



This report is a ESG report for Spar Nord Bank A/S, company reg. (CVR) no. 13737584 for the period 1 January 2021 to 31 December 2021. The report is part of the management commentary section in Spar Nord Bank A/S's annual report for 2021.

With this report Spar Nord meets the requirements of sections 135a, 135b and 135d of the Danish FSA's Executive Order on financial reports presented by credit institutions and investment companies.

The report also constitutes Spar Nord's report to the UN on its implementation of the principles of the UN Global Compact (UNGC), the UN Principles for Responsible Investment (UN PRI) and the UN Principles for Responsible Banking (UN PRB).

Last, but not least, this report also represents Spar Nord's reporting on the EU Taxonomy pursuant to the NFRD Directive (Directive 2014/95/EU of the European Parliament and of the Council) and the EU Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council and Commission Delegated Regulation (EU) 2021/2178).

The contents and data of the report are generated from own data and supplier data and have been checked internally on a random basis. Spar Nord Bank A/S welcomes feedback from the surrounding society, including suggestions, comments and questions. Please direct any feedback to Ninna Holch, ESG Officer, at ntr@sparnord.dk or tel. (+45) 25 27 03 10.

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A reputable bank

2021 was a year unlike most others. In spite of COVID-19 and lockdowns early and late in the year, Spar Nord achieved very strong financial results, driven both by acquisitions and organic core business growth. However, 2021 was also a year in which we took a major leap forward with a number of initiatives relating to sustainability and social responsibility.

In 2021, we successfully anchored our ESG initiatives in the Bank's core organisation. We are confident that results are best achieved by integrating ESG in Spar Nord's core functions on an equal footing with other disciplines.

During the past year, a major in-house information campaign contributed to ensuring deeper insights into Spar Nord's five prioritised ESG efforts: responsible investment, sustainable finance, governance and compliance, local commitment and own footprint.

For 2021, the Bank has prepared its first Impact Analysis as part of implementing the UN Principles for Responsible Banking (UN PRB). The analysis is focused on the CO₂e footprint from the Bank's activities relating to lending and investment. Our conclusion is that climate is an area in which the Bank has a significant positive and negative impact. Spar Nord publishes a separate methodology report for its Impact Analysis, and an evaluation of the results of the analysis is provided at the end of this ESG report.

Consistent with the conclusions of the analysis and driven by our wish to contribute to a green transition, at the beginning of 2022 the Bank launched a car loan specifically for electric and plug-in hybrid vehicles. We hope that an attractive rate of interest will further propel the ongoing transition to a more climate-friendly fleet of vehicles in Denmark. In continuation of the Impact Analysis, the Bank has defined a SMART target that 80% of all new car loans by the end of 2025 must be for electric or plug-in hybrid vehicles.

Through energy-optimising initiatives and by setting up solar panels at the Bank's head offices, Spar Nord has regularly reduced its own CO₂e emissions. By procuring carbon credits to compensate for the remaining emissions relating to district heating, the Bank was climate-neutral for 2021 in terms of scopes 1 and 2.

In December 2021, the Bank concluded a partnership agreement from 1 January 2023 on purchasing green power with the power company Better Energy. With a 10-year agreement on power purchases, Spar Nord will contribute to the erection of a new solar panel farm, which is expected to be completed by the end of 2022.

With this ESG report, the Bank delivers its first action plan for reducing the CO₂e footprint of the Bank's investment activities. We also publish an estimated carbon footprint for our lending activities for retail (car and home loans) and business customers. Both initiatives are based on recommen-



dations from Finance Denmark's Forum for Sustainable Finance and the Bank's wish to assume responsibility for the green transition.

In a number of areas, the Bank made substantial progress in the ESG area in 2021. We are very pleased to report that, towards the end of the year, we received a

strongly improved ESG rating from the rating agency Sustainalytics in clear recognition of the Bank's commitment to the issue.

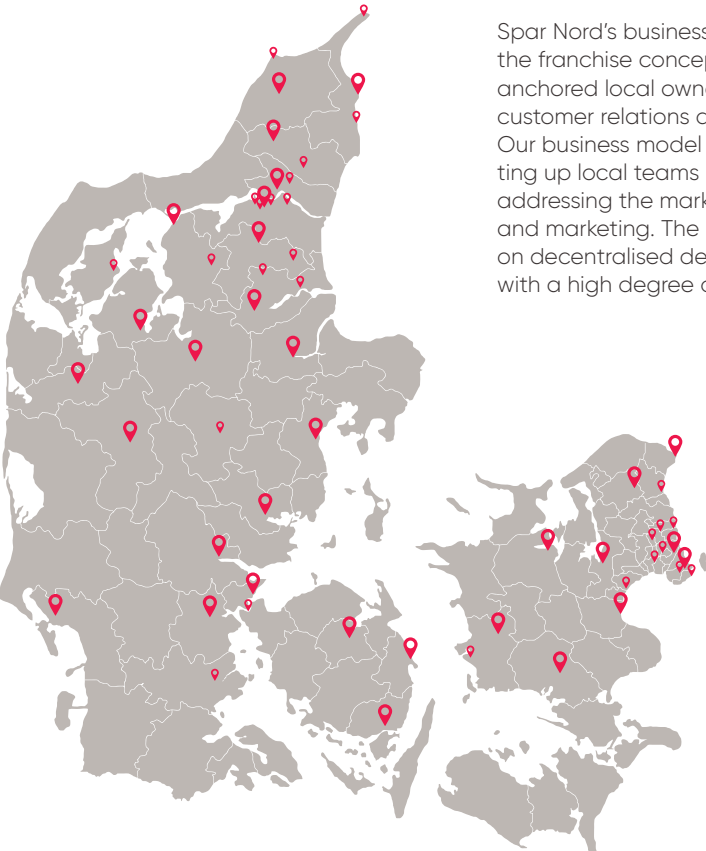
We hope you will find the report an interesting read!

Lasse Nyby
CEO

Kjeld Johannesen
Chairman

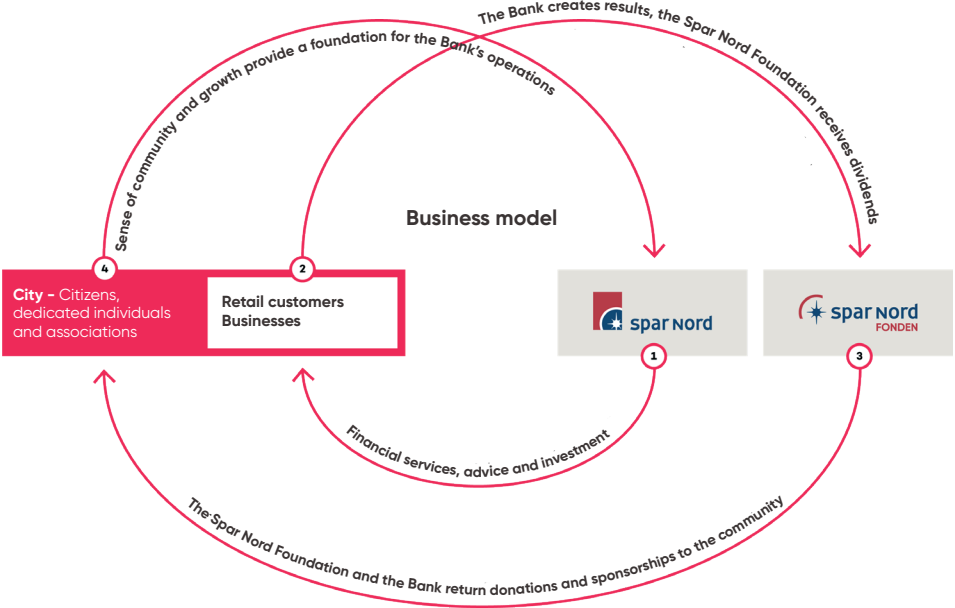
Local presence and decentralised decision-making powers

Spar Nord is a nationwide bank with 395,000 retail customers and 34,000 business customers. Spar Nord offers all types of financial services, consultancy and products, focusing on retail customers and small and medium-sized enterprises (SMEs) in the local areas in which the Bank is represented.



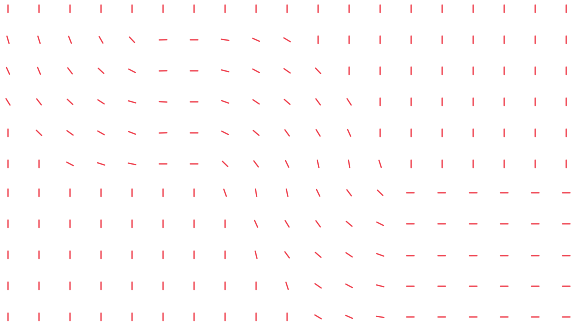
Born as a local bank, we have nearly 200 years' experience in showing we do our best by being as close to our customers as possible. Since 2002, Spar Nord has been dedicated to establishing, and has on several occasions acquired, local banks and now has a nationwide distribution network totalling 58 local banks.

Spar Nord's business model is inspired by the franchise concept, in which strongly anchored local ownership is the driver of customer relations and business volume. Our business model thus supports setting up local teams independently and addressing the market through initiatives and marketing. The business model builds on decentralised decision-making powers with a high degree of local autonomy.



- 395,000 retail customers
- 34,000 business customers
- 58 local banks
- 1,608 employees – 1,062 employed by local banks and 546 at the Bank's head office

Revenue	DKK 3,818 million
Profit	DKK 1,368 million
Tax	DKK 333 million





As one of Denmark's systemically important banks, it is our duty to contribute to a positive and sustainable economic development in the many local communities in which we operate. We also share a responsibility for promoting prudence and accountability in society in general.

Our decentralised and customer-focused business model allows the local Spar Nord branch to focus on customer proximity, while our headquarters deal with 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.

Risks

More than ever before, customer confidence is earned by acting prudently and responsibly as a bank. We therefore pay particular attention to maintaining and developing an organisation that adheres to sound practices and is able to respond to the growing threats against our business, our customers and society at large. Spar Nord's ESG efforts are based on Danish and international legislation and are conducted in close collaboration with relevant supervisory authorities. Risks are hedged through policies and actions that protect us from moving into zones that are grey from an ethical and legal perspective.



Policy

Spar Nord has committed to implementing sustainable business practices across all business areas and to promoting a responsible corporate culture. ESG is integral to Spar Nord's operations and the way we run our business. Spar Nord's ESG work pervades all levels of the organisation and all layers of management, affecting our internal processes and reporting as well as our products and customer-facing initiatives. Spar Nord has defined an ESG policy that provides the framework for the combined number of policies and guidelines which support the implementation of various areas of ESG in Spar Nord.



Our ESG approach

Like all other banks in Denmark, Spar Nord plays a key role in the transition to a sustainable society. Accordingly, Spar Nord has undertaken to implement sustainable business practices across all business areas and to promote a sound and responsible corporate culture. ESG is integral to the Bank's operations and the way we run our business.

Spar Nord's ESG work is concentrated on five strategic focus areas:

We base our efforts on the UN guidelines

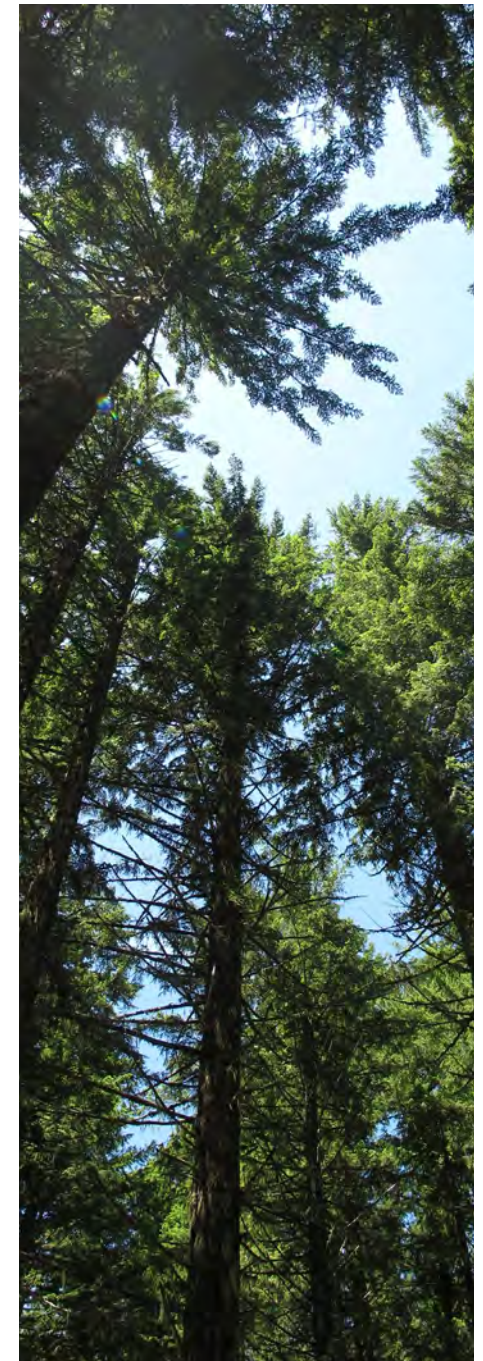
Spar Nord endorses the UN Sustainable Development Goals and, where relevant, supports and applies UN Guiding Principles on Business and Human Rights. In 2020, Spar Nord became a signatory to the UN Global Compact (UNGC) and the UN Principles for Responsible Investment (UN PRI) and in 2021 also the UN Principles for Responsible Banking (UN PRB). 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.

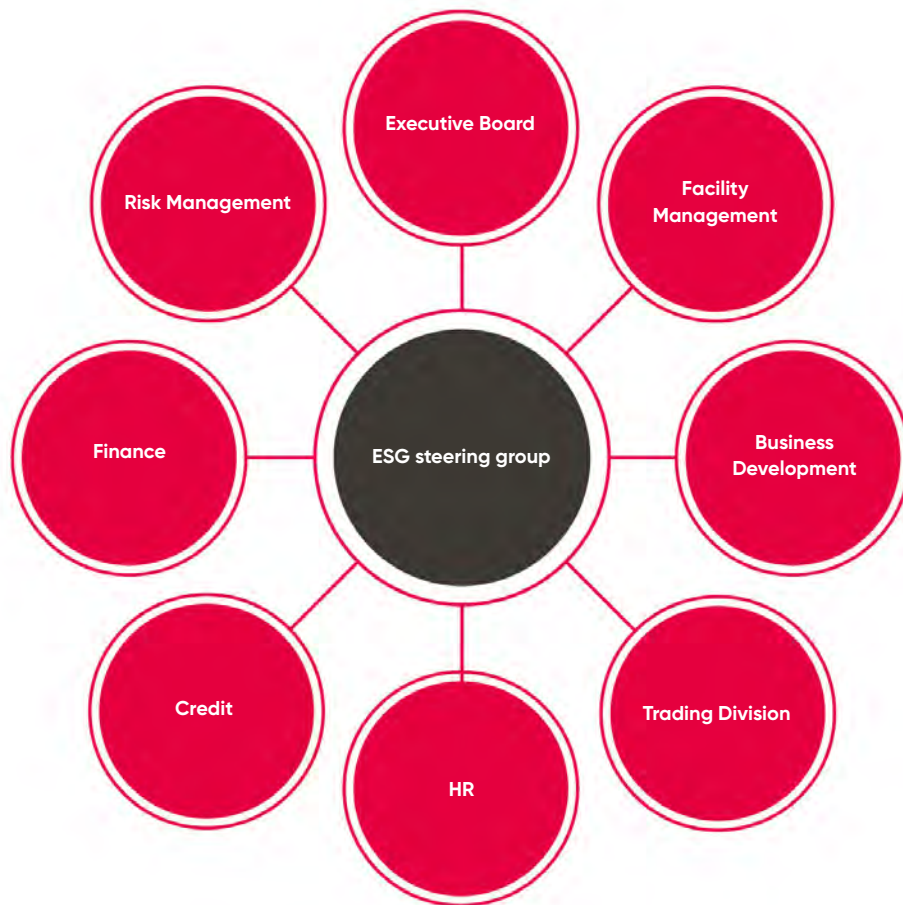
Impact Analysis and reporting on the UN Principles for Responsible Banking

To meet our obligations after becoming a signatory to the UN Principles for Responsible Banking (UN PRB), in 2021 we prepared our first Impact Analysis in order to identify how Spar Nord impacts society in both a positive and a negative direction in relation to the 17 UN Sustainable Development Goals.

