

Climate plan

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Preface

When Spar Nord first saw the light of day 200 years ago, climate change was far from a priority. In stark contrast, today climate change sets the agenda for the way we operate as a bank. We have seen several cases in recent years of extreme weather caused by a steady rise in average temperature that is a direct result of increasing greenhouse gas emissions, both in Denmark and globally. These events have adverse impacts on nature, people and our society. There is no doubt that climate change is one of the biggest challenges of our time, and calls for shared responsibility and joint action.

Spar Nord aims to make an active contribution to the transition to a sustainable and climate-neutral society. This is a responsibility we share with the entire financial sector, which has a key part to play in the sustainable transition at a global as well as a national level. To help us achieve this, we are channeling our financing and investments in a more sustainable direction while taking into account healthy risk management and focusing on generating long-term returns on a responsible basis – both now and in the future.

If we are to provide security for future generations and successfully reverse the negative climate trend together, we will need to take concrete actions that focus on adapting as well as mitigating climate change in both the short and the long term.

Significant investment and financing will be needed in areas such as renewable energy, new technologies, innovative business models, new fuels and infrastructures and improvements to housing stock. This investment and financing will

undeniably require cooperation and dialogue between the financial sector, legislators and industry, but it also has the potential to be good business for both the bank and our customers.

At Spar Nord, we are aware that climate change brings with it economic risks, but also significant opportunities for society, customers and the bank. We therefore take care to keep risks as well as opportunities in mind when providing funding to customers who are making changes to either their personal finances or their businesses.

To translate our responsibilities into actions, Spar Nord has set itself a climate ambition to reach net zero by 2050 in line with the Paris Agreement target of limiting global warming to 2°C above pre-industrial levels, with a further ambition to achieve 1.5°C. Our climate ambition is validated by a series of UN initiatives to which the bank has voluntarily committed itself. We have already published a climate impact assessment including estimates of financed emissions from the bank's core activities. Among other things, this assessment has given us the knowledge and insight we need in order to set ambitious climate targets and sub-targets, and to plan strategic actions for decarbonisation. Thanks to years of focusing on climate change, we are clear on where we can and should take action to make the greatest contribution and harvest business opportunities.

In setting out the bank's climate ambition, we have also acknowledged that achieving our targets depends on a number of external factors on which the bank has no direct influence. These may be factors such as general socioeconomic developments, geopolitical issues and, not least, the rate of transition in the transport, energy and agriculture sectors. Similarly, improvements in data quality and data insight in the future are likely to require us to revisit and adjust the bank's targets

and actions in order to meet our climate ambitions.

Spar Nord ultimately aims to introduce responsible and sustainable practices in those areas where we can make the greatest impact. We are aware that we may need to take a few turns along the path to net zero as new knowledge and insight make it necessary to adjust our course. However, the ambition is first and foremost to be part of the solution to the climate challenges we face and to bear our share of the responsibility of reaching net zero.

Spar Nord's climate ambition and strategic direction are incorporated into this climate plan, which creates a framework for the bank's actions and activities aimed at climate change mitigation. In other words, the Spar Nord climate plan is the bank's answer to a transition plan for climate change, and the climate plan therefore serves as the bank's roadmap to reaching net zero by 2050.

December 2024

Lasse Nyby
Chief Executive Officer
Spar Nord

Climate ambition and strategic direction

Spar Nord is in many ways a mirror for society and our customers' behaviours and ambitions. For that reason, our strategic efforts in the work to mitigate climate change are driven to a large extent by the actions and demands of our customers. At the same time, Spar Nord recognises that as a financial institution we have an important part to play in the transition to a climate-neutral society. We have taken on this responsibility and focused our work to meet it by signing up to UN-supported initiatives such as the UN Global Compact (UNGC), the UN Principles for Responsible Investment (UN PRI) and the UN Principles for Responsible Banking (UN PRB).

By means of analyses, Spar Nord has identified Sustainable Development Goal 13, climate action, as the bank's most important area of impact. This is due in part to the fact that the bank has a positive and a negative impact on adapting to and mitigating climate change – especially indirectly through our customers' behaviour and our many financing and investment activities.

Spar Nord's UN commitments have provided us with valuable insights, methods and frameworks that have supported our efforts to mitigate climate change and helped us continuously develop these efforts. Alongside this, Spar Nord has implemented a double materiality approach, which has made it clear that climate change is creating both actual and potential risks and opportunities for the bank's customers and thus also for the bank. These may, for example, relate to properties that are at increasing risk of flooding, or to businesses

and sectors that are subject to climate-related taxes.

Climate ambition

In the Spar Nord strategy in force for 2023–2025, we have set out our ambition to be AN ENGAGED BANK. This strategic direction also applies to our contribution to the transition to a climate-neutral society and our activities to adapt to and mitigate climate change.

Spar Nord has set itself a climate ambition to reach net zero by 2050 in line with the Paris Agreement target of limiting global warming to 2°C above pre-industrial levels, with a further ambition to achieve 1.5°C. We are aware that a responsible transition to net zero will require us, at both a national and a global level, to secure continued access to important goods and services while also focusing on converting sectors with especially high greenhouse gas emissions to low-emission or zero-emission technologies. This societal transition will require significant investment and financing for technological solutions and pro-climate business models – and that is where we as a financial institution have an important part to play.

Spar Nord is aware that there is a potential risk of double counting when we as a financial institution calculate the bank's greenhouse gas emissions. This is due to the risk that we and our customers might both count the same emissions. Double counting may be particularly relevant in cases where both we and our customers undertake net-zero targets and, as a result, choose to compensate for any greenhouse gas emissions that cannot be reduced. In such cases, both we and our customers may be compensating for the same greenhouse gas emissions, potentially resulting in double compensation. However, this does not change Spar Nord's view that the bank's climate ambition and objectives are significant and

important, because we as a financial institution play a key role in driving financing and investments towards a low-carbon economy.

Spar Nord's climate ambition therefore also includes the ambition to keep improving our reporting and increasing transparency around our targets and actions in order to ensure that the reductions reflect the actual progress made.

Spar Nord's climate ambition and transition plan for climate change have been approved by the bank's Board of Directors, while the Executive Board has overall responsibility for tracking targets and actions. Annual reports on the progress made with the bank's climate plan are issued along with the annual financial statements.

Spar Nord aims to be

Net zero by 2050

in line with the Paris Agreement target of limiting global warming to 2°C above pre-industrial levels with a further ambition to achieve 1.5°C.

Net zero

Spar Nord has committed to reaching net zero by 2050 in line with the Paris Agreement target of limiting global warming to 2°C above pre-industrial levels, with a further ambition to achieve 1.5°C. The term 'net zero' refers to a state of balance between the greenhouse gases emitted into the atmosphere and the quantity removed from the atmosphere. At the same time, the term 'net zero' acknowledges that it is not possible from a scientific or technological standpoint for all activities to have zero emissions. This means that Spar Nord will work to reduce the bank's climate footprint as much as possible by 2050 by adapting operational and compliant emissions from our portfolios to be at least in line with science-based and technologically possible net zero mitigation pathways, with any remaining emissions neutralised using forms of compensation such as carbon credits. With regard to the mitigation hierarchy, we draw a distinction between:

Emissions that can be reduced

Where possible, all operational and financial activities must be in line with a mitigation pathway consistent with a sector-specific and technologically feasible 1.5°C scenario.

Emissions that cannot be reduced

Even after all operational and financial activities have been adapted and all scientific and technologically feasible mitigation pathways consistent with a 1.5°C scenario have been followed, there will still be some emissions that cannot be reduced to zero. The remaining emissions will be neutralised using compensation methods such as carbon credits.

Strategic focus on climate change mitigation

Spar Nord has chosen to direct the bank's climate ambition in this transition plan towards efforts to contribute to climate change mitigation because we believe that decarbonising our customers' assets and activities is the greatest positive impact we can make. Spar Nord's work on climate change adaptation is therefore not included in this climate plan.

Climate change mitigation focuses on reducing the causes of climate change by preventing further greenhouse gas emissions. The objective is to slow the negative trend, and decarbonisation is therefore an important step towards Spar Nord's climate ambition and efforts to mitigate climate change.

