

Environmental, Social and Governance (ESG) Policy of Spar Nord Bank A/S



Spar Nord – A reputable bank

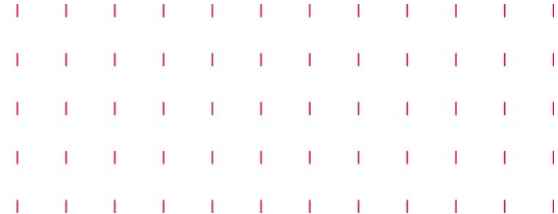
Purpose

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.

Accordingly, 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. The implementation of various areas of ESG in Spar Nord is supported by the Bank's policies and guidelines, including in particular:

- Corporate Governance
- Policy on sound business culture
- Responsible working environment policy
- Policy on diversity on the Board of Directors
- Policy for the underrepresented gender in management functions
- Remuneration policy
- Credit policy



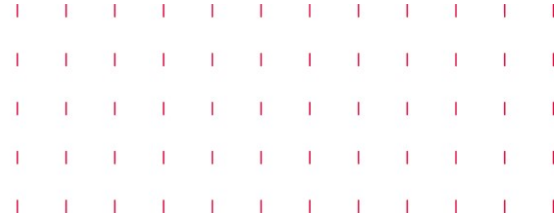
- Policy for responsible investment and sustainability risks
- Stewardship policy
- Policy on product approvals
- Code of conduct for suppliers
- Environmental and climate policy
- Anti-money laundering policy
- IT-security policy
- Data ethics policy
- Tax policy

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 ensuring data protection, information security, data ethics and anti-corruption.

In order to contribute to Denmark reaching its goal of reducing carbon 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. In 2021, Spar Nord achieved climate neutrality on scopes 1 and 2 by means of reduction and compensation. Spar Nord continues to work on initiating measures to help reduce the bank's total CO2 emissions and thereby also minimizing the share of compensation via climate credits.

Endorsing UN principles

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 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.



Five strategic focus areas

Spar Nord's ESG work is concentrated on five concrete focus areas – responsible investment, sustainable finance, governance and compliance, local commitment and our own carbon footprint.

Responsible investment

Spar Nord believes that responsibility goes hand in hand with the ambition of generating attractive long-term returns. When Spar Nord makes investments on behalf of our customers, i.e., discretionary portfolio management, we focus particularly on the UN Principles for Responsible Investment (UN PRI), to which the Bank is a signatory. We want to integrate the focus on environmental, social and governance aspects in the entire investment process.

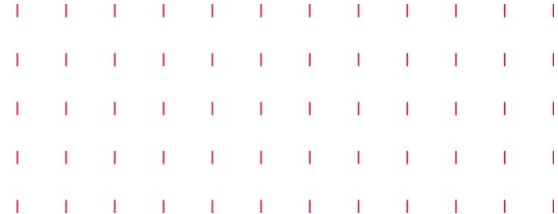
In collaboration with an external consulting firm, Spar Nord's investments are screened for companies that violate international norms (e.g., the UN Global Compact) on environmental protection, human rights, labor standards and business ethics, and we clearly inform our customers of the sustainability footprint of our investments.

Spar Nord has set up a Committee for Responsible Investment. The Committee evaluates the Bank's policy on responsible investment and sustainability risk 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 terms of ESG criteria.

Spar Nord has an exclusion list, which applies to both discretionary investment on behalf of customers and the bank's proprietary investment portfolio. Spar Nord has imposed a general ban on investment in companies involved in the production of controversial weapons, such as cluster munitions, landmines, chemical and biological weapons and nuclear weapons outside the non-proliferation treaty, and companies in which more than 25% of revenue is generated from coal mining. This exclusion list applies to discretionary investment on behalf of customers as well as to Spar Nord's proprietary investment portfolio.

Sustainable finance

Through Spar Nord's lending business, we help finance a wide range of activities that affect people, the environment and local communities, positively as well as negatively. Therefore, 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. In connection with our implementation of the UN Principles for Responsible Banking (UN PRB), we will report on the carbon footprint of our lending. 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:

- Training our employees so they can advise customers on sustainability and green transition of private homes as well as companies
- integrating sustainability risks in the decision-making basis in relation to credit granting to business customers
- reporting on the carbon footprint of our lending activities
- considering sustainability risks by way of our credit policy and policy on product approvals

Governance og compliance

Spar Nord considers responsible banking and corporate governance as fundamental to our living up to our corporate responsibility. Responsible banking is mainly about complying with applicable legislation and regulations.

