

Spar Nord Bank's statement on consideration for the principal adverse impacts on sustainability factors (ESG)

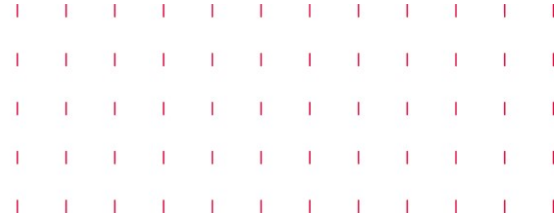


This statement on adverse impacts on ESG factors for Spar Nord Kapitalforvaltning covers the period from 1 January 2022 to 31 December 2022.

Summary

Generally, Spar Nord Bank aims to be a responsible company and business partner by focusing on being reputable and acting sustainably. We go about this by focusing on sustainability in the way Spar Nord is organised internally, but also to a great extent by focusing on sustainability in the investments we make on behalf of our customers.

Before we decide to invest in a company, we analyse management and financial aspects as well as environmental (E), social (S) and governance (G) factors. We familiarise ourselves with a company's business model and choose investments that are expected to generate attractive long-term returns on a responsible basis. Spar Nord Bank prioritises finding tomorrow's winners, and this means investing from a responsibility perspective. This is the best way to protect our customers' investments – while also making a positive contribution to society and our common future. Integrating ESG factors is an established element of our investment process in order to identify and mitigate sustainability risk. The purpose of this approach is to avoid supporting long-term non-sustainable business models and to protect our investment portfolios against ESG-related events that could potentially have a material adverse impact on their value.



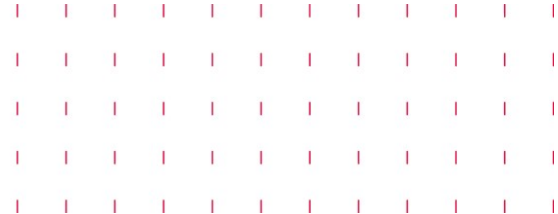
How we consider the principal adverse impacts in the investment process

Spar Nord's main priority in relation to mitigating adverse sustainability risks in the investment process is to focus on general ESG issues and carbon emissions. As data improve and the framework for our sustainability work is developed, Spar Nord aims for a more detailed focus, still based on ESG factors.

On the basis of Spar Nord's responsible investment policy, we mitigate the principal adverse sustainability impacts by requiring that we and our partners screen all investments for breaches of the following international norms and conventions:

- **FN's Global Compact**
Ten principles in the areas of environment, anti-corruption, labour rights and child labour, human rights, etc.
- **UN Universal Declaration of Human Rights**
Includes prohibition against forced labour and discrimination and protection of the right to a fair trial, the right to freedom of speech, etc.
- **OECD Guidelines for Multinational Enterprises**
Includes how companies mitigate any adverse impact from their activities and encourage companies to contribute to economic, social, and environmental progress
- **ILO labour market conventions on the dignity of workers**
Includes conventions on elimination of child labour, discrimination, forced labour and protecting the right to unionise

If a company violates international norms and is unwilling to take responsibility and change its conduct, the company will be excluded from Spar Nord's investment universe. Spar Nord has furthermore 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 ban applies to discretionary investment on behalf of customers as well as to Spar Nord's proprietary investment portfolio. Spar Nord's Committee for Responsible Investment has the decision-making power to exclude a company from Spar Nord's investment universe.



Policies on identification and prioritisation of adverse impacts on ESG factors

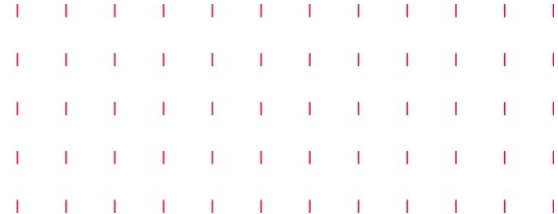
Spar Nord aims to continually scale up our efforts to incorporate sub-components of ESG factors in our evaluation of companies' adverse sustainability risks. This work is extensive and has until now been hampered by the availability of data. We use external analyses and assessments but always include our own interpretation of the companies' business models, actions and potential transition to a more sustainable future based on best practice principles for the overall ESG factors.

