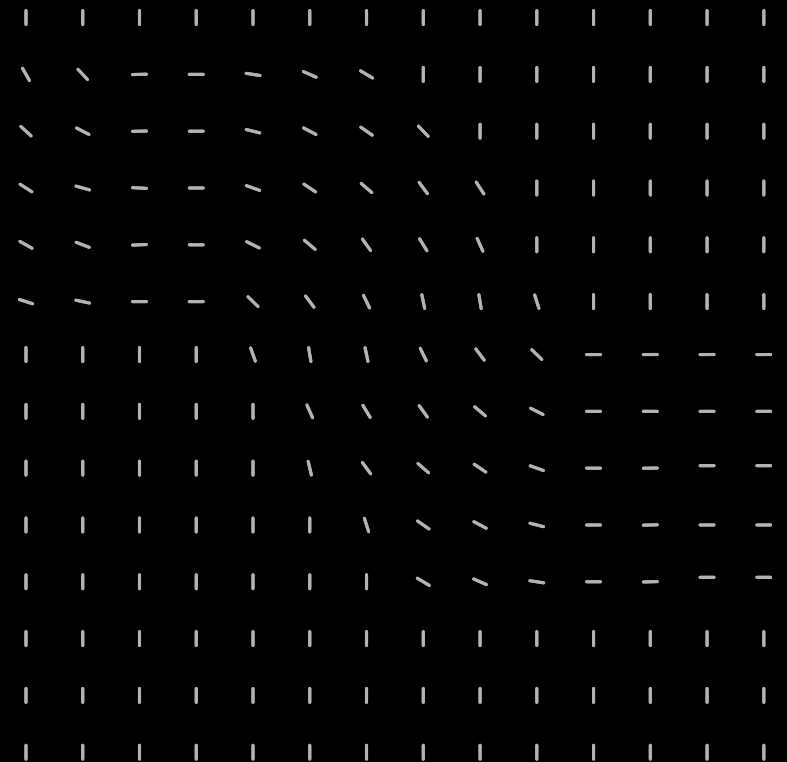




Reduction of financed emissions and carbon emissions

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Introduction

In recent years, we have seen more incidents of extreme weather and increasing average temperatures that are a direct consequence of climate change – in Denmark as well as globally. Such conditions lead to adverse impacts on nature, people and society.

Like all other banks in Denmark, Spar Nord also plays an important role in mitigating climate change and transitioning to a sustainable society. Therefore, since 2020, Spar Nord has focused on identifying the Bank's impacts on its surroundings in both a positive and negative direction in relation to the 17 UN Sustainable Development Goals. This is a natural continuation of acceding to the UN Global Compact (UNGC), the UN Principles for Responsible Investment (UN PRI), and the UN Principles for Responsible Banking (UN PRB).

Spar Nord aims to support sustainable transition through financing and investment activities that mitigate climate change. By financing and investing in solutions that improve conditions for nature, for example investments in wind, solar and biogas, or solutions aimed at restoring nature, we also help to mitigate climate change.

In 2020, Spar Nord started estimating carbon emissions from the Bank's own activities as well as the Bank's financed emissions from investments and later also lending. This enabled us to analyse our influence on climate change. We have already come a long way in this work, and we have regularly estimated financed emissions, set targets and initiated supporting actions to reduce the percentage of financed emissions. Spar Nord's climate actions for loans and investments follow recommendations from Finance Denmark's Forum for Sustainable Finance, and they support the target in the Climate Act and the Paris Agreement for climate neutrality by 2050.

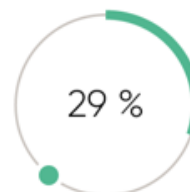
In 2024, Spar Nord is publishing its first targets for reducing carbon emissions from the Bank's own activities. This publication gathers all the Bank's reduction targets to help establish an overview of follow-up on the Bank's climate actions and reduction targets.