Spar Nord is a bank characterised by engagement and strong customer relationships. We believe that the most responsible and effective climate transition will be achieved by directing capital towards customers' sustainable transition plans and the development of new business models. The climate transition is a shared challenge, so we need to work together with our customers to tackle it successfully. For this reason, we prioritise dialogue with customers and the outside world as a key element of our high-priority measures and resources aimed at mitigating climate change. Spar Nord's aim is to support customers with the sustainable transition of their business or personal finances. In consultation and dialogue conducted by the bank, we focus on helping customers to leverage their existing assets and identify new pro-climate business opportunities.

Spar Nord is aware that the science and legislation in this area are constantly changing, and we are therefore committed to a fact-based approach to climate change mitigation. To this end, we are guided by research and analyses, work

purposefully to improve data quality, and subject our targets, efforts and priorities to continuous reviews.

Financial focus areas for reaching net zero

Decarbonisation is an important step towards Spar Nord's climate ambition and efforts to mitigate climate change. We believe that the most responsible and effective climate transition will be achieved by directing capital towards businesses' transition plans and the development of new climate-friendly business models.

In our efforts to find the right balance for our climate ambition, we have identified four financial focus areas that could support our targets and actions for achieving net zero by 2050. These four focus areas outline some of the paths we could choose to follow in our work to decarbonise our financing and investment activities.

Because our journey to net zero is still young, the four financial focus areas will serve primarily as a guide and inspiration for our efforts moving forward.

New climate solutions

Financing for climate solutions, new business models and services focused on preventing greenhouse gas emissions via capture, uptake, or neutralisation.

Transitioned activities

Financing for activities and sectors that have already converted their business to net zero.

Committed activities

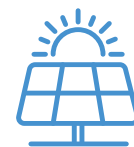
Financing for activities and sectors that are committed to transforming their business to support the net zero target in the Paris Agreement.

Phase-out

Responsible phasing out of high-emission activities and sectors. Exclusion can be used as a last resort here in cases where dialogue and cooperation are not possible.

The bank is continuously making efforts to incorporate the above financial focus areas into its climate actions and metrics to support its ambition to reach net zero by 2050.

New climate solutions



Transitioned activities



Committed activities



Phase-out



Climate footprint

To keep a closer eye on Spar Nord’s overall climate footprint, the bank has chosen to base its methodology on the three scopes of the GHG Protocol, which distinguish between direct and indirect greenhouse gas emissions.

Spar Nord’s direct impacts result from the bank’s own operations. These may include greenhouse gas emissions from the bank’s cars and natural gas heating (scope 1) and from its consumption of electricity and district heating (scope 2). In addition, there are significant indirect greenhouse gas emissions associated with the bank’s operations, especially the bank’s lending and investment activities (scope 3).

Indirect greenhouse gas emissions from the bank’s own operations relate in particular to purchased goods and services, business travel and employees commuting to and from work.

Spar Nord’s core activities, its lending and investment activities, also lead to indirect greenhouse gas emissions. This means that the majority of the total greenhouse gas emissions in the bank’s climate footprint can be attributed to its core activities in the form of bank loans, lease lending and investments.

Spar Nord produces annual estimates of greenhouse gas emissions from the bank’s own operations (scopes 1 and 2 and part of scope 3) and financed emissions from the bank’s core activities, namely lending from banking and leasing activities and investment (scope 3 – categories 13 and 15). These calculations have allowed us to set a baseline and continually track the evolution of the bank’s impact on climate change.

The calculations have also made it clear that, on their own, greenhouse gas emissions from the bank’s own operations form only a small part of the bank’s total climate footprint. Based on 2023 data, greenhouse gas emissions from the bank’s own operations represent 2% of the bank’s total climate footprint. The remaining 98% comes from our core activities. Spar Nord is therefore aware that it is through our lending and investments that we can make the greatest positive impact and minimise the negative impact on the climate and environment.

The basis for calculating the bank’s climate footprint contains a number of uncertainties in terms of data quality and methods. Spar Nord is working continuously on expansions and quality improvements to the data and the accounting principles and makes ongoing adjustments to its practice to incorporate the latest methods. The aim is to produce a more accurate estimate and calculation of Spar Nord’s total climate footprint.



Lending

Lending to private individuals

- Car loans
- Housing loans

Lending to businesses

- Lending by sector

Emissions included in scope 3, categories 13 and 15

2023

Financed emissions

- 6.1 tCO₂e per million DKK financed
- 262.000 tCO₂e

Scope covered

- 58 % of private loans
- 83 % of business loans

27 %



Investment

Asset management on behalf of customers

- Pooling schemes
- Star Invest
- Portfolio management agreements

Own portfolio

Emissions included in scope 3, category 15

2023

Financed emissions

- 8,6 tCO₂e per million DKK invested
- 678.000 tCO₂e

Scope covered

- 99% of investments

71 %



Own operations

Scope 1

- Cars and heating

Scope 2

- Electricity and district heating

Scope 3

- Categories 1, 2, 3, 5, 6, 7 and 13

Emissions included in scopes 1, 2 and 3

2023

Greenhouse gas emissions

- 22.681 tCO₂e

Scope covered

- Activities from the bank’s operations

2 %

Targets, sub-targets and segment targets

To help us achieve Spar Nord’s climate ambition to reach net zero by 2050, we have chosen to commit our business to a series of 2030 reduction targets for our lending and investment activities as well as for the bank’s own operations. For selected segments, Spar Nord has also set sub-targets linked to specific actions and metrics, which are collectively intended to support the bank’s strategic direction.

Spar Nord is working on setting sub-targets with a five-year rolling time frame; these will act as an intermediate step towards achieving the long-term climate ambition of reaching net zero by 2050. This approach is also recommended by the UN¹ with respect to the bank’s commitment to responsible banking principles. This means that, every five years, the bank will set new sub-targets to ensure a dynamic and adaptable target achievement plan. Rolling target adjustments will further enable the bank to take into account new scientific data, technological innovations and general market developments.

The bank’s reduction targets and sub-targets are rooted in baseline analyses of the bank’s climate footprint through scopes 1, 2 and 3. Due to the bank’s climate change work being an ongoing process, the baseline years are not the same across the three areas of impact. However, the 2050

ambition is shared by the entire business, and decarbonisation sub-targets for 2030 have been set for all activities. For the bank’s financed emissions from lending, a number of segment-specific sub-targets and actions have been defined to ensure progress on decarbonisation – including product launches and structured dialogue with customers.

For the bank’s financed emissions from investments, sub-targets have been set for asset management. At present, Spar Nord’s own portfolio is not covered by sub-targets. This is because a substantial proportion of financed emissions from our own portfolio relates to the trading book.

For the bank’s own operations, sub-targets have been set in terms of reductions to the bank’s own greenhouse gas emissions and a series of strategic actions have been implemented to help reduce environmental and climate impacts, including the proactive promotion of environmental responsibility and sustainable technologies in relevant areas.

Use of scientific scenarios

The plausibility of Spar Nord’s targets has been established using scientific scenarios, in which mitigation pathways from the UN’s climate panel, the Intergovernmental Panel on Climate Change (IPCC), are consistently applied across the bank’s areas of impact. The IPCC draws up mitigation pathways based on the latest climate science and comprehensive analyses of global data. These pathways account for complex interactions in the climate, socioeconomic factors and technological advances. Spar Nord has selected the IPCC’s

mitigation pathways in order to ensure that climate objectives are underpinned by science, ambitious and in line with international commitments. They also provide a common frame of reference, which makes it easier to understand Spar Nord’s climate ambitions in both a national and global context.

Net zero in 2050			
Lending sub-target	Asset management sub-target	Bank’s own operations sub-target	
		Scope 1 and 2	Scope 3
Baseline 2021	Baseline 2020	Baseline 2021	Baseline 2021
- 50 % in 2030	- 60 % in 2030	- 50 % in 2030	- 25 % in 2030
- 20 % in 2025	- 30 % in 2025	- 30 % in 2025	

Segment sub-target
Baseline 2023
Individuals, electric cars + 80 % in 2030
Individuals, housing - 70 % in 2030
Business, transport - 30 % in 2030

¹ Guidelines for Climate Target Setting for Banks (Version 2), United Nations Environment Programme Finance Initiative (UNEP FI), April 2024.