Spar Nord Bank has prepared a responsible investment policy. This includes being a signatory to the UN Principles of Responsible Investment (UNPRI), which means that Spar Nord is committed to continually focusing on integrating and developing ESG factors in our investment process. Where relevant and appropriate to the effectiveness of the work, Spar Nord cooperates with external partners. An example of this is norms-based monitoring/screening of all investments in Spar Nord's discretionary investment portfolios. Our investments are screened to identify any companies that are in potential conflict with international norms and conventions, including the UN Global Compact on environmental protection, human rights, labour standards and business ethics.

Spar Nord also uses an external third party when engaging in dialogue with foreign companies in connection with our stewardship activities. We may do so on our own or with other investors. Engagement in dialogue with a company may involve various initiatives, including dialogue with the company's management, influencing the composition of the board of directors and voting at general meetings. If this dialogue does not result in positive change in the company, Spar Nord may sell the company's shares. This decision will always be made by Spar Nord's Committee for Responsible Investment.

Analysing and monitoring ESG factors in companies and their potential impact on sustainability risk in our investment portfolios is an extensive and complex task. Spar Nord uses ESG analyses and data from several external suppliers before we decide to invest and when we evaluate existing investments. A lack of data and inadequate quality in the available data are a major challenge, requiring us to make our own decisions based on both qualitative and quantitative assessments.

Spar Nord wants to influence companies to generally increase the attention to ESG factors in their business models, and we therefore do not automatically exclude any controversial industries or companies, provided that they make positive moves towards a transition to a more sustainable future. We consider this approach to be advantageous to the company, the investor and society. For example, if a company has the lowest ESG score (CCC), the responsible portfolio manager must explain in writing his or her assessment of the company's ESG outlook if Spar Nord decides to invest in the company. The typical reason for investing in companies with a low ESG score is that the Bank is able to use direct investment as a means to influence such companies going forward.



In addition to endeavouring to generate satisfactory, risk-adjusted returns, our partners, such as asset managers and unit trusts, must also ensure that Spar Nord's requirements for sustainability focus are met in all their investments.

Summary of stewardship policy

When investing in foreign companies, Spar Nord exercises stewardship through external partners. The central elements of this are:

- Screening in relation to ESG factorer
- Screening in relation to international norms and conventions
- Voting at general meetings

If the above measures lead us to assess that a company violates international norms or conventions, or we identify other controversial issues regarding its actions and consideration for ESG factors, we may engage in dialogue with the company on our own or together with other investors. If this does not result in any sign of improvement of the controversial issues, the company in question may be excluded from Spar Nord's investment universe.

Spar Nord exercises stewardship on our own in relation to Danish companies. For a detailed description of how we prioritise and define limits in this respect, see our stewardship policy, which is available on the Bank's website..

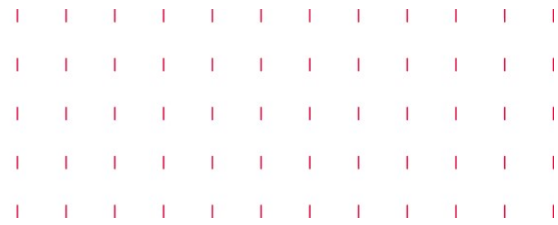
Reference to international standards

At present, Spar Nord is committed to the following international norms and conventions:

- UN Principles for Responsible Investment (UN UNPRI)
- UN Principles for Responsible Banking (UN UNPRB)
- UN Global Compact

We also comply with several other international norms and conventions, both as a responsible company and as an investor:

- United Nations Universal Declaration of Human Rights
- UN Sustainable Development Goals
- OECD Guidelines for Multinational Enterprises
- ILO labour market conventions



Spar Nord reports annually to UNPRI and UNPRB on the Bank's work in relation to the Principles.