The Impact Analysis was prepared on the basis of the Bank's total business volume using the methodology set out in the UN's Portfolio Impact Analysis Tools. The Impact Analysis revealed that climate is a key impact area for Spar Nord. Consequently, a key part of the analysis involves estimating our CO₂e emissions from the Bank's lending and investment activities. The Impact Analysis and methodology description are set out as a separate report, which is available at sparnord.dk/esg.

Page 42 of this report shows Spar Nord's first Reporting and Self Assessment Template for the UN PRB, in which we provide a status update on the Bank's overall work to comply with the UN Principles for Responsible Banking.





ESG organisation

While the UN principles are the backbone of Spar Nord's ESG efforts, national, European and sector-specific requirements and initiatives are also emerging. Consequently, ESG activities are inherently anchored with our management team, which through an ESG steering group makes use of our core organisation.

The ESG steering group has the mandate to make decisions that help to ensure that ESG is integrated across the Bank and anchored in the relevant business areas which have the required skill sets and insights to further develop and implement current sustainability targets.

The ESG steering committee meets once every quarter to discuss progress with initiatives and relevant focus areas.

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.



Policy

As one of Denmark's systemically important banks, it is our duty to contribute to a positive and sustainable economic development in the many local communities in which we operate. To this end, Spar Nord has defined a strategic goal of being a reputable and responsible bank. This applies not only in relation to our customers, employees, shareholders and suppliers, but also from a social perspective. Consequently, Spar Nord has defined an ESG policy and a policy of sound business culture.



Partnerships

In order to contribute to Denmark reaching its goal of reducing CO2e emissions by 70% by 2030, Spar Nord has committed itself to the climate partnership for the financial sector and complies with the 20 recommendations of the Forum for Sustainable Finance. Spar Nord also collaborates on an ongoing basis with relevant industry communities and industry groups such as the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark and National Banks in Denmark and Finance Denmark to promote sustainability in the financial sector. We also support sustainable business development through projects under the auspices of Vaekstfonden and the Danish Export Credit Agency.

ESG Rating

Spar Nord has been assigned an ESG rating by Sustainalytics and MSCI. For both ratings, during 2021 Spar Nord succeeded in improving the Bank's ESG risk level.

ESG Ratings	Score	Risk level
Sustainalytics	18,6	Low Risk
MSCI	A	Average

UN Sustainable Development Goals, by order of priority



5 Gender equality

Be a diverse workplace that reflects the general demographic composition at all management levels.

Read more on pages 24–25.



7 Affordable and Clean Energy

Using affordable and clean energy and goal of carbon neutrality in 2021. *Read more on pages 33–36.*



8 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 pages 24–25.*



11 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 pages 29–31.*



12 Responsible Consumption and Production

Buying sustainably and recycling up to 100 % of our waste while continuously implementing resource-saving initiatives across the organisation and fostering a sustainable corporate culture. *Read more on pages 33–36.*



13 Climate Action

Bringing down direct and indirect climate impacts by reducing our own footprint, implementing sustainable investing criteria and developing sustainable banking products.

Read more on pages 13–16.



16 Peace, justice and strong institutions

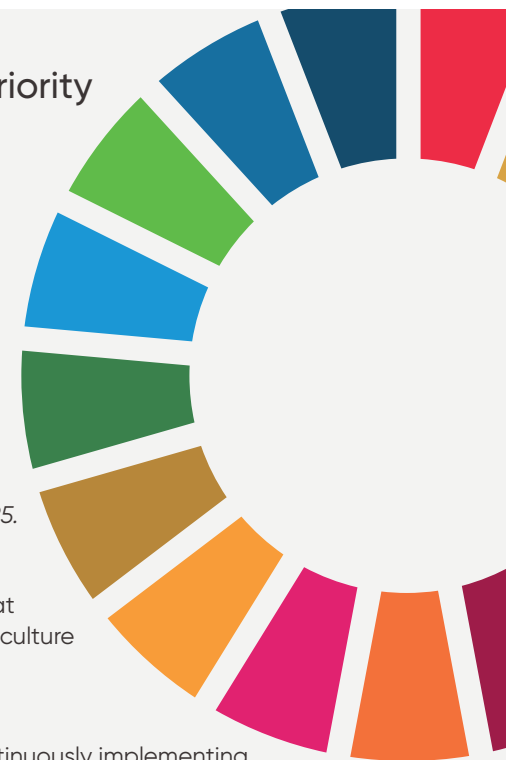
Countering money laundering, terrorist financing, financial crime and cybercrime by establishing effective systems, a sound business culture and open collaboration with public authorities. Countering violence, war and human rights abuse through responsible investment, responsible financing and responsible supply chain management. *Read more on pages 18–22.*



17 Partnerships for the goals

Entering into several strategic partnerships with industry organisations, banks and other stakeholders to jointly create sustainable change in the Bank and in society.

Read more on page 7 and page 15.



A photograph of two white wind turbines on a grassy hill overlooking a body of water. The sky is clear blue. The text 'Responsible investment' is overlaid in white. A decorative grid of white lines is visible on the left side of the image.

Responsible investment

Sustainable footprint and action plan



Spar Nord offers and arranges investment products for retail and business customers and provides attractive investment solutions tailored to each individual customer's time horizon and risk appetite. We believe that responsibility and focus on sustainability risk considerations go hand in hand with the ambition of generating attractive long-term returns. When we make investments on behalf of our customers, we also focus on the UN Principles for Responsible Investment (UN PRI), to which the Bank is a signatory. ESG factors are integrated in the investment process in order to identify and mitigate sustainability risk to the best possible extent. The purpose is to protect our investment portfolios against ESG-related events that could potentially have a material adverse impact on returns. At the same time, we aim to capture the return potential in companies assessed to move in a more sustainable direction and thereby achieve an ESG score uplift.

How we invest

A large proportion of the investment products Spar Nord offers its customers is developed and managed by suppliers and business partners. In collaboration with an external consulting firm, Spar Nord's investments are screened for companies that violate international norms and conventions (such as the UN Global Compact) in relation to environmental protection, human rights, labour standards and business ethics. Furthermore, we inform our customers about the sustainability footprint of their investments.

In 2021, Spar Nord screened all portfolios in which Spar Nord has a mandate to invest on behalf of its customers. Among other things, we made a portfolio rating based on the ESG score of each company, calculated CO₂e emission intensity and performed a normative screening in compliance with international standards and conventions.

Spar Nord has set up a Committee for Responsible Investment. The Committee evaluates the Bank's responsible investment policy and sustainability risk management on a regular basis. The general approach is based on stewardship, involvement and commitment for the purpose of asserting a positive influence on companies that could do better in their ESG performance.

Sustainable investment

Spar Nord offers its customers the sustainable investment product BankInvest Global Equities Sustainable Development. The investment fund is an eco-labelled investment product with highly ambitious targets for overall ESG performance, CO₂e emissions and compliance with the UN SDGs. In 2021, Spar Nord's customers invested more than DKK 1.9 billion in BankInvest Global Equities Sustainable Development through Spar Nord's portfolio management service.

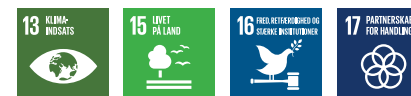


✓ Results in 2021

- 100 % ESG screening of Spar Nord's managed portfolios
- 100 % ESG screening of suppliers' portfolios
- About 14 % of our "Stjerneinvest" investment concept is placed in the eco-labelled fund BankInvest Global Equities Sustainable Development.
- Publishing exclusion list for Spar Nord's portfolios
- Statement on consideration for sustainability risks
- Integrated consideration for sustainability risks and ESG issues in the investment process

➔ Goals for 2022

- Contributing to advancing sustainable investment products
- Including customers' sustainability preferences in our eligibility assessment
- 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
- Developing stewardship setup for the investment landscape
- Developing the integration of sustainability risks and ESG issues in the investment process



Digital Investment Guide for customers

Spar Nord collaborates with BEC Financial Technologies and other financial institutions 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. A Digital Investment Guide (DIG) is expected to be launched in August 2022.

Risks

When Spar Nord offers and arranges investment products for its customers, there is always a risk that direct or indirect co-financing of activities could have an adverse impact on compliance with the UN Sustainable Development Goals. Any uncritical investment approach would therefore 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 and the environment. In addition, we risk jeopardising the Bank's reputation and thereby impair our market position.



Policy

Spar Nord makes investments on behalf of its customers on the basis of their individual investment profiles. As we seek to integrate focus on sustainability in our investment analysis and decision-making processes, we must consider all environmental, social and governance (ESG) issues. Spar Nord demands a responsible approach in relation to our investments to the effect that we exercise stewardship and monitor companies for breach of conventions or norms. In this context, we have articulated a responsible investment policy and a stewardship policy.



Spar Nord's action plan for reducing its CO2e footprint on investments

In December 2019, the Forum for Sustainable Finance released a number of recommendations on how the financial sector could contribute to accelerating the sustainable transition in society. In continuation of these recommendations, we have made calculations of CO2e emissions for our investment activities and prepared an action plan for reducing our CO2e footprint. The calculations reflect the current level of Spar Nord's investments. Our action plan and calculation approach will develop going forward in relation to our CO2e footprint.

	Business volume (DKKm)	Share	Emissions (1,000 tonnes CO2e)	Share	Emission intensity (tonnes CO2e per DKKm)
Asset management	42,316	66 %	284	81 %	6.7
Proprietary portfolio	22,196	34 %	66	19 %	3.0
Total	64,512	100 %	349	100 %	5.4

Asset classes covered by the calculation

As can be seen from the table above, total CO2e emissions related to investment handled by the Bank on behalf of customers through its asset management services amounted to 284,000 tonnes in 2021, which translates into an emission intensity of 6.7 tonne per million kroner invested. The corresponding numbers for the Bank's proprietary portfolio (excluding the trading book) are CO2e emissions of 66,000 tonnes, equalling an emission intensity of 3.0 tonne per million kroner invested.

The difference in emission intensity between asset management and the proprietary portfolio is mainly explained by the proportion of Danish mortgage bonds and the types of equities and corporate bonds. Danish mortgage bonds make up a relatively large proportion of the Bank's proprietary portfolio and typically involve less intensity than equities, which make up a relatively large share of the Bank's asset management services. Furthermore, the types of corporate bonds held in the proprietary portfolio are notably different from those in the Bank's asset management. Financial institutions, which account for a large proportion of the proprietary portfolio, typically contribute a low emission intensity. In the Bank's asset management, the portfolio of corporate bonds is more diversified by sectors and therefore involve much higher CO2e emissions.

The portfolio of ship mortgage bonds in the proprietary portfolio is not included in the calculation because of a lack of data at the time of the calculation. We expect that any ship mortgage bonds included in future calculations will show a relatively high calculated CO2e emission intensity.

The investments comprised by the calculation are based on the selection criterion that Spar Nord has direct access to or a direct opportunity to influence the composition of the investments. Therefore, the calculation covers the entire portfolio managed by Spar Nord on behalf of customers, including pooled solutions and the Bank's proprietary portfolio (not including the trading book). Customers' own investments and investments included in Spar Nord advisory agreements are thus not included.

Data basis

The quality of emissions data is generally characterised by imperfection.

For calculating our CO2e emissions, we applied the joint principles for methods to measure and calculate financed emissions from investments developed by Finance Denmark, the trade organisation for financial institutions in Denmark.

For calculating CO2e emissions, data from Refinitiv were used in the calculations for equities and corporate bonds. The data basis consists of company-specific data and estimated emissions. We expect the data quality for emissions data to improve in the coming year, which would contribute to the Bank's ongoing process of reducing CO2e emissions from investments.

For our estimates of CO2e emissions for Danish mortgage bonds, we used data from the mortgage credit institutions which have published such data. Not all relevant mortgage bonds were issued by institutions which have provided data,

Specific initiatives

Spar Nord believes this first calculation of CO2e emissions from investment activities represents one of several steps of a process to reduce CO2e emissions. Figures for CO2e emissions from our investments add new knowledge, enabling us to target our initiatives, for example with respect to the investment products we use, both for our proprietary investments and when we invest on behalf of our customers. In particular, we will use the calculation as a foundation for our further efforts to identify opportunities for reducing negative impacts and increasing our positive impacts. We will henceforth focus on sustainability in our customer advisory services. In compliance with legislation, we expect to be able to identify, by August 2022, our customers' sustainability preferences in an investment context when we provide face-to-face or digital investment advice.

An aerial photograph of a paved road that curves through a vast, dense forest. The trees are lush green, and the road is a light gray color. A small dark car is visible on the road in the distance. The text 'Sustainable finance' is overlaid in white on the lower right portion of the image.

Sustainable finance

Financial products and green partnerships



At year-end 2021, Spar Nord's total loans and advances to retail and business customers stood at approximately DKK 160.9 billion with bank and leasing loans accounting for approximately DKK 49.0 billion and mortgage loans for approximately DKK 111.9 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 and motivate our customers to make sustainable choices, which in turn support the Bank's ambition to mitigate the negative impact of human activity on the environment, climate and social conditions.

One of the objectives of Spar Nord's balanced credit policy is to support Spar Nord's integrity and social responsibility. One of the cornerstones of our credit policy is that we will not use risk appetite as a competitive parameter or do business with customers who could potentially harm the Bank's reputation or the society and the environment. Spar Nord's credit policy includes sustainability and climate risks in the assessment of customer creditworthiness.

Increased focus on sustainable finance

At Spar Nord, we are aware that all of our financing activities have a certain environmental and climate impact. Consequently, we have become a signatory to the UN Principles for Responsible Banking (UN PRB), and we apply Finance Denmark's CO2 model to calculate the CO2e footprint of the Bank's lending for car and home loans to retail customers and business lending at industry level. See the estimated CO2e emissions for lending on page 14.

To gain more insight into the positive and negative impacts of the Bank's financial activities on achieving the UN Sustainable Development Goals, we have prepared an Impact Analysis and defined climate as a significant impact area. Read the Impact Analysis at sparnord.dk/esg.

Spar Nord has chosen to focus its sustainable finance efforts on specific loan products and projects supportive of the green transition. We have initially focused on the financing of private vehicles and other energy supply that does not rely on fossil fuels, such as wind turbines, biogas facilities and heat plants.

Through dialogue and collaboration with our customers, we aim to contribute to reducing the negative impacts of our financing – both to the benefit of our customers and sustainability in society but also to live up to our own ambitions and to the expectations which the market and the authorities have for us.

Loans and advances 2021

	DKKm	%
Public authorities	1,257	2.6
Agriculture, hunting, forestry and fisheries	2,330	4.8
Industry and raw materials extraction	2,605	5.3
Energy supply	1,754	3.6
Building and construction	2,373	4.8
Trade	3,588	7.3
Transport, hotels and restaurants	2,520	5.1
Information and communication	292	0.6
Financing and insurance	3,500	7.1
Real estate	6,078	12.4
Other business areas	4,330	8.8
Business customers, total	30,627	62.5
Total retail customers	18,387	37.5
Total loans and advances	49,015	100.0



✓ Results in 2021

- Launching a car loan with an attractive interest rate if the borrower buys an electric or plug-in hybrid vehicle
- Calculating CO2e emissions from lending to retail customers (car and home loans) and business customers
- 2,000 of Spar Nord's customers used Totalkredit's energy calculator

➤ Target

- By 2025, 80% of all new loans for the financing of cars must be for electric or plug-in hybrid vehicles.
- Continuing to make a positive contribution to the green transition by engaging in dialogue with customers on profitable and sustainable financing options.



