



This is an ESG report for Spar Nord Bank A/S, company reg. 13737584 for the period 1 January 2022 to December 2022. The report is part of the management commentary section in Spar Nord Bank A/S's annual report for 2022. 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) is also included in the report and the report comprises a supplement on ESG risks pursuant to Article 449a of the Capital Requirements Regulation (EU) 575/2013 (CRR) which is available (in Danish) in full at <https://www.sparnord.dk/investor-relations/regnskab-risiko/>.

The contents and data of the report have been generated from own data and supplier systems and statistical data, and have been checked internally on a random basis.

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Spar Nord Bank A/S welcomes feedback from the surrounding society, including suggestions, comments and questions.

Please direct any feedback to Ninna Holch Jacobsen, ESG Officer, at [ntr@sparnord.dk](mailto:ntr@sparnord.dk) or +45 25 27 03 10.

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# Highlights of 2022



## ESG skills enhancement

In 2022, Spar Nord focussed on enhancing common knowledge and skills regarding sustainability. We did this via our ESG skills enhancement initiative that involves the whole Bank – both local branches and the head office. Spar Nord's ESG skills enhancement initiative will ensure that all employees have insight into ESG, the UN SDGs and sustainability in general in relation to the financial sector.



## The local pledges

Spar Nord is part of a larger ecosystem that stretches beyond just being a bank. The Bank's employees are an important part of this ecosystem, as they live, work and are active in the local areas in which the Bank operates. The local pledge allows employees to realise the autonomy that follows from the local-bank model through local sponsorships in their own local area.



## Energy optimisation

In 2022, Spar Nord had particular focus on energy optimisation and electricity savings as a direct consequence of the current geopolitical situation. By replacing LED lighting and other energy-savings initiatives, we have achieved an annual reduction of approx. 100,000 kWh across the Bank. Spar Nord has also reduced heating in buildings to 20°C and decided to switch off outdoor signs at 18:00.



## Energivenlige låneprodukter

In 2022, Spar Nord launched two new energy-friendly loan products which offer customers attractive interest rates and low charges when they finance energy improvements in houses or holiday homes or purchase electric or plug-in hybrid cars. In 2022, 57% of all new car loans from the Bank were to finance electric or plug-in hybrid vehicles. This means that we are well on the way towards our goal that 80% of all new loans to finance cars are to be for electric or plug-in hybrid vehicles before 2025.



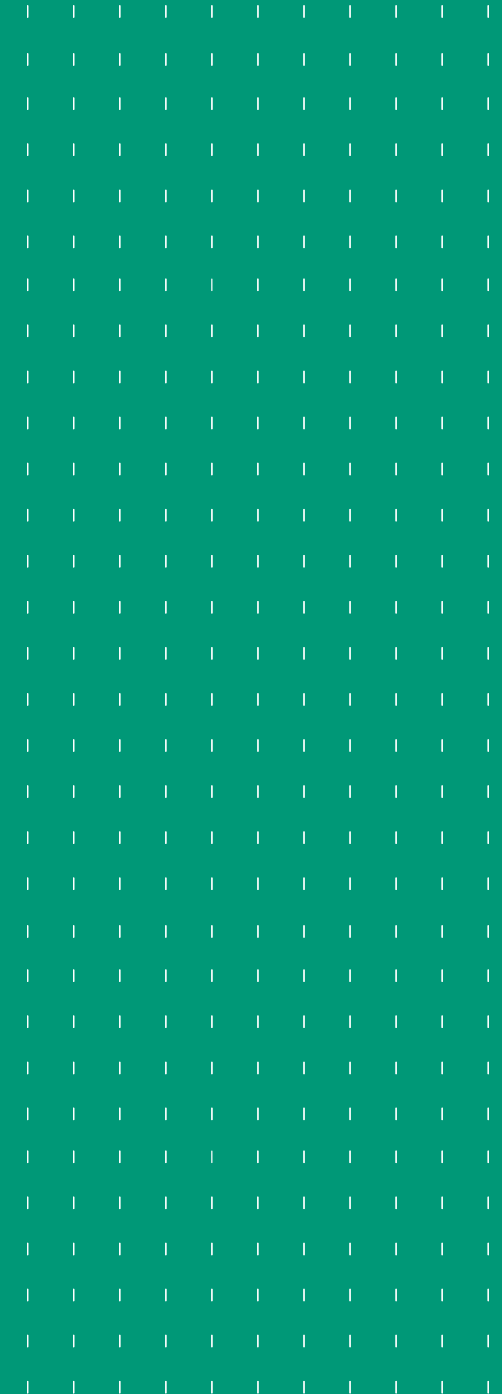
## Digital investment guide for customers

In collaboration with BEC Financial Technologies and other banks, Spar Nord has launched an extended digital investment guide (DIG) to help describe customer preferences for sustainability before money is invested.



## CO2e action plans

In 2022, Spar Nord released action plans to reduce the carbon footprint of lending and investments. Spar Nord has set specific goals for the reduction of the carbon footprint of lending and investment activities in 2025 and in 2030 in both action plans. Spar Nord's action plans and goals are in line with recommendations from the Forum for Sustainable Finance under Finance Denmark.





## A responsible and engaged bank

The shadow of war hung over 2022. The Russian invasion of Ukraine brought war to Europe, with far-reaching consequences. Besides the human tragedies, the war has meant increasing energy and food prices, causing central banks the world over to raise interest rates at an unprecedented rate.

We have been following the situation closely at Spar Nord. Internally, we have implemented a number of energy-optimisation initiatives to save electricity and heat. Increasing prices and interest rates strike our customers harder than many of them have ever experienced. Therefore, we have proactively reached out to customers to start a dialogue about how we can help at this difficult time.

In the wake of the energy crisis, we have also offered private customers and businesses help to change heating sources and we have launched an energy-friendly home loan with attractive interest for energy improvements in homes.

### ESG skills enhancement at the Bank

Internally at Spar Nord, in 2022 we have enhanced skills in the sustainability area. We did this via our ESG skills enhancement initiative for employees at local branches and the head office. The goal has been to ensure that all employees have stronger insight into the ESG area.

We have also trained the Bank's private and business advisors so that they can advise customers about sustainability with regard to

investment, financing and the green transition. The training has helped with knowledge and skills, and it has proved to be extremely relevant following the current energy crisis. Training and courses will continue into 2023.

### New strategy embraces sustainability and responsibility

We drew up the Bank's strategy for 2023-25 over the past year. We have dubbed the strategic direction for the upcoming three years An engaged bank, and this expresses our ambition to give our employees even more space to make a difference in their local community, and where the bank has operations. We want to enhance the Bank's special market position, with its basis on local presence and decentralised decision-making.

The Bank's strategy also sets new goals for women in management. The goal is to have at least 30% female executive managers and at least 40% female other managers by the end of 2030. We will follow up on this goal and it is supported by a number of specific actions aiming at identifying and guiding management talents.

### Action plan for reducing the CO<sub>2</sub>e footprint

In 2022, Spar Nord drew up action plans to reduce the CO<sub>2</sub>e footprint of lending and investments. In both action plans, Spar Nord has set specific target figures for reductions in its CO<sub>2</sub>e footprint, and thus the Bank is taking steps to support the Danish Climate Act and



the targets in the Paris Agreement for climate-neutrality by 2050. Spar Nord's action plans and goals are in line with recommendations from the Forum for Sustainable Finance under Finance Denmark.

In 2022, we also validated our Impact Analysis applying an improved data basis. This ESG report also constitutes the Bank's reporting on sustainable activities in accordance with the EU Taxonomy Regulation.

Ongoing work to analyse the Bank's CO<sub>2</sub>e footprint and set quantitative reduction targets has been a learning process that, with this year's

ESG skills enhancement, has helped mature the organisation and prepare us for the coming years in which the ESG area will become increasingly important.

In 2023, we look forward to increasing our local commitment and continuing our sustainability

work. We will learn more about the Bank's impact areas, and this will enable us to mitigate negative impacts on people and the environment. Furthermore, in 2023 the Bank will prepare for future reporting requirements, including the UN Global Compact, PRB, PRI, the EU Taxonomy, the CSRD and more.

Finally, we are delighted that Spar Nord's 10-year Power Purchase Agreement to purchase electricity via Better Energy entered into force during January 2023 so that, in future, the whole Bank will be receiving green electricity.

**We hope you find the report a interesting read!**

## Local presence and decentralised decision-making powers

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

Spar Nord is based on strong customer relations. We believe that relations and business are best created through local presence and decentralised decision-making. Therefore, we base our business on what we call the local-bank model, in which the core is local autonomy combined with an effective central control-room.

The local-bank model was inspired by the franchise concept, in which strongly anchored local ownership is the driver of customer value and business volume. The local-bank model supports local autonomy to set the team and nurture the marketplace using initiatives and marketing.



**60**

local branches

**1,628**

employees – 1,098 employed by local branches and 530 at the Bank's head office



Revenue

**4,145 mill.**

Profit

**1,417 mill.**

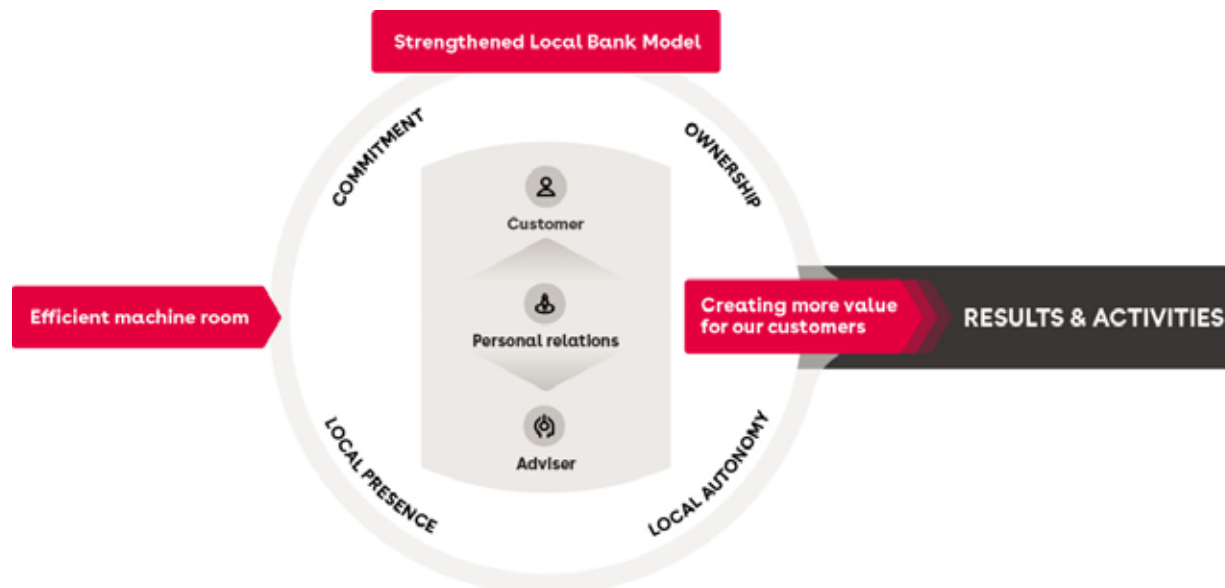
Tax

**313 mill.**



As one of Denmark's systemically important banks, it is our duty to contribute to positive and sustainable economic development in the many local communities in which we operate. Furthermore, we aim to promote integrity and meet our social responsibility obligations as a financial institution.

External autonomy towards customers and relations are combined with an internal effective central control room. Therefore, a uniform approach to underlying systems, processes and business procedures helps release time for customers and ensures quality in centrally managed areas such as credit, IT, money laundering and personal data.



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The local-bank model is inspired by the franchise concept, in which strongly anchored local ownership and responsibility for own operations are the driver of customer value and business volume.



#### Risks

More than ever before, customer confidence is earned by acting with integrity 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 to our business, our customers and society at large. Therefore, 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 controls.



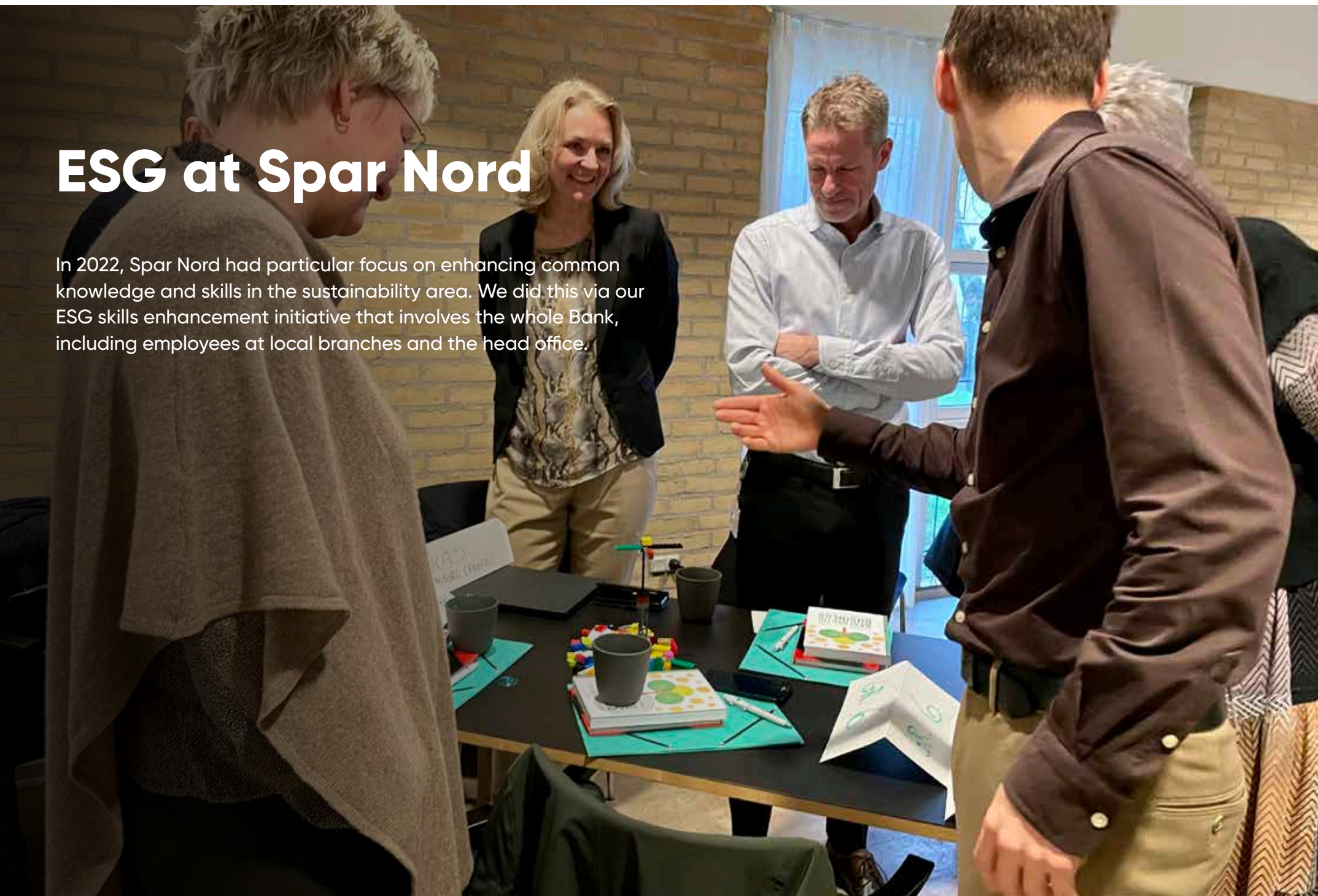
#### Policies

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 policies and guidelines which support implementation of various areas of ESG in Spar Nord.



# ESG at Spar Nord

In 2022, Spar Nord had particular focus on enhancing common knowledge and skills in the sustainability area. We did this via our ESG skills enhancement initiative that involves the whole Bank, including employees at local branches and the head office.





## ESG skills enhancement

### A strategic initiative

In 2022, Spar Nord had particular focus on enhancing common knowledge and skills in the sustainability area. We did this via our ESG skills enhancement initiative that involves the whole Bank, including employees at local branches and the head office.

Spar Nord's ESG skills enhancement initiative is to ensure that all employees have insight into ESG, the UN SDGs and sustainability in general in relation to the financial sector. There is also an ambition to train advisors to talk with customers about sustainability and ask questions to help customers start the green transition in either their private finances or their business.

By far the majority of larger companies are already well on the way with the green transition, while ESG is an entirely new topic for many SMEs. SMEs know that ESG will be important for their business, but they may have doubts about when and how they should start, and who can help them with the green transition. Similarly, many private customers can see that their finances are under pressure from increasing energy and food prices.

