general management, Spar Nord works systematically to identify and motivate employees with leadership potential regardless of gender and to improve the retention of managers of both genders by offering opportunities and flexibility in relation to work-life balance.

Spar Nord has defined a goal that there should be at least five qualified applicants for managerial positions in the Bank, and that at least two of these should be women. The long-term objective of the Bank is to shift the gender breakdown at executive and executive mid-level towards a more equal distribution between men and women – from 21.8% women currently in the Bank's executive team to 25% women by 2024. As the above-mentioned goals were not fully achieved in 2020, the Bank will focus on HR initiatives to support the intended developments in 2021.

### Work-life balance

Spar Nord wants its employees to live a happy and balanced life, which in turn enables them to be a valuable resource at and to their workplace while also having time for family and friends. To achieve this, Spar Nord takes joint responsibility for ensuring a healthy work-life balance in all stages of life and career. In 2020, we adopted a senior policy, which lays down rules on considerations for the needs of older employees and their health at the workplace. Spar Nord also has a staff handbook, whose recommendations contribute to ensuring possibilities for

employees of all ages and at all life stages to develop and thrive in their job at Spar Nord.

### Dialogue on special needs

Spar Nord aims to obtain close relations, confidence and a fruitful collaboration between managers and employees, so as to enable employees to express their wishes and seek help for special needs. This applies where there is a difficult situation in the employee's personal life, which the Bank may help to resolve, and also with respect to wishes for training and career development. To achieve this, the dialogue between employees and management has been formalised as ongoing status interviews and annual appraisal interviews.

### Training and education

Society, technology, behaviour and customer requirements are changing constantly, and Spar Nord, therefore, shares a responsibility for ensuring that employee skills are continuously being updated and developed, enhancing the Bank's competitive strength and the employee's value both to us and to others. This applies to professional and personal as well as social skills, which help ensure efficient collaboration and well-being.

However, Spar Nord's training and education initiatives are not only focused on skill-maintenance. We attach importance to accommodating requests for developing skills and talent, as this will give us flexibility, mobility and good management

candidates within our organisation. In 2020, despite lockdowns and distance working because of the pandemic, at least 7,000 hours of training were carried out, which we consider satisfactory under the given conditions.

### Recruitment and promotion

Being a large and important employer in the industry and the region, Spar Nord has a joint responsibility for ensuring that job candidates are treated equally and with an open mind. We aim to be fair and exemplary by ensuring equal opportunities for job applicants and access to the best possible candidates. We, therefore, look closely at the qualifications, experience, personal capabilities and social skills of candidates.

In 2020, we focused strongly on recruiting recent graduates within economics, and finance as well as academia. We consider reaching out to educational institutions and offering student jobs to young people to be a social obligation and a business advantage.

Spar Nord has a responsibility for and an interest in being a stimulating workplace offering good career opportunities. Consequently, we are making dedicated efforts to promote internal mobility among our employees, and we have defined fully transparent guidelines, which specify the efforts and results that may lead to upgrading to another pay bracket and one-off payments.

### ✓ Results in 2020

- Consistent compliance with all government recommendations on prevention of spreading of COVID-19
- The share of women board members was 22%
- The share of women in executive and executive mid-level positions was 21.8%
- Highest level of employee satisfaction in the Bank's history
- Recruited more new graduates within economics, and finance as well as academia
- Implemented senior policy

### ➤ Goals for 2021

- Achieve a share of 25% women in the Bank's executive team
- Continue efforts to achieve the goal of 33% women board members
- Continue efforts to achieve a high level of well-being, satisfaction and personal development among the Bank's employees
- Continue to comply with government recommendations on prevention of spreading of COVID-19

# Employees

## Well-being and satisfaction

Each year, Spar Nord measures employee well-being and satisfaction on a number of parameters. Based on these measurements, new initiatives and efforts are planned together with the employees. For entities and departments whose measurements are significantly lower than the average, special initiatives and efforts are developed in order to improve well-being and satisfaction levels. The initiatives are monitored through interim measurements. The results of our job satisfaction survey in 2020 showed an increase in well-being in all ten metrics and a total well-being score of 88%, which is the highest to date. 93% of our employees participated in the survey.