Foundation for climate action

To ensure that Spar Nord’s climate ambition is executed successfully, the bank has established a governance structure with clearly defined roles and responsibilities. A series of supporting policies and guidelines have also been implemented to ensure continuous progress on our path to net zero.

Organisational anchoring

At Spar Nord, the bank’s strategic work on climate change is anchored in its Board of Directors and Executive Board, which continually oversee and approve efforts to ensure progress with the bank’s climate ambition and strategic direction and thereby ultimately support the bank’s climate plan.

To generate maximum involvement and ownership across the organisation, the bank has established an ESG Steering Committee that discusses sustainability issues in general, including specific actions and measures related to climate change. Spar Nord’s CEO is the chairman of the ESG Steering Committee, which is also composed of directors from relevant business areas.

The ESG Steering Committee’s quarterly meetings are held to discuss the status of priority measures and relevant attention points. The ESG Steering Committee has a mandate to make decisions that help ensure a continuous focus on activities to mitigate and adapt to climate change across the bank. Responsibility for implementing climate-related development tasks and climate change priorities rests to a large extent with the bank’s individual business areas, which have the necessary authority to develop and execute the relevant

climate targets in practice. The ESG and Sustainability division acts as a liaison between the ESG Steering Committee and the business, ensuring ongoing cooperation and coordination, as well as supporting strategy and the decentralised anchoring of climate-related activities within the bank.

Spar Nord has also appointed a Responsible Investment Committee and a Sustainable Financing Committee, in which the bank’s Executive Board is represented together with directors from relevant business units. The committees review and recommend concrete actions to ensure that progress is made on executing the bank’s climate-related targets and sub-targets. The committees are also responsible for maintaining and updating the bank’s financing and investment exclusion lists.



Policies

Spar Nord has drawn up a series of policies and guidelines to support the bank’s climate plan, including a policy on sustainability and corporate social responsibility, an environmental and climate policy, a responsible investment policy, a credit policy and exclusion lists for both financing and investment. These policies are applied in our day-to-day work in order to guide our efforts to mitigate climate change. Read more at spar-nord.com/about-spar-nord-bank/esg.

Tracking and reporting

To ensure progress, Spar Nord is required to continuously track the development of financed emissions from the bank’s core activities and its own operations by means of annual reports. Spar Nord reports annually on climate targets and sub-targets for lending, asset management and its own operations, as well as on its progress with the climate plan, via the bank’s Annual Report.

The path to net zero



Lending

Spar Nord’s bank loans and lease lending finance a wide range of assets and activities that can have a positive or a negative impact on people, the environment and society. We believe the most effective path to a sustainable future is to channel our financing towards customers’ climate transition operations and new climate-friendly business models. Spar Nord maintains a constant focus on developing financing products that make it easy for customers to transform either their businesses or their personal finances, and we also consider ongoing dialogue and cooperation to be an effective lever for decarbonising our society.

Spar Nord’s lending accounts for 27% of Spar Nord’s total climate footprint. Because financed emissions from lending represent a significant share of the bank’s total climate footprint, decarbonising the bank’s loan portfolio is an important step on the journey to net zero.

Figure 1 shows the distribution of lending for 2023 covered by the bank’s calculations of financed emissions. It can be seen from this that 68% of the lending covered was to businesses and 32% to private individuals. Figure 2 illustrates that the transport and agriculture sectors produce the largest greenhouse gas emissions, because these sectors are significantly more CO₂e-intensive than other sectors. Similarly, it shows that car loans to individuals are significantly more CO₂e-intensive than housing loans to individuals.

Figure 1. Lending distribution

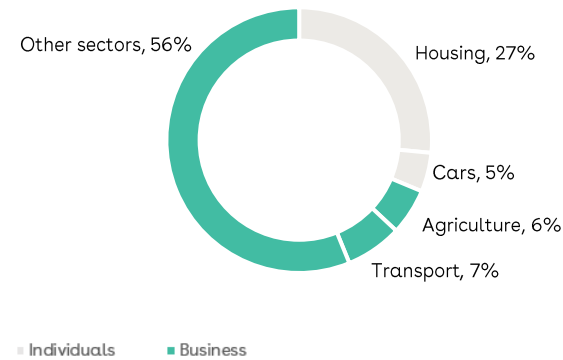
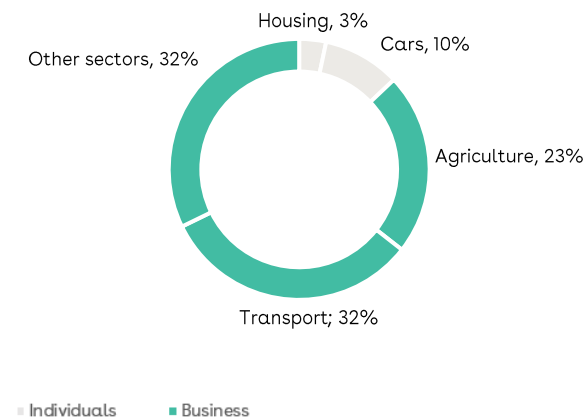


Figure 2. Distribution of greenhouse gas emissions from lending



Calculating financed emissions from lending

The bank’s financed emissions (tCO₂e per million DKK) from lending will be calculated according to the principles of Finance Denmark’s CO₂ model for the financial sector, which is based on PCAF’s methods and the GHG Protocol. Financed emissions from lending to private individuals are calculated on the bank’s loans and credit to finance housing and vehicles. Financed emissions from lending to businesses are calculated based on sector averages published by Statistics Denmark, and the data quality is therefore not yet fully mature. The lack of data means it is not possible to assess financed emissions for the entire lending portfolio. For lending to private individuals, 58% of lending is accounted for in the calculation of financed emissions; for lending to businesses, the proportion is 83%.

Targets for lending

In 2022, to support Spar Nord’s net zero target, the bank set two sub-targets to reduce financed emissions from lending by 20% by 2025 and by 45% by 2030 compared to the 2021 baseline. In 2024, Spar Nord decided to demonstrate the plausibility of Spar Nord’s climate ambition and the reduction targets underpinning it, and to qualify them, by comparing them to net zero scenarios from the IPCC based on climate science. This demonstration has resulted in an adjustment of the reduction from 45% to 50% by 2030.

Spar Nord has also drawn up reduction sub-targets for selected lending segments that have the greatest climate impact while covering a significant proportion of the bank’s lending portfolio. This means that the bank has set sub-targets and actions for private car loans, private housing loans and business lending to the transport industry. These three segments have all been identified as areas of significant opportunity for the bank to support the decarbonisation of our society.

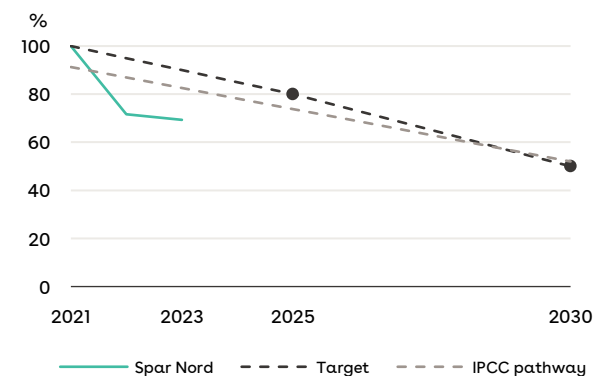
Agriculture has also been identified as a segment where Spar Nord is considered to have a significant negative climate impact. Spar Nord believes that the climate projections for agriculture that are currently available are still too uncertain to set a meaningful reduction target for financed emissions in the agricultural sector. However, the bank aims to set a target for agriculture over the coming years.

Reduction in financed emissions from lending of

20% by 2025

50% by 2030

Figure 3. Targets for reducing financed emissions (tCO2e per million DKK) from the overall lending portfolio



Sub-targets for selected segments for lending

Spar Nord has identified four lending segments where the bank has relatively high indirect greenhouse gas emissions and where we consider that, as a lender, we have the opportunity to push developments in a positive direction through decarbonisation activities. These include private car loans, private housing loans targeted at energy upgrades, business lending to the transport industry and commercial lending to agriculture. Spar Nord has drawn up sub-targets and actions for each of these lending segments, taking into account the current level of maturity of the data.