With ESG skills enhancement, Spar Nord wants to address the challenges faced by customers, and offer relevant advice and guidance so that, together, we secure the best and most sustainable solutions for customers' finances.

Spar Nord has decided to enhance the ESG skills of all employees, because we believe that integrity and knowledge about sustainability are a crucial foundation for bank operations. And because we believe that ESG skills enhancement will help secure the future of the Bank. Similarly, Spar Nord has committed to following the 20 recommendations from the Forum for Sustainable Finance, one of which includes training and education in the financial sector<sup>1</sup>.

Spar Nord's ESG skills enhancement initiative is being implemented at three levels in collaboration with Finanssektorens Uddannelsescenter:

- General introduction to sustainability in the financial sector for all employees. So far 90% have completed the course.
- Course on sustainable investment for all advisors at Spar Nord. So far 84% have completed the course.
- Training in sustainable dialogue with business customers. 60 advisors have completed and 60 are underway. The goal that all relevant employees are to have completed the course before summer 2023.

The picture is taken on Module 2 of the internal ESG course: The Sustainable Customer dialogue - Business.

<sup>1</sup> <https://www.epaper.dk/finansdanmark/>



... with ESG skills enhancement, Spar Nord wants to address the challenges faced by customers, and offer relevant advice and guidance.

## Our ESG approach



Like all other banks in Denmark, SparNord 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.

Therefore, our sustainability initiatives pervade all the organisation and all layers of management, and they affect our internal processes and reporting as well as our products and customer-oriented initiatives. Spar Nord's ESG work is concentrated on five strategic focus areas:

- **Responsible investment**
- **Sustainable finance**
- **Governance and compliance**
- **Local commitment**
- **Our own footprint (climate etc.)**

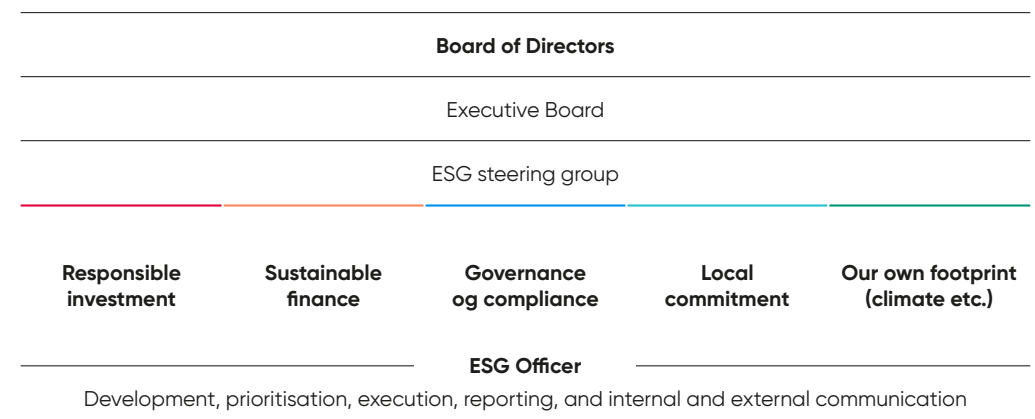
### ESG-organisering

ESG is a shared responsibility at Spar Nord. This means that sustainability is an integrated part of both operations and business development throughout the Bank, and each individual employee plays a vital role in making sure the Bank can support customers in a green transition of either their finances or business.

At Spar Nord, the ESG area is inherently anchored with our senior management team, with maximum use of our core organisation through an ESG steering group.

Responsibility for development tasks, prioritisation and reporting on sustainability is strongly anchored in individual business areas at the Bank. Clearly this places demands on collaboration and coordination across the Bank, and this is secured through quarterly meetings of the ESG steering group, which discusses the status of initiatives and relevant areas for attention.

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



# UN guidelines and the Danish Climate Act form the framework

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 SDGs 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. Spar Nord's ESG work also supports the goal in the Climate Act and the Paris Agreement for climate neutrality by 2050.

## ESG-rating

In order to ensure transparency and credibility for Spar Nord's business with regard to sustainability and climate impacts, we have decided to obtain ESG ratings from Sustainalytics and MSCI.

ESG Ratings	Score	Level of risk
Sustainalytics	16.2	Low Risk
MSCI	BBB	Average



### Gender equality

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



### Affordable and clean energy

Implementing energy-efficiency initiatives and continuously reducing the percentage of climate compensation with regard to carbon neutrality in scopes 1 and 2.



### Decent work and economic growth

Actively engaging employees in well-documented initiatives to continuously improve our employees' health, safety and working conditions throughout their working lives.



### Sustainable cities and communities

Promoting healthy communities and activities across the locations at which we run banking activities by supporting local culture and sports.



### 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.



### Climate action

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



### Peace, justice and strong institutions

Countering money laundering, terrorist financing, corruption, 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.



### 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.



## The climate is the Bank's largest impact area

As part of our obligations as a signatory to the UN Principles for Responsible Banking (UN PRB), we regularly prepare analyses to identify how Spar Nord impacts society both positively and negatively in relation to the 17 UN SDGs.

Spar Nord's Impact Analysis 2022 was prepared With outset in the Bank's total business volume using the methodology set out in the UN's Portfolio Impact Analysis Tools. The Impact Analysis shows that climate is the most significant impact area for Spar Nord, and for this reason the majority of the Bank's sustainability-promotion activities focus on energy optimisation and energy-friendly investment and lending products. In 2022, we estimated that the Bank's CO<sub>2</sub>e emissions linked to lending and investment activities amounted to 646,000 tonnes CO<sub>2</sub>e against 716,000 tonnes CO<sub>2</sub>e in 2021, corresponding to a reduction of around 10%. This also means that Spar Nord's total estimated CO<sub>2</sub>e footprint is 6 tonnes CO<sub>2</sub>e per DKK mill. lent or invested.

Spar Nord's Impact Analysis 2022 and methodology description are set out in a separate report, which is available at [sparnord.dk/esg](https://sparnord.dk/esg). Page 54 of this ESG report shows Spar Nord's first reporting and self assessment, in which we provide a status update on the Bank's overall work to comply with the UN Principles for Responsible Banking.

### Partnerships for the goals

In order to support the goal in the Climate Act and the Paris Agreement of climate neutrality by 2050, Spar Nord has committed to the climate partnership for the financial sector and complies with the 20 recommendations issued by the Forum for Sustainable Finance. Spar Nord also collaborates on an ongoing basis with relevant industry communities and industry groups such as National Banks in Denmark (LDB) and Finance Denmark to promote sustainability in the financial sector. We also support sustainable business development through projects under the auspices of Vækstfonden and the Danish Export Credit Agency.

### New municipal climate partnership

In 2022, Spar Nord joined a climate partnership with the City of Aalborg under the Climate Partnership. The ambition is for Spar Nord, the municipality and other local businesses, organisations, associations and institutions to take charge of the green transition, and in so doing contribute to the national goals to draw up and implement a common ambitious climate action plan for reducing greenhouse gas emissions. It is hoped that the climate partnership will be one of many future partnerships with other Danish municipalities.

Impact Analysis: Estimated CO <sub>2</sub> e emissions		2022	2021
Investment	Emissions ('000 tonnes CO <sub>2</sub> e)	312	349
	Footprint (tonnes CO <sub>2</sub> e per DKK mill.)	4.8	5.4
Lending	Emissions ('000 tonnes CO <sub>2</sub> e)	334	367
	Footprint (tonnes CO <sub>2</sub> e per DKK mill.)	8.0	9.4
<b>Total</b>	Emissions ('000 tonnes CO <sub>2</sub> e)	<b>646</b>	<b>716</b>
	Footprint (tonnes CO <sub>2</sub> e per DKK mill.)	<b>6.0</b>	<b>6.9</b>

Read more about Spar Nord's Impact Analysis at [www.sparnord.dk/esg](https://www.sparnord.dk/esg)





### Risks

ESG is a core element in Bank operations and in risk management by the Bank. The climate is a particular focus area, including the requirements in the Executive Order on Management and Control of Banks etc. to integrate ESG risks in providing credit. Spar Nord is aware of climate-related risks and how these can comprise financial risk in terms of higher costs, impaired asset values, drops in revenues or rises in costs of capital. Spar Nord is also particularly aware of the risk that the services provided by the Bank can be exploited for money laundering, corruption and terrorist financing, as well as the risk of contributing to non-sustainable activities through lending, investments and choices of supplier.



### Policies

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-oriented initiatives. Spar Nord has defined an ESG policy.

## ESG targets

Spar Nord has set a number of ESG targets to promote sustainable transition of the Bank's activities, both internally and commercially.



### Energy-friendly car loans

By 2025, 80% of all new loans to finance cars are to be for electric or plug-in hybrid vehicles.



### Lending

Reduction of the CO2e footprint from lending by 20% in 2025 and 45% in 2030 compared to the 2021 baseline.



### Investments

Reduction of the CO2e footprint from investments in shares and corporate bonds by 30% in 2025 and 60% in 2030 compared to the 2020 baseline.



### Our own CO2e footprint

Reduce the percentage of climate compensation with regard to maintaining carbon neutrality in scopes 1 and 2 at Spar Nord.



### Underrepresented gender in management

33% in the Board of Directors by 2025 and 25% in the Executive Management by 2030.  
20% of directors by 2026 and 30% by 2030.



# Responsible investment

At Spar Nord, we believe that responsibility and sustainability go hand in hand with the ambition to generate attractive long-term returns.

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## Sustainability integrated into the investment process

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 sustainability goes hand in hand with the ambition to generate attractive long-term returns. Therefore, when we make investments on behalf of our customers, we also have strong focus on the UN Principles for Responsible Investment (UN PRI), to which the Bank is a signatory.

### How we invest

At Spar Nord, we analyse ESG issues before we make investments and draw up investment recommendations. This means that, when portfolio managers and analysts choose companies, besides looking at traditional financial ratios and key figures, they also look at non-financial key figures and analyses of sustainability risks in investment analyses, including how companies manage ESG issues. This also applies for portfolios managed by Spar Nord and when selecting investment association certificates and companies for Spar Nord's lists of recommendations.

We screen the investment universe for companies that violate international standards and conventions (such as the UN Global Compact) in relation to environmental protection, human rights, labour standards and business ethics. We also have particular focus on companies' ability and willingness to reduce emissions of CO<sub>2</sub>e.

Many of the investment products we offer customers were developed, and are managed by cooperation partners and investment associations; i.e. the suppliers of financial products for which Spar Nord has a distribution agreement. Among the many criteria we apply to select our cooperation partners is an assessment of their ability. We seek to influence our cooperation partners to, as a minimum, integrate the same standards for sustainability that Spar Nord applies, see also Spar Nord's Policy for Responsible Investment and Sustainability Risks at [sparnord.dk/esg](https://sparnord.dk/esg).

Spar Nord's Responsible Investment Committee evaluates the Bank's Policy for Responsible Investment and Sustainability Risks. The general approach to investment on behalf of customers is based on stewardship through involvement and influence for the purpose of asserting a positive influence on companies that could do better in their ESG performance.

### Responsible investment

Spar Nord provides and arranges the portfolio products Stjerneinvest and Spar Nord Puljer that promote environmental / social factors, but which do not aim to be sustainable investments; so-called Article 8 investment products pursuant to the Disclosure Regulation. Investments are primarily in securities with focus on the total ESG score and CO<sub>2</sub>e emissions. At the end of 2022, Spar Nord's customers had together invested more than DKK 34 bn. in Stjerneinvest and Spar Nord Pulje.

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When we make investments on behalf of our customers, we have strong focus on the UN Principles for Responsible.





### Digital Investment Guide for customers

Spar Nord has collaborated with BEC Financial Technologies and other financial institutions to develop a customer-oriented digital tool called the Digital Investment Guide (DIG). The tool was launched in June 2022 and, in compliance with Mifid II legislation, it helps Spar Nord's customers define their own sustainability profile with a view to prioritising ESG issues when making investment decisions.

### Targets for reduction of the CO2e footprint

Spar Nord has set a reduction target for its CO2e footprint from the investments in shares and corporate bonds Spar Nord makes on behalf of its customers. Spar Nord's target is to reduce the CO2e footprint from investments in shares and corporate bonds in the portfolio managed by Spar Nord by 30% in 2025 and 60% by 2030 in relation to a weighted benchmark level for shares and corporate bonds in 2020.

Towards the goals to reduce the CO2e footprint, there will continue to be climate-impacting investments in the customer portfolio, but we have focus on reducing the climate impacts through, among other things, influencing companies towards a higher level of sustainability.

### Results 2022

- Developed and launched the customer-oriented Digital Investment Guide (DIG), which includes customers' sustainability preferences in the suitability assessment.
- Employee training in advisory services on sustainable investment.
- Further developed the setup for active ownership in the investment universe, including an agreement with Institutional Shareholder Services (ISS) to manage active ownership with regard to foreign companies.
- Further developed integration of sustainability risks and ESG issues in the investment process and in the process regarding lists of recommendations in the form of monitoring tools from MSCI.
- ESG-certified (Chartered Financial Analyst) portfolio managers who manage investments on behalf of customers.
- Engaged in dialogue and fora on development of methods and tools to promote sustainable investments.
- In line with the EU legislation for sustainable investments, further developed prospectuses and reporting for concepts in which we make investments on behalf of customers through products managed by ourselves that promote environmental/social factors.
- Set a reduction targets for the CO2e footprint of investments in shares and corporate bonds made by Spar Nord on behalf of customers.

**Reduction of the CO2e footprint from investments in shares and corporate bonds made on behalf of customers:**

30% in 2025 and 60% in 2030 compared with the 2020 baseline.



### 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, thereby impairing our market position. Towards the goals to reduce the CO2e footprint, there will continue to be climate-impacting investments in the customer portfolio, but we have focus on reducing the climate impacts through, among other things, influencing companies towards a higher level of sustainability.



### Policies

Spar Nord makes investments on behalf of its customers on the basis of their individual investment profiles. We also suggest investments for customers as part of our investment advice. We integrate focus on sustainability in our investment-analysis processes and decision-making processes, and our investments and recommendations consider environmental, social and governance (ESG) issues. Spar Nord demands a responsible approach to with regard to the companies in which we invest to the effect that we exercise stewardship and monitor companies for breaches of conventions or standards. We have a policy for responsible investment and sustainability risks and a policy for active ownership.



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

## Summary

- CO2e emissions from investments on behalf of customers and the Bank's proprietary portfolio have been calculated at 312,000 tonnes.
- In 2021, the CO2e footprint was 5.4 tonnes of CO2e per DKK mill. invested, while in 2022 it amounted to 4.8 tonnes of CO2e per DKK million invested.
- The movement in the CO2e footprint from last year should be interpreted with some caution, as many factors influence calculation of the total CO2e footprint.

## Introduction

This is the second time that Spar Nord is publishing an action plan for reducing the CO2e footprint from investment products. The action plan reflects Spar Nord's current position. Spar Nord's action plan and calculation approach will develop going forward. Our focus is still on ensuring transparency in order to identify investment activities for which we can most efficiently reduce CO2e emissions.

The updated 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.

The data basis is improving as more companies calculate their CO2e footprint, but there is still a lack of data on some classes of assets, and therefore the quality of emissions data in this year's reporting is again affected by imperfections.

Several of our cooperation partners have reductions in CO2e emissions as targets. This also means that many of the investment products we distribute today have focus on the size of CO2e emissions from the companies invested in.

Total CO2e emissions related to investments traded by the Bank on behalf of customers through its asset management services amounted to 219,000 tonnes in 2022, which translates to a CO2e footprint of 5.5 tonnes per DKK million invested. The corresponding figures for the Bank's proprietary portfolio show CO2e emissions of 93,000 tonnes, corresponding to a CO2e footprint of 3.7 tonnes per DKK million invested<sup>1</sup>.

The largest emissions of CO2e, come from our customers' investments in equities and corporate bonds. Mortgage-credit bonds, which account for by far the majority of Spar Nord's proprietary portfolio, also constitute a significant share of emissions due to the size of the portfolio. As a class of assets, mortgage-credit bonds have significantly lower CO2e emissions than equities and corporate bonds.

The difference in CO2e footprint between asset management and the proprietary portfolio is therefore mainly explained by the weighting of Danish mortgage bonds and equities and corporate bonds.

### CO2e emissions from investment products for the 2022 reporting year

	Business volume (DKKm)	Share	Emissions ('000 tonnes CO2e)	Share	CO2e footprint (tonnes CO2e per DKKm)
Asset management	39,772	61 %	219	70 %	5.5
Proprietary portfolio	25,414	39 %	93	30 %	3.7
<b>Total</b>	<b>65,186</b>	<b>100 %</b>	<b>312</b>	<b>100 %</b>	<b>4.8</b>

<sup>1</sup> According to the sector association Finance Denmark's CO2 agreement, emissions must be calculated excluding the trading portfolio. The proprietary portfolio, excl. the trading portfolio amounts to DKK 6,746 mill. Emissions are 22,000 tonnes and the footprint is 3.2 tonnes CO2e per DKK mill.