A greener car loan

In Denmark, cars drive an average of 16,000 km a year, severely affecting the climate and the environment. In 2020, the Danish government and its support parties made an agreement to ensure 775,000 green cars on the Danish roads by 2030¹⁾. In support of these ambitions, on 1 January 2021 Spar Nord launched a car loan that will make it attractive for our customers to make a greener choice when buying a new car.

With our new car loan, customers are offered an attractive interest rate if they buy an electric or plug-in hybrid vehicle. We have decided to favour these car types because they have a significantly lower carbon footprint than cars running on fossil



Financing for the district heating industry

The district heating industry is expected to be a significant contributor to realising Denmark's climate act and the ambition of a 70% reduction of Denmark's CO2e emissions by 2030. Succeeding in these ambitions will require substantial investments in the green transition of district heating plants across the country.

Spar Nord has already positioned itself as a strong collaboration partner for financing new district heating plants and the renovation and extension of existing plants across Denmark. Spar Nord has currently financed a total of 15 district heating plants in Denmark, and the figure is expected to rise in 2022.

When Spar Nord offers financing solutions for the district heating industry, we always do so in close collaboration between our Major Corporates department and Spar Nord Leasing. A financing solution for a district heating plant will typically involve a lease component, an operating credit, cash management and interest rate hedging. Owing to the complexity of these agreements, Spar Nord has set up a specialised district heating team, which over the course of many years has built solid industry insights and established Spar Nord as an attractive collaboration partner for district heating plants.

fuels. In this way, we hope to motivate more customers to opt for a greener transport alternative.

Real estate financing

At Spar Nord, we help to finance our customers' dreams about owning a house. Not only in the major cities, but also in the many local communities in which we operate. Being a responsible bank, it is paramount for us that our financing solutions are available to customers throughout the country, and that we explore the possibility of offering house financing to both first-time buyers and existing homeowners. We consistently seek to ensure that the financing solutions we offer help make our customers financial sound.

Real estate financing is a significant focus area for the Bank, not least given the estimate by the Danish Energy Agency that nearly 40% of Denmark's energy consumption derives from buildings²⁾. A substantial part of Spar Nord's loan volume is financing

Business volume and estimated CO2e emissions for lending

	Business volume (DKKm)	Share	Emissions (1,000 tonnes CO2e)	Share	Emission intensity (tonnes CO2e per DKKm)
Retail customers	10,758	28 %	53	14%	4.9
Residential real estate loans	8,851	23%	13	4%	1.5
Motor vehicle loans	1,907	5%	40	11%	20.7
Business market	28,090	72%	314	86%	11.2
Agriculture, forestry and fishing	2,898	7%	64	18%	22.2
Raw materials extraction	73	0%	1	0%	12.2
Industry	2,488	6%	19	5%	7.7
Utilities	1,749	5%	3	1%	1.9
Building and construction	2,467	6%	21	6%	8.4
Trade and transport etc.	5,965	15%	202	55%	33.9
Information and communication	281	1%	0	0%	0.7
Financing and insurance	3,181	8%	0	0%	0.0
Real estate/letting of commercial property	1,564	4%	0	0%	0.1
Residential	4,273	11%	1	0%	0.3
Business services	3,150	8%	2	0%	0.5
Total loans and advances	38,848	100%	367	100%	9.4

CO2e emissions calculated using Finance Denmark's CO2 model.

¹⁾ <https://www.regeringen.dk/nyheder/2020/massiv-co2-reduktion-og-ambition-om-1-mio-groenne-biler-i-2030/>

²⁾ <https://ens.dk/ansvarsomraader/energiebeparelser/byggeri-og-renovering>

Sustainable finance



the construction or renovation of buildings. Therefore, the Bank participates in Totalkredit'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 customers. In 2021, close to 2,000 of Spar Nord's customers used the tool for calculating energy savings at totalkredit.dk.

Green partnerships

Spar Nord's partnership relations reach beyond Totalkredit in the retail customer segment. For business customers, the Bank also offers attractive financing solutions in cooperation with relevant partners who can help our business customers with investments that may guide their businesses in a more sustainable direction.

For example, Spar Nord cooperates with Vaekstfonden, the Danish Export Credit Agency and Nordic Green Solutions A/S. These are all partnership relations that enable the Bank to make knowledge and solutions available to those of our customers who are prepared to start a green transition of their business. In this way, Spar Nord can help customers with specific financing of sustainable investments and with applying for government subsidies for such investments – including new and more climate-friendly vehicles.

Our ambition is to guide our business customers in a more sustainable direction, while also gaining deeper insights into the Bank's climate impacts in relation to our loan portfolio. Going forward, this will enable Spar Nord to engage in dialogue with our customers on profitable and sustainable financing options.

Reporting on the EU Taxonomy Regulation

Undoubtedly, Spar Nord and the financial sector in general are considered key contributors to the green transition as the sector can offer financing for customers to invest in more sustainable assets. Consequently, the Bank has an ambition to contribute actively to meeting the European climate-neutrality target by 2050. To ensure uniform and harmonised reporting, the European Commission has adopted the EU Taxonomy Regulation¹⁾, which is a classification system of economic activities that meet the criteria for being climate and environmentally sustainable.

Reporting on the EU Taxonomy Regulation will be phased in from the 2021 financial year to 2025, and for the 2021 and 2022 financial years Spar Nord must report on the taxonomy-eligible economic activities. From the 2023 financial year, reporting must be made on factual and provable economic activities that are sustainable (taxonomy-aligned).



Spar Nord's reporting on the EU Taxonomy Regulation depends on the sourcing of specific data from those of our customers comprised. As these data are currently not available for all areas of the Taxonomy, Spar Nord does not have the required data to calculate all of the Bank's Taxonomy-eligible activities pursuant to the data quality requirements of the Taxonomy. For the 2021 reporting year, the calculation of Spar Nord's financing of residential real estate collateralised by immovable property will be of such a sufficient exact and likely nature of the financed activity that the calculation is assessed to comply with the Taxonomy's data quality requirements and definitions.

In case of insufficient data availability, the European Commission allows reporting entities to provide voluntary disclosures alongside the mandatory disclosures under the EU Taxonomy in the other areas.

For the 2021 financial year, Spar Nord will thus disclose both mandatory key performance indicators under the Taxonomy and voluntary disclosures of possible Taxonomy-eligible activities based on the Taxonomy principles.

The voluntary disclosures cannot be considered reporting on the EU Taxonomy, and they are therefore not comparable with other companies that report on the EU Taxonomy.

On the basis of the Taxonomy's classification and data quality principles, 68% of the Total assets of DKK 113.4 billion are covered by the Taxonomy. This means 32% of the Total assets are not covered by the Taxonomy.

Spar Nord's share of Taxonomy-eligible activities at 31 December 2021 equalled 7% of Total assets, consisting of residential real estate collateralised by immovable property.

¹⁾ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32020R0852>



Table 1: Mandatory disclosure of Taxonomy-eligible activities according to Article 8 of the EU Taxonomy Regulation

	Taxonomy-eligible	Taxonomy-non-eligible	Taxonomy-eligible percentage share of total assets	Covered assets percentage share of total assets
Total assets	8,440	68,339	7 %	68 %
Exposures to corporate subject to NFRD		19,403	0 %	17 %
Retail exposures to motor vehicle		1,868	0 %	2 %
Retail exposures to residential real estate collateralised by immovable property	8,440	4,582	7 %	11 %
Of which share of trading book and on-demand inter bank loans in total assets		19,186	0 %	17
Total exposures to public-sector entities		3,128	0 %	3
Total exposures to derivatives		531	0 %	0
Total exposures to corporates not subject to NFRD		22,769	0 %	20

Page 49 provides more details about the mandatory calculation under the EU Taxonomy, including Spar Nord's voluntary disclosures on the EU Taxonomy, which are supplemented by a qualitative description of the calculated key performance indicators of Taxonomy-eligible activities.

Risks

Total loans and advances of DKK 160.9 billion entail a risk that the activities we finance have a negative impact on the climate, the environment and on human rights. This includes indirect impacts of the activities, such as pollution and environmental impacts of driving, and more direct impacts resulting from financing of companies that emit relatively large amounts of CO2 or do not respect labour rights.



Policy

Spar Nord offers financing on the basis of an overall credit assessment, including of the customer's ability to service loans. Financing cannot be granted exclusively on the basis of collateral. In our ongoing advisory services to the customer, we therefore focus on engaging in a constructive and relevant dialogue about financing solutions, to the benefit of all parties. Spar Nord has defined a credit policy, which includes sustainability and climate risks in the assessment of customer creditworthiness.





Governance & Compliance

Responsible banking and sound business culture



At Spar Nord, we consider prudence and corporate governance to be the cornerstones of our bank, allowing us for nearly 200 years to live up to our corporate responsibility. To us, corporate governance equals transparency with respect to the Bank's governance structure, rules and guidelines and openness with respect to our risk management process.

At Spar Nord, prudence goes hand in hand with strong business performance. Consequently, it is important to us that our employees are aware of the Bank's and their own responsibilities when they engage with our customers. It is important that our customers feel that they can rely on us to take good care of their finances. And that customers and society in general are confident that we run our bank in accordance with applicable legislation.

We prioritise a sound business culture

Spar Nord has defined a policy on sound business culture, which lays down the general framework for the business culture at Spar Nord at all levels. The policy should thus be seen in the context of the Bank's strategy, business model and values and the Bank's anti-money laundering policies, remuneration policy and code of conduct for employees and suppliers. Furthermore, the policy is intended to prevent that Spar Nord violates financial legislation or is used for money laundering, terrorist financing or other types of financial crime and corruption and bribery. In 2021, the Bank launched an in-house awareness campaign to inform its employ-

ees about the contents of the policy and the code of conduct. In addition, all new employees are introduced to the policy for a sound business culture as an integral part of the Bank's onboarding process.

Whistleblower scheme

At Spar Nord, we want our employees to feel genuinely comfortable with contacting senior management levels. This applies regularly in the daily dialogue and liaisons, but also widely in case of knowledge or suspicion of suspicious issues. Consequently, the Bank has set up a whistleblower scheme, which is accessible around the clock. Having established the whistleblower scheme, we expect our employees to act and react when they discover irregularities. In other words, it is a prerequisite for running a reputable and responsible bank that our employees contribute actively to eliminating the risk of conflicts of interest and corruption. As our whistleblower scheme is anonymous, we can protect our employees from reprisals.

Code of conduct training

Spar Nord assumes responsibility with respect to its employees' conduct in business and social relations at the workplace. To this end, we have defined a code of conduct setting out employee responsibilities relative to customers, colleagues, the Bank's reputation and society in general. All new and existing employees undergo training in the Bank's code of conduct so they can take a critical approach to suspicious aspects of their work.

Spar Nord's code of conduct – we are:

Prudent

All Spar Nord employees must display proper conduct. This is not only a precondition for being a part of Spar Nord. It is also a prerequisite for running a successful bank which contributes positively to societal developments.

Ethic

We act ethically and responsibly in our relations with customers, colleagues, suppliers and authorities. This includes, among other things, complying with all applicable legislation, and that we do not financially incentivise sales performance or establish relations that could jeopardise the Bank's reputation. We only create sustainable results for the Bank by accommodating customers' long-term needs.

Open

We are honest and straightforward when communicating with our customers. This means our product information, prices, terms and conditions and marketing comply with all relevant legislation. It also means that we endeavour to clarify all questions our customers may have with respect to our advisory services.

Honest

We wish to eliminate the risk of conflicts of interest, and we do not tolerate corruption. This applies individually and for the group as a whole. Consequently, we act when we discover irregularities, and we have established a whistleblower scheme to protect and anonymise employees who draw attention to problems.

Inclusive

We actively combat discrimination based on gender, ethnic origin, religion, sexual orientation, physical appearance or age.

Attentive

We take a positive interest in our customers' lives and reality to obtain a holistic view and see all opportunities to accommodate our customers' needs. We take care of our colleagues to ensure that everyone is seen and recognised as humans and colleagues. We help any colleagues facing a crisis situation by bringing the Bank's offer of assistance into play as soon as we suspect any problems.

Competent

We always bring our professional, human and social skills into play in our interaction with customers and colleagues in order to solve the task better, faster and at the optimum quality. We employ our skills to make ourselves and each other better.

Ambitious

We are personally ambitious about our work and promptly address any obstacles to satisfactory job performance. We always seek to obtain improvements and are open to suggestions from employees in all parts of the organisation.

Countermeasures against money laundering and financial crime

Spar Nord's ongoing measures against money laundering, terrorist financing and other types of financial crime are crucial to our credibility. Consequently, we ensure that compliance and general conformity with the law form an integral part of the Bank's strategy and business. Spar Nord cooperates with industry associations and relevant authorities to ensure responsible banking and prevent money laundering and financial crime. We furthermore adhere to Finance Denmark's principles of conduct on anti-money laundering and counter-terrorist financing in the Danish financial sector.

Spar Nord wishes to contribute actively to reducing the risk of money laundering and terrorist financing, and, to that end, we have defined an AML policy and a number of preventive measures which are regularly adapted to legislation and the current threat scenario.

Mandatory AML training

All Spar Nord employees must regularly undergo AML training. This applies to new employees and to existing employees at regular intervals. The aim of the AML training is to contribute to retaining employee awareness of relevant issues and current trends. The Bank currently employs 55 FTEs, who monitor transactions and provide regular reporting.

We adhere to Finance Denmark's principles of conduct

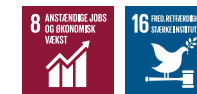
Spar Nord cooperates with the banking industry and the authorities to ensure responsible banking and conduct with respect to preventing money laundering and financial crime. To that end, we adhere to Finance Denmark's principles of conduct on anti-money laundering and counter-terrorist financing in the Danish financial sector.

- We commit to combating financial crime in a loyal and responsible manner.
- We recognise that the prevention and combating 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.





Governance and compliance



Risks

Responsible banking is paramount given that the existence of cross-border financial crime, tax evasion and international terrorism is a basic condition for all banks. The risk of the Bank being abused for purposes of money laundering, terrorist financing, corruption, bribery or other types of financial crime is present every day, and the threat level is rising. Although Spar Nord is a Danish bank with branches exclusively in Denmark, the risk is global. Consequently, there is a continuous risk that the Bank is used for harmful activities, which could have an adverse impact on the Bank's operations and reputation.



Policy

Spar Nord intends to ensure that financial transactions, customer relationships and agreements are screened when entered into and are monitored on an ongoing basis. Consequently, we regularly implement risk-mitigating measures and initiatives to strengthen the Bank's systems and employee capabilities in this area. The Bank has articulated an AML policy, a policy for sound business culture and a code of conduct, which spell out the framework and expectations for how employees should react to ensure the responsible and safe operation of the Bank.



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.

Reports to SØIK:	2019	1,750
	2020	2,048
	2021	2,194

✓ Results in 2021

- Awareness campaign regarding policy for a sound business culture
- Training of employees in code of conduct and AML
- Implementing ESG policy
- 2,194 reports to State Prosecutor for Serious Economic and International Crime (SØIK)
- 55 specialised FTEs working with AML, against 19 in 2020

➤ Goals for 2022

- Persistently monitoring and analysing risks of money laundering and terrorist financing
- Continuing increase in resources for AML and compliance

Governance and compliance

Data and cybercrime



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 as well as business partners and sub-contractors 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.

Continued investment in IT security

Spar Nord will continue to invest in IT security – including in 2022. The investments are driven partly by the increased risk of cybercrime and the dynamic threat scenario, and partly by the fact that Spar Nord is 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.

With its continuing investments in IT security, the Bank is committed to complying with current orders issued by the Danish FSA.

Data ethics and processing of personal data

During 2021, Spar Nord launched a policy on data ethics, which serves to create joint ethical principles and practice for how the Bank should collect, use and erase personal data and for how the Bank, now and in the future, should apply artificial intelligence (AI) in an ethically responsible manner.