Spar Nord's ambition is to continue to validate the Bank's work on climate-change mitigation and to make regular adjustments to the actions in order to target our efforts and to create transparency about reductions of our own adverse impacts on the climate.

Climate accounts

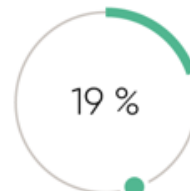
tCO2e	2023	2022	2021
Scope 1	216	257	224
Cars	202	226	191
Heat	14	31	33
Scope 2 - location-based	327	803	1,025
Scope 2 - market-based	327	336	504
Electricity - location-based	0	467	521
Electricity - market-based	-	-	-
District heating	327	336	504
Scope 3	736,401	648,313	717,955
Air travel	109	197	48
Business travel	362	344	138
Water supply	3	4	1
Investments			
BEC Financial Technologies	927	1,768	1,768
Financed by loans - retail and business	326,000	334,000	367,000
Asset management and proprietary portfolio	409,000	312,000	349,000

Targets



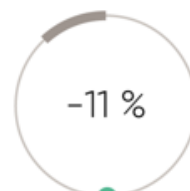
Investments

Reduction of financed emissions from investments in shares and corporate bonds made on behalf of customers by 30% in 2025 and 60% in 2030 compared to 2020 baseline.



Lending

Reduction of financed emissions from lending by 20% in 2025 and 45% in 2030 compared to 2021 baseline.



Own activities

Reduction of carbon emissions from the Bank's own activities by 30% in 2025 and 50% in 2030 compared to 2021 baseline.



Energy-friendly car loans

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

Climate actions for investments

Summary

- Carbon emissions from investments on behalf of customers in asset management in the Bank's proprietary portfolio have been calculated as at the end of 2023 at 409,000 tCO₂e compared with 312,000 tCO₂e in 2022.
- Financed emissions from investments totalled 5.2 tCO₂e per DKK mill. at the end of 2023 against 4.8 tCO₂e per DKK mill. in 2022.
- Spar Nord has set reduction targets for financed emissions from equity-based and corporate-bond-based investments of 30% in 2025 and 60% in 2030 compared with the 2020 baseline.
- Financed emissions from investments at the end of 2023 have been reduced by 29% compared to the baseline, and therefore we are well on the way to realising our 2025 target.
- The calculations are based on data associated with some uncertainty.

Introduction

This is the third time that Spar Nord is publishing reduction targets for reducing financed emissions from investment products. This follow-up reflects Spar Nord's current position and the initiatives being worked on to realise the Bank's reduction targets. The way Spar Nord works with target follow-up and estimation will develop going forward. Improvements in the quality of data will benefit our focus on transparency, and thereby we will be better able to identify the investment activities where we can most effectively reduce carbon emissions in line with our objectives.

¹ However, Spar Nord has calculated emissions for the whole proprietary portfolio, while according to Finance Denmark's model for carbon footprint, emissions should be calculated exclusive of the trading portfolio.

² <https://www.msci.com>

The updated figures on carbon 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 quality of the emissions data applied is still considered to have inaccuracies and/or imperfections. We expect that more companies in the future will prepare and publish climate accounts in which the data is likely to be improved.

Method and data basis

When calculating our carbon emissions, we have applied the joint principles to measure and calculate financed emissions from investments developed by Finance Denmark, the sector organisation for financial institutions in Denmark.¹

Data from MSCI² has been used to estimate financed emissions for equities, corporate bonds and investment association certificates.³ In cases where no company-specific data or estimated carbon emissions data from the data supplier is available, an average has been applied at total level or at sector level. This also applies for ship mortgage-credit bonds.

In calculating carbon emissions for Danish mortgage-credit bonds, we used data per capital centre from the mortgage-credit institutions. An average has been used for mortgage-credit bonds for which data has not been published.

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

³ The data source has been changed from Refinitiv to MSCI. We have assessed that this, combined with modified normalisation principles, means a marginal increase in the percentage of financed emissions from investments.