To put the plausibility of the segmented sub-targets into perspective in a Danish context, Spar Nord has chosen to use Denmark’s Climate Status and Projection for 2024 (KF24)². KF24 has been drafted by the Danish Ministry of Climate, Energy and Utilities and the Danish Energy Agency, among others, and provides an up-to-date overview of how much greenhouse gas is emitted in Denmark and how much is expected to be emitted in the coming years, broken down by selected sectors.

Private car loans

In 2023, Spar Nord’s car loan business activities amounted to DKK 2.1 billion, covering 12,400 car loans. Greenhouse gas emissions related to car loans are estimated at 25,000 tCO2e, equivalent to financed emissions of 12.3 tCO2e per million DKK. The business activities covered for car loans are identified on the basis of the bank’s loans and credit registered as car financing. Spar Nord’s actual private car financing is effectively greater than the DKK 2.1 billion reported. This is because

car financing is done at Spar Nord through other products such as ordinary overdrafts or product types for which the financing is not necessarily registered as one of the car loan product types covered. Spar Nord is continually working to improve its data quality in order to increase the proportion of financed cars that can be identified.

Spar Nord has chosen to set a growth target for new loans for electric vehicles, which by 2030 should reach at least 80% measured by number. This target is based on the IEA (International Energy Agency) Net Zero Roadmap for Road Transport³. This shows that a 67% share of new electric or plugin hybrid cars and light goods vehicles sold in 2030 is compatible with a net zero mitigation pathway. It is worth noting that the IEA’s projections are global, and that Spar Nord’s activities should be viewed in a Danish context, Denmark generally being relatively far ahead in terms of electrification of its cars. In view of this, Spar Nord’s target is already set higher than the IEA’s net zero mitigation pathway, which is also supported by KF24⁴.

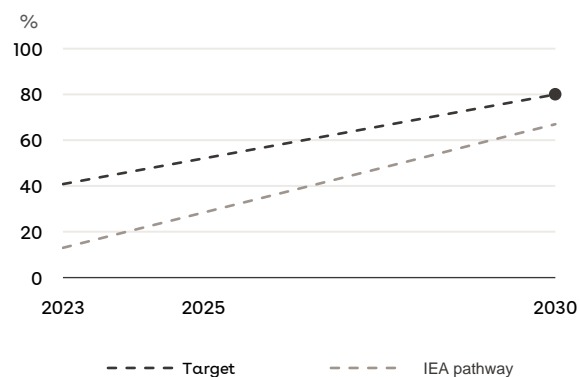
² <https://www.kefm.dk/klima/klimastatus-og-fremskrivning/klimastatus-og-fremskrivning-2024>

³ IEA’s 2023 update to the Net Zero Roadmap.

⁴ <https://www.kefm.dk/klima/klimastatus-og-fremskrivning/klimastatus-og-fremskrivning-2024>

To ensure continued progress with the electric vehicle financing target, Spar Nord offers a dedicated loan with a particularly attractive interest rate for financing electric vehicles, as well as a car loan aimed specifically at customers looking to switch to an electric vehicle.

Figure 4. Target for electric vehicle financing (number)



Private housing loans

Spar Nord’s business activities for private housing loans in 2023 amounted to DKK 11.4 billion, divided over approximately 21,500 housing loans and property-related credit facilities. Greenhouse gas emissions from housing loans are estimated at approximately 8,700 tCO₂e, with financed emissions amounting to 0.8 tCO₂e per million DKK. Greenhouse gas emissions from housing loans are estimated based on the individual residence’s energy label, year of construction, use code and primary heat supply, which together form the basis of an estimate drawn up by Totalkredit.

Spar Nord has chosen to set a sub-target of reducing financed emissions (kgCO₂e/m² per year) from

housing by 70% by 2030 relative to the 2023 baseline (11.41 kgCO₂e/m² per year).

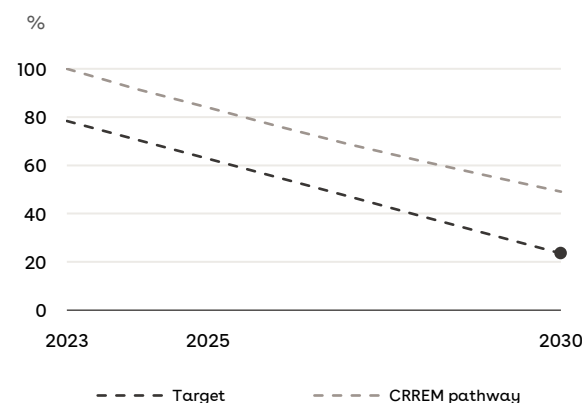
Spar Nord’s target for reducing financed emissions from housing loans is based on the Sectoral Decarbonisation Approach (SDA), which in turn follows methods recommended by the Science Based Targets initiative (SBTi). What this means in practice is that a scenario for a given portfolio is assessed against a corresponding science-based scenario that is in line with a net zero mitigation pathway. Spar Nord has chosen to use the CRREM (Carbon Risk Real Estate Monitor) science-based net zero scenario. The CRREM net zero scenario is used because it sets out a reduction both at national level and for different property types. CRREM also uses greenhouse gas emissions per m² per year as its unit of measurement.

Figure 5 shows that Spar Nord’s starting point is lower than CREEM’s net zero scenario for Denmark, and that the Spar Nord target will remain well below the net zero scenario for the entire period. Furthermore, Spar Nord’s projection is based on the calculation of the bank’s climate footprint from 2023 and, on the basis of the KF24 projection of greenhouse gas emissions from households up to 2030, it appears likely that Spar Nord will be able to meet the target.

However, if Spar Nord is to meet the target of reducing financed emissions from private housing by 70%, we are reliant on our customers upgrading the energy efficiency of their homes on a continuous basis and switching their heating from fossil fuels to more climate-friendly energy sources. Similarly, the ongoing transition of utility companies and district heating plants may also be expected to have a positive effect on the achievement of targets by Danish households and thus on Spar Nord’s housing loan customers.

To support the transition, Spar Nord has launched a housing loan with an attractive interest rate for customers looking to upgrade their home’s energy efficiency. This might involve, for example, replacing windows or retrofitting insulation. Spar Nord also offers financial support to customers wishing to replace their oil or gas heating with district heating or climate-friendly heat pumps.

Figure 5. Target for reducing financed emissions (kgCO₂e/m² per year) from housing loans

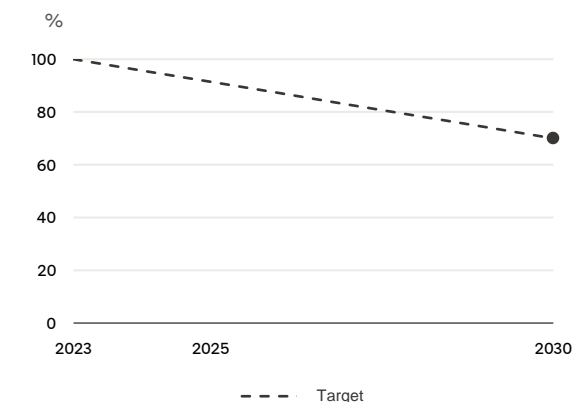


Business lending to the transport industry

Financed emissions from the transport sector account for 32% of Spar Nord’s total financed emissions from lending. At present, the calculation of financed emissions from the transport sector is solely based on the sector average published by Statistics Denmark. This is because the bank does not currently have access to accurate emissions data from customers in the transport sector so the quality of the data is still at a relatively immature stage. In view of the data quality, Spar Nord has therefore concluded that it is not appropriate to assess the plausibility of the bank’s reduction target for the transport sector against a net zero

mitigation pathway. Instead, the bank is working on the basis of KF24, which estimates a reduction in greenhouse gas emissions of 30% by 2030. In order to support the achievement of this target, Spar Nord has chosen to enter into dialogue with selected customers in the transport sector to discuss the possibility of supporting the electrification of the vehicle fleet as well as other emission reduction measures.