### Developments in the CO2e footprint

We have calculated the CO2e footprint of our investment activities and can monitor the footprint of Spar Nord investments this year compared with last year.

In total, the CO2e footprint was 4.8 tonnes of CO2e per DKK mill. invested, corresponding to a reduction of 0.6 tonnes of CO2e per DKK million invested since 2021. As regards the Bank's proprietary portfolio, however, there has been an increase in the CO2e footprint from 2021 to 2022 of 0.7 tonnes of CO2e per DKK million invested. The increase in the CO2e footprint on the proprietary portfolio is attributable to an increased level of detail in the data on e.g. mortgage-credit bonds, which in 2021 were calculated based more on averages.

The model for calculating the CO2e footprint is based on the current market value of investments. This means that the value of the assets changes in line with variations in market prices. Similarly, the allocation between asset classes also changes, for example a relative increase in the percentage of corporate bonds compared with shares means an increase in the CO2e footprint.

Developments in exchange rates can also have significance for the CO2e footprint, which is stated in Danish kroner (DKK). Changes in the CO2e footprint from last year should therefore be interpreted with some caution, as parts of the changes in CO2e footprint per tonne will be attributable to changes that are not directly related to emissions.

Furthermore, we believe that developments from previous years are also affected by better reporting from individual companies. More undertakings are now reporting their own emissions and with a higher degree of quality, which reduces the volume of estimated data. This in itself also affects comparisons of the CO2e footprint year by year.

### Classes of asset included in the calculation

The calculation covers the entire portfolio managed by Spar Nord on behalf of customers, including pooled solutions and the Bank's proprietary portfolio.

The calculation for capital management and the proprietary portfolio includes investments in shares, corporate bonds and Danish mortgage-credit bonds.

With regard to investments in Spar Nord's proprietary portfolio, shares are in sector companies not included in the calculation.

Generally, assets which are not included in the calculation are assumed to have relatively low CO2e emissions, with the exception of the portfolio of property funds and ship mortgage bonds, which are not yet included in the calculations due to lack of data.

### Method and data basis

In calculating our CO2e emissions, we applied the joint principles for methods to measure and calculate financed emissions from investments developed by Finance Denmark, the sector organisation for financial institutions in Denmark<sup>1</sup>.

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. Where no business-specific data or estimated emissions data from the data supplier are available, an average has been applied. In calculating CO2e emissions for Danish mortgage-credit bonds, we used data per capital centre from the mortgage-credit institutions. An average has been used for mortgage bonds for which data has not been published

Developments in the CO2e footprint (tonnes CO2e per DKK mill. invested)			
	2021	2022	Change 2021-2022
Asset management	6.7	5.5	- 1.2
Proprietary portfolio	3.0	3.7	+ 0.7
<b>Total</b>	<b>5.4</b>	<b>4.8</b>	<b>- 0.6</b>

<sup>1</sup> According to the sector association Finance Denmark's CO2 agreement, emissions must be calculated excluding the trading portfolio. Spar Nord makes calculations for the whole proprietary portfolio.

### Reduction target

Spar Nord has the greatest possibility of influencing CO<sub>2</sub>e emissions in connection with investments in situations where we make our own decisions on behalf of customers.

Therefore, we have decided to set a goal to reduce the CO<sub>2</sub>e footprint from share-based and corporate-bond-based investments.

Our goal is to reduce the CO<sub>2</sub>e footprint from investments in shares and corporate bonds in the portfolios managed by Spar Nord by 30% in 2025 and 60% by 2030, measured in relation to a weighted benchmark level in 2020.

Furthermore, our goal is for our investment activities to support the goal in the Climate Act and the Paris Agreement for climate neutrality by 2050. In 2021 and 2022, Spar Nord and our cooperation partners will continue to focus on reducing CO<sub>2</sub>e emissions for the investments we make on behalf of our customers. However, other factors may also have impacts on the CO<sub>2</sub>e footprint of investments.

#### Developments in the CO<sub>2</sub>e footprint for investments covered

	Index	Reduction relative to base year
2020	100	0 %
2021	75	25 %
2022	65	35 %

The fall in the CO<sub>2</sub>e footprint in 2021 was partly because Spar Nord has generally been lower than the benchmark used to determine the CO<sub>2</sub>e footprint in the baseline year, and for more technical reasons arising from the strengthening USD during 2021.

The relatively large drop in the CO<sub>2</sub>e footprint from 2021 to 2022 should be interpreted with some caution. The result obtained was affected by a strong USD, as well as more transparent data for corporate bonds, which have led to a number of active initiatives. Generally efforts in relation to the goal of reducing the CO<sub>2</sub>e footprint should be evaluated over a number of years. The continued uncertainty with regard to the quality of data, as well as the dependence on assets composition, price developments and other market conditions mean that reducing the CO<sub>2</sub>e footprint up to the targets stipulated is unlikely to follow a uniform development. On the basis of developments in 2023, we will reconsider the goal for 2025.

### Specific initiatives

Spar Nord believes this second calculation of CO<sub>2</sub>e emissions from investment activities represents one of several steps in a process to reduce the Bank's CO<sub>2</sub>e emissions. Figures for CO<sub>2</sub>e emissions from our investments add new knowledge and enable us to target our efforts, for example with regard to the investment products we use, both when we invest ourselves 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.

Our cooperation partners offer funds with sustainability characteristics at several levels. This means that, as a distributor, we have a broader range of products in terms of sustainability to choose from when we make investments on behalf of customers. Since June 2022, Spar Nord's advisors have been able to help customers to choose investments that match their preferences for sustainability. In 2023, we expect to be able to offer more tools to customers, to make it even easier for them to select investment products that suit their sustainability preferences.

In 2023, we will continue work on identifying opportunities and activities that contribute to reducing CO<sub>2</sub>e emissions from investments. This will be in cooperation with relevant external stakeholders and cooperation partners.

We believe that corporate transition to less CO<sub>2</sub>e-intensive activity is the most effective way to a sustainable future. We seek to support this transition through our investments foundation through active ownership, among other things by means of screenings and dialogue via external cooperation partners.

Our approach to action plans and CO<sub>2</sub>e calculations will develop going forward.

### Data quality

In general, the quality of emissions data is still characterised by imperfections, although quality has improved compared with 2021. We expect that the data basis for emissions data will be improved in the coming year. This will contribute to the process at Spar Nord to reduce CO<sub>2</sub>e emissions from investments.

Each of the asset classes below has been given a data-quality score between 1-5 to reflect the quality of the data on which the CO<sub>2</sub>e footprint is calculated. Score 1 is the highest and 5 is the lowest data quality. The data hierarchy follows the PCAF global standard.

Refinitiv's data-quality model has been applied for shares and corporate bonds. For mortgage-credit bonds, information received from the mortgage-credit institutions has been used wherever information on data quality is published by the mortgage-credit institutions. If information on data quality is not published by a mortgage-credit institution, the data quality score has been set at 5.

#### Data Quality, PCAF score 2022

	Weighted score
Equities	1.6
Corporate bonds	1.7
Mortgage bonds	4.4



# Sustainable finance

Lending from Spar Nord helps finance a wide range of assets and activities that may affect human beings, the environment and local communities: positively as well as negatively.

Increased focus on sustainable financing

P. 23

Sustainable activities (EU Taxonomy)

P. 25

Spar Nord's action plan for reducing its CO<sub>2</sub>e footprint on lending

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## Action towards more sustainable financing

At year-end 2022, Spar Nord's total credit exposure (excluding reverse, guarantees and mortgage-credit loans arranged) to retail and business customers stood at approximately DKK 57 billion with leasing loans accounting for approximately DKK 8 billion and bank loans for approximately DKK 49 billion. Lending finance a wide range of assets and activities that may affect human beings, the environment and local communities: positively as well as negatively. Therefore, the ESG risk is an inherent credit risk, and ESG risks are assessed entirely in line with other credit aspects. Assessment of management factors has historically been part of the basic credit risk assessment of corporate exposures. In line with increasing regulation and the current climate crisis, physical and transition risks related to climate change have also become an important element in assessing credit risk, both in relation to the individual customer, but also at portfolio level. Spar Nord has published information regarding ESG risks in the Bank's portfolio of home loans and selected sectors<sup>1</sup>.

### Lending 2022

	Mill. DKK	%
Public authorities	1,356	2
Agriculture, hunting, and forestry fisheries	2,576	5
Industry and raw materials extraction	3,173	6
Energy supply	2,070	4
Building and construction	2,652	5
Trade	4,583	8
Transport, hotels and restaurants	2,955	5
Information and communication	292	1
Financing and insurance	3,939	7
Real estate	7,427	13
Other business areas	5,165	9
Private	20,711	36
<b>Total lending</b>	<b>56,898</b>	<b>100</b>

Spar Nord is an engaged bank. Therefore, we want to enter dialogue with our customers on sustainability and develop and provide financial products that together inspire and motivate our customers towards more sustainable choice. Including especially business customers to support their future competitiveness and profitability. Through dialogue and collaboration with our customers, we aim to contribute to reducing the negative impacts of our financing. To benefit our customers and sustainability in society, and to live up to our own ambitions and to the expectations which the market and the authorities have for us. An important element in this process is the Bank's ESG skills enhancement, in which all business advisors as well as selected employees from the credit department, business development, and the risk management function are receiving training during 2022-23 to enhance their knowledge in order to stimulate dialogue about sustainability with the Bank's customers and in relation to general ESG risk management in connection with the Bank's lending activities.

Going forward, this will enable Spar Nord to strengthen dialogue with our customers on profitable and sustainable financing options. Read more on page 9.



Through dialogue and collaboration with our customers, we aim to contribute to reducing the negative impacts of our financing.

<sup>1</sup> See the Bank's publication on ESG risk (CRR art. 449a) <https://www.sparnord.dk/investor-relations/regnskab-risiko>

### Increased focus on sustainable finance

Spar Nord has decided 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, home improvements, and other energy supply that does not rely on fossil fuels, such as wind turbines, biogas facilities and heating supply.

### Energy-friendly car loans

Financing private customers' cars is currently a segment with a considerable CO<sub>2</sub>e footprint. On 1 January 2022, Spar Nord established an energy-friendly car loan<sup>2</sup> to finance electric or plug-in hybrid cars at an attractive rate. We have decided to favour these car types because they have a significantly lower climate footprint than cars running on fossil fuels. The aim was, and still is, to encourage more customers to choose a more friendly transport alternative. Spar Nord reduced its CO<sub>2</sub>e footprint from car financing by 28% from 2021 to 2022.

Read more in the Spar Nord Impact Analyse 2022 at [sparnord.dk/esg](https://sparnord.dk/esg)

At the end of 2022, the volume of loans for electric or hybrid cars was 57% of total new loans. This means that we are well on the way towards our target that 80% of all new loans to finance cars must be for electric or plug-in hybrid vehicles before 2025.

### Energy-friendly home loans

At Spar Nord, we help to finance our customers' dream homes. Not only in large towns, but also in the many local communities in which we operate.

Being a responsible and engaged bank, it is paramount for us that our financing solutions are available to customers throughout Denmark, and that we explore the possibility of offering home financing to both first-time buyers and existing homeowners. We consistently seek to ensure that the financing solutions we offer help make sure our customers are financially sound. Home loans are 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 buildings<sup>3</sup>.

A substantial part of Spar Nord's loan volume is financing building construction and renovation. In order to support the goal to reduce energy consumption, in November 2022 Spar Nord launched a new energy-friendly home loan<sup>4</sup>, which offers an attractive rate on financing energy renovation and energy optimisation in the home for retail customers. In this context, the Bank participates in efforts by Totalkredit

to promote energy-efficient construction and renovation. Both initiatives are to benefit the climate and the environment, and the vast majority of cases may also well be the most cost-effective solution for the customers. In 2022, close to 2,000 of Spar Nord's customers used the tool for calculating energy savings at [totalkredit.dk](https://totalkredit.dk).



<sup>2</sup> <https://www.sparnord.dk/privat/produkter/daglig-oekonomi/billaan/>    <sup>3</sup> <https://ens.dk/ansvarsomraader/energibesparelser/byggeri-og-renovering>

<sup>4</sup> <https://www.sparnord.dk/nyheder/laan-til-en-attraktiv-rente-4-fordele-ved-at-vaelge-et-energieffektivt-boliglaan/>

**Partnership and strategic collaboration**

Spar Nord has been included in a number of relevant and strategic cooperation and partnerships which relate to the sustainable transition of society. It is our opinion that collaboration and partnerships are crucial to be able to help realise the climate targets in the Climate Act and the Paris Agreement for climate neutrality by 2050 and support Sustainable Development Goal 17 – Partnerships for the goals.

This means that Spar Nord can help customers with specific financing of sustainable assets and activities in their transition to future sustainable and viable businesses. E.g. in connection with financing new and more climate-friendly machinery and properties. 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.

Working with Totalkredit, Spar Nord offers property financing to both retail and business customers. For business customers, the Bank also offers attractive financing solutions in cooperation with relevant partners who, via investments, can help our business customers start on the sustainable transition of their business. These partners include Vækstfonden, the Danish Export Credit Agency and DLR Kredit.





### Sustainable activities (EU Taxonomy)

In order to highlight and encourage financing of sustainable activities by the financial sector, the European Commission has established a classification system (EU Taxonomy) , which ensures uniform reporting of economic activities that satisfy the criteria for being environmentally sustainable. Reporting under the EU Taxonomy Regulation will be phased in from the 2021 to the 2025 financial years, and for the 2021 and 2022 financial years, Spar Nord must report on its Taxonomy-eligible economic activities. From the 2023 financial year, reporting must be on factual and provable economic activities that are in accordance with the EU Taxonomy (aligned). This is called the Green Asset Ratio (GAR).

Spar Nord aims to contribute to a positive and sustainable economic development in the many local communities where we run our bank, as we have a responsibility to encourage the integrity and accountability in society in general. On the basis of 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 EU Taxonomy initiatives help disclose and create a foundation for the Bank's sustainability efforts. Coupled with the Bank's endorsement of

Taxonomy statement as at the end of 2022	%	Definition
Exposures to economic activities covered by the EU Taxonomy (eligible) in relation to total assets covered by the GAR.	15 %	Activities with non-financial/financial NFRD companies and households covered by the EU Taxonomy (eligible) in relation to total assets covered by the GAR.
Exposures to economic activities not covered by the EU Taxonomy (non-eligible) in relation to all assets covered by the GAR.	61 %	Activities with non-financial/financial NFRD companies, households and other assets not covered by the EU Taxonomy (non-eligible) in relation to total assets covered by the GAR.
Exposures to non-NFRD companies in relation to total assets covered by the GAR.	23 %	Exposures to non-NFRD companies in relation to total assets covered by the GAR.
Interbank loans on demand in relation to total assets covered by the GAR.	0 %	Interbank loans on demand in relation to total assets covered by the GAR.
Derivatives in relation to total assets covered by the GAR.	0 %	Exposures in derivatives in relation to total assets covered by the GAR.
Exposures in central administrative authorities, central banks and supranational issuers in relation to total assets covered by the GAR.	3 %	Exposures to central administrative authorities, central banks and supranational issuers in relation to total assets covered by the GAR.
Trading portfolio in relation to the total assets covered by the GAR.	18 %	Trading portfolio in relation to the total assets covered by the GAR.

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, see the rest of this ESG report and Spar Nord's Impact Analysis 2022 , which provides details about the Bank's sustainability work.

The EU Taxonomy is thus an active tool in the Bank's strategic work on sustainable financing by making visible how the Bank can focus its work to support sustainable development.

Reporting by Spar Nord under the EU Taxonomy Regulation depends on sourcing specific data on financed activities. As these data are not currently available for all areas of the Taxonomy, Spar Nord does not currently have the data required to identify all of the Bank's sustainable activities covered by the Taxonomy. In addition to motivating the Bank's customers towards more sustainable investments, focus in the coming years will also be on preparing adequate high-quality data for disclosing sustainable activities and the Green Asset Ratio through, among other things, product and

IT design as well as dialogue with the Bank's customers and relevant collaboration partners about data collection.

The majority of the data in this report is based on the Spar Nord's financial reporting (FINREP ) at the end of 2022. Calculation of sustainable activities covered by the EU Taxonomy has been enriched by obtaining data from companies covered by the Non-Financial Reporting Directive (NFRD) as well as private car exposures and private housing exposures with collateral in real property.

On the basis of the principles for classification and data quality in the EU Taxonomy, 15% of the total assets covered by the GAR of DKK 103 bn. are covered by the EU Taxonomy (eligible). These consist of housing exposures to retail customers with collateral in real property, car loans to retail customers, and exposures to sustainable activities in NFRD companies. 2021, only home loans to retail customers with a mortgage in real property were included in the calculation of sustainable activities covered by the EU Taxonomy, corresponding to 7% of total assets covered by the GAR.