The policy on data ethics applies to any party that, on behalf of Spar Nord, processes personal data, and it is thus used as a benchmark in all data-related processes and in all assignments involving data – no matter whether such data belongs to employees or customers.

Building on transparency and responsibility, the policy aims to ensure that all customers and employees are treated equally and properly in all respects and that human considerations always come before business considerations. As such, Spar Nord undertakes at all times to process personal data in the same way that we want our own information to be processed.





Governance and compliance



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. The proper level of security for Spar Nord is ensured through ongoing assessment of the threat scenario and by launching the required security measures.

Policy



As data and cyber security is paramount to Spar Nord, the Spar Nord management consistently takes steps to safeguard confidentiality, integrity, availability and legislation and sector requirements in order that the Bank can be perceived as a professional, trustworthy and respected bank, collaboration partner and employer. To support its data and cyber security, Spar Nord has articulated an IT security policy, a data protection policy, a policy on data ethics and a privacy policy.

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 and help attract and retain good suppliers and customers.

Code of conduct for suppliers

We require our suppliers to maintain high environmental standards and that major suppliers support the UN's Sustainable Development Goals and the ten principles of the UN Global Compact. Consequently, Spar Nord works with a code of conduct for major suppliers, which, through systematic follow-up, forms a part of the Bank's central procurement processes and supply chain management.

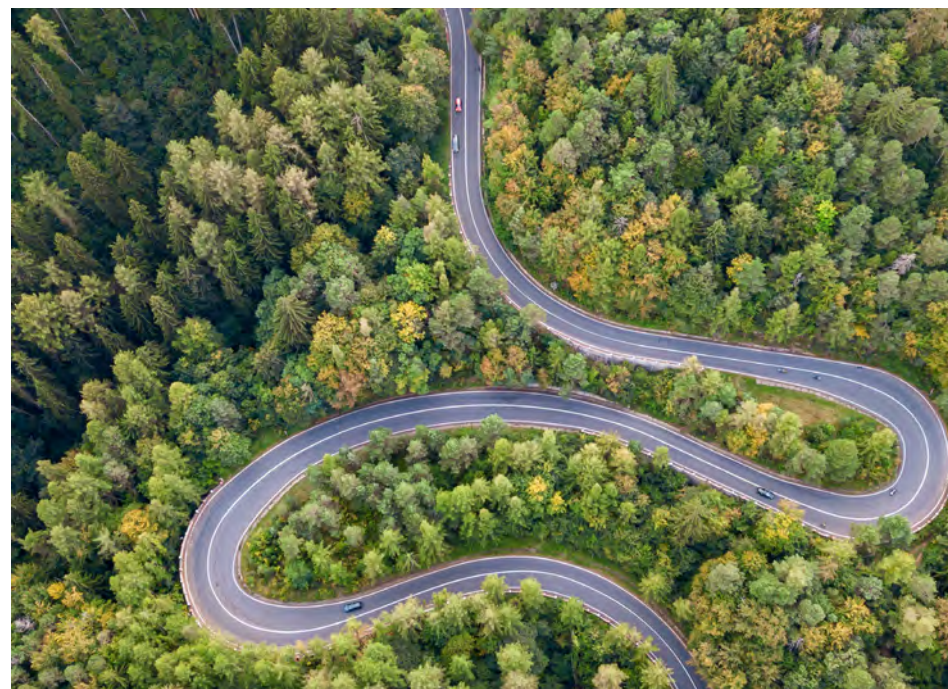
In 2021, all major suppliers were asked to consider Spar Nord's code of conduct for suppliers. The code defines requirements for suppliers in terms of adherence to laws, conventions and principles for the environment and the climate, for human rights, for labour rights and for anti-corruption. Furthermore, the Bank's main suppliers were asked to answer questions concerning a number of specific issues relating to their supply chain and production. 61% of the

suppliers responded to the questionnaire. The replies were generally satisfactory and did not give rise to criticism or termination of the collaboration. In 2022, we will work to ensure that all suppliers – both large and small – automatically receive our code of conduct for suppliers.

Desks converted into 263 new trees

At Spar Nord, we want to cooperate at any time with suppliers who, like us, make an active contribution to the green transition. Therefore, we always check the sustainability profile of a supplier before entering any cooperation. For example, we have decided to buy office furniture from the furniture manufacturer HOLMRIS B8. We chose HOLMRIS B8 because this is a manufacturer that takes a strategic approach to sustainability and social responsibility, focusing on reusability and responsibility in its production. In cooperation with the Growing Trees Network Foundation, HOLMRIS B8 has undertaken to plant trees to offset the carbon emissions resulting from its furniture production. When Spar Nord bought new table tops for its desks in 2021, we thus contributed to planting 263 trees in a community forest in Hasselager near Aarhus, which corresponded to the equalisation of 2.6 tCO₂ over 30 years¹⁾.

¹⁾ <https://www.holmrisk8online.dk/shop/cms-66.html>



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 thus risk irresponsible supplier conduct adversely affecting Spar Nord's reputation and business.



Policy

Spar Nord pursues the goal that all suppliers adhere to our code of conduct for suppliers. Spar Nord will regularly check whether the Bank's suppliers and in some cases their subcontractors comply with the ethical rules and verify the information provided by the supplier. If a supplier or subcontractor fails to comply with the ethical rules, we will initiate a dialogue with the supplier to disclose the matters. An action plan will be prepared and we will agree on a reasonable time limit to enable the supplier to comply with the ethical rules. If the supplier has provided misleading information or cannot implement the required improvements, we reserve the right to terminate our business relationship.



A decent workplace



Spar Nord's most important resource is its employees. Therefore, we wish to create attractive working conditions and a healthy and stimulating working environment in which all employees can unfold their professional and personal potential in the best possible way. It is important to Spar Nord that all employees are aware of their individual development and career opportunities, and we consider dialogue and good management requisites for running a decent workplace. Spar Nord wants to promote a culture in which employees act responsibly towards customers, colleagues, the Bank and society in general. With that in mind, Spar Nord endorses the UN Global Compact and has implemented a responsible working environment policy and a policy on sound business culture.

Focus on telecommuting and flexibility

While the pandemic in 2020 made telecommuting a temporary necessity, 2021 was the year in which we drew on the best experiences from the periods of restrictions and lockdowns. Working from home and online meetings with customers and business partners have thus proven to be an attractive opportunity which several employees now make use of. As a result, Spar Nord has prepared a new local agreement on working from home in close collaboration with the Financial Services Union "Spar Nord Kreds" and the Bank's working environment committee. Among other things, the agreement opens up for employees and managers to apply a higher degree of flexibility in the local planning of working

hours. Obviously, this has contributed to changing the existing routines and business procedures, but in a manner where operations as well as employee well-being and health have been cornerstones.

Furthermore, surveys of health and well-being have shown that changing and flexible working conditions continue to have a positive impact on employee well-being. Going forward, we will therefore be monitoring employee well-being and health closely, consistently working to adjust our organisation and work planning processes to be well prepared to respond to future societal challenges.

Organisational diversity

Spar Nord believes 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.



Gender in management and Board of Directors

Currently, the Bank has defined a goal that women should represent at least 33% of board members. At the end of 2021, this goal was not achieved with women representing 22% of board members. A single male member of the Board of Directors was replaced in 2021. During the recruitment process, we found that there were no interested female candidates whose qualifications matched the primary selection criteria, which are based on considerations with respect to collective competencies on the Board of Directors.

Ambition and career development are integral parts of the Bank's day-to-day management. Spar Nord therefore works systematically to identify and motivate employees with leadership potential regardless of gender and to retain 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 gender breakdown at executive and executive mid-level should consistently shift towards a more equal distribution between men and women – from currently about 20% women in the Bank's executive team to 25% women by the end of 2024. As these goals were not fully achieved in 2021, the Bank will retain focus on initiatives to support the intended developments in 2022.

Work-life balance

Spar Nord wants its employees to thrive in their job and to live a 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 for its employees. Spar Nord has adopted a pre-retirement policy, which addresses 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.





Governance and compliance



Collaboration and dialogue

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. In 2021, Spar Nord updated its performance interview template to ensure a contemporary dialogue.

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 constantly being updated and developed, continuously enhancing the Bank's competitive strength and the employee's value. 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 our organisation flexibility and mobility. In 2021, at least 8,600 hours of training were completed.

Recruitment and promotion

Spar Nord is a sizeable and leading employer in the industry. This means we have 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.

Spar Nord considers reaching out to educational institutions and offering student jobs to young people to be a social obligation and a business advantage. Throughout 2021, the Bank focused strongly on recruiting recent graduates within economics, and finance as well as academia. We have implemented new internal rules for recruiting trainees, making it more attractive for the local banks to recruit new talent. Among other things, this means that newly recruited trainees are no longer included in various economic indicators, which has increased the incentive to recruit locally.

Spar Nord has a responsibility for and an interest in being a stimulating workplace offering good career opportunities. To this end, we make dedicated efforts to promote internal mobility among our employees. The Bank has established fully transparent guidelines which specify the efforts and results that may lead to upgrading to another pay bracket and one-off payments.



Well-being and satisfaction

Each year, Spar Nord measures employee well-being and satisfaction on 10 overall 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 in an ongoing process through interim measurements.

In 2021, we performed a well-being and satisfaction survey in the wake of the COVID-19 lockdowns. This was the second time the survey was not anonymous. The response rate was as high as 96% in 2021, against 93% in 2020. This means a total of 1,544 employees responded to the survey in 2021, which Spar Nord believes is an indication that the employees are confident in our handling of the results. The 2021 survey was generally very positive. While the 2020 survey measured record-high well-being, we recorded a small decrease in 2021, which may be due to changed working conditions driven by the COVID-19 lockdowns.

Goals

- Continue efforts to achieve a share of 25% women in the Bank's executive team by 2024.
- Continue efforts to achieve the goal of 33% women board members by 2024.
- Continue efforts to achieve a high level of well-being, satisfaction and personal development among the Bank's employees.

New initiatives and results in 2021

- Implementing a new, contemporary collective agreement, which includes factors such as all-inclusive salary, a sixth holiday week for everyone and abolition of pay brackets.
- Renegotiating new accession agreement with AP Pension to ensure the best possible pension plan for all employees.
- Pre-retirement meetings for employees above the age of 58.
- Collaborating on strategic health and categorisation of Spar Nord in the 5-factor model of the Danish Health Authority (KRAMS model). Spar Nord is currently at step 3.
- Employee shares and new gross salary scheme in cooperation with Atea.
- Around 100 former BankNordik employees were integrated into Spar Nord's culture and business in 2021.

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 through constructive cooperation and recurring review meetings with the Financial Services Union "Spar Nord Kreds" and in the Bank's joint consultation and working environment committees. If we fail to comply with the policies for employee matters, we 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. Both in 2020 and 2021, the pandemic represented a special risk for the health of individual employees and for public health in general. Spar Nord therefore complied with all government recommendations for containing the spread of the virus and signed a new local agreement on telecommuting.



Policy

Spar Nord's vision is to provide a healthy and safe environment to all employees, customers and visitors to the Bank. Thus, a fundamental element of our commitment to being a proper bank is that we focus strongly on health, physical and psychological safety and well-being for everyone working at Spar Nord and that we maintain a good and safe environment for everyone who frequents the Bank. The Bank is working to prevent attrition, occupational accidents, absenteeism, mental dissatisfaction and discrimination and make the organisation and its employees resistant to all types of bullying or harassment, including physical, verbal, sexual or psychological bullying and harassment, abuse and threats. We consistently comply with legislation, while initiatives in selected areas are more far-reaching than prescribed by legislation. Spar Nord has articulated a responsible working environment policy, a pre-retirement policy, a remuneration policy, a policy on sound business culture, targets and policy for the underrepresented gender in management functions and a policy for diversity on the Board of Directors.





Local
commitment

Local commitment



Spar Nord's operations rely on a strong local presence and decentralised decision-making powers. Accordingly, we naturally engage with the local communities in which we operate. Through our 59 local banks, we actively participate in local communities and support initiatives as well as associations to the benefit of local community cohesion.

Spar Nord has a long-standing tradition of sponsoring small and large associations and initiatives. We believe we have a particularly important responsibility for helping to develop healthy and sustainable associations in all communities where we have a presence. In 2021, the Bank granted sponsorships for more than DKK 22 million.

In close collaboration with the Spar Nord Foundation, Spar Nord Bank each year supports both small and large initiatives across Denmark. The Spar Nord Foundation owns approximately 19% of Spar Nord Bank, and the dividends from this ownership interest are some of the funds that we channel back into associations and local communities.

Marine litter reduced by 2.4 tonnes in Denmark

In autumn 2021, Spar Nord Bank's employees spent working hours contributing to a national marine litter initiative, in which dedicated local citizens, school children, associations and businesses were invited to help make a difference. In a pooled effort, 2.4 tonnes of marine litter was collected from Danish beaches.

Since 2017, the Spar Nord Foundation has donated around DKK 2 million to the Danish Navy's marine environment campaign Havmiljøvogterne, which is focused on reducing marine litter in and around the oceans. Spar Nord's national marine litter action was thus an extension of a purpose already supported by the Spar Nord Foundation.

Spar Nord Bank plans to repeat the marine litter collection initiative in 2022. Schools, associations, businesses or private individuals who want to support the good cause can at any time pick up bags for collecting marine litter from their local Spar Nord branch. For more information about the campaign, see havmiljovogter.dk



Risks

The local cohesion and the personal relations and commitments are 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 ultimately 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.



Policy

Spar Nord and the Spar Nord Foundation aim to make a joint and active contribution to the society we are all part of. We do that by granting sponsorships and donations focused on community, culture, community association activities and social commitment. To make sure the funds are distributed for the right purposes and have the greatest possible impact, all applications for the Spar Nord Foundation are assessed on the basis of a number of impact principles, including whether a project would make a great or small contribution to supporting communities, knowledge and learning, visibility, sustainability and innovation.





Leisure time
Local communities and
leisure time contents.

Photo:
Louise Dybro

Local commitment

Communities with an impact

Nationwide donations rooted in North Jutland

The Spar Nord Foundation is rooted in Sparekassen Nordjylland, which for generations has helped people and local communities to blossom. When Sparekassen Nordjylland in 1989/90 became a public limited company, the accumulated capital was used to found the Spar Nord Foundation. Since then, the purpose of the



Foundation has been to make donations that make a difference at local, regional and national level.

Supporting valuable communities

The Spar Nord Foundation makes donations with a special focus on supporting projects and initiatives developed and experienced by community organisations. The Spar Nord Foundation makes donations for communities in the fields of culture, leisure and social projects, emphasising that the donations must make a real difference to the people or associations and for the sense of community across the country.

Meals for families affected by illness

Since 2019, the non-profit initiative Det Kærlige Måltid has been supported by the Spar Nord Foundation; in 2020 for starting up a department in Aalborg and again in 2021 for consolidating the Aalborg activities and ensure meals for a steadily increasing number of families with an extensive need for help. 40 young volunteers work in the kitchen, and 20 adult volunteers are currently working to provide healthy and well-prepared meals for families affected by acute illness. ilies for whom

Social
A time-out for dissatisfied people.

Photo:
Det Kærlige Måltid



Social – continued

long-term illness makes it an insurmountable task to shop for groceries and prepare meals.

Working as a volunteer with Det Kærlige Måltid offers huge value to young people and adults alike. Especially for the young people, who can grow and gain useful knowledge and experience which they can draw on later in life.

Det Kærlige Måltid has defined a goal that 20% of the young volunteers are vulnerable young people, who suffer from issues such as stress, anxiety or depression. They form part of a strong and rewarding community, and the happy conclusion is that those who lend a hand are themselves helped by other young people, who in fact also achieve a drive and passion for life by working as a volunteer with Det Kærlige Måltid.

The donations for Det Kærlige Måltid are one of many examples of the Spar Nord Foundation's support for social initiatives which, in addition to the main objective, contribute to making people help other people see new perspectives and opportunities in life.