Figure 6. Target for reducing financed emissions (tCO₂e per million DKK) from the transport sector



Business lending to agriculture

Agriculture represents 23% of Spar Nord’s total financed emissions from lending. The agriculture sector typically consists of many small and medium-sized businesses with a diverse production mix, which are therefore at varying stages of maturity when it comes to reporting climate data. Spar Nord’s calculation of financed emissions from loans to agriculture is currently based on sector averages published by Statistics Denmark. As yet, there are no mitigation pathways for agriculture that are aligned with Paris Agreement targets, nor are there guidelines for the financial sector on

setting reduction targets for agriculture. Similarly, the KF24 projection shows only modest expected reductions in greenhouse gas emissions from the agricultural sector.

In November 2024, the Danish government and relevant parties entered into a green tripartite agreement to form a long-term foundation for the conversion and transition of Denmark's land and its food and agricultural production. Spar Nord expects this tripartite agreement to contribute in the long run to an increased focus on data quality and calculation methods, which will enable the calculation of financed emissions from agriculture by the financial sector. Spar Nord's intention is to keep a close eye on developments and to set specific reduction targets for financed emissions from agriculture when the available methods and data allow. Until then, Spar Nord's target is to continue to engage in dialogue with selected agricultural customers whose emissions are particularly high, in order to support the transition by agricultural customers towards more sustainable production.

Fulfilment of targets for lending

Spar Nord is a bank characterised by engagement and strong customer relationships. We believe that development and business are best created through local presence and sector knowledge. For this reason, we prioritise dialogue with customers and the outside world as a key element of our efforts to mitigate climate change in order to support customers with the transition of their business or personal finances. In our consultation and dialogue, we focus on helping customers to leverage their existing assets and identify new pro-climate business opportunities.

ESG upskilling

To ensure that its customers get the best advice, Spar Nord has chosen to strengthen understanding of the climate and sustainability in the

financial sector among all its employees by means of upskilling. This upskilling takes place through both online and in-person training and is provided to advisers, managers and specialist staff members alike, with all newly employed advisers being offered ESG upskilling going forward.

Energy efficiency measures for personal banking customers

A key part of achieving the bank's targets for lending to private individuals is the replacement of fossil fuel heat sources and introduction of general energy efficiency measures in customers' homes. That is why Spar Nord is working with Totalkredit to produce solutions to make it easier for personal banking customers to improve the energy efficiency of their homes. On Spar Nord's website, customers will find a link to Totalkredit's online energy calculator, where they can get ideas and inspiration tailored to their home. Spar Nord also provides a discounted energy check to customers who have a housing or holiday home loan via Totalkredit. The scheme is run in cooperation with Forenet Kredit, which also provides a grant of DKK 10,000 to customers who wish to replace their oil or gas heating with heat pumps.

ESG tool for business customers

To support small and medium-sized enterprises in particular in their sustainability efforts, Spar Nord has opted to offer a free digital ESG tool (Validied) to all business customers. The tool supports dialogue between advisers and business customers by gauging the extent of the customer's knowledge and work on sustainability. In addition, the ESG tool enables customers to draw up climate accounts and transition plans and to publish a sustainability report they can use in their own marketing.

Dialogue with 100+ high-emitting customers

Spar Nord has launched a targeted initiative to engage in dialogue with over 100 of our highest-emitting customers, especially customers in the transport and agriculture sectors. This dialogue with the selected customers takes place using a dialogue tool intended to provide a status measurement of the customers' maturity while guiding customers through 10 sustainability topics and through how to work in a structured manner to decarbonise and adapt their value chains.

The dialogue tool introduces three key basic elements that characterise a company that works in a structured manner on sustainability: data, targets, and action plans. The dialogue is a good opportunity for advisers to guide companies in how to work to support the sustainable transition of their business and value chain in a structured way. Because the maturity of our customers is varied, the dialogue is conducted on the basis of the company's operations and the external trends, risks and opportunities that could influence operations.

The purpose of the dialogue is both to identify the main challenges facing our customers and to support them in the transition of their company. The initiative will be evaluated and adjusted on an ongoing basis with the aim of expanding the dialogue to a broader group of business customers.

So far, the bank has selected customers in the following sectors:

- Transport 70%
- Agriculture 17%
- Industry 9%
- Building and construction 3%
- Energy supply 1%

Products to support climate change mitigation

Spar Nord has launched a number of lending products designed to support the bank's climate ambitions and customer transitions.

- Loans and credit to finance electric vehicles
- Loans for energy upgrades to homes
- Loans to businesses for renewable energy and energy upgrade measures

Green bonds

Spar Nord has set up a Green Bond Framework for issuing green bonds. This green framework provides a link between the financing of environmentally friendly and green projects and the issuing of green bonds, and is based on the following four lending categories:

- Clean transport
- Green and energy-efficient buildings
- Renewable energy
- Sustainable water and waste

By continuously focusing on channelling the bank's lending and financing towards these four categories, the bank can contribute to climate change mitigation while also driving progress on climate targets. Spar Nord has set itself a target of DKK 10 billion lent by 2030 for assets that can be associated with the lending categories in the bank's Green Bond Framework.

Improving data quality for lending

Spar Nord is working continuously to improve data quality with the aim of moving towards actual emissions data and increasing the proportion of lending that can be included in the calculation of financed emissions.

As early as 2025, we will be focusing on moving closer to actual emissions data for the bank's agricultural customers and car loans. We will also be focusing on gathering climate accounts for the bank's business customers, as well as interpreting and using them in the calculation of the bank's financed emissions.

It is worth noting that work is continually under way to improve data quality for use in calculating financed emissions from business lending - both at Spar Nord and within the financial sector in general. Improved data quality will enable more accurate calculations of financed emissions, which will make it easier to target and support the green transition for business customers.

Investment

Spar Nord invests both on behalf of our customers and with respect to the bank's own portfolio. At 678,000 tCO₂e in 2023, investment represents 71% of Spar Nord's total climate footprint in terms of absolute greenhouse gas emissions. Of this figure, 318,000 tCO₂e relates to capital managed on behalf of our customers and 360,000 tCO₂e relates to the bank's own portfolio.

Spar Nord is currently prioritising asset management in our climate efforts in investment. This is primarily because a substantial proportion of financed emissions from the bank's own portfolio is due to our inclusion of the trading portfolio in the calculation of financed emissions.

Figure 7 shows the breakdown of the investments from asset management covered by the bank's calculations of financed emissions by asset class for 2023, while Figure 8 shows the distribution of greenhouse gas emissions among these asset classes.

Figure 7. Distribution of investments from asset management by asset class

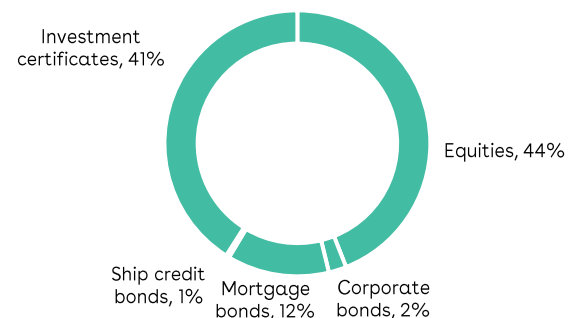
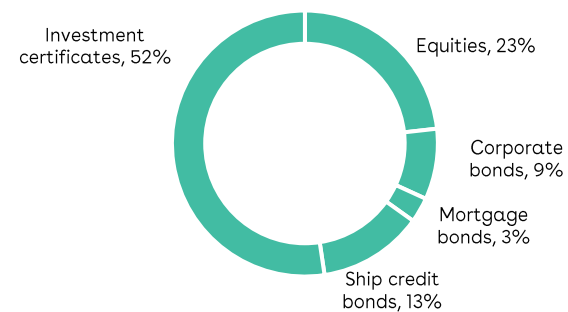


Figure 8. Distribution of greenhouse gas emissions (tCO₂e) from asset management by asset class



Financed emissions (tCO₂e) from investments

The bank's financed emissions from investments will be calculated for asset management and own portfolio according to the principles of Finance Denmark's CO₂ model for the financial sector, which is based on PCAF's methods and the GHG Protocol. This includes investments where the bank has decision-making rights, including those investments that are not included in the bank's financial balance sheet.