The assets covered by the GAR amounted to 82% of Spar Nord Bank's total assets at the end of 2022, consisting of total assets less exposures to central administrative authorities, central banks, supranational issuers and the trading portfolio. Exposures to companies not covered by the NFRD eligibility are not included in the eligibility calculation.

The European Commission allows reporting entities to provide voluntary disclosures alongside the mandatory disclosures under the EU Taxonomy, with relevant further information for broader and more transparent understanding of how Spar Nord is covered by the classification system. 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.

Read more on page 62 about Spar Nord's voluntary calculation of economic activities which may be covered by the EU Taxonomy and a more detailed description of the EU Taxonomy statement.

<sup>1</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 and Article 10(3d) and Annex 11 of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021. <sup>2</sup> See more at [sparnord.dk/esg](https://sparnord.dk/esg). <sup>3</sup> FINREP (Financial Reporting) Regulation (EU) no. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) no. 648/2012. <sup>4</sup> 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).

### Reduction of CO<sub>2</sub>e footprint from lending:



20% in 2025 and 45% in 2030 compared to 2021 baseline.



#### Results 2022

- Preparation of action plan and CO<sub>2</sub>e reduction targets for lending.
- Launch of energy-friendly car loans.
- Launch of energy-friendly housing loans.
- Implementation of internal ESG skills enhancement for all business advisors as well as relevant employees in the credit, risk management and business development departments.
- Calculation of eligible activities under the EU Taxonomy.
- Calculation of ESG risk, including the physical and transition risk (CRR 449a reporting).
- Almost 2,000 of Spar Nord's customers used Totalkredit's energy calculator.

#### Goals 2023

- Continuation of internal ESG skills enhancement for all business advisors as well as relevant employees in the credit, risk management, and business development departments.
- Operationalisation of the action plan and CO<sub>2</sub>e reduction target for lending.
- Continue to develop the possibilities to support the customers' journey towards more sustainable assets and activities through dialogue, financing solutions and partnerships.
- Support advisors in their sustainability dialogues with customers.
- Continue to incorporate Principles for Responsible Banking (UNPRB).
- Continue work internally and externally in the sector towards better reporting data.



#### Risks

Total loans and advances of DKK 57 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 activities, such as energy consumption, pollution and environmental impacts of car use, and more direct impacts from companies. Spar Nord assesses that companies with significant CO<sub>2</sub>e emissions will meet specific market terms, more stringent regulatory requirements and larger investment requirements for climate initiatives. Climate challenges may affect businesses' robustness and will potentially restrict their revenue-generating ability and growth opportunities. Seen in isolation, this will be restrictive on a company's creditworthiness. Companies with an environmentally sustainable profile are therefore also assessed to have a better foundation for meeting the challenges emanating from increasing climate concerns.



#### Policies

Spar Nord's credit policy is balanced and among other things it aims to support Spar Nord's integrity and social responsibility. Every provision of credit at Spar Nord is based on a risk assessment calculated in advance in accordance with the interests of customers and their ability to comply with their obligations, against suitable collateralisation and taking account of ESG factors. 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.

# Spar Nord's action plan and reduction target for the CO2e footprint from lending

Furthermore, Spar Nord supports the goals in the Climate Act and the Paris Agreement for climate neutrality in 2050, and the Bank has committed to the UN Principles for Responsible Banking (UNPRB). Spar Nord has prepared an Impact Analysis of the positive and negative impacts of the Bank's financial activities on meeting the UN Sustainable Development Goals. Finance Denmark's CO2 model is used to calculate Spar Nord's estimated CO2e footprint from car and home loans to retail customers as well as loans to businesses at sector level<sup>6</sup>.

The calculations form the basis for Spar Nord's action plan and reduction target for the CO2e footprint from lending. In 2021, the Bank published for the first time its CO2e footprint from lending covering scopes 1 and 2 and this will form the baseline for Spar Nord's CO2e reduction targets. In 2021, the Spar Nord CO2e footprint was 9.4 tonnes of CO2e per DKK mill. lending.

Given that the CO2e footprint of the individual lending segments could change both positively and negatively over time, for example because of better data, better knowledge, incorporation of scope 3, new or revised legislation, changed societal conditions and customer behaviour or changed distribution of the Bank's loan portfolio, Spar Nord has set its sub-goals in 2025 and 2030 for reductions in the total relevant loan portfolio, so that the Bank can regularly adjust its efforts to achieve its sub-goals.

## Business activities and estimated CO2e footprint from lending

	2022		2021			2022	2021	
	CO2e emissions ( <sup>000 tonnes of CO2e</sup> )	%	CO2e emissions ( <sup>000 tonnes of CO2e</sup> )	%	Change in CO2e emissions ( <sup>000 tonnes of CO2e</sup> )	CO2e footprint ( <sup>000 tonnes of CO2e</sup> )	CO2e footprint (tonnes of CO2e per DKK mill.)	Change in CO2e footprint (tonnes of CO2e per DKK mill.)
<b>Retail customers</b>	<b>39</b>	<b>12</b>	<b>53</b>	<b>14</b>	<b>-14</b>	<b>3.2</b>	<b>4.9</b>	<b>-1.7</b>
Home loans	10	3	13	4	-3	0.9	1.5	-0.6
Car loans	29	9	40	11	-11	14.9	20.7	-5.8
<b>Business customers</b>	<b>295</b>	<b>88</b>	<b>314</b>	<b>86</b>	<b>-19</b>	<b>10.0</b>	<b>11.2</b>	<b>-1.2</b>
Agriculture, hunting, forestry and fisheries	60	18	64	18	-4	23.2	22.2	1.0
Industry and raw materials extraction	35	10	20	5	15	11	7.9	3.2
Energy supply	7	2	3	1	3	3.2	1.9	1.3
Building and construction	18	5	21	6	-3	6.7	8.4	-1.7
Trade	10	3	5	1	5	2.1	1.3	0.7
Transport, hotels and restaurants	159	48	197	54	-38	53.8	79.6	-25.8
Information and communication	0	0	0	0	0	1.2	0.7	0.5
Real estate	1	0	1	0	0	0.1	0.25	-0.1
Other business areas	6	2	2	0	5	1.6	0.5	1.1
<b>Total loans and advances</b>	<b>334</b>	<b>100</b>	<b>367</b>	<b>100</b>	<b>-33</b>	<b>8.0</b>	<b>9.4</b>	<b>-1.5</b>

A volatile development in the CO2e footprint is particularly likely in early years in line with increased quality of data on specific corporate lending combined with greater focus on improving sustainable financing for at the Bank's customers.

Developments in Spar Nord's CO2e footprint on lending from 2021 to 2022 are significantly carried by better quality data as well as the Bank's financing of private more energy-friendly cars for customers. Taking outset in the calculations, the Bank's most important positive and negative impacts have been identified on the Bank's current lending, and in 2023, Spar Nord will

continue work on a detailed plan to achieve the reduction targets.

The Bank will maintain its target set in 2021 that 80% of new loans to finance cars in 2025 are to be for electric or hybrid plug-in cars.

On this journey towards more sustainable financing, focus will be on our relationship with the customer. Spar Nord aims to be a relevant partner for the Bank's customers to support and continue active sustainability dialogue as well as to strengthen relevant partnerships to benefit of our customers' needs for sustainable solutions and future viability.

Spar Nord will start by developing and supporting the Bank's customers in a more sustainable direction, with particular focus on business customers that inherently in their business model have a higher level of CO2e emissions. The Bank will also aim at growth in lending for activities and assets that contribute to reducing CO2e emissions.

## CO2e reduction target

- Reduction of the CO2e footprint from lending: 20% in 2025 and 45% in 2030 compared to the 2021 baseline.

<sup>6</sup> Read more about the statement in the Spar Nord Impact Analysis 2022 – [sparnord.dk/esg](https://sparnord.dk/esg)



# Governance and compliance

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## 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. For Spar Nord, 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, integrity 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 place priority on a sound corporate culture**

Spar Nord has defined a policy on a sound business culture, which lays down the general framework for the business culture at Spar Nord at all levels. The policy should 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 codes 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 and in 2022, the Bank launched in-house awareness campaigns to inform its employees about the contents of the policy and the codes of conduct. In addition, all new employees are introduced to the policy for a sound business culture as an integral part the Bank's onboarding process.

### **Freedom of association**

Spar Nord respects and supports the employee's freedom of association and recognises the right to collective bargaining. Spar Nord works constantly to create a responsible working environment and the Bank has acceded to, and complies with, the general principles and standards on employee rights recognised by the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at Work, including the ILO declaration on the right to organise and collective bargaining. Spar Nord carries out banking activities in Denmark, where freedom of association is a constitutional right included in the Danish Constitution, and we recognise, respect and comply with this freedom.

### **Whistleblower scheme**

At Spar Nord, we want all our employees to feel genuinely comfortable contacting senior management levels. This applies regularly in daily dialogue and liaisons, but also widely in the event 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.

Spar Nord considers it as paramount 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.

## Spar Nord code of conduct

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 employees' 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.

### With integrity

All employees at Spar Nord are obligated to demonstrate proper conduct. This is not just a precondition for being part of a Spar Nord. It is also a prerequisite for running a successful bank which contributes positively to societal developments.

### Ethical

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 want 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.

### 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 optimum quality. We employ our skills to make ourselves and each other better.

### 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.

### Inclusive

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

### 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 terrorist financing and other types of financial crime are crucial to our credibility. In order to contribute actively to reducing the risk of money laundering and terrorist financing, we have defined an AML policy and implemented 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 employees' awareness of relevant issues and current trends. The training is aimed at the different job functions with different cases that are relevant for the situations employees may be confronted with. The Bank currently employs 63 FTEs across the organisation, who onboard customers, maintain customer due diligence, 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 preventing 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 employees 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.



### Results 2022

- Awareness campaign regarding policy for a sound business culture.
- Implementation of e-learning for all employees at the Bank - a mixture of basic knowledge and case-based teaching.
- Courses in sanctions for relevant employees at local branches and the head office.
- Systems development in order to create a more effective procedures in relation to customer due diligence and transactions monitoring, and thereby reduction of the manual processes.
- 3,934 reports to State Prosecutor for Serious Economic and International Crime (SØIK).
- Employees corresponding to 63 FTEs working on anti-money laundering against 55 in 2021.

### Goals 2023

- Continue monitoring and analysing risks of money laundering, terrorist financing and breaches of sanctions.
- Complete the transition to a new transactions monitoring and screening system, and thereby ensure more future-proof solutions.

### 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.

2019	1,750
2020	2,048
2021	2,194
2022	3,934



### Risks

Responsible banking is paramount given that the existence of cross-border financial crime, tax evasion, breaches of sanctions, and international terrorism is a basic condition for all banks. The risk of the Bank being abused for money laundering, terrorist financing, evasion of sanctions, 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 of the Bank being used for harmful activities that could have an adverse impact on the Bank's operations and reputation.



### Policies

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 employees' capabilities in the area. The Bank has drawn up 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.

# Data ethics, cyber security and IT Governance

Security in relation to data as well as 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.

## IT-Governance and protection against cyber attacks

As a systemically important financial institution, Spar Nord is subject to a number of requirements in order to minimise the consequences of attacks or events which may lead to the government and our customers incurring major financial losses.

Amongst other things, this applies for the systems and processes area in which we are obligated to identify all of our systems and processes to gain an overview of their importance, and not least their dependencies. In order to further strengthen our defence against cyberattack, improve the general level of maturity and to comply with statutory requirements in the area, in 2022 Spar Nord launched a comprehensive IT Governance programme. Spar Nord's IT Governance programme will help the Bank to continue to secure daily operations in the event of attacks and breakdowns, and it will ensure that employees receive a detailed overview of the Bank's systems, processes and options in the event of cyberattacks.

## Data ethics and the processing of personal data

Spar Nord has drawn up 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, now and in the future, the Bank is to 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 with integrity 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 as we want our own information to be processed.



## 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 the skills of the older generation in IT and IT security, as well as awareness of fraud, represent a particular 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 risk and threat scenario and by launching the required security measures.



## Policies

As data and cyber security are paramount to Spar Nord, the management at Spar Nord consistently takes steps to safeguard confidentiality, integrity, availability and legislation and sector requirements so 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 drawn up 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, we prioritise maintaining good and transparent supplier relationships that underpin the Bank's good reputation and help attract and retain good suppliers and customers.

### Code of conduct for suppliers

Spar Nord requires that the Bank's suppliers have high environmental standards, and that all suppliers support of internationally recognised principles for human rights (including labour rights), the environment, climate and corruption, as well as the UN Sustainable Development Goals and the ten general principles described in the UN Global Compact. Spar Nord has prepared a code of conduct for suppliers, and all of the Bank's primary suppliers automatically accede to this when they either establish or renew supplier agreements with the Bank.

As the Spar Nord code of conduct for suppliers forms the basis for all our collaboration with suppliers, we reserve the right to request further documentation for compliance with the code of conduct and seek open dialogue with selected suppliers, if necessary.

In 2022, Spar Nord selected 31 suppliers and asked them in a questionnaire to consider the specific circumstances in their own supply chain and production. Their responses were generally satisfactory, and only very few gave rise to further inspection and dialogue, while one supplier was terminated. In 2023, Spar Nord will continue to focus on ensuring that all suppliers – both large and small – comply with the code of conduct for suppliers.

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Spar Nord has prepared a code of conduct for suppliers that all of the Bank's primary suppliers automatically accede to.



### 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.



### Policies

Spar Nord pursues the goal that all suppliers adhere to our code of conduct for suppliers. Therefore, Spar Nord regularly checks 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. 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 stimulating 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 vital that we are an attractive and stimulating workplace with a strong culture that permeates the entire Bank. 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 as crucial for running a stimulating 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 number of policies with focus on responsible working environment, sound business culture and diversity.

## Diversity and gender in management and organisation

Spar Nord aims to be a diverse workplace in which all employees, regardless of gender and background, have the same opportunities to make a career and qualify for management positions. It is the Bank's ambition to promote gender diversity at all management levels and promote a culture which also opens up for diversity based on other parameters.

Spar Nord's approach to diversity and inclusion must contribute to selecting, attracting, strengthening and retaining our position as an attractive workplace.

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 skilled employees with respect to professional and human qualities. Spar Nord considers prejudice based on gender, age, skin colour, religion, sexual orientation, physical appearance or ethnic origin as a barrier to developing our business and to ensuring a healthy working environment.

Spar Nord's goal is that more women opt for a management career in the Bank. It is also an important goal to develop and retain managers of several genders. Employees with management potential must, regardless of gender, be encouraged and offered relevant further training and other job development internally at Spar Nord. This is supported at the mandatory staff development interviews held once a year, as a minimum.

In Spar Nord's new strategy, An engaged bank, we have drawn up a number of goals and ambitions for how gender distribution at Executive Board, executive management and middle management levels must change towards a more equal distribution between men and women.

In 2022, the Bank's goal that the proportion of female members of the board of directors should be 33%. At the end of 2022, this goal was not achieved with women representing 22% of board members. The reason for this is that, there was no change in the Board of Directors in 2022.

In 2022, the Bank's goal was also that the proportion of female executive managers and middle managers should be 25%. At the end of 2022 this goal had been achieved, and this is primarily due to more women among the Bank's middle managers.

Women in management is a high-priority focus area for the Bank. In 2023, there will be continued focus on initiatives and follow-up for the Executive Board and the Board of Directors.

## Goals



**Board of Directors**  
33% by 2025

**Executive Board**  
25% by 2030

**Executive managers**  
20% by 2026 and 30% by 2030

**Other managers**  
35% by 2026 and 40% by 2030

Among the applicants for management positions in the Bank, at least two out of five qualified candidates must be women.

### 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 for their workplace, while also having time for family and friends. A specific initiative is that Spar Nord has prepared a new local agreement on working from home in close collaboration with the Spar Nord Kreds under the Financial Services Union.

Spar Nord's latest survey of job satisfaction asked for employees' opinions regarding flexibility and their approach to working from home. 86% replied that they were satisfied or very satisfied with the options to work from home.

A full 91% also replied that they work well with colleagues, even though several can now work from home.

Spar Nord has strong focus on work-life balance in all life phases. Employees of all ages and at all life stages can develop and thrive in their job at Spar Nord, and this is supported by guidance in the staff handbook. Furthermore, the Bank has formulated a late-career policy, which secures consideration for the special needs of this target group. In 2023, work will commence on an overall life-phases policy for the entire Bank.