The calculation for asset management and the proprietary portfolio includes investments in equities, corporate bonds and Danish mortgage-credit bonds. Government bonds have not been included, and ship mortgage bonds have been included on the basis of an average.

When data is available, financed emissions from any ship mortgage bonds will probably be relatively high, as shipping companies predominantly use fossil fuels. In 2023, ship mortgage bonds amounted to approx. 0.4% of the business volume in asset management and approx. 2.9% in the proprietary portfolio.

The financed emissions from investments are calculated as tCO₂e per DKK mill. For further information about the method and data basis, see the Spar Nord Impact Analysis 2023.

Financed emissions from investments

2023	Business volume Billion DKK	Share in %	Carbon emissions 1000 tCO ₂ e	Share of total carbon emissions i %	Financed emissions tCO ₂ e per million DKK
Asset management	43.5	55	279	68	6.4
Proprietary portfolio	35.4	45	130	32	3.7
I alt	79.0	100	409	100	5.2

2022	Business volume Billion DKK	Share in %	Carbon emissions 1000 tCO ₂ e	Share of total carbon emissions i %	Financed emissions tCO ₂ e per million DKK
Asset management	39.8	61	219	70	5.5
Proprietary portfolio	25.4	39	93	30	3.7
I alt	65.2	100	312	100	4.8

Spar Nord's business activity from investments for 2023 has been calculated at DKK 79.0 bn. compared with DKK 65.2 bn. in 2022, corresponding to an increase of 21%. At the end of 2023, investments in asset management amounted to DKK 43.5 bn. and investments in the Bank's proprietary portfolio totalled DKK 35.4 bn. Investments in the proprietary portfolio have increased in particular as the bank has included a larger share of the portfolio in the calculations.

In 2023, total carbon emissions from investments amounted to 409,000 tCO₂e against 312,000 tCO₂e in 2022, corresponding to an increase of 31%.

At the end of 2023, carbon emissions from investments in asset management amounted to 279,000 tCO₂e against 219,000 tCO₂e in 2022. Carbon emissions from investments in the Bank's proprietary portfolio amounted to 130,000 tCO₂e in 2023 against 93,000 tCO₂e in 2022. The most important explanation for the increase in carbon emissions for the proprietary portfolio in 2023 compared with 2022 is greater business volume and that the Bank has included a larger percentage of the portfolio in the calculation.

The largest carbon emissions 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 carbon emissions than equities and corporate bonds. The difference in financed emissions from asset management and the proprietary portfolio is mainly explained by the different weighting of Danish mortgage-credit bonds and equities and corporate bonds.

Changes in financed emissions from investments

Spar Nord has calculated the financed emissions from investment activities to indicate the current position of Spar Nord's investments compared with previous.

Changes in financed emissions

Investments tCO ₂ e per million DKK	2023	2022	2021	Index 23/22
Asset management	6.4	5.5	6.7	116
Proprietary portfolio	3.7	3.7	3.0	100
I alt	5.2	4.8	5.4	108

Overall, financed emissions from investments totalled 5.2 tCO₂e per DKK mill. for 2023 against 4.8 tCO₂e per DKK mill. in 2022, corresponding to an increase of 8%. The negative development is solely attributable to an increase in financed emissions from asset management investments, where financed emissions increased from 2022 to 2023 by 0.9 tCO₂e per DKK mill., corresponding to 16%.

The model for calculating financed emissions as tCO₂e per DKK mill. invested 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 equities means an increase in the financed emissions. Developments in exchange rates can also have significance for the calculation of financed emissions, which is stated in Danish kroner (DKK). Development in the financed emissions from last year should therefore be interpreted with some caution, as parts of the trend will be attributable to changes that are not directly related to carbon emissions.

The drop in financed emissions in 2022 compared to 2021 was attributable to a strong USD as well as more transparent data for corporate bonds, and the latter led to a number of active initiatives.