The Spar Nord Foundation

- Owns shares in Spar Nord Bank – equal to an ownership interest of about 19%
- Most of the share dividends are channelled back into society
- Around 800 initiatives supported each year
- In 2021, the Spar Nord Foundation made total donations (local, regional and national) of around DKK 50 million for 815 projects

Culture

Everyone should have an opportunity to experience art and culture. The Spar Nord Foundation is focused on children and adolescents.

Photo:

Miklos Szabo - The Brothers Lionheart,
Det Kongelige Skuespil



A photograph of a solar farm in a field of tall grass at sunset. The sun is low on the horizon, creating a warm, golden glow. The solar panels are tilted and arranged in rows, stretching into the distance. The foreground is filled with tall, green grass, some of which is out of focus. The sky is a mix of blue and orange.

Own
emissions

The Bank's own emissions

Carbon-neutral banking operations in 2021



Climate and environmental impacts constitute 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 form the foundation for our efforts to reduce our negative carbon footprint. In its current strategy plan, Spar Nord has defined an ambition of making the Bank carbon neutral over a period of time. Through reduction and compensation measures, we realised the goal of climate-neutrality on scopes 1 and 2 by the end of 2021.

Mangrove trees providing climate compensation

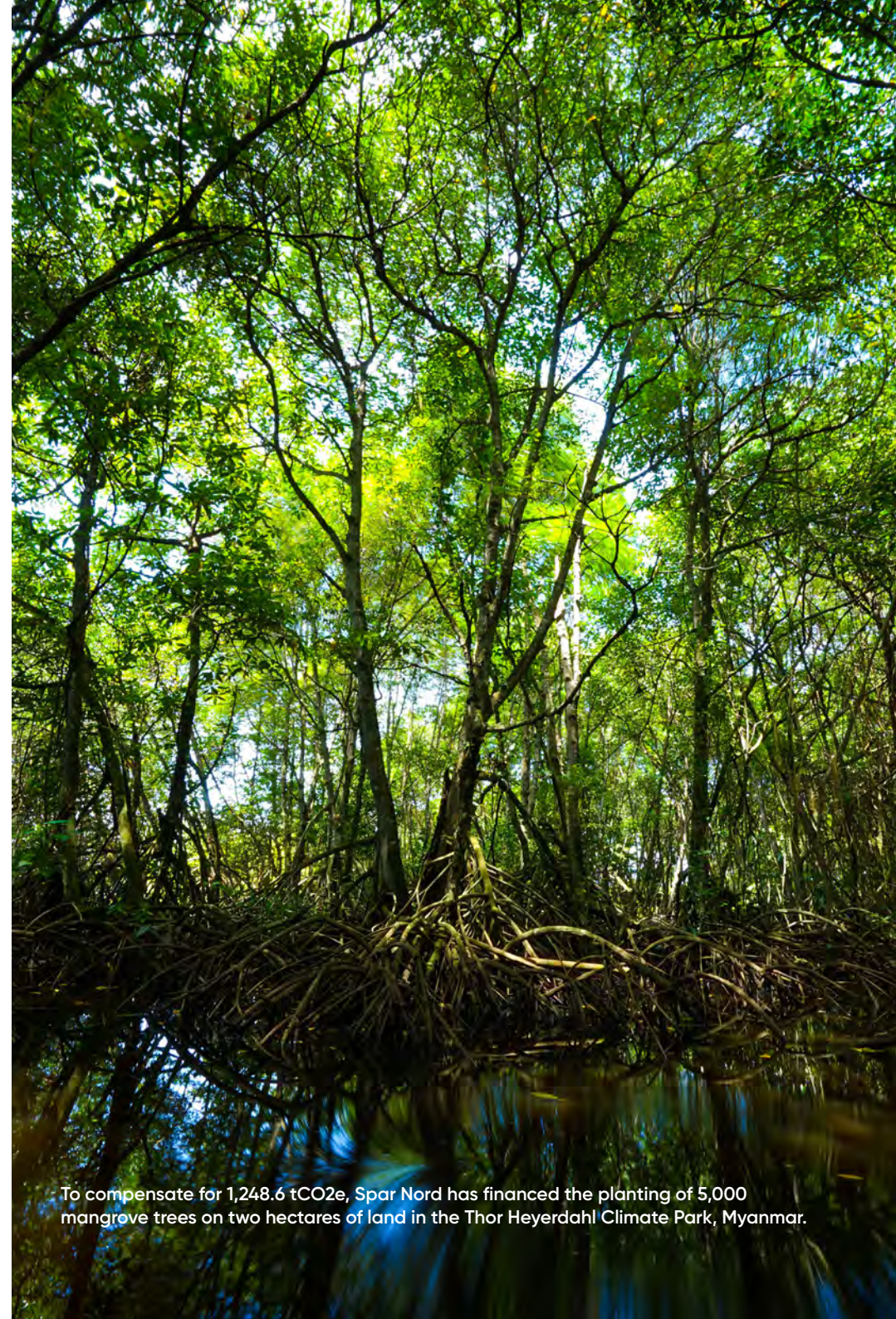
Spar Nord has opted to compensate for the part of the Bank's greenhouse gas emissions that we are still not able to reduce ourselves – a total of 1,248.6 tCO₂e. We do so by purchasing climate credits in the Thor Heyerdahl Climate Park, which will contribute to the planting of mangrove forests in Myanmar. We decided to support this project because mangrove trees absorb up to five times as much CO₂e as other trees and store CO₂e directly in the soil. Furthermore, as mangrove trees are easy to plant and grow quickly, a great effect is achieved relatively quickly. The project also contributes to creating jobs and build a circular society, ensuring better living conditions for the local population.

Spar Nord will continue its efforts to launch initiatives that may contribute to ensuring full climate neutrality for the Bank's operations without having to compensate using climate credits. To succeed in these endeavours, we depend on all collaboration partners to prepare and publish their climate accounts. Spar Nord will therefore regularly seek to affect collaboration partners as well as suppliers to prepare climate accounts and commence the journey towards a greener transition.

Indirect emissions from key suppliers

A large and heavy item in the Bank's overall climate accounts is the indirect CO₂e emissions from key suppliers such as the data centre BEC Financial Technologies, which provides technology and operational services to Spar Nord. In 2020, BEC Financial Technologies emitted a total of 33,600 tCO₂e. Spar Nord owns BEC Financial Technologies together with 18 other banks, with Spar Nord holding an ownership interest of 15.6%.

As Spar Nord consistently seeks to improve its data and insights into our total carbon footprint, we have opted to estimate the 2020 CO₂e emissions from BEC Financial Technologies under scope 3 based on our percentage ownership. As we gradually gain more insights into the climate accounts of other suppliers, we will also include their emission figures under scope 3.



To compensate for 1,248.6 tCO₂e, Spar Nord has financed the planting of 5,000 mangrove trees on two hectares of land in the Thor Heyerdahl Climate Park, Myanmar.

The Bank's own emissions

Climate accounts of Spar Nord 2021

Key figures for greenhouse gas emissions

	Unit	2021	2020
Total Scope 1 emissions	tCO ₂ e	224	123
Total Scope 2 emissions (location-based)	tCO ₂ e	1,025	1,102
Total Scope 2 (market-based)	tCO ₂ e	504	476
Scope 3 emissions	tCO ₂ e	188	244
Scope 3 (Operation control - BEC)	tCO ₂ e	5,242	N/A
Total Scope 3 emissions	tCO ₂ e	5,430	244
Total (location-based)	tCO₂e	1,437	1,469
Total (market-based)	tCO₂e	6,158	843

The small increase in emissions of e.g. scope 1 and scope 2 (market-based) was because Spar Nord in 2021 expanded the Bank through the acquisition of BankNordik's Danish business. Many of the Bank's branches operate from rented premises in which heating consumption forms part of the rent. Consequently, we are not familiar with the heating consumption in these buildings, and our consumption calculation for 2021 is therefore incomplete.

Awareness campaigns

Spar Nord is continuously working to build climate awareness among its employees, customers and business partners. We do so using in-house ESG information campaigns, health activities and activities that go beyond work-related efforts. In 2020 and 2021, for example, we joined the "Let's bike to work" campaign of the Danish Cyclists Federation, which prompted a large number of employees to leave their car and get on their bikes.

Likewise, Spar Nord in 2021 contributed to the biodiversity of the local area around its headquarters by planting wild flowers to simulate biodiversity and the insect fauna. We also launched a campaign in which we offered free flower seeds for our customers, encouraging them to plant wild flowers in their own gardens or balcony flower boxes. In 2022, we are planned to expand the wild flower initiative to our local branches, where this is possible, and we intend to repeat our campaign towards our customers.

Recycling food waste

In 2021, a total of 24 tonnes of food waste was collected from Spar Nord, which was converted into 2,776 Nm³ of CH₄ methane at a biogas facility.

This equals the production of **8,160 kWh of electricity** and **10,200 kWh district heating**, resulting in a **CO₂e reduction of 3.4 tCO₂e**



Meeting culture and green transport

In 2021, Spar Nord made a special effort to implement new, green meeting and travel habits throughout the Bank. As part of these efforts, the employees must now to a greater extent than previously challenge themselves with respect to the necessity of face-to-face meetings and instead arrange a virtual meeting when possible. This is both to protect the environment and reduce the Bank's CO₂e emissions, but naturally also to ensure a more sustainable and effective meeting culture at Spar Nord. In addition, employees are encouraged to use public transportation, car pooling and transport using the Bank's own vehicles, of which 93% are energy-labelled A. Spar Nord has installed a total of five vehicle charging points for electric and hybrid vehicles at the Bank's head office. In 2022, we intend to install an additional 14 charging points at local branches across the country.

Reduced energy consumption using LED

As part of the endeavours to become carbon neutral by 2021, Spar Nord has made a dedicated effort to energy-optimize and to convert to LED light sources across the entire organisation. In 2021 alone, our ongoing efforts to replace conventional sources with LED light sources resulted in total savings of more than 102,100 kWh in the coming years.



The Bank's own emissions



New solar panel farm to provide the Bank with green power

Together with a number of other players in the financial sector, Spar Nord signed a 10-year agreement in 2021 to purchase green power from the energy company Better Energy. The agreement also entails the installation of a brand new solar panel farm in Jutland. The solar panel farm will produce enough power to supply the annual average consumption of about 32,000 Danish consumers. The local plan also shows that the solar panel farm is expected to have a positive impact on the nature preservation interests as the farm will improve the conditions of the adjacent natural areas. The new solar panel farm is expected to be ready to supply green power from 2023.

✓ Results in 2021

In 2021, we reduced our emissions from the treatment of waste water consumption by more than 50% compared with 2020.

- **Waste emissions 2021**
1.2 tCO₂e
- **Waste emissions 2020**
3.3 tCO₂e
- **Water emissions 2021**
1.0 tCO₂e
- **Water emissions 2020**
2.2 tCO₂e



The Bank's own emissions



✓ Results in 2021

- Carbon-neutral banking operations on scopes scope 1 and 2 through reduction and compensation.
- New agreement to purchase power from Danish solar cell farm.
- 5 vehicle charging points installed at head office and 3 at the local banks.
- Saving of 1,000 KWh from installing new ventilation system at head office.
- Conversion to LED light sources with anticipated savings of 102,100 KWh in coming years.
- Total drop in air travel emissions of 47.8 tCO₂e.
- Emissions from the treatment of waste and spillage in 2021 were 1.2 tCO₂e.
- Emissions from water consumption in 2021 were 1 tCO₂e.

➔ Goals for 2022

- Installing 14 new vehicle charging points across the country.
- Extending biodiversity efforts across the country.
- Continuing efforts to reduce the Bank's own CO₂e emissions.

Risks

There are environmental risks associated with the Bank's operations, because its energy consumption, transport, procurement, resource handling, water consumption and canteen operations may have a negative impact on the Bank's carbon footprint. Consequently, we are constantly working to take measures that may contribute to reducing the CO₂e emissions from the Bank's operations.



Policy

Spar Nord wants to contribute to a sustainable environment and climate. We share a responsibility for ensuring a sustainable future, and we therefore always incorporate environmental and climate considerations in our activities across the Bank. Furthermore, we utilise our knowledge and resources to achieve the most responsible results for the Bank, our customers and society in general. Our environmental and climate impact is attributable to the day-to-day operations of the Bank, our resource consumption and employee actions, and we share a key responsibility in relation to the financial products and services we offer our customers. To that end, Spar Nord has articulated a climate and environmental policy, a code of conduct for suppliers, a policy for sound business culture and a policy on product approvals.





Environmental data

Scope 1

Transport/Natural gas	Unit	2021	2020
Diesel	tCO ₂ e	150	94
Petrol	tCO ₂ e	41	29
Transport	tCO₂e	191	123
Natural gas	tCO ₂ e	33	
Scope 1 emissions	tCO₂e	224	123

Scope 2

Electricity and district heating

Electricity purchased (Location-based method)	tCO ₂ e	521	626
Electricity generated internally by solar	tCO ₂ e	-	-
District heating purchased	tCO ₂ e	504	476
Scope 2 emissions	tCO₂e	1,025	1,102
Scope 2 emissions according to market-based method	tCO₂e	504	476

Environmental data

Scope 3

No. of flights	Unit	2021	2020
Continental/Nordic	tCO ₂ e	0	6
Intercontinental	tCO ₂ e	4	14
Domestic	tCO ₂ e	44	62
	tCO₂e	48	82

Other business trips

Hotel accommodation	tCO ₂ e	2	2
Employee mileage in private car (DK)	tCO ₂ e	136	155
	tCO₂e	138	157

Waste

Household waste for incineration	tCO ₂ e		1
Paper recycling	tCO ₂ e	1	2
Bio waste	tCO ₂ e	0	0
Electronic waste recycling	tCO ₂ e	0	0
	tCO₂e	1	3

Water consumption

Water supply	tCO ₂ e	1	2
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Scope 3 emissions	tCO₂e	188	244
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Operation Control

BEC * - figures for 2020	tCO ₂ e	5,242	
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Scope 3 emissions, total	tCO₂e	5,430	244
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Total (location-based method)	tCO₂e	6,679	1,469
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Total (market-based method)	tCO₂e	916	843
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*) Emissions from BEC are calculated as scope 3 location-based as we still have no information about the data processing centre's power purchases.