The calculation covers 99% of investments and includes investments in equities, corporate bonds, mortgage bonds, ship credit bonds and investment certificates. The calculations are based on investments with available data. Where there is no data available, averages are used.

Asset management

Investing capital on behalf of the bank’s customers is a key part of Spar Nord’s business. We want to be a sound and responsible capital manager, incorporating environmental, social and governance (ESG) factors as a fixed component in the investment process. We familiarise ourselves with the business models of the companies we invest in and select investments that we believe will generate attractive, long-term returns on a responsible basis. This is the best way for us to protect the investments of our customers.

In view of climate change and the risks it entails, the Spar Nord Asset Management team is increasing its focus on climate issues. We are doing this both from the perspective of risk and based on the shared responsibility we have taken on as a financial institution that facilitates the flow of capital in our society through investments.

Asset management objectives

In 2022, to support the bank’s net zero target, Spar Nord defined two sub-targets for asset management aimed at reducing financed emissions per million DKK invested in equities and corporate bonds by 30% by 2025 and by 60% by 2030 compared to the 2020 baseline. The sub-targets cover scope 1 and 2 emissions for the relevant businesses, as well as direct investments in equities and corporate bonds and investments in the asset classes via investment certificates and are based on data from our ESG data provider MSCI.

Reduction in financed emissions from investments of **30% by 2025** and **60% by 2030**

Spar Nord has chosen to set targets for financed greenhouse gas emissions per million DKK invested that describe how efficient our investments are in terms of emissions relative to the volume of capital we manage on behalf of our customers. We have based these on Finance Denmark’s CO2 model, which in turn is based on international standards for calculating greenhouse gas emissions in investment.

Climate science qualification

When the sub-targets were set in 2022, they were based on the Danish Investment Association’s industry targets. In 2024, we qualified the sub-targets further by comparing them to a 1.5°C net zero scenario from the IPCC⁵ to ensure that the sub-targets are in line with the necessary reductions prescribed by climate science.

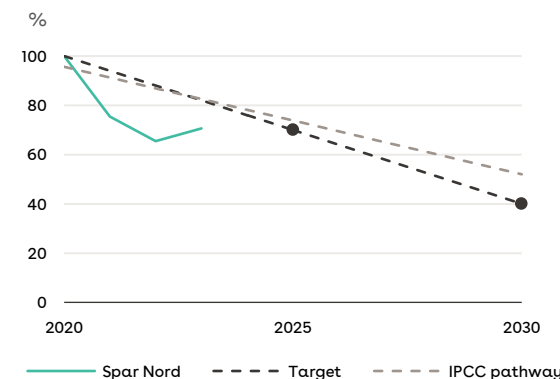
The IPCC mitigation pathway involves a 48% reduction in emissions by 2030 and net zero emissions by 2050 compared to 2019 and is one of the mitigation pathways recommended by the United Nations Environment Programme Finance Initiative

Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.

(UNEP FI)⁶. Figure 9 shows that the sub-targets are in line with the recommended mitigation pathway.

this positive trend, we are close to achieving our 2025 targets.

Figure 9. Target for reducing financed emissions invested in equities and corporate bonds from asset management (tCO2e per million DKK)



Scope

In 2023, 77% of the capital managed by Spar Nord on behalf of customers was covered by the sub-targets. The remaining 23% of capital relates to mortgage bonds, ship credit bonds and government bonds.

Since 2020, Spar Nord has reduced financed greenhouse gas emissions per million DKK invested in equities and corporate bonds by 29%. Thanks to

⁵ The mitigation pathway is from the following publication: IPCC, 2023: Summary for Policymakers. In: Climate Change 2023: Synthesis Report. Contribution of Working

⁶ UNEP FI stands for United Nations Environment Programme Finance Initiative, an initiative for the financial sector under the UN Environment Programme.

Fulfilment of climate ambitions and sub-targets

Targets are rarely met automatically. They require targeted efforts, and the bank is backing its words with actions. At Spar Nord, we believe that the most effective way for us to support decarbonisation and sustainable development in our society is with a robust, well-equipped toolkit for responsible investment and the integration of climate plans. Spar Nord's current toolkit in this area can be seen on the right.

Spar Nord has focused on mapping portfolios and stakeholder expectations in order to understand where we need to expand the toolbox further to ensure the continued fulfilment of current and future sub-targets for asset management.

The majority of financed emissions for asset management are related to investments in investment certificates and ship credit bonds, as well as investments in equities and corporate bonds. Additional analysis has shown that, when we break down the companies we have invested in through equities and corporate bonds by high-impact and low-impact sectors, the majority of our investments are in low-impact sectors.

High-impact sectors are sectors with significant greenhouse gas emissions, and action here is crucial for achieving broader societal decarbonisation. Low-impact sectors make up the remaining sectors.

These insights provide an indication of where we can and should define further measures to support the fulfilment of sub-targets for equities and bonds.

Toolkit for responsible investment



Exclusion – a minimum standard

Fossil fuels: Spar Nord excludes companies if more than 5% of their revenue originates from thermal coal, oil sand or Arctic drilling.

UNGC and OCED standards: Spar Nord excludes companies that breach international standards, including controversies related to environmental and climate factors.



ESG integration

Impacts, opportunities and risks: Integration of environmental, social and governance (ESG) factors is a fixed element of the investment process.

This also involves considerations relating to reductions in financed emissions being an active part of the investment decision.



Active ownership

We practise active ownership for those companies in which we invest. This entails voting at their AGMs.

Danish companies: Voting is carried out directly by Spar Nord.

Foreign companies: Voting takes place via an external partner.



Investment-related business partners

We try to influence our business partners to, as a minimum, integrate the same climate standards as those followed by Spar Nord. The ongoing dialogue and evaluation thus includes monitoring these partners' approach to climate change mitigation.



Customer dialogue

Through dialogue with customers and Spar Nord's digital investment guide, the bank's advisers help to map customers' sustainability profile and select investments that take into account both their risk-return profile and their preferences for sustainability and, if applicable, their wish for the integration of climate considerations.



Product catalogue

Spar Nord offers an investment solution in which climate change mitigation is the central focus. The product is based on investments in companies that focus on climate solutions, including renewable energy, electrification of transport and energy efficiency.



IT solutions and knowledge building

IT solutions: Spar Nord plays an active role in developing IT solutions that can support the work on sustainability and integration of climate considerations.

Knowledge building: In addition to a continuous focus on knowledge sharing, the bank employs advisers who specialise in ESG, sustainability and climate issues – particularly in relation to investment activities.

Five measures to support the climate ambitions in investment

1. Tracking our first sub-targets
2. Position paper for fossil fuels
3. Focus on the level of climate transition in portfolios
4. Active ownership in relation to climate change
5. Building additional knowledge

Five supporting measures

Based on our mapping and inspired by international frameworks for integrating climate considerations into investment decisions, including the framework of the Paris Aligned Investment Initiative and UNEP FI, Spar Nord has identified five supporting measures, which we will be focusing on implementing in the coming years.

Tracking our first sub-targets

When Spar Nord defines sub-targets for investment activities, we base them on international climate target standards for banks, including UNEP FI. This is why we work on sub-targets on a five-year rolling basis, as recommended. As mentioned earlier, it is Spar Nord's intention to review our sub-targets every five years. This means that, each time a target is met or expires, we always ensure that we have at least one sub-target for the next five years. This enables us to continuously assess the source data to increase the proportion of managed capital covered by the targets and to include the latest insights from climate science.

The rolling sub-targets also mean that next year we will be revisiting our sub-targets for 2030.

Position paper for fossil fuels

At present, Spar Nord excludes companies from our investment universe if more than 5% of their revenue originates from thermal coal, oil sand or Arctic drilling.

Fossil fuels can be an important topic when we engage in dialogue with our customers about integrating climate considerations into their investment solutions. At the same time, we are also seeing a growing focus among investors, in society and in the media. Spar Nord has therefore decided to draw up a position paper on fossil fuels in investment.