The increase in financed emissions in 2023 compared to 2022 is because market values generally increased in 2023. Financed emissions from investments in equities generally fell over the period, while investments in corporate bonds show a relatively large increase. The increasing financed emissions from corporate bonds are partly due to a larger percentage of high-yield and emerging-markets corporate bonds at the end of 2023 than at the end of 2022. Carbon emissions from these types of bonds are usually larger than for investment-grade corporate bonds, for example.

Generally, efforts in relation to the goal of reducing financed emissions should be evaluated over a number of years.

Reduction targets

Spar Nord has decided to set reduction targets for financed emissions from equity-based and corporate-bond-based investments made on behalf of customers.

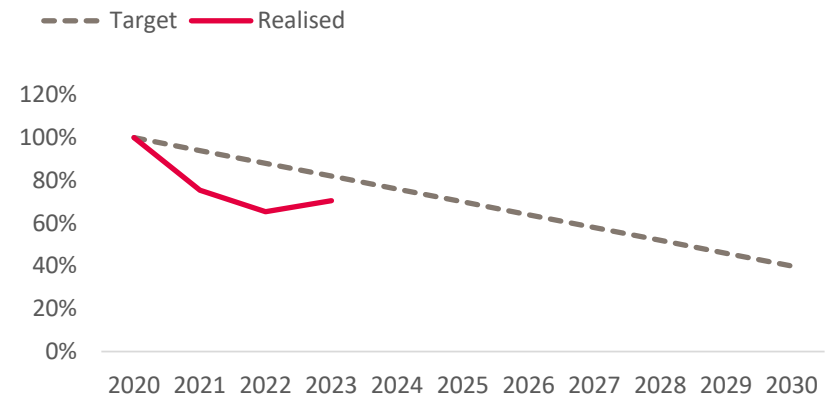
Reduce financed emissions from investments in equities and corporate bonds in the portfolios managed by Spar Nord by

- 30% in 2025 and
- 60% in 2030

measured in relation to the 2020 baseline.

Spar Nord supports the goal in the Climate Act and the Paris Agreement of climate neutrality by 2050. Therefore, Spar Nord and our cooperation partners share an ambition to reduce carbon emissions from the investments we make on behalf of our customers.

Financed emissions from investments



However, several factors may affect whether the Bank can reach its targets, including continued uncertainty with regard to the quality of data, as well as the dependence on assets composition, price

developments and other market conditions. This means it is unlikely that developments will follow an even curve towards meeting the targets set for reducing financed emissions from investments. The many uncertainty factors and dependence of the composition of assets and price movements in the various groups of assets mean that we have decided to maintain the target for 2025. On the basis of developments in 2024, we will reconsider the target for 2025 later.

Specific actions

Spar Nord believes this third calculation of financed emissions from investment activities represents one of several steps in a process to reduce the Bank's carbon emissions. Figures for carbon emissions from our investments add new knowledge, enabling us to target our initiatives, for example with respect to the investment products we use, both for our proprietary investments and when we invest on behalf of our customers. In particular, we will use the calculation as a foundation for our further efforts to identify opportunities to reduce negative impacts and increase our positive impacts.

Spar Nord's targets for reducing financed emissions from investments in equities and corporate bonds in the asset management portfolios managed by Spar Nord is supported by the following actions:

- ESG factors, including reduction of financed emissions as an active part of the asset-management investment process
- Active ownership, see the policy for active ownership (incl. cooperation partners)
- Exclusion list - exclusion of companies with more than 5% of their revenues stemming from thermal coal, oil sands and/or arctic drilling.
- Participation in the UN PRI and Finance Denmark's working groups

On the basis of these actions, as well as the companies own objectives and initiatives, it has been assessed that it is still likely that we will reach the 2025 targets. Of course, there is greater uncertainty about the 2030 target because of the dependence on external factors. Therefore, we

will regularly reassess our targets and supporting actions to ensure achievement of our objectives.