ESG key figures

Environmental data

Key energy consumption figures

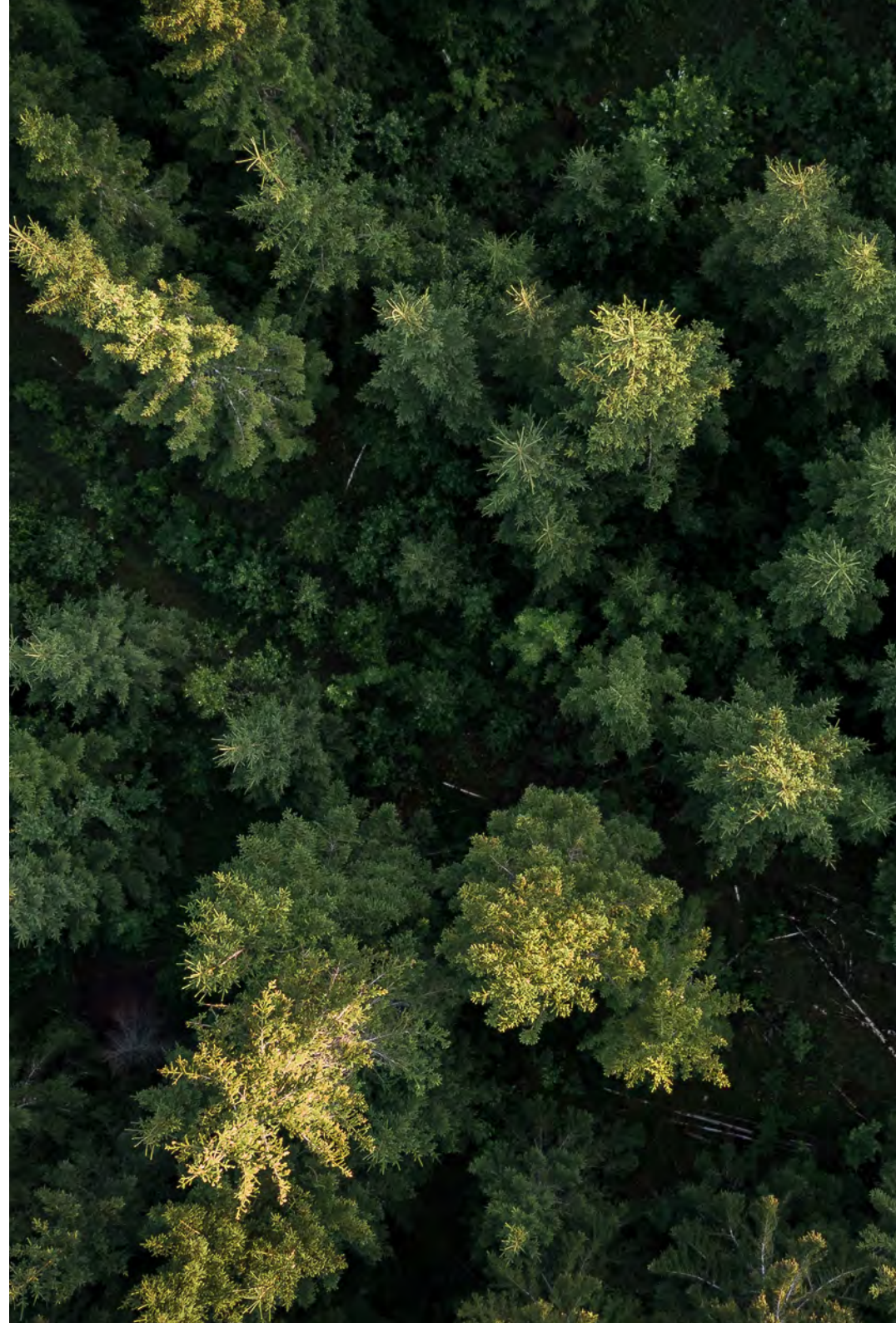
Scope 1

	Unit	2021	2020
Transport			
Diesel	MWh	617	386
Petrol	MWh	178	127
Transport	MWh	795	513
Natural gas	MWh	201	
Scope 1 emissions	MWh	996	513

Scope 2

Electricity and district heating

Electricity purchased	MWh	4,171	4,089
Electricity generated internally by solar	MWh	128	58
District heating purchased	MWh	5,208	5,424
Scope 2 emissions	MWh	9,507	9,571
Scopes 1 and 2 total	MWh	10,502	10,084



ESG key figures

Social data

Average age and seniority and staff turnover		Unit	2021	2020
1	Average age, years	FTE	47.2	47.4
2	Average seniority, years	FTE	13.2	14.2

Number of full-time employees at 31.12.

1	Number of full-time employees at 31.12.	FTE	1,608	1,545
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Number of employees by education level

1	Primary school	%	3.0	3.1
2	Upper secondary school	%	4.8	5.3
3	Vocational training	%	38.0	39.6
4	Short-cycle higher education	%	24.3	24.7
5	Medium-cycle higher education	%	16.4	15.4
6	Bachelor	%	2.3	2.3
7	Master's degree	%	11.1	9.6

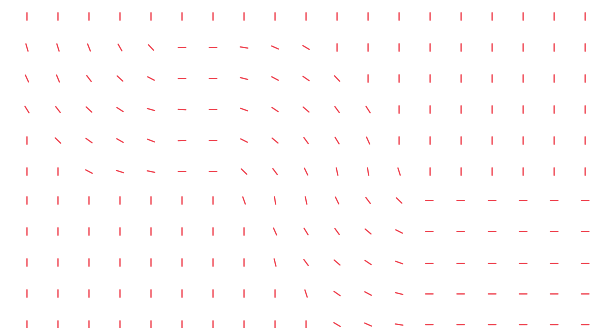
Occupational accidents		Unit	2021	2020
1	Number of occupational accidents categorised as physical accidents	FTE	6	3
2	Number of occupational accidents categorised as violence/threats/robbery	FTE	14	13
	Number of occupational accidents categorised as COVID-19-related	FTE	5	
3	Total number of occupational accidents	FTE	25	16

Gender distribution

1	Gender distribution: Number of men, %	%	49.0	47.6
2	Gender distribution: Number of women, %	%	51.0	52.4

Governance data

	Unit	Target	2021	2020
Share of women in management	%	25.0	20.0	21.8
Share of women on Board of Directors	%	33.0	22.2	22.2



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 response rate was as high as 96% in 2021, against 93% in 2020. While the 2020 survey measured record-high well-being, we recorded a small decrease in 2021, which may be due to changed working conditions driven by the COVID-19 lockdowns.

Effort Participation 96%	2021	2020	2019
Strategy	80	81	75
Reputation – Image	90	92	90
Immediate superior	89	90	84
Collaboration	89	89	87
Professional and personal development	83	84	81
Daily assignments	82	84	77
Satisfaction	88	91	84
Motivation	90	93	88
Loyalty	92	95	89
Commitment	83	85	82
Well-being index	86	88	84

Strategy

Spar Nord has a clear strategy for its direction going forward.	86	86	81
I am familiar with Spar Nord's strategy and vision.	86	87	82
I receive adequate information about what is going on at Spar Nord	68	70	62
Total score	80	81	75

Image – Reputation

	2021	2020	2019
Spar Nord has a good reputation	90	94	96
Other people consider Spar Nord a good workplace	94	97	93
I am proud to work at Spar Nord	93	95	91
At Spar Nord "we walk the talk" with respect to our values	80	83	77
I identify with Spar Nord's values	94	95	92
Total score	90	92	75

Professional and personal development

I find that I can use my knowhow and my skills in my job	93	93	92
I am able to attend training and develop my job skills	86	85	82
I find that changes take place at a pace that I can keep up with	76	74	73
Spar Nord has good long-term prospects	91	92	89
Spar Nord is good at adapting.	69	70	64
In the past 12 months, my immediate superior conducted an appraisal interview with me	85	89	89
Total score	83	84	81

Satisfaction and motivation

I am generally satisfied with my job at Spar Nord	91	94	90
I am satisfied with my work-life balance	85	88	79
Spar Nord is the ideal workplace for me	89	92	85
Total score satisfaction	88	91	81
I feel motivated in my job	86	90	84
I nearly always look forward to going to work	88	92	83
The work I do is important to Spar Nord	96	97	96
Total score motivation	90	93	81

UN PRB – Reporting and self-assessment



Principle 1: Alignment

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

1.1 Give a (high level) account of your Bank's business model, including the most significant customer segments it serves, the types of products and services it provides, the most significant sectors and types of activities and, where relevant, the technologies that are financed across the most important geographies in which the Bank has activities and provides products and services.

Spar Nord dates back to 1824, and as part of our business model we have close relations with our customers and engage with the local communities in which we operate.

Report on sustainability and social responsibility 2021 (ESG Report), page 3.

Spar Nord is the 5th largest Danish bank operating within the borders of Denmark. The Bank has 395,000 retail customers and 34,000 business customers served by 1,608 employees through 58 local banks (branches) and the Bank's head office.

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

Spar Nord's principal activities consist of:

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

Spar Nord holds a market share of around 4 % of the total Danish market for bank, leasing and mortgage loans.

1.2 Describe how you Bank has aligned and/or plans to align its strategy to be consistent with and contribute to society's goals as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Spar Nord's ESG work is concentrated on five concrete focus areas:

- 1) Responsible investment
- 2) Sustainable finance
- 3) Governance and compliance
- 4) Local commitment
- 5) The Bank's own footprint

Spar Nord endorses the UN Sustainable Development Goals and the Paris Climate Agreement and, where relevant, supports and applies UN Guiding Principles on Business and Human Rights. This means the UN goals and principles are 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.

Report on sustainability and social responsibility 2021 (ESG Report), page 5.
ESG policy, sparnord.dk/esg



Principle 2: Impact and target setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services.

To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact analysis:

Demonstrates that your Bank has identified the areas in which it has the most significant (potential) and negative impacts. This is done through an impact analysis that fulfils the following elements:

- a) Principal activities (Scope): The Bank's most important business areas, products/services across the major geographical areas in which the Bank operates as described in section 1.1 have been described within the framework of the agreement.
- b) Identifying business volume (Scale of Exposure): As part of the efforts to identify the business volume with the most significant impact, the Bank considered the identification of its most important business/its overall activities in terms of industries, technologies and geographies (geographical areas).
- c) Context & relevance The Bank has considered the most relevant challenges and priorities relating to sustainable developments in the countries/regions where it operates.
- d) Scale and intensity/salience of impact: In the efforts to identify the areas that have the most significant impact, the Bank has considered scale and intensity/salience of the (potential) societal, economic and environmental impacts resulting from the Bank's activities, products and services. (Your Bank should have engaged with relevant stakeholders to add information to your analyses under the c) and d) elements)

Show that your Bank, on the basis of this analysis, has:

- identified and disclosed the areas in which it has the most significant (potential) positive and negative impacts.
- identified strategic business opportunities in relation to strengthening the positive impacts / reducing negative impacts

Spar Nord has prepared its first Impact Analysis in early 2022 on the basis of business volume figures at 30 September 2021. The analysis is based on the UN Portfolio Impact Analysis Tool for Banks and Investment Portfolio Impact Analysis Tool.

Essentially, the Impact Analysis consists of the overall business volume within Spar Nord's principal activities as described in section 1.1.

The Impact Analysis revealed that climate is a key impact area for Spar Nord. We have also identified waste as a significant negative impact area. The most significant positive impact areas are climate, waste and resources efficiency.

In the analysis, we further quantified climate as the most significant impact area. For this purpose, we applied Finance Denmark's CO2 model, making estimates of CO2e emissions for lending and investment, respectively.

The analysis and quantification process showed that the principal contributors to emissions are business loans to Trade and transport, Building and construction, Agriculture, Forestry and fishing and Manufacturing (Industry). We also found that emissions are notably higher for car loans to retail customers than for home loans to retail customers.

With respect to impact from investment, equity and corporate bond portfolios account for a significant share of emissions. On the other hand, Danish mortgage bonds, which involve relatively low CO2e emissions, make up a relatively large proportion of the Bank's proprietary portfolio.

This first Impact Analysis has shown that the Bank currently does not have sufficient data to estimate total CO2e emissions.

Report on sustainability and social responsibility 2021 (ESG Report), page 5. Impact Analysis methodology description at sparnord.dk/esg.

Please provide your Bank's conclusion/statement if it meets the impact analysis requirements

We have made our first Impact Analysis. Essentially, the analysis consists of the Bank's business volume as calculated at the end of Q3 2021. Having identified the most significant impact areas, we quantified the impact for climate in the form of estimated CO2e emissions based on Finance Denmark's CO2 model. Going forward, we will work to expand and improve the quality of data and its calculation principles, which is expected to contribute to a more accurate estimate of the Bank's CO2e emissions.



2.2 Defining targets

Show that your Bank has defined and published at least two Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) goals, which are directed at a minimum of two of the identified "areas with the most significant impact" as a result of the Bank's activities and delivery of products and services.

Show that these goals are linked with and promote both the alignment with and a greater contribution to relevant SDGs, the Paris Agreement goals and goals defined in other relevant international, national or regional frameworks. The Bank should have identified a starting point (assessed relative to a specific year) and have defined targets relative to this starting point.

Show that the Bank has analysed and recognised significant (potential) negative impacts from the defined targets on other dimensions of the SDGs / targets in relation to climate change/social targets and that it has defined relevant actions to reduce these negative impacts to the extent possible in order to maximise the net positive impact of the defined targets.

Our Impact Analysis for 2021 shows that climate is a key impact area for the Bank. We also found that retail car loans involve a higher CO₂e emission intensity than retail home loans. For this reason, the Bank has established an attractive loan product targeting electric and hybrid vehicles. Spar Nord's car loans meet the goal of the Danish government of having 775,000 more green cars on the roads by 2030.

In direct continuation hereof, Spar Nord has defined the following SMART goal:

- By 2025, 80 % of all new loans for the financing of cars must be for electric or plug-in hybrid vehicles.

Report on sustainability and social responsibility 2021 (ESG Report), page 14.

Please provide your Bank's conclusion/statement if it meets the target requirements

In its next Impact Analysis, Spar Nord will continue to qualify the impact areas most significant to the Bank and as a minimum define one additional SMART goal in direction continuation hereof. Accordingly, the Bank has an ambition of meeting the requirement of at least two SMART goals in connection with the Impact Analysis performed for the 2022 financial year.

2.3 Plans for implementation of targets and monitoring.

Show that your bank has defined actions and milestones for achieving the targets defined. Show that your bank has established methods for measuring and monitoring progress in relation to the targets defined. Definitions of financial metrics/key performance indicators (KPI), changes to these definitions and any change to the starting point ought to be apparent.

In continuation of the SMART goal articulated in section 2.2, a new process has been prepared for loan establishment. One of the purposes of this process is to ensure that data will underpin future reporting on the target.

On a quarterly basis, Spar Nord's ESG steering group follows up on initiatives and targets in close cooperation with the core organisation, thus making decisions on required supportive measures in an ongoing process.

Spar Nord's Board of Directors receives regular status updates on the specific targets and other ESG-related initiatives and puts sustainability on the agenda at least once a year.

Report on sustainability and social responsibility 2021 (ESG Report), page 5.

Please provide your Bank's conclusion/statement if it meets the requirements for plans for target implementation and monitoring

Spar Nord has laid down overarching targets and regularly follow up on their attainment – at least once every six months.

UN PRB – Reporting and self-assessment



2.4 Progress in terms of implementation of targets

For each target separately:

Show that your bank has launched the actions it has previously defined for achieving the targets defined. Or explain why the actions could not be performed/had to be changed and how your bank aligns its plan in order to meet the target defined.

Report on your bank's progress during the past year (up to 18 months in your first report after having adopted the principles) in terms of attaining each of the defined targets and the impact your progress had (where possible and relevant, the banks ought to include quantitative information).

Net Zero in 2021:

- As a part of Spar Nord's strategy plan, operations should eventually be carbon neutral. Through reduction and compensation measures, we had achieved climate-neutrality on scopes 1 and 2 by the end of 2021. To achieve climate-neutrality, the Bank has opted to compensate for emissions totalling 1,248.6 tCO₂e by purchasing climate credits that support the planting of mangrove trees in Myanmar.

Report on sustainability and social responsibility 2021 (ESG Report), page 33.

Please provide your Bank's conclusion/statement if it meets the requirements concerning target implementation progress

In 2021, we succeeded in fulfilling the ambitions of making the Bank climate neutral with respect to its own emissions (scopes 1 and 2) through reduction and compensation measures. Towards 2025, we will work to meet the SMART goals as described in 2.2.

Principle 3: Clients and customers

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

3.1 Provide an overview of the policies and the practice your bank pursues and/or plans to establish to promote responsible relations with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

Spar Nord is committed to developing and offering financial products that not only inspire our customers to make sustainable choices but that also mitigate the negative impact of human activity on the environment, climate and social conditions.

Report on sustainability and social responsibility 2021 (ESG Report), page 13.
Policy for a sound business culture, sparnord.dk/esg

The ambition over time is to reduce the negative impacts of our financing activities and work on increasing the focus on ESG aspects in our overall product range.
Spar Nord ensures responsibility in our financing activities by:

- integrating sustainability risks in the decision-making basis in relation to credit granting to business customers;
- reporting on the CO₂e footprint of our lending activities; and
- considering sustainability risks by way of our policy on product approvals.

Spar Nord buys goods and services from hundreds of Danish and international suppliers. We therefore require our suppliers to adhere to our code of conduct, to maintain high environmental standards and that major suppliers support the UN's Sustainable Development Goals and the ten principles of the UN Global Compact.