### Dialogue on special needs

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

### Training and education

Society, technology, behaviour and customer requirements are changing constantly, and Spar Nord shares a responsibility for ensuring that employee skills are constantly updated and developed to enhance the Bank's competitive strength and the employees' 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 do not only focus on skills-maintenance. We attach importance to accommodating requests to develop skills and talent, as this will give our organisation flexibility and mobility.

As described on page 9, during 2022-23 Spar Nord is conducting a comprehensive ESG skills enhancement programme for everyone at the Bank, combined with training aimed at business. In 2022, at least 19,100 hours of training were completed, corresponding to an average of 12 hours of training per employee. Furthermore, there was employee development in seminars, network meetings and other gatherings.



### Recruitment and promotion

With more than 1,600 employees, 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. Therefore, we 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 as a social obligation and a business advantage. Throughout 2022, the Bank focused strongly on recruiting recent graduates within economics, and finance as well as academia. The Bank has set up a number of internal rules for how the new trainees count in key economic indicators. This 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.

### Life without digital harassment

It must feel safe to go to work – even online. Therefore, in 2022 Spar Nord participated in an analysis and development project on working life without digital harassment, which was designed by the organisation for digital responsibility (Digitalt Ansvar) in cooperation with an association to help people to the good life (Velliv Foreningen). The project aims to develop solutions to prevent and manage online harassment. The general results of the project were made public 28 December 2022 on Danish national television. Spar Nord's own results were discussed by the Bank's joint consultation and working environment committees.

### 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.

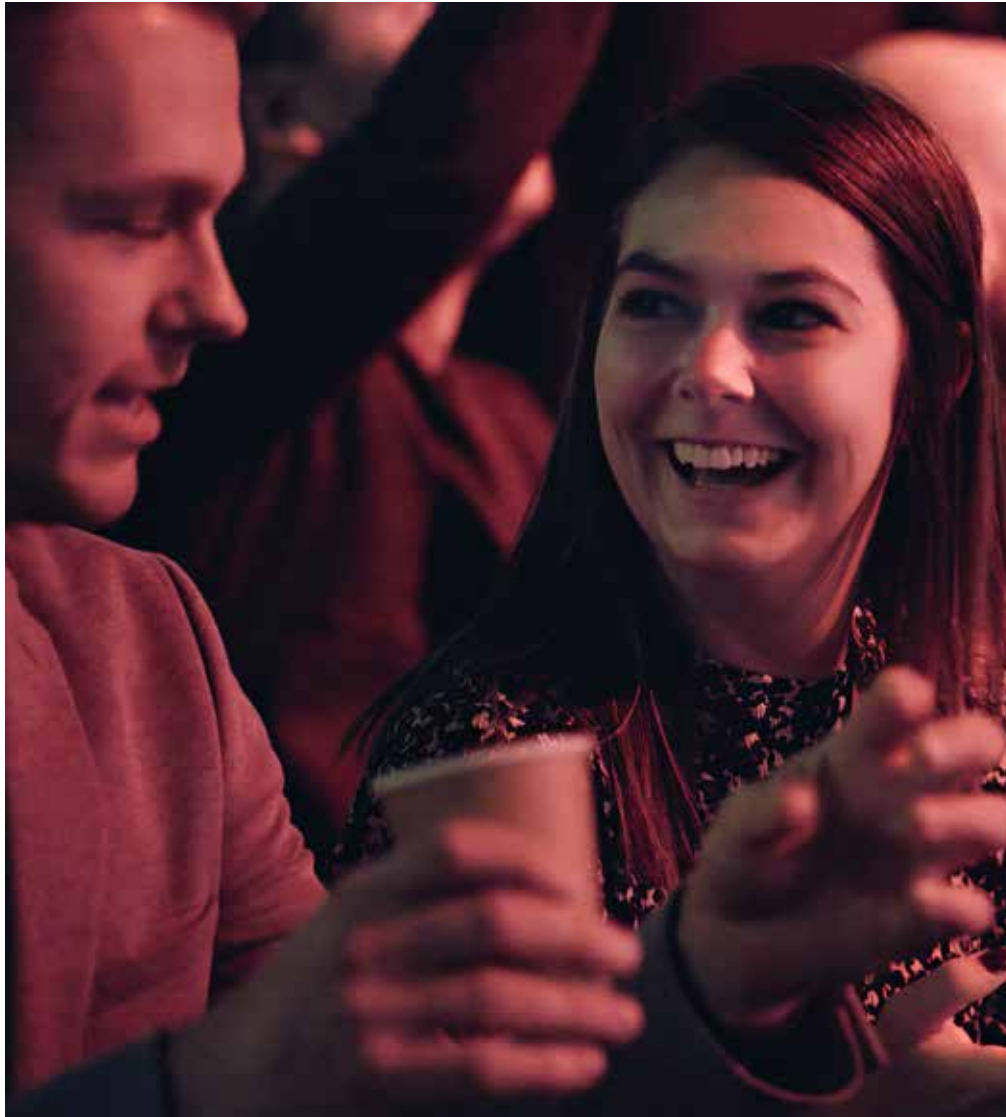
2022 is the fifth consecutive year that the current question framework has been used to measure well-being and satisfaction. It is also the third time that the measurements were not anonymous. The response rate was 97% in 2022, against 96% in 2021. This means a total of 1,599 employees responded to the survey in 2022, which Spar Nord believes is an indication that the employees are confident in our handling of the results.

Overall, the survey for 2022 is again very positive, as we have maintained a high well-being index of 86%. See Well-being and satisfaction on page 53 of this ESG report.

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Based on these measurements, new initiatives and efforts are planned together with the employees.





#### New initiatives and results in 2022

- ESG skills enhancement for everyone at the Bank, and specifically for the business area.
- Participation in the analysis and development project on working life without digital harassment designed by a Danish the organisation for digital responsibility (Digitalt Ansvar) in cooperation with an association to help people to the good life (Velliv Foreningen).
- Pre-retirement meetings for employees above the age of 58.
- Collaboration with AP Pension on strategic health and categorisation of Spar Nord in the 5-step model (KRAMS model). Spar Nord is currently at step 3.
- Employee shares and new gross salary scheme in collaboration with Atea.

#### Goals

- Continue to work towards achieving the Bank's target figures for the under-represented gender in management:
  - 33% of the Board of Directors by 2025
  - 25% of the Executive Board by 2030
  - 20% of executive managers by 2026 and 30% by 2030
  - 35% of other managers by 2026 and 40% by 2030
- Continue efforts to achieve a high level of well-being, satisfaction and personal development among the Bank's employees.
- Preparation of an overall life-phases policy to ensure awareness of the possibilities offered by the Bank to individual employees depending on their life situation.
- Focus on retaining older employees.
- Implementation of new collective agreement.
- Launch initiatives in relation to generation changes, including increased focus on trainees.



#### Risks

Employee matters are affected by many factors that 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 Spar Nord Kreds under the Financial Services Union and in the Bank's joint consultation and working environment committees. If we fail to comply with the policies for employee matters, the Bank risks 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, and physical and mental wear-out.



#### Policies

Spar Nord wants to provide a healthy and safe environment for all employees, customers and visitors at the Bank. We have focus on health, as well as physical and psychological safety and well-being. Spar Nord is working to prevent attrition, occupational accidents, absenteeism, lack of mental well-being and discrimination, and to make the organisation and its employees resistant to all types of bullying or harassment. We consistently comply with legislation and collective agreements, while initiatives in selected areas are more far-reaching than prescribed by legislation and collective agreements. Spar Nord has formulated a policy for a responsible working environment, a late career policy, a remuneration policy, a policy for a sound business culture and a policy for diversity. The Bank's policies are supplemented by a comprehensive employee handbook that in practice helps ensure good conditions for all employees.

## Responsible approach to tax

Spar Nord aims at all times to be a responsible tax payer and comply with all relevant tax regulations. Therefore we strive for transparency and we have a proactive, open and cooperative approach to the tax authorities. We publish our tax payments in accordance with national and international requirements and good practice among comparable enterprises. The objective of Spar Nord is to be a competitive business and a responsible taxpayer. Spar Nord adheres to the principle of non-aggressive tax planning and has no activities in tax havens.

If we become aware that our customers or partners are participating in tax fraud or tax evasion, we cooperate with the relevant authorities to solve the problem in accordance with relevant laws and regulations. Spar Nord strives to comply with the intention of the law, the letter of the law, and current guidelines.

### Contribution to society and the UN Sustainable Development Goals

Spar Nord recognises the importance of tax revenues for society and as a means of achieving the UN Sustainable Development Goals. Sustainable Development Goal 16 on peace, justice and strong institutions is among the Spar Nord priority objectives, which also include to combat tax havens and to ensure financing of basic welfare services, particularly in Third World countries.



### Risks

Spar Nord seeks to avoid consequences regarding taxes and duties. Therefore, we seek open dialogue and communication with the tax authorities. In exceptional circumstances, Spar Nord aims to achieve binding decisions and prior approval to reduce the risk and uncertainty of future tax payments. Whenever necessary, Spar Nord utilises tax consultants to help the bank to manage the risk of not complying with tax legislation and the risk of paying too much in taxes and duties.



### Policies

Spar Nord aims to be a responsible tax payer. This entails that the Bank keeps up to date with best practice in the tax and duties area. Spar Nord has drawn up a tax policy with focus on corporation tax, VAT, payroll tax, energy taxes, staff taxes as well as other taxes, duties and social insurance contributions. The policy also focuses on the tax position of customers and the advice we provide for them. This includes that the Bank only provides general tax consultancy in relation to the products and services supplied by the Bank. In this context the Bank refers customers to the relevant authorities.

Spar Nord is a significant contributor to Danish society through the taxes paid by the Bank.



**546** mill. in 2022

**16** FRED, RETFÆRDIGHED OG  
STÆRKE INSTITUTIONER





# Local commitment

One of the factors that distinguish Spar Nord is that we are part of a larger ecosystem stretching beyond just being a bank.

The local pledges

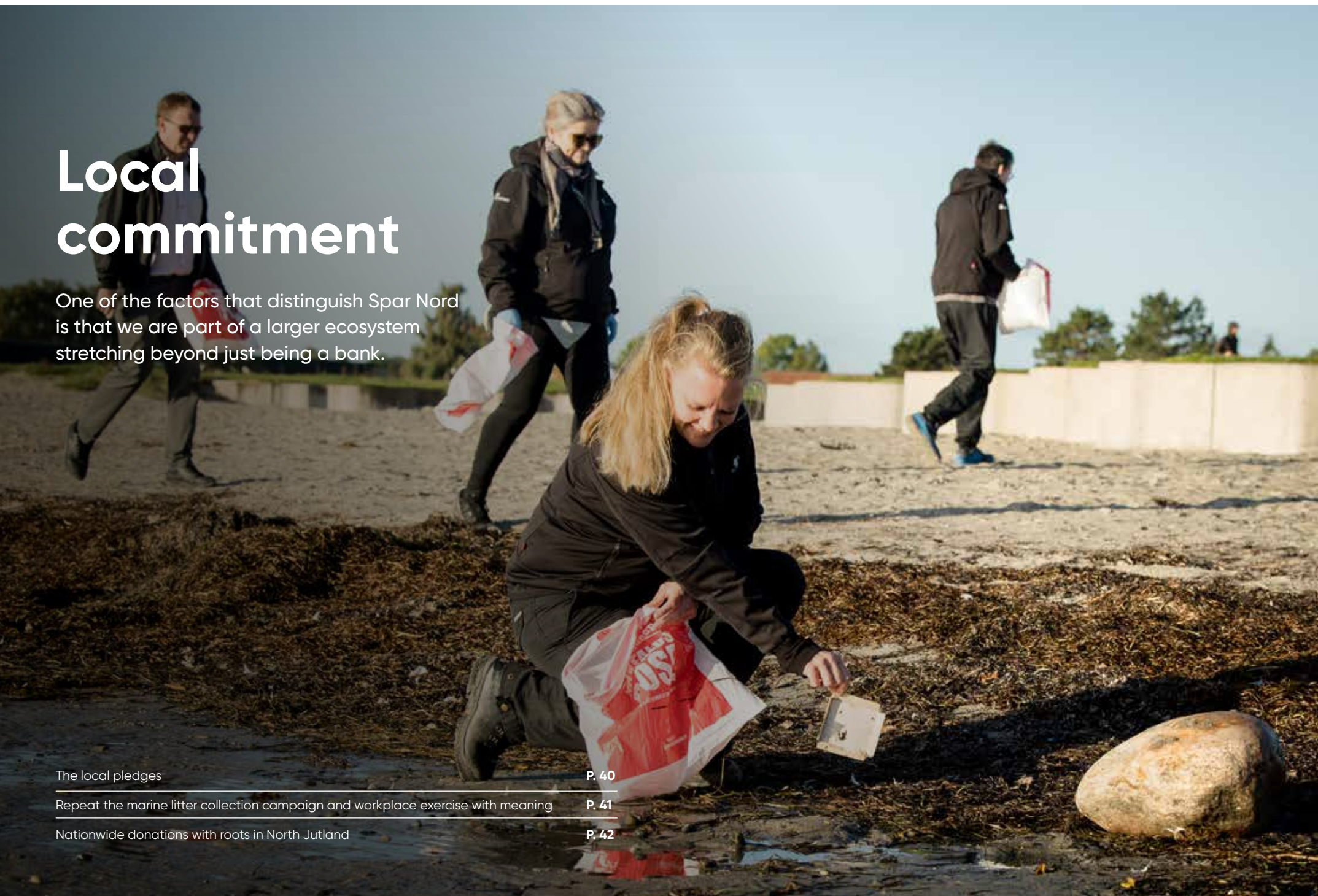
Repeat the marine litter collection campaign and workplace exercise with meaning

Nationwide donations with roots in North Jutland

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## Cohesion and local pledges

Spar Nord's operations rely on a strong local presence and decentralised decision-making powers. Accordingly, we engage with the local communities in which we operate. Through our 60 local branches, we actively participate in local communities and support initiatives as well as associations to benefit local community cohesion.

One of the factors that distinguish Spar Nord is that we are part of a larger ecosystem stretching beyond just being a bank. The Bank's employees are an important part of this ecosystem, as they live and work in the local areas in which the Bank operates.

Spar Nord has a long-standing tradition of sponsoring small and large local associations and initiatives. We believe we have a particular responsibility to help to develop healthy and sustainable communities. In 2022, the Bank granted sponsorships for more than DKK 22 million.

### The local pledges

We want to enhance the Bank's position and the local marketplace by giving employees more mandate to make decisions about the areas in which they have direct contact with customers, relationships and communities. This means employees have more opportunity to make a difference through sponsorship agreements where they live and are actively involved.

Specifically, all local branches and departments in the head office have to draw up what we call The local pledge, which entails agreeing how each employee is to realise the degree of autonomy arising from the local-bank model. In this way, the Bank helps support local social cohesion and makes local communities a better place to live and do business.

Furthermore, the Bank's employees and bank council ambassadors for the Spar Nord Foundation support large and small communities throughout Denmark. The Spar Nord Foundation owns approximately 19% of Spar Nord, and the dividends from this ownership interest are some of the funds that we channel back into associations and local communities through donations.





**Marine litter collection and workplace exercise with meaning**

In autumn 2021, Spar Nord's employees spent some of their working hours on a national marine litter initiative, in which dedicated local citizens, school children, associations and businesses were invited to help make a difference. In 2022, together they collected 1.6 tonnes of marine litter from Danish beaches.

The marine litter collection campaign is also at the hub of Spar Nord's participation in the exercise-at-work week (Arbejdspladsernes Motionsuge), which is held at the same time. We call this workplace exercise with meaning, whereby a healthy and sustainable life at work goes hand in hand with being an engaged and responsible bank. The marine litter collection campaign by Spar Nord helps improve well-being and strengthen cohesion at the Bank and with the surrounding local communities.

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We call this workplace exercise with meaning, whereby a healthy and sustainable life at work goes hand in hand with being an engaged and responsible bank.

Since 2017, the Spar Nord Foundation has donated around DKK 2.5 million to the Danish Navy's marine environment campaign (Havmiljøvogterne), which focuses on reducing marine litter in and around the oceans. The Bank's nationwide marine litter collection campaign is therefore realisation of a project supported by the Spar Nord Foundation.

If schools, associations, businesses or private individuals want to support the good cause, they can pick up bags to collect marine litter from their local Spar Nord branch at any time.

For more information about the campaign, see <https://havmiljovogter.dk>



### 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 became Spar Nord Bank A/S in 1990, 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 levels.

### Supporting valuable communities

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



### The Spar Nord Foundation

- Owns shares in Spar Nord equal to an ownership interest of about 19%.
- Most of the share dividends are channelled back into society.
- In 2022, the Spar Nord Foundation made total donations (local, regional and national) of around DKK 60.9 million for 681 projects.