Effort Participation 93 %		2020	2019	2018
Strategy	↑	81	75	70
Reputation – Image	↑	92	90	85
Immediate superior	↑	90	84	81
Collaboration	↑	89	87	84
Professional and personal development	↑	84	81	78
Daily assignments	↑	84	77	75
Satisfaction	↑	91	84	82
Motivation	↑	93	88	85
Loyalty	↑	95	89	86
Commitment	↑	85	82	80
Well-being index	↑	88	84	81

### Strategy

Spar Nord has a clear strategy for its direction going forward.	↑	86	81	78
I am familiar with Spar Nord's strategy and vision.	↑	87	82	81
I receive adequate information about what is going on at Spar Nord	↑	70	62	53
<b>Total score</b>	↑	<b>81</b>	<b>75</b>	<b>70</b>

## Image – Reputation

		2020	2019	2018
Spar Nord has a good reputation	↓	94	96	92
Other people consider Spar Nord a good workplace	↑	97	93	90
I am proud to work at Spar Nord	↑	95	91	87
At Spar Nord "we walk the talk" with respect to our values	↑	83	77	67
I identify with Spar Nord's values	↑	95	92	89
<b>Total score</b>	↑	<b>92</b>	<b>75</b>	<b>70</b>

## Professional and personal development

I find that I can use my knowhow and my skills in my job	↑	93	92	90
I am able to attend training and develop my job skills	↑	85	82	81
I find that changes take place at a pace that I can keep up with	↑	74	73	65
Spar Nord has good long-term prospects	↑	92	89	85
Spar Nord is good at adapting.	↑	70	64	59
In the past 12 months, my immediate superior conducted an appraisal interview with me	→	89	89	91
My immediate superior and I have scheduled a meeting to discuss my future development (development plan)	↑	86	78	79
<b>Total score</b>	↑	<b>84</b>	<b>81</b>	<b>78</b>

## Satisfaction and motivation

I am generally satisfied with my job at Spar Nord	↑	94	90	85
I am satisfied with my work-life balance	↑	88	79	80
Spar Nord is the ideal workplace for me	↑	92	85	81
<b>Total score satisfaction</b>	↑	<b>91</b>	<b>81</b>	<b>78</b>
I feel motivated in my job	↑	90	84	79
I nearly always look forward to going to work	↑	92	83	81
The work I do is important to Spar Nord	↑	97	96	95
<b>Total score motivation</b>	↑	<b>93</b>	<b>81</b>	<b>78</b>

## Employees

<b>Average age and seniority and staff turnover</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Average age, years	47.4	47.7	47.7
Average seniority, years	14.2	14.2	14.3
Staff turnover, %	7.5	8.6	10.1
<b>Absenteeism, %</b>			
Absenteeism percentage, employee sickness: all	1.7	2.9	2.7
<b>Number of full-time employees at 31.12.2020</b>			
Number of full-time employees at 31.12.2020	1,545	1,549	1,518
<b>Number of employees by education level</b>			
Primary school	3.1	3.4	4.0
Upper secondary school	5.3	5.2	5.8
Vocational training	39.6	42.6	43.5
Short-cycle higher education	24.7	23.6	23.0
Medium-cycle higher education	15.4	14.2	13.2
Bachelor	2.3	2.1	2.0
Master's degree	9.6	8.8	8.5
<b>Occupational accidents</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Number of occupational accidents categorised as physical accidents	3	10	5
Number of occupational accidents categorised as violence/threats/robbery	13	13	13
<b>Total number of occupational accidents</b>	16	23	18
<b>Share of men and share of women</b>			
Gender distribution: Number of men, %	47.6	47.1	46.9
Gender distribution: Number of women, %	52.4	52.9	53.1
Share of women in management, %	21.8	21.3	19.8
Share of women on Board of Directors, %	22.2	44.4	44.4





# Climate and environment

The climate accounts for Spar Nord have been prepared using the guidelines in the GHG protocol (Green House Gas Protocol).

## Key figures for greenhouse gas emissions

### Scope 1

Transport	Unit	2020	2019
Diesel	tCO <sub>2</sub> e	94	61
Petrol	tCO <sub>2</sub> e	29	104
<b>Scope 1 emissions</b>	tCO <sub>2</sub> e	<b>123</b>	<b>164</b>

### Scope 2

#### Electricity and district heating

Electricity purchased	(Location-based method)	tCO <sub>2</sub> e	626	938
Electricity generated internally by solar		tCO <sub>2</sub> e	–	–
District heating purchased		tCO <sub>2</sub> e	1,451	1,101
<b>Scope 2 emissions 1)</b>		tCO <sub>2</sub> e	<b>2,077</b>	<b>2,039</b>
* Electricity purchased (alternative calculation)	(market-based method)	tCO <sub>2</sub> e	0	2,662
<b>Scope 2 emissions according to market-based method</b>		tCO <sub>2</sub> e	<b>1,451</b>	<b>3,762</b>

### Scope 3

No. of flights	Unit	2020	2019
Continental/Nordic	tCO <sub>2</sub> e	6	43
Intercontinental	tCO <sub>2</sub> e	14	66
Domestic	tCO <sub>2</sub> e	62	164
	tCO <sub>2</sub> e	<b>82</b>	<b>273</b>