A central part of Spar Nord's ESG work is based on Danish and international legislation and is conducted in close collaboration with relevant supervisory authorities. We aim to comply with applicable laws and regulations at all times. We therefore focus strongly on being reputable by combating money laundering and terrorist financing and ensuring data protection, information security, data ethics and anti-corruption.

UN PRB – Reporting and self-assessment



Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.

Since 2019, we have offered our customers responsible investment products in collaboration with BankInvest and Valueinvest.

At 1 January 2022, Spar Nord launched a new green car loan, which makes it attractive for our customers to make a climate-friendly choice when they buy a new car.

In collaboration with Totalkredit, we offer our customers an energy calculator and energy-friendly housing renovation. Similarly, subsidies are granted for the replacement of oil furnaces in collaboration with Forenet Kredit.

Spar Nord has launched a Visa Debit payment card made from 85% recycled plastic.

Spar Nord has a special focus on offering financing to underpins the green transition, and we do that through a niche focus on financing district heating plants, biogas plants and wind turbines throughout Denmark.

Report on sustainability and social responsibility 2021 (ESG Report), pages 9–16.

Principle 4: Stakeholders

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

4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

Spar Nord wishes to contribute to the government's goal of reducing Denmark's greenhouse gas emissions by 70% by 2030 (relative to 1990 levels) and of Denmark becoming a carbon-neutral society by 2050. To that end, we have committed ourselves to the climate partnership for the financial sector and comply with the 20 recommendations of the Forum for Sustainable Finance.

Spar Nord participates in a range of sustainability-related working groups under the auspices of National Banks in Denmark, the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark and Finance Denmark.

Report on sustainability and social responsibility 2021 (ESG Report), page 7.
Policy for a sound business culture, sparnord.dk/esg

Principle 5: Governance and culture

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

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

In 2019, Spar Nord launched its current strategy, defining prudence and responsibility as focus areas. Prudence and responsibility are thus at the centre of the Bank's operations both at the strategic and operational level.

On the basis of the strategic ambition, Spar Nord's Board of Directors has approved an ESG policy.

The Board of Directors is responsible for the preparation and updating of the ESG policy and regularly and at least once a year considers whether the policy needs to be updated.

Anchored in the core organisation, the day-to-day management of Spar Nord's ESG activities is the responsibility of the individual business areas. The ESG steering committee, which meets once every quarter, co-ordinates the individual initiatives and focus areas, and on an ongoing basis the committee assesses risks, opportunities as well as the development of Spar Nord's actions going forward and concrete new initiatives. The Executive Board informs the Board of Directors of the initiatives at least once a year in connection with the statutory reporting.

Report on sustainability and social responsibility 2021 (ESG Report), page 5.
ESG policy, sparnord.dk/esg



5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees.	<p>As previously mentioned, prudence and responsibility are focus areas in the Bank's current strategy, and the initiatives concern the entire organisation.</p>	<p>Report on sustainability and social responsibility 2021 (ESG Report), pages 18 and 29.</p>
<p>This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>In 2021, we launched a number of in-house campaigns and initiatives to increase awareness of the Bank's ESG work.</p> <p><u>Policy on sound business culture</u> In spring 2021, we started to focus on a policy on sound business culture by publishing a number of in-house articles. Also, the policy has become an integral part of the Bank's mandatory e-learning and a permanent topic when onboarding new employees.</p> <p><u>ESG – in-house awareness campaign</u> In autumn 2021, the Bank started a six-week in-house awareness campaign focusing on its five strategic ESG focus areas using both films and in-house articles.</p> <p><u>Marine litter collection</u> In autumn 2021, employees throughout the Bank participated in a nationwide marine litter collection initiative to focus on the environment and biodiversity in the areas and towns, where we live and operate. In a combined effort, the Bank's employees collected 2.4 tonnes of marine litter in cooperation with local associations, schools and businesses.</p> <p>Spar Nord does not use performance-based remuneration in relation to ESG.</p>	<p>Spar Nord's remuneration policy, sparnord.dk/esg</p>
5.3 Governance Structure for Implementation of the Principles Show that your bank has a governance structure in place for the implementation of the PRB, including: a) a) target-setting and actions to achieve targets set b) b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.	<p>See 5.1.</p>	<p>Report on sustainability and social responsibility 2021 (ESG Report), page 5.</p>
Please provide your bank's conclusion/statement if it meets the requirements for plans for target implementation and monitoring		
<p>Spar Nord has established a management structure and organisation of our ESG work to ensure we implement the UN Principles for Responsible Banking. This also encompasses setting and following up on targets. The implementation is driven by the ESG steering committee, whose members are the Bank's CEO and executives from the Bank's individual business entities. The quarterly meetings of the ESG steering committee are anchor points for the regular follow-up and assessment of ambition levels and principles for the sustainability efforts. The Executive Board reports regularly to the Board of Directors, and at least once a year.</p>		



Principle 6: Transparency and accountability We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.		
6.1 Progress on Implementing the Principles for Responsible Banking	In 2021, the Bank articulated an ESG policy, which forms the backbone of our work to ensure responsible and sustainable banking.	Report on sustainability and social responsibility 2021 (ESG Report), page 5.
Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in at least two areas (see 2.1–2.4).	In connection with the definition and updating of targets, including alignment to the Paris Agreement, we look into the possibilities of, longer term, applying Science Based Targets.	
Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.		
Show that your bank has implemented,/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.		
Please provide your Bank's conclusion/statement if it meets the requirements concerning progress on implementing the Principles for Responsible Banking		
Spar Nord became a signatory to the UN Principles for Responsible Banking (UN PRB) on 3 March 2021. In 2020, we also became a signatory to the UN Global Compact (UNGC) and the UN Principles for Responsible Investment (UN UNPRI). This means the UN goals and principles are 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.		
In 2022, we will continue to update our goal for responsible and sustainable business, expand our business volume within both investment and lending activities in sustainability-supportive areas, articulate additional SMART goals and perform an Impact Analysis based on 2022 data.		

Disclosure of sustainable activities according to the EU Taxonomy Regulation

With the aim of meeting the European goals of climate-neutrality by 2050 and reducing greenhouse gas emissions by at least 55% by 2030 relative to 1990 levels, the European Commission adopted an action plan in 2018 for financing sustainable growth¹⁾. The overall objectives of the action plan are to:

- 1) reorient capital flows towards a more sustainable economy
- 2) mainstream sustainability in risk management
- 3) foster transparency and long-termism

The financial sector is considered a key contributor to implementing the action plan by motivating customers to make more sustainable choices in connection with investment in assets.

To ensure uniform and harmonised reporting, the European Parliament and the Council have adopted Regulation (EU) 2020/852 of 18 June 2020 (the EU Taxonomy Regulation/the Taxonomy), which is a classification system of economic activities that meet the criteria for being climate and environmentally sustainable.

According to the EU Taxonomy Regulation, an economic activity qualifies as being sustainable (eligible), if:

- It makes a substantial contribution to meeting one or more of the following environmental objectives:
 1. Climate change mitigation
 2. Climate change adaptation
 3. The sustainable use and protection of water and marine resources
 4. The transition to a circular economy
 5. Pollution prevention and control
 6. Protection and restoration of biodiversity and ecosystems
 - It does not do significant harm to any of the above environmental objectives
 - It carries out in compliance with the international minimum human and labour rights
 - It complies with the EU's technical screening criteria

Companies of public interest (NFRD entities)²⁾ – large listed companies, credit institutions and insurance companies – are thus as of 1 January 2022 pursuant to the EU Taxonomy Regulation obliged to disclose information about their sustainable activities. Spar Nord is comprised by the reporting rules.

The reporting will be phased in from the 2021 financial year until 2025, and companies must for the 2021 and 2022 financial years report Taxonomy-eligible economic activities. From the 2023 financial year, the reporting must be made on Taxonomy-aligned economic activities and with disclosure of the key ratio Green Asset Ratio (GAR).

In recognition of the fact that the disclosures are new in terms of methodology and data, the companies involved must for the financial years 2021 and 2022, as mentioned above, only disclose what under the rules described could be considered Taxonomy-eligible. In December 2021 and February 2022, the European Commission has specified that if the reporting entities only have estimated data and not factual data, they do not have to and cannot report according to the EU Taxonomy Regulation. Instead, such companies may opt for voluntary disclosures of possible Taxonomy-eligible activities built on the principles of the Taxonomy.

Spar Nord's disclosure of Taxonomy-eligible activities

Spar Nord's reporting on the EU Taxonomy Regulation depends on the sourcing of specific data from those of our customers comprised. As these data are currently not available for all areas of the Taxonomy, Spar Nord does not currently have all the required data required by the EU Taxonomy Regulation and the European Commission.

The purpose of the disclosures for the financial years 2021 and 2022 is to initiate the work towards a final calculation of the Green Asset Ratio, as from the 2023 financial year. The disclosures thus contain elements of the matters that will form a part of the Green Asset Ratio going forward.

On the basis of an analysis of the Bank's data for the 2021 reporting year, the Bank's financing of residential real estate collateralised by immovable property will be of such a sufficient exact and likely nature of the financed activity that the calculation is assessed to comply with the Taxonomy's data quality requirements and definitions.

¹⁾ <https://eur-lex.europa.eu/legal-content/DA/TXT/PDF/?uri=CELEX:52018DC0097&from=DA>

²⁾ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (NFRD/ Non Financial Reporting Directive)

Disclosure of sustainable activities according to the EU Taxonomy Regulation

For the 2021 financial year, Spar Nord will thus disclose both mandatory key performance indicators under the Taxonomy and a voluntary report building on the principles of the Taxonomy. For the sake of clarity, the same template is used for publication of both the mandatory and the voluntary disclosures. The template is based on the Platform on Sustainable Finance with a proposed template for voluntary reporting³⁾.

The voluntary reporting cannot be considered reporting on the EU Taxonomy and is thus not comparable to other companies that may report potentially provable sustainable activities in accordance therewith.

Shown below is the mandatory disclosure of Taxonomy-eligible activities according to the EU Taxonomy followed by the voluntary disclosures. The quantitative reports are supplemented by qualitative information⁴⁾ of the applied definitions, methods, data quality and a review of the information for Spar Nord's strategy and business model.

Mandatory disclosure of Taxonomy-eligible activities according to Article 8 of the EU Taxonomy Regulation

The disclosure of Spar Nord's Taxonomy-eligible activities at 31 December 2021 based on the classification principles of Article 8 of the EU Taxonomy Regulation and Article 10(3)

Table 1: Mandatory disclosure of Taxonomy-eligible activities according to Article 8 of the EU Taxonomy Regulation

	Taxonomy-eligible	Taxonomy-non-eligible	Taxonomy-eligible percentage share of total assets	Covered assets percentage share of total assets
DKKm				
Total assets	8,440	68,339	7 %	68 %
Exposures to corporate subject to NFRD		19,403	0 %	17 %
Retail exposures to motor vehicle		1,868	0 %	2 %
Retail exposures to residential real estate collateralised by immovable property	8,440	4,582	7 %	11 %
Of which share of trading book and on-demand inter bank loans in total assets		19,186	0 %	17
Total exposures to public-sector entities		3,128	0 %	3
Total exposures to derivatives		531	0 %	0
Total exposures to corporates not subject to NFRD		22,769	0 %	20

³⁾ https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/sustainable-finance-taxonomy-eligibility-reporting-voluntary-information_en.pdf

⁴⁾ Article 10 (3a) and Annex 11 of the European Commission's Delegated Regulation (EU) 2021/2178 of 6 July 2021.

⁵⁾ European Commission's Delegated Regulation (EU) 2021/2178 of 6 July 2021

of the European Commission's delegated regulation⁵⁾ (Delegated Regulation) is shown in table 1.

On the basis of the Taxonomy's classification and data quality principles, 68% of the Total assets of DKK 113.4 billion are covered by the Taxonomy. This means 32% of the Total assets are not covered by the Taxonomy.

Spar Nord's share of Taxonomy-eligible activities at 31 December 2021 equalled 7% of Total assets, consisting of residential real estate collateralised by immovable property.

Exposures to public-sector entities are not covered by the coming Green Asset Ratio, and therefore they cannot de facto be Taxonomy-eligible in this report.

Data concerning motor vehicle exposures to retail customers, the trading book, on demand interbank loans, derivatives and exposures to the Bank's business customers have also been left out, as these data are generally not sufficiently factual and specific to meet the data quality requirements of the Taxonomy. In Spar Nord, corporate exposures to NFRD entities are exclusively exposures to financial institutions, which by definition are of public interest and therefore comprised by NFRD.

Voluntary disclosure of Spar Nord's financing of possible Taxonomy-eligible activities

Spar Nord's business model builds on a focus on lending to retail customers and small and medium-sized corporates in the local areas where the Bank has a presence. For this reason, nearly all of the Bank's exposures are to retail customers and non-NFRD corporates. As a result, it is considered relevant for Spar Nord to voluntarily report and disclose sustainability numbers for both retail customers and non-NFRD corporates to provide a more complete picture of the Bank's Taxonomy-eligible activities.

As part of its preparations for publishing future reports under the Taxonomy, Spar Nord thus chose to voluntarily disclose exposures to retail and corporates customers' possible Taxonomy-eligible investments.

Spar Nord's voluntary report builds partly on the principles of Article 10(3) of the Delegated Regulation, and partly on the template and principles proposed by the Platform on Sustainable Finance released on 20 December 2021 and referred to by the European Commission when selecting voluntary reporting.

To create as much transparency and relevance as possible with respect to the currently available data and Spar Nord's asset composition, the Bank provides more detailed disclosures than what is proposed by the Platform on Sustainable Finance. This is partly

Disclosure of sustainable activities according to the EU Taxonomy Regulation

Table 2: Voluntary disclosure of Spar Nord's financing of possible Taxonomy-eligible activities

DKKm

		Taxonomy-eligible	Taxonomy-non-eligible	eligible percentage share of total assets	Covered assets percentage share of total assets	
Article 10	3a	Total assets	24,185	52,594	21%	68%
		Exposures to corporate subject to NFRD	0	19,403	0%	17%
		Retail exposures to motor vehicle	1,868	0	2%	2%
		Retail exposures to residential real estate collateralised by immovable property	8,872	4,150	8%	11%
		Of which share of trading book and on-demand inter bank loans in total assets		19,186	0%	17%
	3b	Total exposures to public-sector entities		3,128	0%	3%
		Total exposures to derivatives		531	0%	0%
	3c	Total exposures to corporates not subject to NFRD	13,445	9,324	12%	20%

in relation to retail customer exposures towards motor vehicles and residential real estate and corporate exposures not comprised by the reporting duty pursuant the EU Taxonomy Regulation (non-NFRD entities).

Based on an assumption that exposures towards residential real estate is not more sustainable if there is collateral in a property, the voluntary report includes all defined exposures of retail customers residential real estate. When reporting on real estate exposures with and without collateral in immovable property, the share of Taxonomy-eligible home exposures increases by around DKK 0.4 billion and thus rises from 7% to 8%.

Exposures to corporates exempt from reporting under NFRD are not comprised by the reporting requirement to disclose the upcoming Green Asset Ratio. An isolated calculation of the Bank's exposures to corporates not comprised by the NFRD indicates, on the basis of estimate industry data, that a little more than half of the relevant exposures would be Taxonomy-eligible when using the European Commission's Taxonomy Compass. It should be noted that it cannot be concluded that a little over half of the Bank's non-NFRD corporates are in fact sustainable because the Bank has merely made an overall screening using the EU Taxonomy Compass.

The proportion of Taxonomy-eligible activities relative to Total assets is 21%. This proportion will most likely change along with improved data quality and when qualifying which of the Taxonomy-eligible activities that are in fact eligible under the definition of the Taxonomy.

Qualitative description of disclosures under the EU Taxonomy Regulation

Definitions, method and data quality

As previously mentioned, the preparation of reports under Article 8 of the EU Taxonomy Regulation is based on Article 10(3) of the European Commission Delegated Regulation and Annexes 5 and 6 thereto, which specify the contents and the disclosure of the information to be disclosed by corporates comprised by the EU Taxonomy Regulation, including a template and principles proposed by the Platform on Sustainable Finance. The European Commission's FAQ's dated 20 December 2021 and 2 February 2022 regarding reporting under Article 8 are also included in the preparation ⁶⁾.