Focus on the level of climate transition in portfolios

A portfolio's climate footprint is to some extent a result of sector exposure and asset class mix. We felt this most recently in 2023, when our financed emissions per million DKK rose as a result of a greater share of high yield and emerging market corporate bonds, which are often associated with a larger climate footprint and more varied data due in part to the sectoral mix and greater uncertainty about the data.

We also know from experience that not all sectors are able from a technological standpoint to reduce their emissions at the same rate, which creates a fundamental need for a more nuanced approach to integrating climate considerations into portfolio management. These considerations need to be more forward-looking, relevant to the individual sector and focused on the future climate transition of the businesses receiving the investments, rather than on calculations of their greenhouse gas emissions. More forward-looking considerations will also enable us to make better informed investment decisions when it comes to

high-impact sectors. In the course of this work, Spar Nord aims to examine the available data and methodological basis in order to better support portfolio managers with their integration of climate considerations.

Given the risk-return profiles for customers, the bank also relies heavily on society achieving reductions in greenhouse gas emissions across sectors and asset classes so that the bank's investment solutions can maintain the diversification it seeks to have in its portfolios.

Active ownership in relation to climate change

It may not always benefit the climate for investors to sell investments in sectors with a high climate impact if there are others ready to take on the investments. Instead, investors can make use of some of the tools available to mitigate climate impact, including active ownership.

At Spar Nord, we too believe in active ownership with respect both to our investment-related business partners, which also include the trusts we have invested through via investment certificates, and to investments in companies via equities and corporate bonds.

However, we also believe that it is important for investors to be realistic and aware of the magnitude of the effect we can achieve through active ownership via our investments in businesses. Here, the key parameters appear to be the ownership share in the company and how much of an impact the company has.

With that in mind, Spar Nord therefore intends to explore ways to expand our active ownership in relation to climate change.

Building additional knowledge

In implementing Spar Nord's climate plan for investment, decision-makers must have sufficient knowledge to make effective and informed decisions. With a climate agenda and an entire climate field in investment that is constantly evolving, regular training is needed. The last of the five supporting measures is to build additional knowledge among decision-makers.

Own operations

Spar Nord maintains a steady focus on reducing the negative impact on the climate and environment from the bank's own operations. Although greenhouse gas emissions from the bank's own operations make up just 2% of its overall climate footprint, it is important for Spar Nord to 'keep its house in order'. One of the ways we do this is by proactively promoting environmental responsibility and sustainable technologies in relevant areas of the bank's business.

Spar Nord aims to incorporate consideration of the environment and climate into its activities across the bank. As part of this work, Spar Nord is continuously focusing on energy optimisation and on the implementation of energy-saving measures in the bank's consumption and its operational areas. The bank has also drawn up an environmental and climate policy to help support the reduction of greenhouse gas emissions from the bank's own activities.

Spar Nord's overall climate accounts form the basis for a reduction target for greenhouse gas emissions from the bank's own operations. The climate accounts comprise:

Scope 1, which consists of natural gas consumption for heating, as well as petrol and diesel consumption in vehicles owned and leased by the bank.

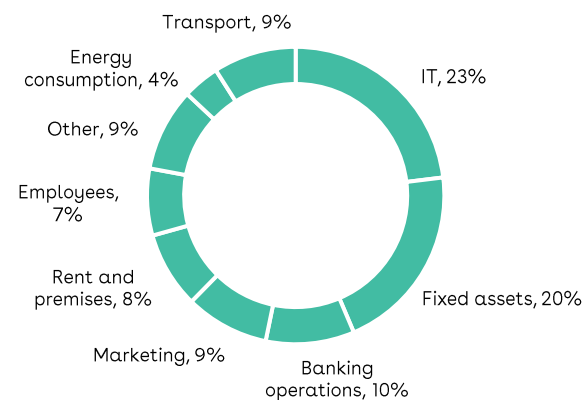
Scope 2, which consists of district heating and electricity consumption in buildings, as well as owned and leased vehicles (Spar Nord's total electricity consumption is covered by renewable

energy certificates - from wind turbines starting in 2021 and from solar panels starting in 2023).

Scope 3, which consists of the bank's emissions from purchased goods and services (category 1), purchased capital goods (category 2), upstream emissions from energy consumption (category 3), upstream transport services such as goods freight (category 4, but not separate from category 1), waste management (category 5), business travel including employee travel in private vehicles and air travel (category 6) and employee commuting (category 7).

For Spar Nord's greenhouse gas emissions from its own operations across scopes 1, 2 and 3 compared to the 2021 baseline, and how they are distributed, please see Figure 10.

Figure 10. Distribution of greenhouse gas emissions from the bank's own operations



Calculation of scopes 1, 2 and 3 for the bank's own operations

Greenhouse gas emissions from the bank's own operations are based methodologically on the GHG Protocol's three scopes, which distinguish between direct and indirect greenhouse gas emissions. Spar Nord's direct impacts may include greenhouse gas emissions from the bank's cars and natural gas heating (scope 1) and from its consumption of electricity and district heating (scope 2). Indirect greenhouse gas emissions from the bank's own operations relate in particular to purchased goods and services, business travel and employees commuting to and from work (scope 3).

Where possible, greenhouse gas emissions in scopes 1, 2 and 3 calculated using primary data are supplemented by estimates based on the monetary principle.



Targets for the bank's own operations

Spar Nord's impact on the environment and climate can be attributed to the day-to-day operation of the bank, energy optimisation and the implementation of energy-saving measures in the bank's consumption and operational areas, our use of resources and employees' actions, but also products and collaborative relationships. We therefore aim to incorporate consideration of the environment and climate into our activities across the bank.

Spar Nord has defined targets to reduce scope 1 and 2 greenhouse gas emissions by 30% by 2025 and by 50% by 2030. Additionally, the bank has set a target to reduce scope 3 greenhouse gas emissions from its own operations by 25% by 2030. The targets are intended to help support Spar Nord's overall ambition to reach net zero by 2050.

We have chosen to demonstrate the plausibility of the scope 1, 2 and 3 targets for the bank's own operations, and to qualify them, by comparing them to net zero scenarios from the IPCC based on climate science. Spar Nord has chosen to use 2021 as a baseline despite the fact that the consumption data from 2021 is not considered fully representative of the bank's own operations because of COVID-19 lockdowns that limited the bank's travel activities and energy consumption.

Spar Nord has also opted to identify a number of concrete actions to help reduce greenhouse gas emissions from the bank's own operations.

Meeting the targets for scopes 1 and 2

In order to meet the scope 1 and 2 climate targets, the bank will continue to replace its fleet of electric vehicles, phase out natural gas plants and purchase certified renewable power while also reducing electricity consumption.

Actions for scopes 1 and 2

- In 2030, 80% of the bank's driving needs will be met by electric vehicles. By 2030, all newly purchased company cars will be electric vehicles only
- By 2030, the bank will phase out the last three natural gas plants
- For 10 years starting from 2023, Spar Nord will be powered by 100% green electricity supplied by Better Energy

Furthermore, the bank will work to reduce its electricity and heat consumption by means of a number of other actions, which will be reflected in the bank's key performance indicators for overall energy consumption and, to a lesser extent, in its achievement of the climate targets.

Other actions for scopes 1 and 2

- By 2030:
 - All light sources will be replaced with LED light sources
 - All pumps and ventilation systems will be energy-optimised
 - All toilets and mixer taps will be switched to energy-saving models
 - All existing buildings must be energy-optimised in line with energy label advice
- All white goods installed after 2023 must be energy class A
- As far as possible, from 2023 new locations must comply with Danish energy class A2015

Reduction in greenhouse gas emissions in scopes 1 and 2 of

30% by 2025

50% by 2030

Figure 11. Target for reduction of greenhouse gas emissions (tCO2e) in scopes 1 and 2

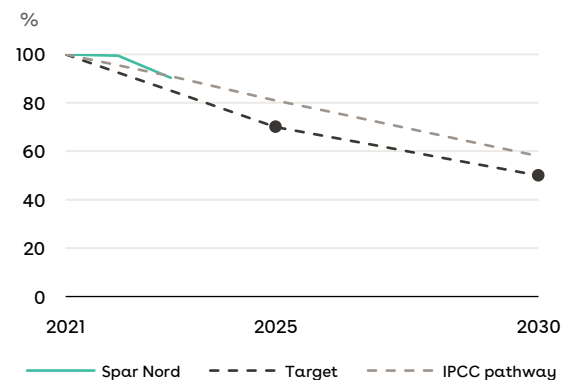


Figure 11 shows the bank's actual emissions from the baseline years 2021 and 2023 and also how projected emissions are expected to achieve the target reduction targets of 30% by 2025 and 50% by 2030 in scopes 1 and 2.