Read more on [sparnordfonden.dk](https://sparnordfonden.dk)



### Risks

Local cohesion and the personal relations and commitments are required to create positive change and progress in local communities. Failure to support local communities entails a risk for the attractiveness of a local community and jeopardises the well-being of citizens to the detriment of their opportunities and ultimately Spar Nord's business. The autonomous and decentralised commitment of each individual branch in local communities also involves a risk of favouritism and nepotism in relation to sponsorships.



### Policies

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 this by granting sponsorships and donations focused on community, culture, 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.



# Own emissions

In 2022, Spar Nord had particular focus on energy optimisation and electricity savings as a direct consequence of the current geopolitical situation.

Focus on energy saving measures

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Recycling paper towels

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Norths climate accounts 2022

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## Focus on energy saving measures

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 Sustainable Development Goals (UN Global Compact), which forms the foundation for our efforts to reduce our negative impacts on the climate and the environment.

In 2022, Spar Nord had particular focus on energy optimisation, including changing all lighting at the Bank to LED. Changing to LED lighting in the head office alone has led to a reduction of 1,000 kWh per month. Lighting in local branches across Denmark has been replaced with LED lighting too, and this is also expected to have a strong effect on electricity consumption in the years to come.

Besides LED lighting, the Bank had particular focus on energy optimisation and electricity savings as a direct consequence of the current geopolitical situation that has led to higher electricity, heating and fuel prices, as well as general uncertainty regarding energy supply in Europe. It is only natural for Spar Nord to take our share of the responsibility to reduce energy consumption.

In 2022, we managed to reduce natural gas heating by 14% (scope 1). We also reduced our electricity consumption by 9% and district heating consumption by 11% (scope 2).

We did this by:

- lowering heating in all our buildings to max. 20°C
- turning off outdoor signs and info signs at 20:00,
- turning off instore screens at 18:00,
- encouraging employees to turn off lights and electronic devices such as laptops and docking stations.

### 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, 2021 and 2022, for example, we joined the Let's bike to work campaign run by the Danish Cyclists Federation. This initiative has encouraged a number of employees to leave their car at home and use their bicycle instead. In February 2022, Spar Nord also took part in a walking campaign (Walk15 Tæl Skridt og Plant Træer), and employees together walked 103,105,648 steps. Spar Nord also planted 491 trees in Danish public forests as a result of the campaign. We repeated the principles in the walking campaign in the Spar Nord Sundhedsuge (health week) in the summer, when 785 colleagues in 58 teams walked 1,130,258 steps in five days.

In both 2021 and 2022, Spar Nord had focus on biodiversity by sowing wild flowers in a number of areas and flower boxes around the head office and at local branches across Denmark. The initiative aims to stimulate biodiversity and insect fauna in local areas and stimulate awareness of sustainability initiatives by the Bank. Spar Nord invited customers to collect free flower seeds from their local Spar Nord branch, and we encouraged them to sow the wild flowers in their gardens or flower boxes.

### Solar farm in operation in 2023

Together with a number of other players in the financial sector, Spar Nord signed an agreement in 2021 to purchase green power from the energy company Better Energy. The agreement also entails construction of a brand new solar farm in Ådum in Jutland. The solar 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 farm is expected to have a positive impact on nature protection interests as the farm will improve conditions in the adjacent natural areas.

Read more here: [Link](#)

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Spar Nord is continuously working to build climate awareness among its employees, customers and business partners.



### Recycling paper towels

At the main office in Aalborg, Spar Nord was the first company in northern Jutland to implement the Tork PaperCircle recycling concept to collect and recycle used paper towels instead of throwing them out.

By introducing Tork PaperCircle and increasing recycling, Spar Nord is contributing to a circular economy and resource-efficiency. Experience shows that up to 80% of paper towels from companies like Spar Nord are sent for recycling under the Tork PaperCircle scheme. Therefore, it made very good sense to introduce the concept at the Bank.

By means of stickers on doors, mirrors and garbage bins, Spar Nord has helped employees to remember that, in future, paper towels are to be thrown in a separate bin. Employees, cleaning staff from ISS and the Bank's waste-disposal partner, Stena, are positive about the process and have rapidly taken up the new routines. Tork PaperCircle has served as an important initiative to increase climate-awareness for employees, partners and the surrounding community and it has also inspired other companies to introduce similar circular solutions. Spar Nord expects Tork PaperCircle to reduce waste by 2.2 tonnes, all of which is now recycled.

### Recycling food waste

In 2022, 30 tonnes of food waste was collected from Spar Nord, which was converted into 3,448 Nm<sup>3</sup> of CH<sub>4</sub> (methane) at a biogas facility. This corresponds to a CO<sub>2</sub>e reduction of

**4.2 tCO<sub>2</sub>e.**

### Meeting culture and responsible transport habits

Spar Nord has constant focus on maintaining sustainable meeting and travel habits across the Bank. The Bank expects employees to constantly question the necessity of face-to-face meetings, and instead arrange an online meeting when possible. This is both to protect the environment and reduce the Bank's CO<sub>2</sub>e emissions, but naturally also to ensure a more sustainable and effective meeting culture at Spar Nord. Spar Nord also encourages employees to use public transport, car pool, and use the Bank's own cars, all of which have low-energy label A. Despite ongoing focus on sustainable transport habits and responsible meeting culture, there has been an increase in CO<sub>2</sub>e emissions in scope 1 for cars from 224 tCO<sub>2</sub>e in 2021 to 257 tCO<sub>2</sub>e in 2022. There has also been an increase in scope 3 for air travel and business travel from 186 tCO<sub>2</sub>e in

2021 to 541 tCO<sub>2</sub>e in 2022. The previous year's low carbon emissions for cars, air and other travel activity is attributable to COVID-19 lockdowns and subsequent working from home and limited travel. CO<sub>2</sub>e emissions for 2022 should therefore be viewed as more accurate for an organisation of our size.

In 2022, Spar Nord installed 16 new charging stations for electric and plug-in hybrid cars at the Bank's head office and 11 local branches. Spar Nord's charging stations were installed in collaboration with Clever. Besides our customers and employees, the charging stations are also frequently used by passers by, who can charge their cars via a Clever app outside the Bank's opening hours. Spar Nord is thereby contributing to a more energy-efficient infrastructure across Denmark, and we are making it more attractive to switch to an electric or hybrid car.



# Climate accounts

Key figures for greenhouse gas emissions	Enhed	2022	2021	2020
<b>Scope 1</b>	tCO <sub>2</sub> e	257	224	123
Cars	tCO <sub>2</sub> e	226	191	123
Heat	tCO <sub>2</sub> e	31	33	-
<b>Scope 2 - location-based</b>	tCO <sub>2</sub> e	803	1,025	1,102
<b>Scope 2 - market-based</b>	tCO <sub>2</sub> e	336	504	476
Electricity - location-based	tCO <sub>2</sub> e	467	521	626
Electricity - market-based	tCO <sub>2</sub> e	-	-	-
District heating	tCO <sub>2</sub> e	336	504	476
<b>Scope 3</b>	tCO <sub>2</sub> e	648,313	717,954	-
Air travel	tCO <sub>2</sub> e	197	48	-
Business travel	tCO <sub>2</sub> e	344	138	-
Water supply	tCO <sub>2</sub> e	4	1	-
Investments				
BEC Financial Technologies	tCO <sub>2</sub> e	1,768	1,768	-
Financed by loans - retail and business	tCO <sub>2</sub> e	334,000	367,000	-
Capital management and proprietary portfolio	tCO <sub>2</sub> e	312,000	349,000	-

### Climate compensation via mangrove trees

At the end of 2021 the Bank achieved climate-neutrality on scopes 1 and 2 through both reductions and compensation. In 2022, through a range of energy-optimisation initiatives, we reduced the Bank's own CO<sub>2</sub>e footprint, and thereby also the percentage for which we compensate via purchased climate credits, from 1,249 tCO<sub>2</sub>e in 2021 to 1,060 tCO<sub>2</sub>e in 2022. Spar Nord compensates by purchasing climate credits in the Thor Heyerdahl Climate Park, which contributes to planting mangrove forests in Myanmar. We decided to support this project because mangrove trees absorb up to five times as much CO<sub>2</sub>e as other trees and store CO<sub>2</sub>e directly in the soil. Furthermore, as mangrove trees are easy to plant and grow quickly, a major impact is achieved relatively quickly. The project also contributes to creating jobs and building a circular society, ensuring better living conditions for the local population. It has achieved the highest rating for climate credits (AAA) under BeZero Carbon<sup>1</sup>.

Spar Nord will continue its efforts to launch initiatives to help secure 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 encourage collaboration partners as well as suppliers, including district heating plants in particular, to prepare climate accounts and commence their journey towards a greener transition.

### Indirect emissions from key suppliers

Much of Spar Nord's scope 3 is indirect CO<sub>2</sub>e emissions from BEC Financial Technologies that provides advice, technology and services for Spar Nord. Spar Nord owns BEC Financial Technologies together with a number of other banks, with Spar Nord holding an ownership interest of 1/19, corresponding to 5.2%.

As Spar Nord consistently seeks to improve its data and insights into total climate impacts, we have opted to estimate the 2020 CO<sub>2</sub>e emissions from BEC Financial Technologies under scope 3<sup>2</sup> based on our percentage ownership. As we gradually gain more insight into the climate accounts of other suppliers, we will also include their emission figures under scope 3.



“

In order to compensate for our 1,060 tCO<sub>2</sub>e, Spar Nord has financed the planting of a total of 5,000 mangrove trees on two hectares of land in the Thor Heyerdahl Climate Park in Myanmar.

<sup>1</sup> <https://bezerocarbon.com/listings>

<sup>2</sup> As it has not been possible for Spar Nord to gain insight into the BEC's climate accounts for accounting years 2021 or 2022, we have estimated our scope-3 calculations for 2022 based on figures from BEC's climate accounts for 2020, exactly as we did in our ESG report in 2021.



### Results 2022

- 27 new charging stations, 16 at head office and 11 at local branches.
- Savings of approx. 100,000 KWh from 2021–22 by replacing lighting with LED and energy optimisation of the entire Bank.
- Reduction of heating with natural gas of 14% (scope 1).
- Reduction in district heating consumption of 11% (scope 2).
- Reduction in electricity consumption of 9% (scope 2).
- Recycling of paper towels in collaboration with Tork PaperCircle.
- Replacement of disposable tableware with porcelain and glass in the head office.
- Establishment of wild flower beds and flower boxes at the head office and at branches.
- Preparation and establishment of waste management across the Bank's branches.
- Investigation of 31 selected suppliers with regard to compliance with the code of conduct for suppliers.

### Goals 2023

- Reduction in electricity consumption of 10% from 2022 to 2023.
- Establishment of waste separation in branches where the municipality is ready.
- Continued efforts to reduce the Bank's own CO<sub>2</sub>e emissions.
- Continued increases in climate-awareness among employees and the surrounding world via awareness-raising initiatives.



### Risks

There are environmental risks associated with the Bank's operations, because its energy consumption, transport procurement, resource management, water consumption and canteen operations may have a negative impact on the Bank's climate footprint. Consequently, we are constantly working to take measures that can contribute to reducing the CO<sub>2</sub>e emissions from the Bank's operations.



### Policies

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 drawn up a climate and environmental policy, a code of conduct for suppliers, a policy for sound business culture and a policy on product approvals.



# Ratios and key figures and reporting



## ESG ratios and key figures

Environmental data	Unit	2022	2021	2020
CO2e, scope 1	Tonnes	257	224	123
CO2e, scope 2	Tonnes	803	1,025	1,102
CO2e, scope 3	Tonnes	648,313	717,954	-
Energy consumption	GJ	29,473	32,148	-
Renewable energy share	%	46.8	43.6	-
Water consumption	m3	7,876	6,451	6,518
<b>Social data</b>				
Full-time workforce	FTE	1,628	1,618	1,553
Gender diversity	%	50	51	52
Gender diversity for management levels	%	25	20	22
Pay difference between genders	Factor	1.2	1.2	1.3
Staff turnover rate	%	11	12	9
Absenteeism due to sickness	Days/FTE	7.7	7.0	4.9
<b>Governance - management data</b>				
Gender diversity of the Board of Directors	%	22	22	22
Attendance at meetings of the Board of Directors	%	92	96	98
Pay gap between the CEO and employees	Factor	9.1	8.9	8.9
Taxes and tariffs	DKKm	546	553	393

ESG highlights and key figures are prepared in accordance with the guidelines from FSR Danish Auditors, CFA Society Denmark and Nasdaq, which were published in 2019 (updated in January 2022). Link.

# Accounting policies

## General

Spar Nord's ESG highlights and key figures are presented on page 50 of this ESG report and they have been prepared in accordance with the guidelines from FSR Danish Auditors, CFA Society Denmark and Nasdaq, which were published in 2019 (updated in January 2022)<sup>1</sup>.

## Environmental data

Reporting and calculation of CO<sub>2</sub>e emissions are divided according to the definitions in the GHG Protocol of scopes 1-3. CO<sub>2</sub>e-emission factors from the Danish Business Authority's CO<sub>2</sub> calculator have been used for the conversion of emissions unless otherwise stated<sup>2</sup>. Consumption data has been calculated for the period 1 January 2022 – 31 December 2022 unless otherwise stated.

### Scope 1

CO<sub>2</sub>e emissions from heating with natural gas and running the Bank's cars.

**Unit:** metric tonnes.

#### • Cars

The category covers cars, including cars lent out and company cars. Emissions from cars are calculated on the basis of the amount of petrol and diesel fuel used. There is no distinction between emission factors for individual makes of car. For company cars, there is no distinction between business and private transport, meaning that all kilometres driven in company cars are recognised in scope 1.

#### • Heating

Heating includes heating with natural gas, which is calculated using the emission factor for emissions per m<sup>3</sup>.

### Scope 2

CO<sub>2</sub> emissions related to electricity and district heating from external suppliers and electricity generated from the Bank's solar installations.

**Unit:** metric tonnes.

#### Electricity

• Emissions are calculated under the two methods in the GHG Protocol: market-based and location-based. The market-based method uses emission factors from electricity declarations, and electricity (observed production) generated by solar installations at Spar Nord's head office. In the calculation of emissions using the location-based method, average emission factors are applied based on energy declarations from Energinet.

#### District heating

• Spar Nord states district heating consumption on the basis of meter readings at the locations where we have our own meters. It is not possible to state the consumption at locations where district heating is paid on account with rent as this is not published by the landlord.

### Scope 3

CO<sub>2</sub>e emissions in scope 3 are divided into 15 categories the GHG Protocol. We have decided to include category 6: business travel and category 15: investments

**Unit:** metric tonnes.

#### Business travel

• Business travel includes travel by air, work-related travel in employees' cars and overnight stays in hotels. Calculations of emissions from air travel distinguish between domestic and foreign travel with regard to the choice of emission factor. Travel in employees' cars is based on recorded kilometres driven and average CO<sub>2</sub> emissions for cars.

#### Investments and lending

• This category comprises Spar Nord's financed CO<sub>2</sub>e emissions from capital management, proprietary portfolio, business loans and loans to retail customers for property and cars. Emissions are calculated in accordance with Finance Denmark's CO<sub>2</sub> model and company-specific data when available.

#### BANKERNES EDB CENTRAL (BEC)

• Spar Nord's ownership interest in Bankernes EDB Central (BEC) is used as the key for the share of BEC's scope 1 and 2 emissions.

## Water consumption

• Water consumption is stated on the basis of meter readings at the locations where Spar Nord has its own water meters installed. Consumption at locations where water is paid for on account with rent is not included in the calculations, as we do not have access to detailed consumption figures.

**Unit:** m<sup>3</sup>.

## Energy consumption

• Total energy consumption in gigajoules from gas, district heating and electricity.

**Unit:** GJ.

## Social data

Social data regarding employees, management, pay, etc. includes only the Spar Nord Group. Unless otherwise stated, social data are calculated as at 31 December 2022.

### Full-time workforce

• The full-time workforce is calculated in full-time equivalents (FTEs) and includes permanent and temporary employees, i.e. the average number of employees (full-time employees + compensated overtime + converted hourly paid employees) plus temporary employees/temps converted to FTEs.

**Unit:** Full Time Equivalents (FTEs).

<sup>1</sup> [https://www.fsr.dk/Files/Images/Fagligt/CSR/2022/ESG/ESG%20januar%202022\\_final.pdf](https://www.fsr.dk/Files/Images/Fagligt/CSR/2022/ESG/ESG%20januar%202022_final.pdf)

<sup>2</sup> <https://virksomhedsguiden.dk/content/ydelse/beregning-din-virksomheds-klimaaftryk-med-co2-beregning/88420008-422f-4449-94e9-71bc601c6e>

**Gender diversity**

- Number of women relative to number of employees. Both permanent and temporary employees are included in the calculation.