The disclosure of Taxonomy-eligibility only relates to the first condition of Article 3 of the EU Taxonomy Regulation, which is that the financing of the activity potentially contributes substantially to one or more of the environmental objectives set out in Article 9 of the Regulation. The assessment thus does not explicitly consider the other conditions of Article 3 about whether the activity do no significantly harm to any of the other environmental objectives, complies with minimum guarantees for human and labour rights and complies with the EU's technical screening criteria.

Most of the data in this report builds on Spar Nord's reporting under FINREP ⁷⁾ at 31 December 2021, and the breakdown into different asset classes follows Annex 6 to the Delegated Regulation ⁸⁾. Exceptions hereto are the disclosure of Total assets and the identified Taxonomy-eligible exposures to residential real estate under the mandatory and voluntary disclosures and motor vehicle exposures to retail customers under the voluntary report. The calculation of residential real estate and motor vehicle exposures generally builds on the same approach as that applied in Spar Nord's Impact Analysis 2021 for calculating CO2 emissions ⁹⁾, in which it is substantiated that each loan in fact finances a house or a motor vehicle, respectively. However, the mandatory disclosure of residential real estate exposures is only included for the defined residential real estate collateralised by immovable property, cf. the definition in Annex 5. Table 3 on page 52 describes how the individual asset classes have been calculated.

⁶⁾ https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/sustainable-finance-taxonomy-article-8-report-eligible-activities-assets-faq_en.pdf
https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/sustainable-finance-taxonomy-article-8-report-eligible-activities-assets-faq-part-2_en.pdf

⁷⁾ FINREP (Financial Reporting) is a European reporting template that contains financial details and supervisory information, and the reporting requirements for FINREP follow from Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 of 4 July 2012.

⁸⁾ https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/sustainable-finance-taxonomy-article-8-annex-6_en.xlsx

⁹⁾ Spar Nord's Impact Analysis is available at sparnord.esg

Disclosure of sustainable activities according to the EU Taxonomy Regulation

Table 3: Data sources for Spar Nord's disclosures of potentially sustainable activities

Article 10	3a	Total assets	Row in Annex 6	
			Recognised assets less exposure to public-sector entities	
		Exposures to corporate subject to NFRD		3 + 22
		Retail exposures to motor vehicle	Based on in-house analysis	
	3b	Retail exposures to residential real estate collateralised by immovable property	Based on in-house analysis	
		Of which share of trading book and on-demand inter bank loans in total assets		43 + 45
	3c	Total exposures to public-sector entities		47 + 48
		Total exposures to derivatives		44
		Total exposures to corporates not subject to NFRD		26

Generally speaking, the Bank's data quality is currently not fully adequate to meet the data quality criteria defined in the EU Taxonomy, because it requires factual insight and certainty that the activity in question is potentially sustainable. The reason is primarily of a cultural nature. Historically, it has not been necessary for Danish credit institutions, including Spar Nord, to ensure a level of detail with respect to the financed activities as that which is now required – both at an overall level but also the necessity of being able to link a loan to the financed activity.

Up until now, it has been customary to grant customers financing of a given size which the customer could use for a purpose of his or her own choosing. Focus has been on the customer's ability to service the loan and only to a lesser degree on what the customer chose to use the financing for.

However, a significant proportion of the loans and credits registered as residential real estate and motor vehicle loans for retail customers is believed to have the certainty required to be able to comply with the EU Taxonomy's data quality requirement as potentially sustainable. The identification is made on the basis of an analysis, in which it has been substantiated that a specific loan finances a given asset type. Due to interpretation uncertainty as to whether motor vehicle exposures and residential real estate with no collateral in immovable property to retail customers may be Taxonomy-eligible, only residential real estate collateralised by immovable property are included in the mandatory disclosures for the 2021 financial year. The upcoming clarification will decide whether residential real estate and motor vehicle exposures with no collateral in immovable property can be included in the mandatory disclosures going forward.

The following sections provide more details about the individual elements of the disclosures.

Total assets

The calculation of Total assets is defined on the basis of the European Commission's interpretation in FAQ of 2 February 2022 as being the bank's balance sheet at 31 December 2021 less exposures for public-sector entities (central governments, central banks and supranational issuers) pursuant to Article 7(1) of the Delegated Regulation.

Corporate customer exposures

The EU Taxonomy dictates that banks must disclose the financing of corporate customers' sustainable activities. This insight is currently unavailable. In the Bank's assessment, it cannot presently with sufficient certainty demonstrate the required correlation between the activities of the businesses and the relevant industry code. Moreover, there is not always a correlation between the financing product applied and the actual purpose financed. Therefore, in terms of compliance with the EU Taxonomy, the data quality is inadequate to disclose whether the registered corporate exposures are Taxonomy-eligible under the definitions of the EU Taxonomy.

For this reason, reporting on whether the corporate exposures are Taxonomy-eligible can only be made on an estimated basis and is therefore only a part of the voluntary disclosure.

In its disclosure of Taxonomy-eligible activities to corporate customers, the Bank has applied the European Commission's Taxonomy Compass¹⁰⁾, which is also referred to and applied by the Platform on Sustainable Finance. The EU Taxonomy Compass builds on the joint EU nomenclature of economic activities, which breaks down industries into NACE codes. The Taxonomy Compass states which industries (based on NACE codes) could have Taxonomy-eligible activities.

The Danish DB07 industry codes represent a sub-division of NACE codes, enabling a mapping between NACE codes in the Taxonomy Compass and the Danish industry codes.

¹⁰⁾ The Taxonomy Compass was downloaded from the website of the European Commission on 5 January 2022, <https://ec.europa.eu/sustainable-finance-taxonomy/>. Eligible are interpreted to mean NACE codes in 'Climate adaption' and/or 'Climate mitigation'.

Disclosure of sustainable activities according to the EU Taxonomy Regulation

Residential real estate exposures to retail customers

Annexes 5 and 6 break down real estate exposures into financing of real estates in general and building renovation. As the Bank does not have the required specific knowledge about this division of the financed project, both the mandatory and the voluntary report include a combined report on real estate financing. The disclosure of Taxonomy-eligible residential real estate exposures builds on in-house analyses and reports prepared in connection with the Spar Nord Impact Analysis 2021 instead of using FINREP data. The disclosure of real estate exposures includes exposures which are recorded as being for the purpose of real estate exposures. To further substantiate that the real estate exposure has been used to finance a real estate, additional requirements have been defined that a real estate must be recorded in the customer's files. Annex 5 stipulates that real estate exposures are defined as residential real estate collateralised by immovable property. For this reason, the exposures defined are further filtered in the mandatory disclosure to exposures in which collateral in immovable property is also provided.

The voluntary report includes all the defined real estate exposures in Spar Nords' Impact Analysis, irrespective of whether there is collateral in immovable property or not. The reason is that it is considered to be substantiated that the real estate exposures has been used to finance a property and the climate footprint of a property is the same no matter whether there is collateral in the property or not. As real estate financing can also be based on other types of products than designated real estate exposures, for example an authorised overdraft facility, the Bank's actual real estate financing level is most likely underestimated when using the above method.

The mandatory disclosure in table 1 and the voluntary disclosure in table 2 also include real estate exposures classified as being Taxonomy non-eligible. The proportion represents the difference between real estate exposures from Annex 6 (FINREP data) and the calculated real estate exposures based on in-house analyses.

Motor vehicle exposures to retail customers

As for real estate exposures, the voluntary calculation of Taxonomy-eligible motor vehicle exposures is based on in-house analyses made in Spar Nord's Impact Analysis 2021. Exposures registered for the purpose of financing motor vehicles are included in the calculation. No additional requirements have been added, as is the case for real estate exposures. However, it is still assessed to be sufficiently substantiated that the exposure is actually used for the financing of a motor vehicle as the motor vehicle exposure product type will not normally be used for other purposes. Due to interpretation uncertainty, motor vehicle exposures to retail customers are thus not included in the mandatory report for the 2021 financial year.

Trading book

As Spar Nord presents its financial statements in accordance with International Financial Reporting Standards (IFRS), in its annual report the Bank publishes quantitative information about its trading book. Furthermore, Spar Nord provides qualitative information about the management of its trading book in its Active ownership policy, which originates from the Shareholder Rights Directive ¹¹⁾.

Correlation with the Bank's strategy and business model

As one of Denmark's systemically important financial institutions, it is the Bank's duty to contribute to a positive and sustainable economic development in the many local communities in which we operate. We also share a responsibility for promoting prudence and accountability in society in general.




On the basis of several in-house policies, including a credit policy, policy for a sound business culture, product policy, ESG policy and external obligations such as the UN Principles for Responsible Banking and Investments and national soft law governance rules, Spar Nord has structured its business model to actively consider sustainability and make it a part of the Bank's overall approach.

The Taxonomy initiatives help disclose and create a foundation for the Bank's sustainability efforts. Coupled with the Bank's endorsement of the UN Principles for Responsible Banking and Responsible Investment, the efforts provide a foundation for targeting the Bank's sustainable activities and motivate customers to make more sustainable investments. In this context, reference is generally made to this ESG report 2021 and to Spar Nord's Impact Analysis 2021, which provides details about the Bank's sustainability efforts.











In addition to motivating the Bank's customers, focus in the coming years will also be on preparing the existence of adequate high-quality data for disclosing both Taxonomy-eligible activities and the Green Asset Ratio.

¹¹⁾ <https://eur-lex.europa.eu/legal-content/DA/TXT/PDF/?uri=CELEX:32007L0036&qid=1533801540679&from=DA>










Overview Goals and actions at Spar Nord

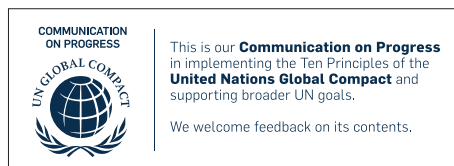
Focus area	Contributions to the UN Sustainable Development Goals	Supported UN principles Goals		Initiatives carried out in 2021	Initiatives planned for 2022	Read more on page
Responsible investment		Global Compact Principles 1-10 UN PRI Principles 1-6	<ul style="list-style-type: none"> Helping our customers to invest responsibly through active ESG screening, stewardship and exclusion to protect the climate, the environment and human rights and strengthen anti-corruption measures 	<ul style="list-style-type: none"> 100% ESG screening of Spar Nord's managed portfolios 100% ESG screening of suppliers' portfolios About 14% of our "Stjerneinvest" investment concept is placed in the eco-labelled fund BankInvest Global Equities Sustainable Development. Publishing exclusion list for Spar Nord's portfolios Statement on consideration for sustainability risks Integrated consideration for sustainability risks and ESG issues in the investment process 	<ul style="list-style-type: none"> Contributing to advancing sustainable investment products Including customers' sustainability preferences in the eligibility assessment 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 Developing stewardship setup for the investment landscape Developing the integration of sustainability risks and ESG issues in the investment process 	9, 10, 11
Sustainable finance		Global Compact Principles 7-9 UN Principles for Responsible Banking (UN PRB)	<ul style="list-style-type: none"> Implementation of sustainable banking products Documentation of impact on people, environment and climate 	Launching a car loan with an attractive interest rate if the borrower buys an electric or plug-in hybrid vehicle <ul style="list-style-type: none"> Calculating CO2e emissions from lending to retail customers (car and home loans) and business customers Collaboration with Totalkredit to promote energy upgrades and green construction and mediation of online energy calculator. 	<ul style="list-style-type: none"> Continue to incorporate Principles for Responsible Banking (PRB) Advancing sustainable financing products Make a positive contribution to the green transition by engaging in dialogue with customers on profitable and sustainable financing options. <p>By 2025, 80% of all new loans for the financing of cars must be for electric or plug-in hybrid vehicles.</p>	12, 13, 14, 15, 16
Responsible banking and sound business culture		Global Compact Principles 1, 2, 10	<ul style="list-style-type: none"> Maintaining an active contribution to reducing the risk of Spar Nord being used for money laundering or terrorist financing 	<ul style="list-style-type: none"> Awareness campaign regarding policy for a sound business culture Training of employees in code of conduct and AML Implementing ESG policy 2,194 reports to State Prosecutor for Serious Economic and International Crime (SØIK) 55 specialised employees working with AML, against 19 in 2020 	<ul style="list-style-type: none"> Persistently monitoring and analysing risks of money laundering and terrorist financing Continuing increase in resources for AML and compliance 	17, 18, 19, 20

Overview Goals and actions at Spar Nord

Focus area	Contributions to the UN Sustainable Development Goals	Supported UN principles Goals	Initiatives carried out in 2021	Initiatives planned for 2022	Read more on page
Data and cybercrime	 	Global Compact Principles 1, 2, 10	<ul style="list-style-type: none"> • Safeguarding customer data from unwanted insight and misuse through persistent focus on security with respect to information systems and their use 	<ul style="list-style-type: none"> • Customer-focused campaigns to increase awareness of the risk of abuse of e.g. NemID • Increase in IT security investment • Carried out cyber security programme 	21, 22
Responsible business relations	   	Global Compact Principles 1–8, 10 UN PRI Principles 1–6	<ul style="list-style-type: none"> • Ensuring responsible supplier relationships and business relations in general 	<ul style="list-style-type: none"> • Communicating Spar Nord supplier code of conduct to suppliers • Systematic and ongoing follow-up on supplier relationships 	23
A decent workplace	   	Global Compact Principles 1–6	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Implementing a new, contemporary collective agreement, which includes factors such as all-inclusive salary, a sixth holiday week for everyone and abolition of pay brackets. • Renegotiating new accession agreement with AP Pension to ensure the best possible pension plan for all employees. • Pre-retirement meetings for employees above the age of 58. • Collaborating on strategic health and categorisation of Spar Nord in the 5-factor model of the Danish Health Authority (KRAMS model). Spar Nord is currently at step 3. • Employee shares and new gross salary scheme in cooperation with Atea. • Around 100 former BankNordik employees were integrated into Spar Nord 	24, 25, 26, 27

Overview Goals and actions at Spar Nord

Focus area	Contributions to the UN Sustainable Development Goals	Supported UN principles Goals	Initiatives carried out in 2021	Initiatives planned for 2022	Read more on page	
Local commitment	    	Global Compact Principles 1, 2, 8, 9	<ul style="list-style-type: none">Continued strengthening of the local cohesion by supporting and developing a sense of community at all of our bank locations	<ul style="list-style-type: none">Continued support for associations and institutions during the pandemicDisbursed donations for around DKK 50 million from the Spar Nord FoundationConcluded sponsorship agreements for DKK 20.6 million from Spar Nord Bank	<ul style="list-style-type: none">Strengthening collaboration with the Spar Nord FoundationRepeating marine litter collection initiative across Denmark	28 ,29, 30
Own emissions	   	Global Compact Principles 7-9	<ul style="list-style-type: none">Carbon-neutral banking operations in 2021Contributing to a sustainable environment and climate by mitigating negative impacts on the climate and the environment from our business activities	<ul style="list-style-type: none">Carbon-neutral banking operations on scopes scope 1 and 2 through reduction and compensation.New agreement to purchase power from Danish solar panel farm.5 vehicle charging points installed at head office and 3 at the local banks.Saving of 1,000 KWh from installing new ventilation system at head office.Conversion to LED light sources with anticipated savings of 102,100 KWh in 2022.Total drop in air travel emissions of 478 tCO2e.Emissions from the treatment of waste and spillage in 2021 were 1.2 tCO2e.Emissions from water consumption in 2021 were 1 tCO2e.	<ul style="list-style-type: none">Installing 14 new vehicle charging points across the country.Expanding wild flower initiative to branches across the country.Continuing efforts to reduce the Bank's own CO2e emissions.	32, 33, 34, 35, 36



Signatory of:



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. This includes 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.

Lasse Nyby
Chief Executive Officer



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