Meeting the targets for scope 3

To achieve the climate target of a 25% reduction by 2030 in scope 3 (in addition to category 13, leasing, and category 15, investments), the bank intends to initiate the following actions:

- Data collection in order to record fuel when driving private cars
- Demand specific CO₂e data from Spar Nord's largest suppliers to enable us to produce a more accurate estimate of the largest emissions items in scope 3
- Targeted reduction efforts in cooperation with suppliers, including for IT services for the purposes of CO₂e reduction plans
- Focus on managerial responsibility to reduce unnecessary travel activity - including air travel and use of private cars

Spar Nord's general ambition is to work continuously on qualifying and developing measures to help reduce greenhouse gas emissions from the bank's own operations with a view to achieving the bank's reduction targets.

Reduction in greenhouse gas emissions in scope 3 of **25% by 2030**

Figure 12. Target for reduction of greenhouse gas emissions (tCO₂e) in scope 3 for the bank's own operations

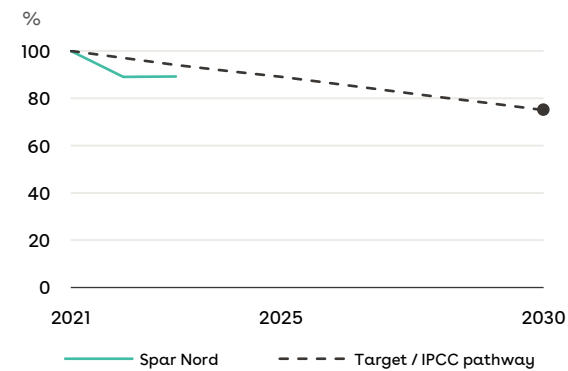
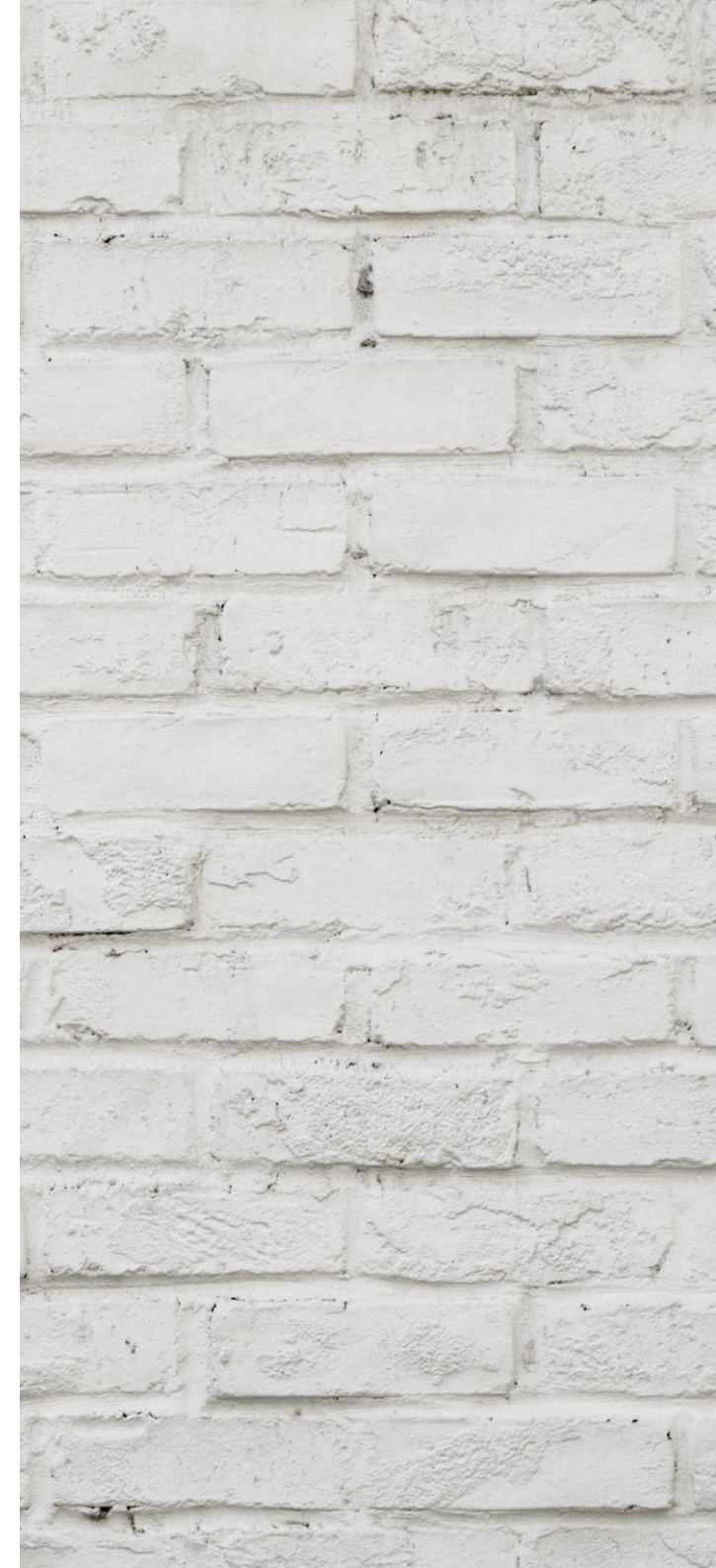


Figure 12 illustrates the bank's scope 3 target for its own operations from the baseline year of 2021 up to the target reduction of 25% by 2030.



Expectations for the future

Spar Nord's climate actions, targets and sub-targets for lending, asset management and the bank's own operations together support the bank's climate ambition of reaching net zero by 2050.

Climate change mitigation and a general focus on climate-related issues have been on Spar Nord's agenda since 2019, when we first made detailed calculations of financed emissions from the bank's core activities and its own operations. Since that time, this has constituted an acknowledgement by the bank that, as a financial institution and societal actor, we have an important part to play in the transition to a sustainable and climate-neutral society. This role and this responsibility particularly come into play when we provide financing for our customers' personal finances or businesses. The actions and ambitions of our customers are often reflected directly in the bank's financing and investment activities, while customer demand for new sustainability-promoting products will help to drive the bank's development and efforts.

However, while climate change mitigation is not a new focus area for Spar Nord, we must recognise that the data on which our calculations and accounts of greenhouse gas emissions are based is still at an immature stage. As has been described several times in this climate plan, the bank's emissions calculations are largely shaped by statistical data, so the fixed reduction targets and sub-targets may also need to be viewed in this light. This also means that data, targets and calculations should be continuously challenged as

scientific methods, research and market standards evolve and insights increase. Similarly, Spar Nord is aware that new legislation will continuously be adopted at both national and international level, which is expected to affect data maturity and the projections used. For these reasons, Spar Nord considers ongoing evaluation and review of the climate ambition and targets to be a key part of the ongoing work to mitigate climate change. Through a rolling review process, the bank will revisit the sub-targets every five years to ensure a dynamic and adaptable plan for fulfilling the targets.

For Spar Nord to achieve its climate ambition and sub-targets, it is heavily dependent on its customers' actions and transition activities. The bank has therefore committed itself to supporting its customers with the sustainable transition of either their personal finances or their businesses. These commitments are about both providing financing and offering customers advice and guidance on how to transform their businesses or personal finances. Spar Nord is aware that the journey for us and our customers has only just begun, and that this societal challenge will require cooperation across industries, sectors and countries if we are to succeed. The destination is clear and the target has been set, but we must agree on the solutions and the path to follow.



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