**Unit:** %.

**Gender diversity for management levels**

- Number of female managers in relation to the total number of managers. Includes the Executive Board and employees in management positions with personnel responsibility and/or professional responsibility.

**Unit:** %.

**Pay difference between genders**

- Median salary for men in relation to the median salary for women.

**Unit:** Gange.

**Staff turnover rate**

- Staff turnover rate is calculated for employees leaving voluntarily and involuntarily. Retirement is included as employees leaving involuntarily. Calculated on the basis of number of employees leaving in the year in relation to the average number of employees as at 1 January 2022 and 31 December 2022.

**Unit:** %.

**Absenteeism due to sickness**

- Total number of employee sick days in relation to total number of FTEs. Employee sick days only include absence due to employee's own sickness. Maternity/paternity leave is not included.

**Unit:** Days/FTE.

**Governance - management data**

- Management data only covers data for Spar Nord Group. Data is calculated as at 31 December 2022.

**Gender diversity of the Board of Directors**

- Percentage of female board members in relation to the number of members of the Board of Directors. Diversity is measured on the full Board of Directors, including the members elected by employees.

**Unit:** %.

**Attendance at meetings of the Board of Directors**

- Number of meetings of the Board of Directors attended by the board member in relation to the total number of meetings.

**Unit:** %.

**Pay gap between the CEO and employees**

- CEO's total remuneration (incl. late-career allowance) in relation to median salary for employees.

**Unit:** Factor.

**Taxes and tariffs**

- Total tax paid by Spar Nord including property taxes, payroll taxes, VAT and corporation tax charged in the income statement. VAT is calculated excluding purchases and sales/repayment of leased assets, which over time end as DKK 0.

**Unit:** DKK mill.



# 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. The initiatives are followed up through interim measurements. The response rate was 97% in 2022, against 96% in 2021. This means that a total of 1,599 employees responded to the survey in 2022, which Spar Nord believes is an indication that the employees are confident in our handling of the results. Overall, the survey for 2022 was again very positive, last year's well-being index of 86% was maintained.

Focus area	2022	2021	2020	2019
Strategy	77	80	81	75
Reputation – Image	89	90	92	90
Immediate manager	87	89	90	84
Cooperation	89	89	89	87
Professional and personal development	83	83	84	81
Tasks	83	82	84	77
Satisfaction	89	88	91	84
Motivation	90	90	93	88
Loyalty	91	92	95	89
Commitment	83	83	85	82
Well-being	86	86	88	84

## Strategy

Spar Nord has a clear strategy for its direction going forward	82	86	86	81
I am familiar with Spar Nord's strategy and vision	83	86	87	82
I receive adequate information about what is going on at Spar Nord	68	68	70	62
<b>Total score</b>	<b>77</b>	<b>80</b>	<b>81</b>	<b>75</b>

## Image – Reputation

	2022	2021	2020	2019
Spar Nord has a good reputation	90	90	94	96
Other people consider Spar Nord a good workplace	94	94	97	93
I am proud to work at Spar Nord	92	93	95	91
At Spar Nord "we walk the talk" with respect to our values	78	80	83	77
I identify with Spar Nord's values	94	94	95	92
<b>Total score</b>	<b>89</b>	<b>90</b>	<b>92</b>	<b>75</b>

## Professional and personal development

I find that I can use my knowhow and my skills in my job	93	93	93	92
I am able to attend training and develop my job skills	82	86	85	82
I find that changes take place at a pace that I can keep up with	76	76	74	73
Spar Nord has good long-term prospects	90	91	92	89
Spar Nord is good at adapting	66	69	70	64
In the past 12 months, my immediate superior conducted an appraisal interview with me	89	85	89	89
<b>Total score</b>	<b>83</b>	<b>83</b>	<b>84</b>	<b>81</b>

## Satisfaction and motivation

I am generally satisfied with my job at Spar Nord	91	91	94	90
I am satisfied with my work-life balance	87	85	88	79
Spar Nord is the ideal workplace for me	88	89	92	85
<b>Total score satisfaction</b>	<b>89</b>	<b>88</b>	<b>91</b>	<b>81</b>
I feel motivated in my job	86	86	90	84
I nearly always look forward to going to work	89	88	92	83
The work I do is important to Spar Nord	97	96	97	96
<b>Aggregate score motivation</b>	<b>90</b>	<b>90</b>	<b>93</b>	<b>81</b>

# 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.

Spar Nord is the 5th largest Danish bank and operates within the borders of Denmark. The Bank has both retail customers and business customers served by 1,628 employees through 60 local 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 customers 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 sector
- Management of proprietary funds

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

Report on sustainability and social responsibility 2022 (ESG Report), page 7.

### 1.2

Describe how your 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 Ban'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.



## Principle 2: Impact and objectives

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, human beings and the 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:

Demonstrate 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 with the following elements:

- 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 analysis.
- Identifying business volume (Scale of Exposure): As part of efforts to identify the business volume with the most significant impact, the Bank considered where its most important business/its overall activities are in terms of industries, technologies and geographies (geographical areas).
- Context & relevance: The Bank has considered the most relevant challenges and priorities relating to sustainable development in the countries/regions where it operates.
- Scale and intensity/salience of impact: In 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 elements c) and d))

Show that, on the basis of this analysis, your bank 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 positive impacts/reducing negative impacts.

Spar Nord completed and published an Impact Analysis in 2021 and 2022. The analyses are based on the climate impact area as defined by the UN Portfolio Impact Analysis Tools.

The Impact Analysis includes business activities, calculated on the basis of data from year end 2022. However, the business activities applied for the analysis are not reconcilable with Spar Nord's financial statements for 2022.

The Impact Analysis revealed that climate continues to be 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 Impact Analysis for 2022, we continued work to validate 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 Impact Analysis has demonstrated that business loans account for 46% of total emissions by the Bank. The principal contributors to emissions are business loans to Transport, Agriculture and Industry. Retail lending accounts for 6% of total CO2e emissions. In this context, CO2e emissions are higher for car loans than for housing loans. However, the CO2e footprint from car loans dropped from 20.7 tonnes per DKK million in 2021 to 14.9 tonnes per DKK million in 2022. One reason for this is that Spar Nord launched dedicated loans for electric and plug-in hybrid cars in January 2022, which, based on the calculations, shifted part of the lending from fossil fuels to vehicles with lower CO2e emissions.

Spar Nord's investment activities account for 48% of total CO2e emissions, with especially equity and corporate bond portfolios accounting for a significant proportion of emissions. By contrast, Danish mortgage bonds, which involve fairly low CO2e emissions, account for a relatively large proportion of the Bank's proprietary portfolio.

The Impact Analysis 2022 shows that the data currently available to the Bank does not support an estimation of total CO2e emissions. However, based on the methods of calculation used, the estimates show an overall reduction of about 10% in CO2e emissions and about 13% in the CO2e footprint from 2021 to 2022. Likewise, there was a slight improvement in the data quality score from 2021 to 2022. However, there has been a slight improvement in the data quality, which reflects Spar Nord's energy-friendly car loans and that it has been possible to report data quality scores on investments.

Report on sustainability and social responsibility 2021 (ESG Report), page 12.

Spar Nord Impact Analysis 2022 - [sparnord.dk/esg](https://sparnord.dk/esg)

Please provide your bank's conclusion/statement if it meets the Impact Analysis requirements.

We have completed an Impact Analysis, which covers the Bank's business activities, as calculated for the financial year 2022. With outset in Finance Denmark's CO2 model, we have quantified the impact area Climate and thus calculated and estimated CO2e emissions for the Bank's lending and investment activities. Going forward, we will work to expand and improve the quality of data and calculation principles, and this is expected to contribute to a more accurate estimate of the Bank's CO2e emissions. Similarly, in future impact analysis we will seek to identify one more of the Bank's most important impact areas.



## 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 baseline (assessed relative to a specific year) and have defined targets relative to this baseline.

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.

In the Impact Analysis, we found that Spar Nord's commercial activities for retail customers, including car loans and home loans, account for 59% of the Bank's overall portfolio of loans to retail customers. Therefore, Spar Nord has established two loan products aimed at financing cars and homes, respectively.

Spar Nord's energy-friendly car loans address the goal of the Danish government to have 775,000 more green cars on the roads by 2030 by offering attractive interest rates on financing for electric and plug-in hybrid cars.

Spar Nord's energy-friendly home loans offer an attractive rate of interest on financing energy renovation and energy optimisation in the home for retail customers, including energy-efficient heating sources.

With outset in the impact area Climate, we have defined the following targets:

- By 2025, 80% of all new loans to finance cars are to be for electric or plug-in hybrid vehicles.

In general, Spar Nord has defined the following targets for lending activities:

- Reduction of the CO<sub>2</sub>e footprint from lending: 20% in 2025 and 45% in 2030 compared to the 2021 baseline.

Spar Nord has defined the following targets for investment activities:

- Reduce the CO<sub>2</sub>e footprint from investments managed by Spar Nord: 30% in 2025 and 60% in 2030

For a more detailed description of the background for the CO<sub>2</sub>e reduction targets for investments and lending, see the specific action plans published in Spar Nord's ESG report 2022.

Report on sustainability and social responsibility 2022 (ESG Report), pages 16–27.

## Please state your bank's conclusion/statement if it has met the requirements to define targets.

In its next Impact Analysis, Spar Nord will continue to validate the impact areas most significant to the Bank and draw up relevant SMART goals in continuation hereof so that the Bank meets the requirements of at least two SMART goals in the Impact Analysis.

## 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 baseline should be transparent.

See section 2.2. for a description of the targets and sub-targets

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

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

Report on sustainability and social responsibility 2022 (ESG Report), page 10.





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 follows up on their attainment at least once every six months.

#### 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 targets 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, banks should include quantitative information).

In 2022, 57% of all new car loans from the Bank were to finance electric or plug-in hybrid vehicles. This means that we are well on the way towards our goal that 80% of all new loans to finance cars are to be for electric or plug-in hybrid vehicles before 2025.

As Spar Nord's other quantitative targets for reducing the CO2e footprint of loans and investments were first defined in connection with publication of the report on sustainability and social responsibility (ESG) 2022, we will not be able to document target achievement until the next reporting and self assessment.

Report on sustainability and social responsibility 2022 (ESG Report), page 23.

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

In 2022, it was possible to achieve significant sales of energy-friendly car loans for electric and hybrid cars. The volume is already at 57%. Towards 2025, we will work to meet the SMART targets as described in section 2.2. and we will work to realise our other action plans and objectives.



### 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 provide information at a high level 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 solutions that not only encourage customers to make sustainable choices but that also mitigate the negative impact of human activity on the environment, climate and social conditions.

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 secures responsibility in financing by:

- Integrating sustainability risks in the decision-making basis in relation to credit granting to business customers.
- Considering sustainability risks by way of our policy on product approvals.
- Asking about customers' sustainability preferences in connection with investment activities.
- Offering customers attractive financing of electric or plug-in hybrid cars.
- Offering customers attractive financing of energy improvements via an energy-friendly home loan.
- Providing energy calculations for customers.
- Skills enhancement for our advisors so that they can enter into a dialogue about sustainability with both retail and business customers.
- Reporting on the CO2e footprint of our lending activities and defining quantitative targets further to this.

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 to 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 integrity by combating money laundering and terrorist financing and ensuring data protection, information security, data ethics and anti-corruption.

**3.2**

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. From June 2022, the Bank will also ask about customers' sustainability preferences in connection with all pooled and pension investments.

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

On 28 November 2022, Spar Nord launched a new energy-friendly home loan to finance home energy improvements for customers at a favourable price

In collaboration with Totalkredit, we offer our customers an energy calculator and energy-efficient housing renovation. Similarly, subsidies are granted to replace oil furnaces in collaboration with Forenet Kredit.

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

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

In 2022, Spar Nord implemented an ESG skills enhancement initiative for all employees, including in particular the Bank's retail and business advisors. We did this to help advisors to engage in dialogue with our customers about sustainability in relation to investments and a green transition of their financial situation.

**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.

In 2022, Spar Nord set specific target figures for reductions in its CO2e footprint, and thus the Bank is taking steps to support the Danish Climate Act the targets in the Paris Agreement for climate-neutrality by 2050.

Furthermore, we have committed ourselves to the climate partnership for the financial sector and we comply with the 20 recommendations of the Forum for Sustainable Finance.

Spar Nord takes part in a number of sustainability-related working groups under the sector association Finance Denmark – including the working group for sustainable financing, where focus is on the agenda in the financial sector in general.

Spar Nord Bank also participates in the CO2 working groups, which discuss further development of the CO2 model.

Report on sustainability and social responsibility 2022 (ESG Report), page 12.

Policy on sound business culture: <https://media.sparnord.dk/dk/omsparnord/csr/sund-virksomhedskultur.pdf>



## Principle 5: Management and culture

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



### 5.1

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.

Integrity and responsibility are an integral part of Spar Nord's strategy and they are essential for the operation of the Bank at both strategic and operational levels.

On the basis of the strategic ambition, Spar Nord's Board of Directors has approved an ESG policy for corporate social responsibility and sustainability that serves as an overall framework for a number of relevant internal policies, including a sound corporate culture policy, environmental and climate policy, anti-money laundering policy, data ethics policy, credit policy as well as policies for responsible investments, etc.

The Board of Directors is responsible for preparing and updating the ESG policy and regularly (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 group, which meets once every quarter, co-ordinates the individual initiatives and focus areas, and on an ongoing basis the steering group 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 about the initiatives at least once a year in connection with the statutory reporting.

Report on sustainability and social responsibility 2022 (ESG Report), page 10.

ESG policy - link: <https://media.sparnord.dk/dk/omsparnord/csr/politik-for-baeredygtighed-og-samfundsansvar.pdf>

### 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. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication.

Integrity and responsibility are focus areas in the Bank's current strategy. Therefore, the initiatives concern the entire organisation.

In 2022, we launched a number of in-house campaigns and initiatives to increase awareness of the Bank's ESG work:

#### Policy on sound business culture

In autumn 2022, we started to focus on a policy on sound business culture by publishing a number of in-house articles. Furthermore, the policy has become an integral part of the Bank's mandatory e-learning and a fixed topic when onboarding new employees.

#### ESG skills enhancement

In the summer of 2022, the Bank launched a comprehensive ESG skills development process for all employees in the Spar Nord, carried out in three levels:

- all employees complete e-learning on sustainability in the financial sector.
- all advisors complete e-learning on sustainable investment.
- all business advisors complete a 4-module training course organised in collaboration with the training centre for the financial sector (Finanssektorens Uddannelsescenter).

#### Marine litter collection

In autumn 2022, employees throughout the Bank participated in a nationwide marine litter collection campaign to focus on the environment and biodiversity in the areas and towns where they live and we operate. In a combined effort, the Bank's employees collected 1.6 tonnes of marine litter in cooperation with local associations, schools and businesses.

Spar Nord does not use performance-based remuneration in relation to ESG.

Report on sustainability and social responsibility 2022 (ESG Report), page 9 and page 41.

Policy on sound business culture - link: <https://media.sparnord.dk/dk/omsparnord/csr/sund-virksomhedskultur.pdf>





### 5.3

#### Management structure for implementation of principles

Show that your bank has a governance structure in place for implementation of the PRB, including:

- a) target-setting and actions to achieve the targets defined
- b) remedial action in the event that targets or milestones are not achieved or unexpected negative impacts are detected.

In order to ensure implementation of the Principles for Responsible Banking, the Bank has set up a working party to draw up and annually align the Impact Analysis.

In order to ensure target achievement, there is follow-up at quarterly internal ESG steering group meetings.

In the Bank's management commentary, Spar Nord will annually report externally on performance regarding the SMART targets defined.  
In this connection, the necessary adjustments will also be carried out in order to respond to any unexpected negative impacts.

#### Please provide your bank's conclusion/statement if it meets the requirements regarding management structure for implementing the Principles.

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 targets and following up on them. Implementation is driven by the ESG steering group, whose members are the Bank's CEO and executives from the Bank's individual business entities. The quarterly meetings of the ESG steering group are anchor points for 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.

## 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 six Principles for Responsible Banking

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 setting and implementing of targets in at least two areas (see 2.1–2.4).

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, the Bank 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 align with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

In 2021, the Bank drew up an ESG policy, which forms the backbone of our work to ensure responsible and sustainable banking.

In connection with the definition and updating of targets, including alignment to the ParisAgreement, we look into the possibilities of, longer term, applying Science Based Targets.

ESG policy – link: <https://media.sparnord.dk/dk/omsparnord/csr/politik-for-baeredygtighed-og-samfundsansvar.pdf>

#### Please provide your Bank's conclusion/statement if it meets the requirements concerning progress on implementing the Principles for Responsible Banking

Spar Nord acceded to the UN Principles for Responsible Banking 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 PRI). 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.