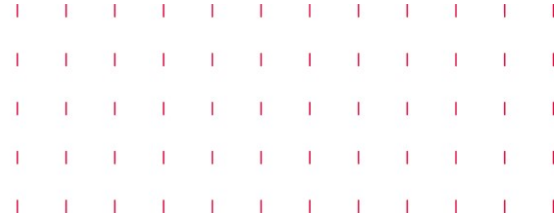
Spar Nord's most important resource is our employees. Therefore, Spar Nord takes responsibility for creating a healthy and stimulating working environment in which all employees can unfold their professional and personal potential in the best possible way. Spar Nord wants to promote a culture in which our employees act responsibly towards customers, colleagues, the Bank and society in general. We also want to ensure that we give all employees equal access to influence and promotion, regardless of age, gender, ethnicity, religion and culture. Being a signatory to the UN Global Compact and having drawn up a responsible working environment policy, a policy on sound business culture and a policy for the underrepresented gender in management functions, we commit to respecting and complying with the UN's Universal Declaration of Human Rights.

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.

Security in relation to data, IT systems and their use is a prerequisite for Spar Nord's ability to be a reputable bank. Our ongoing measures against money laundering, terrorist financing and other types of financial crime are also crucial to our credibility. Spar Nord aims to put customers first – and one way of doing so is by ensuring 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.

Local commitment

Spar Nord builds on a locally rooted business model. We are committed to entering healthy and sustainable economic relations with the local communities in which we operate. We want to contribute to strengthening local cohesion through active participation in and support for local associations, initiatives, and institutions.



In close collaboration with the Spar Nord Foundation, we each year make donations to small and large initiatives that aim to strengthen local, regional and national associations. 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 local communities. We want to continue and strengthen these initiatives as they contribute to both economic and human value creation in society.

Our own carbon footprint – climate and environment

Spar Nord considers climate and environmental impacts as a major challenge to our society, and we take an interest in and co-responsibility for tackling this challenge. Our efforts to reduce our negative carbon footprint is based on our endorsement of the UN Global Compact. Through reduction and compensation measures, Spar Nord has realised the goal of climate-neutrality on scopes 1 and 2 by the end of 2021. We did so by sourcing green power and optimising our energy consumption across all our buildings and modes of transport as well as by purchasing climate credits.

Spar Nord prioritises responsible and climate-friendly banking by:

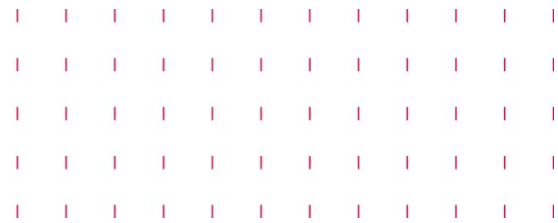
- increasing the energy efficiency of air conditioning and ventilation systems and systematically monitoring energy consumption
- installing solar cells and sourcing green power from Danish wind turbines
- entering a 10-year PPA agreement on the purchase of green electricity from photovoltaic systems - effective per. 2023
- conducting meetings in a manner that reduces travel activity across the organisation
- establishing energy-efficient solutions and activities across the organisation
- highlighting biodiversity in the towns in which we have banking operations
- defining ambitious targets for the Bank's own carbon emissions and transparently reporting on our consumption via the Green House Gas protocol.

Responsibility and follow-up

Spar Nord's environmental, social and governance (ESG) policy applies to the entire organisation and all employees.

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.



The ESG steering committee is composed of representatives of the Executive Board, Facility Management, Communication & Marketing, Business Development, the Trading Division, HR, Credit, Finance and Risk Management. The ESG steering committee convenes regularly and on an ongoing basis 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.

The Communication & Marketing department is in charge of reporting on the Bank's ESG work in close collaboration with relevant contributors throughout the Bank. The reporting is approved annually by the Board of Directors. For further information, see Spar Nord's annual ESG report <https://www.sparnord.dk/om-spar-nord/esg>.

This policy was most recently adopted by the Board of Directors on 16 June 202