#### Other business trips

Hotel accommodation	tCO <sub>2</sub> e	2	4
Employee mileage in private car (DK)	tCO <sub>2</sub> e	155	253
	tCO <sub>2</sub> e	<b>157</b>	<b>257</b>

#### Waste

Household waste for incineration	tCO <sub>2</sub> e	1	1
Paper recycling	tCO <sub>2</sub> e	2	2
Electronic waste recycling	tCO <sub>2</sub> e	0	0
	tCO <sub>2</sub> e	3	3

#### Water consumption

Water supply	tCO <sub>2</sub> e	6	3
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<b>Scope 3 emissions</b>	tCO <sub>2</sub> e	<b>248</b>	<b>536</b>
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<b>Total (location-based method)</b>	tCO <sub>2</sub> e	<b>2,446.8</b>	<b>2,737</b>
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<b>Total (market-based method)</b>	tCO <sub>2</sub> e	<b>1,822</b>	<b>4,463</b>
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Overview Climate and environment

Key energy consumption figures

Scope 1

Transport	Unit	2020	2019
Diesel	MWh	385.8	250.4
Petrol	MWh	127.3	452.7
Scope 1 emissions	MWh	513.1	703.1











Scope 2

Electricity and district heating

Electricity purchased	MWh	4,089.4	4,644.8
Electricity generated internally by solar	MWh	58.16	43.0
District heating purchased	MWh	5,424	4,573.1
Scope 2 emissions	MWh	9,571.6	9,260.9
Scopes 1 and 2 total	MWh	10,084.7	10,053.7
	GJ	36,305	36,193.3













## Overview Goals and actions at Spar Nord




Focus area	Contributions to the UN Sustainable Development Goals	Supported UN principles Goals	Initiatives carried out in 2020	Initiatives planned for 2021	Read more on page	
Sustainable finance	   	<b>Global Compact</b> Principles 7–9  UN Principles for Responsible Banking (UN PRB)	<ul style="list-style-type: none"><li>• Implementation of sustainable banking products</li><li>• Documentation of impact on people, environment and climate</li></ul>	<ul style="list-style-type: none"><li>• Signatory to the UN Principles for Responsible Banking</li><li>• Launching “SustainableCar” The first sustainable financing product for retail customers of Spar Nord</li><li>• 485 car loans, equal to loans of DKK 105 million</li><li>• Participated in campaign for phasing out oil furnaces in collaboration with Forenet Kredit. 116 value certificates of DKK 10,000 granted</li><li>• Collaboration with Totalkredit to promote energy upgrades and green construction and mediation of online energy calculator.</li></ul>	<ul style="list-style-type: none"><li>• Continue to incorporate Principles for Responsible Banking (PRB)</li><li>• Advancing sustainable financing products</li><li>• Reporting on results of sustainable financing, including number and volume of sustainable loans</li></ul>	7, 8, 9
Responsible investment	  	<b>Global Compact</b> Principles 1–10 <b>UN PRI</b> Principles 1–6	<ul style="list-style-type: none"><li>• Helping our customers to invest responsibly through active ESG screening, stewardship and exclusion to protect the climate, the environment and human rights and strengthen anti-corruption measures</li></ul>	<ul style="list-style-type: none"><li>• 100% ESG screening of Spar Nord’s managed portfolios</li><li>• 100% ESG screening of suppliers’ portfolios</li><li>• About 13% of our “Stjerneinvest” investment concept is placed in the eco-labelled fund BankInvest Global Equities Sustainable Development.</li><li>• Implemented stewardship policy relative to Danish equities</li></ul>	<ul style="list-style-type: none"><li>• Advancing sustainable investment products</li><li>• Engaging in dialogue and participating in forums for the development of methods and tools to promote sustainable investment</li><li>• Continued implementation of ESG issues in system support aimed at customers</li><li>• Advisory training for employees with respect to sustainable investment</li><li>• Finalising implementation of setup for stewardship for the entire investment landscape</li><li>• Preparing exclusion list for Spar Nord’s portfolios</li><li>• Preparing Spar Nord’s first UN PRI report</li></ul>	10,11
Local commitment	  	<b>Global Compact</b> Principles 1, 2, 8, 9	<ul style="list-style-type: none"><li>• Continued strengthening of the local cohesion by supporting and developing a sense of community at all of our bank locations</li></ul>	<ul style="list-style-type: none"><li>• Continued support for associations and institutions during the pandemic</li><li>• Disbursed donations for DKK 40.7 million from the Spar Nord Foundation</li><li>• Concluded sponsorship agreements for DKK 20.6 million from Spar Nord Bank</li></ul>	<ul style="list-style-type: none"><li>• Maintaining efforts to strengthen our local commitment through project support and local commitment</li></ul>	12