# Spar Nord's disclosure of sustainable activities covered by the EU Taxonomy Regulation (eligible)

## Spar Nord's disclosure of sustainable activities covered by the EU Taxonomy regulation (eligible)

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 growth. One of the initiatives to support the goals is adoption of the EU Taxonomy Regulation, which is a classification system of economic activities that meet the criteria for being environmentally sustainable.

Reporting under the EU Taxonomy started phase-in during the 2021 financial year. 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 (GAR), as from the 2023 financial year. For the financial year 2021 and 2022, Spar Nord Bank only has to publish details about the Bank's economic activities that are Taxonomy-eligible. From financial year 2023, the Bank must publish which of the eligible activities are in accordance with the EU Taxonomy's criteria and thus classified as sustainable (aligned).

Reporting on the EU Taxonomy Regulation depends on sourcing specific data. In addition to motivating the Bank's customers, focus in the coming years will also be on preparing adequate high-quality data for disclosing both Taxonomy-eligible activities and the Green Asset Ratio. As in 2021, for the financial year 2022, besides the

mandatory statement in accordance with the EU Taxonomy, see page 25 of this report, Spar Nord will also publish a voluntary statement based on the principles in the EU Taxonomy. The voluntary reporting cannot be considered reporting under the EU Taxonomy Regulation and is thus not comparable to other companies' mandatory eligibility reporting.

## Voluntary Taxonomy Statement

Spar Nord's voluntary statement is partly built on the principles in Article 10(3) of the Delegated Regulation, and on the principles proposed by the Platform on Sustainable Finance as well as Commission Notice (2022/C385/01) on the interpretation of certain legal provisions of the Delegated Regulation.

The purpose of the voluntary statement is to provide better insight and transparency for Spar Nord Bank's asset composition in the Taxonomy statement in relation to relation to the assets covered in the upcoming GR calculation and in relation to the Bank's total assets.

Exposures to small and medium-sized enterprises are not part of the eligibility-assessment. However, Spar Nord's business model builds on a focus on lending to retail customers and small and medium-sized enterprises. As a result, it is considered relevant for Spar Nord to voluntarily report and disclose all Spar Nord's economic activities that could be Taxonomy eligible. An isolated calculation of the Bank's exposures to

corporates not covered by the NFRD indicates, on the basis of estimated industry data, that almost half of the relevant exposures would be Taxonomy-eligible when using the European Commission's Taxonomy Compass.

When recognising non-NFRD companies in the eligibility calculation, the percentage of economic activities which may be Taxonomy eligible in relation to the total assets covered by the GAR has been calculated at 25% and thus 10 percentage points higher than the mandatory statement. In relation to the Bank's total assets, economic activities covered by the EU Taxonomy (eligible) increase to 21%.

Voluntary Taxonomy statement as at the end of 2022	% of total assets covered	% of total GAR
Exposures to economic activities covered by the EU Taxonomy (eligible).	15 %	12 %
Exposure to economic activities not covered by the EU Taxonomy (non-eligible).	62 %	51 %
Exposures to economic activities covered by the EU Taxonomy (eligible) incl. non-NFRD companies.	25 %	21 %
Exposure to economic activities not covered by the EU Taxonomy (non-eligible) incl. non-NFRD companies.	74 %	61 %
Exposures to other assets in derivatives.	0 %	0 %
Exposures to non-NFRD companies.	23 %	19 %
Exposures in central administrative authorities, central banks and supranational issuers.	3 %	3 %
Trading portfolio.	18 %	15 %
Interbank loans on demand.	0 %	0 %
Total assets covered by the GAR.		82 %
Total assets in DKK bn.		126

<sup>1</sup> [https://ec.europa.eu/info/sites/default/files/business\\_economy\\_euro/banking\\_and\\_finance/documents/sustainable-finance-taxonomy-eligibility-reporting-voluntary-information\\_en.pdf](https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/sustainable-finance-taxonomy-eligibility-reporting-voluntary-information_en.pdf)

<sup>2</sup> The EU Taxonomy Compass was downloaded from the European Commission website on 23 January 2023, <https://ec.europa.eu/sustainable-finance-taxonomy/> Eligible is interpreted to mean NACE codes in 'Climate adaption' and/or 'Climate mitigation'.

**Definitions, methods and data quality**

Preparation of reports in accordance with the EU Taxonomy Regulation is based on the EU Commission Delegated Regulation 10(3) and Annexes 5 and 6 to this, which specify the content and presentation of information, the undertakings covered by the EU Taxonomy Regulation must publish, as well as the principles on voluntary statement proposed in the Platform on Sustainable Finance.

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.






Data in this report is based on the Spar Nord's reporting under FINREP at the end of 2022. The breakdown into the different classes of assets follows Annex 6 of the Delegated Regulation, as well as own validation of classes of assets with respect to exposures to cars, housing and NFRD customers.

The calculation of total assets covered by the GAR cannot be found in the Bank's other financial reporting, but only in the Taxonomy statement.







Identification of the Bank's NFRD customers cannot be found in FINREP reporting, but is separately validated for this purpose. The calculated exposure of Taxonomy-eligible economic activities for NFRD companies has been calculated on the basis of the disclosure principles for the upcoming GAR reporting and is based on eligibility statements obtained from relevant companies.









The calculation of housing and motor vehicle exposures generally builds on the same approach as that applied in Spar Nord's Impact Analysis 2022 for calculating CO<sub>2</sub>e emissions, in which it is substantiated that each loan in fact finances a house or a motor vehicle, respectively. For housing exposures, there are also requirements that the individual account must have a mortgage on real property. Cooperative housing is not included.











# Goals and actions in Spar Nord





Focus area	Contribution to the UN Sustainable Development Goals	UN principles supported	Goals	Initiatives implemented in 2022	Planned initiatives for 2023	Read more on page
Responsible investment	    	<b>Global Compact</b> Principles 1–10 <b>UN PRI</b> Principles 1–6	<ul style="list-style-type: none"> <li>Spar Nord's target is to reduce the CO2e footprint from investments in shares and corporate bonds in the portfolio managed by Spar Nord by 30% in 2025 and 60% by 2030 in relation to a weighted benchmark level for shares and corporate bonds in 2020.</li> </ul>	<ul style="list-style-type: none"> <li>Developed and launched the customer-oriented Digital Investment Guide (DIG), which includes customers' sustainability preferences in the suitability assessment.</li> <li>Employee training in advisory services on sustainable investment.</li> <li>Further developed the setup for active ownership in the investment universe, including an agreement with ISS to manage active ownership with regard to foreign companies.</li> <li>Further developed integration of sustainability risks and ESG issues in the investment process and in the process regarding lists of recommendations in the form of monitoring tools from MSCI.</li> <li>ESG-certified (CFA) portfolio managers who manage investments on behalf of customers.</li> <li>Engaged in dialogue and fora on development of methods and tools to promote sustainable investments.</li> <li>In line with the EU legislation for sustainable investments, further developed prospectuses and reporting for concepts in which we make investments on behalf of customers through products managed by ourselves that promote environmental/social factors.</li> <li>Set a reduction targets for the CO2e footprint of investments in shares and corporate bonds made by Spar Nord on behalf of customers.</li> </ul>	<ul style="list-style-type: none"> <li>Help in further development of investment products with focus on sustainability, including engage in dialogue and fora on development of methods and tools to investments with a sustainability focus.</li> <li>Extension of sustainability information for customers – including display of ESG rating of customers' investments on online banking platforms. More detailed product management so that products can be matched more precisely with customers' sustainability profiles.</li> <li>Further training for employees in advising on sustainable investments.</li> <li>Further develop integration of sustainability risks and ESG issues, including negative impacts on sustainability factors in the investment process and in the process regarding lists of recommendations.</li> <li>Further develop prospectuses and reporting for concepts in which we make investments on behalf of customers.</li> <li>Report on indicators with negative impacts on sustainability factors, including choosing voluntary indicators.</li> <li>Continue to expand the range of products and services that can support customers' possibilities to make sustainable choices when investing.</li> </ul>	15, 16, 17, 18, 19, 20



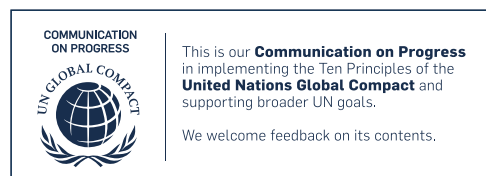
Focus area	Contribution to the UN Sustainable Development Goals	UN principles supported	Goals	Initiatives implemented in 2022	Planned initiatives for 2023	Read more on page
Sustainable financing	     	<b>Global Compact</b> Principles 7-9  United Nations Principles for Responsible Banking (UN PRB).	<p>Spar Nord will start by developing and supporting the Bank's customers in a more sustainable direction, with particular focus on business customers that inherently in their business model have a higher level of CO2e emissions. The Bank will also aim at growth in lending for activities and assets that contribute to reducing CO2e emissions.</p> <p>Reduction of the CO2e footprint from lending: 20% in 2025 and 45% in 2030 compared to the 2021 baseline.</p> <p>80% of new loans to finance cars in 2025 are to be for electric or hybrid plug-in cars.</p>	<ul style="list-style-type: none"> <li>• Preparation of action plan and CO2e reduction targets for lending.</li> <li>• Launch of energy-friendly car loans.</li> <li>• Launch of energy-friendly housing loans.</li> <li>• Implementation of internal ESG skills enhancement for all business advisors as well as relevant employees in the credit, risk management and business development departments.</li> <li>• Calculation of eligible activities under the EU Taxonomy.</li> <li>• Calculation of ESG risk, including the physical and transition risk (CRR 449a reporting).</li> <li>• Almost 2,000 of Spar Nord's customers used Totalkredit's energy calculator.</li> </ul>	<ul style="list-style-type: none"> <li>• Continuation of internal ESG skills enhancement for all business advisors as well as relevant employees in the credit, risk management, and business development departments.</li> <li>• Operationalisation of the action plan and CO2e reduction target for lending.</li> <li>• Continue to develop the possibilities to support the customers' journey towards more sustainable assets and activities through dialogue, financing solutions and partnerships.</li> <li>• Support advisors in their sustainability dialogues with customers.</li> <li>• Continue to incorporate Principles for Responsible Banking (UNPRB).</li> <li>• Continue work internally and externally in the sector towards better reporting data.</li> </ul>	21, 22, 23, 24, 25, 26, 27

Focus area	Contribution to the UN Sustainable Development Goals	UN principles supported	Goals	Initiatives implemented in 2022	Planned initiatives for 2023	Read more on page
Responsible banking and sound business culture	 	<b>Global Compact</b> Principles 1, 2, 10	<p>Maintain a sound corporate culture that sets a framework for behaviour and responsibility for the operation of the Bank in parallel with the strategy, business model and values.</p> <p>Continue to contribute actively to reducing the risk that Spar Nord is used for money laundering, terrorist financing and other economic crime as well as corruption and bribery.</p>	<ul style="list-style-type: none"> <li>• Awareness campaign regarding policy for a sound business culture</li> <li>• Training of employees in code of conduct and AML</li> <li>• Courses on sanctions for relevant employees at the Bank.</li> <li>• Systems development in order to create more effective procedures and reduce manual processes in connection with ordinary due diligence and transactions monitoring.</li> <li>• 3,934 reports to State Prosecutor for Serious Economic and International Crime (SØIK).</li> <li>• 63 specialist employees in anti-money laundering, against 55 in 2021.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued monitoring and analysis of risks of money laundering and terrorist financing.</li> <li>• Continuing increase in resources for AML and compliance.</li> <li>• Complete the transition to a new transactions monitoring and screening system.</li> </ul>	28, 29, 30, 31
Data ethics, cyber security and IT Governance	 	<b>Global Compact</b> Principles 1, 2, 10	Beskytte kundernes data mod uvedkommendes indsig og misbrug og cyberangreb gennem fortsat fokus på sikkerhed omkring informationssystemer og processer og brugen af dem	<ul style="list-style-type: none"> <li>• Customer-focused campaigns to increase awareness of the risk of abuse of e.g. NemID.</li> <li>• Launch of IT Governance programme.</li> </ul>	<ul style="list-style-type: none"> <li>• Retaining focus on ensuring high data and cyber security levels for customers and Spar Nord.</li> </ul>	32
Responsible business relations	   	<b>Global Compact</b> Principles 1-8, 10	Ensuring responsible supplier relationships and business relations in general.	<ul style="list-style-type: none"> <li>• Implementing Spar Nord's code of conduct for suppliers such that all new suppliers are automatically subject to it.</li> <li>• Making Spar Nord's code of conduct for suppliers a mandatory part of renegotiations.</li> <li>• In-depth study of 31 selected suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on ensuring all suppliers observe Spar Nord's code of conduct for suppliers. 33</li> <li>• Achieving a response rate of 100 among relevant suppliers.</li> </ul>	33

Focus area	Contribution to the UN Sustainable Development Goals	UN principles supported	Goals	Initiatives implemented in 2022	Planned initiatives for 2023	Read more on page
A stimulating workplace	   	<b>Global Compact</b> Principles 1–6	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"> <li>• ESG skills enhancement for everyone at the Bank, and specifically for the business area.</li> <li>• Participation in the analysis and development project on working life without digital harassment designed by a Danish the organisation for digital responsibility (Digitalt Ansvar) in cooperation with an association to help people to the good life (Velliv Foreningen).</li> <li>• Pre-retirement meetings for employees above the age of 58.</li> <li>• Collaborating on strategic health and categorisation of Spar Nord in the 5-step model from the Danish Health Authority.</li> <li>• Employee shares and new gross salary scheme in collaboration with Atea.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to work towards achieving the Bank's target figures for women in management.</li> <li>• 33% of the Board of Directors by 2025</li> <li>• 25% of the Executive Board by 2030</li> <li>• 20% of all executive managers by 2026</li> <li>• % and 30 % by 2030</li> <li>• 35% of other managers by 2026 and 40% by 2030</li> <li>• Continue efforts to achieve a high level of well-being, satisfaction and personal development among the Bank's employees.</li> <li>• Prepare life-phases policy.</li> <li>• Focus on retention of late-career employees and implementation of initiatives for a generation change.</li> <li>• Implementation of new collective agreement.</li> </ul>	34, 35, 36, 37
Responsible approach to tax		<b>Global Compact</b> Principles 1, 2, 10	Avoid unintended consequences for the Bank regarding tax and duties.	<ul style="list-style-type: none"> <li>• Focus on being a responsible tax payer</li> <li>• Updating the tax policy.</li> </ul>	<ul style="list-style-type: none"> <li>• Continuing to be a responsible taxpayer by updating with best practice in the tax and duties area.</li> <li>• Continuing work to prevent the risk of not complying with tax and duties legislation.</li> </ul>	38
Local commitment	    	<b>Global Compact</b> Principles 1, 2, 8, 9	Continued strengthening of local cohesion by supporting and developing a sense of community at all of our bank locations.	<ul style="list-style-type: none"> <li>• Continued support for associations and communities.</li> <li>• Disbursed donations for around DKK 60.9 million from the Spar Nord Foundation.</li> <li>• Concluded sponsorship agreements for DKK 22 million from Spar Nord Bank.</li> </ul>	<ul style="list-style-type: none"> <li>• Implemented The local pledge across the Bank.</li> <li>• Strengthening collaboration with the Spar Nord Foundation.</li> <li>• Repeat the marine litter collection campaign and workplace exercise with meaning.</li> </ul>	39, 40, 41, 42

Focus area	Contribution to the UN Sustainable Development Goals	UN principles supported	Goals	Initiatives implemented in 2022	Planned initiatives for 2023	Read more on page
Own Footprint	   	<b>Global Compact</b> Principles 7-9	Continuing work to reduce the carbon footprint of operation of the Bank Contributing 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"> <li>• Maintaining carbon-neutral banking operations on scopes 1 and 2 through reduction and compensation.</li> <li>• Implementation of Tork Paper Circle</li> <li>• New PPA agreement to purchase power from Danish solar panel farm.</li> <li>• 27 new charging stations, 16 at head office and 11 at local branches.</li> <li>• Savings of approx. 100,000 KWh from 2021-22 by replacing lighting with LED and energy optimisation of the entire Bank.</li> <li>• Emissions from the treatment of waste and spillage were 1.2 tCO<sub>2</sub>e in 2022.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in electricity consumption of 10% from 2022 to 2023.</li> <li>• Establishment of waste separation in branches where the municipality is ready.</li> <li>• Continuing efforts to reduce the Bank's own CO<sub>2</sub>e emissions.</li> <li>• Continued increases in climate awareness among employees and cooperation partners.</li> </ul>	43, 44, 45, 46, 47, 48





Signatory of:



### Statement on the 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 understanding and explaining the importance of the principles to our internal and external stakeholders.

  
Lasse Nyby, CEO

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