## Overview Goals and actions at Spar Nord

Focus area	Contributions to the UN Sustainable Development Goals	Supported UN principles Goals	Initiatives carried out in 2020	Initiatives planned for 2021	Read more on page	
A greener bank	   	<b>Global Compact</b> Principles 7–9	<ul style="list-style-type: none"><li>• Carbon-neutral banking operations in 2021</li><li>• Contributing to a sustainable environment and climate by mitigating negative impacts on the climate and the environment from our business activities</li></ul>	<ul style="list-style-type: none"><li>• Energy optimisation, establishing solar energy and energy monitoring</li><li>• Savings of 555.4 MWh in 2020</li><li>• 93% of the Bank's company cars are A-labelled</li><li>• Emissions down 41 tCO<sub>2</sub>e from company cars and by 191 tCO<sub>2</sub>e from air traffic</li><li>• Power consumption covered by 100% certified green power</li></ul>	<ul style="list-style-type: none"><li>• Achieve carbon neutrality for banking operations</li><li>• Advancing climate accounts</li><li>• Continue the use of certified green power</li><li>• Advancing sustainable employee culture</li><li>• Continue to energy-optimize operations</li></ul>	14, 15
Responsible relations	   	<b>Global Compact</b> Principles 1–8, 10 <b>UN PRI</b> Principles 1–6	<ul style="list-style-type: none"><li>• Ensuring responsible supplier relationships and business relations in general</li></ul>	<ul style="list-style-type: none"><li>• Implemented code of conduct for responsible supplier relationships</li><li>• Communicated Spar Nord's code of conduct for suppliers to all suppliers</li><li>• Response rate of 86%</li><li>• Systematic and ongoing follow-up on supplier relationships</li></ul>	<ul style="list-style-type: none"><li>• Implementing code of conduct for suppliers deeper and broader in the supplier base</li><li>• Achieving a response rate of 100 among relevant suppliers</li></ul>	16
Countermeasures against money laundering and financial crime	  	<b>Global Compact</b> Principles 1, 2, 10	<ul style="list-style-type: none"><li>• Maintaining an active contribution to reducing the risk of Spar Nord being used for money laundering or terrorist financing</li></ul>	<ul style="list-style-type: none"><li>• Implemented policy on sound business culture</li><li>• Sponsored PhD project on "Machine Learning for Anti-Money Laundering"</li><li>• 2,048 reports to State Prosecutor for Serious Economic and International Crime (SØIK)</li><li>• 12 employees in AML function vs. 6 in 2019</li></ul>	<ul style="list-style-type: none"><li>• Continue support for PhD project</li><li>• Persistently monitoring and analysing risks of money laundering and terrorist financing</li><li>• Continuing increase in resources for AML and compliance</li></ul>	17, 18
Data and cybercrime		<b>Global Compact</b> Principles 1, 2, 10	<ul style="list-style-type: none"><li>• Safeguarding customer data from unwanted insight and misuse through persistent focus on security with respect to information systems and their use</li></ul>	<ul style="list-style-type: none"><li>• Customer-focused campaigns to increase awareness of the risk of abuse of e.g. NemID during pandemic</li><li>• Increase in IT security investment</li><li>• Carried out cyber security programme</li></ul>	<ul style="list-style-type: none"><li>• Retaining focus on ensuring high data and cyber security levels for customers and Spar Nord</li></ul>	19

## Overview Goals and actions at Spar Nord

Focus area	Contributions to the UN Sustainable Development Goals	Supported UN principles Goals	Initiatives carried out in 2020	Initiatives planned for 2021	Read more on page
Employees	  	<b>Global Compact</b> Principles 1–6 <ul style="list-style-type: none"><li>Continuing to promote a healthy, developing and efficient working environment allowing all employees to unfold their professional and personal potential in the best possible manner</li></ul>	<ul style="list-style-type: none"><li>Consistent compliance with all government recommendations on prevention of spreading of COVID-19</li><li>Highest level of employee satisfaction in the Bank's history</li><li>Recruited more new graduates within economics, and finance as well as academia</li></ul>	<ul style="list-style-type: none"><li>Achieve a share of 25 % women in the Bank's executive team</li><li>Continue efforts to achieve the goal of 33 % women board members</li></ul>	20, 21, 22, 23



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Design Branding Matters

## Statement of continued support for the UN Global Compact

I am pleased to confirm that Spar Nord reaffirms its support of the Ten Principles of the United Nations UN Global Compact in the areas of Environment, Human Rights, Labour and Anti-Corruption.

In this annual report, we describe our actions to continually improve the integration of the UN Global Compact and its principles into our business strategy, culture and daily operations. We also commit to and remain focused on promoting the understanding and explaining the importance of the principles to our internal and external stakeholders.

A handwritten signature in black ink, appearing to read "Lasse Nyby".

Lasse Nyby  
Chief Executive Officer





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