Our cooperation partners offer several levels of investment association certificates with sustainability characteristics. This means that, as a distributor, we have a broader range of products to choose from in terms of sustainability when we make investments on behalf of customers. Spar Nord's advisers can help customers to determine their sustainability profile and choose investments that match their preferences. In 2023, we have provided more tools in online banking to increase the transparency of the sustainability of an investment and make it even easier for customers to select investment products that suit their sustainability preferences. In 2024, we will continue work on identifying opportunities and activities that contribute to reducing carbon emissions from investments.

We believe that corporate transition to less carbon-intensive activity is the most effective way to a sustainable future. We seek to support this transition through our investments, and through active ownership, among other things by means of screenings, dialogue and potential exclusion.

Data quality

In general, the data quality of the derived data is still inaccurate and incomplete. We expect that the data basis for emissions data will be improved in the coming years. This will contribute to the process at Spar Nord to reduce carbon emissions from investments. Below is a list of data-quality scores between 1-5 that reflect the quality of the data on which the financed emissions are calculated. Score 1 is the highest and 5 is the lowest data quality. The data hierarchy follows the PCAF global standard.

MSCI's data-quality model has been applied for equities and corporate bonds. The model does not, however, contain a data-quality score for investment association certificates, and therefore these have not been included in the following. For mortgage-credit bonds, information received from 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

Weighted score - Investments	2023	2022	2021
Equities	2.1	1.6	-
Corporate bonds	2.2	1.7	-
Mortgage bonds	4.3	4.4	-

Climate actions for lending

Summary

- Carbon emissions from lending have been calculated as at the end of 2023 at 326,000 tCO₂e compared with 334,000 tCO₂e in 2022.
- Financed emissions from lending totalled 7.6 tCO₂e per DKK mill. at the end of 2023 against 8.0 tCO₂e per DKK mill. in 2022.
- Spar Nord has set reduction targets for financed emissions from lending of 20% in 2025 and 45% in 2030 compared with the 2021 baseline.
- Financed emissions from lending at the end of 2023 have been reduced by 19% compared to the baseline, and therefore Spar Nord is well on the way to realising the 2025 target.
- In 2023, Spar Nord set up a Committee for Sustainable Financing, which, among other things, will ensure action to realise the reduction targets set.
- The calculations are based on statistical data and are therefore associated with some uncertainty.

Introduction

At Spar Nord, we are aware that every DKK we lend has a major or minor impact on the climate and nature. In order to support customers' transition to more sustainable activities, the Bank has increased focus on sustainable financing, including customers' carbon emissions.

In order to put action behind the Bank's responsibility to support the targets of the Climate Act and the Paris Agreement for climate neutrality by 2050, Spar Nord has committed itself to the UN Principles for Responsible Banking (UN PRB), and this entails analysing the positive and negative impacts of the Bank's financial activities on meeting the UN Sustainable Development Goals.

⁴ <https://finansdanmark.dk/media/47361/finans-danmark-co2-model.pdf>

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

All the Bank's business advisors as well as selected employees from the credit department, business development, as well as the risk management function have received ESG training. This has helped promote dialogue on sustainability and ESG risks with the Bank's customers.

Method and data basis

Spar Nord has opted to apply Finance Denmark's model for carbon footprint for the financial sector as a guideline for calculating carbon emissions from the Bank's lending activities.⁴ The model describes a number of basic principles for calculating carbon emissions and financed emissions. It provides calculation methods for various types of financial lending activities. Finance Denmark's model for carbon footprint, which largely builds on the PCAF methodology⁵, was developed with a view to creating comparability and harmonising calculation principles for financial enterprises in Denmark.

In respect of the business activities included, we have looked at areas in which the Bank is able to exercise direct influence and thus reduce adverse impacts and strengthen positive impacts. Spar Nord does not include arranged loans where the loans are recognised in the balance sheet of a collaborating bank, such as Totalkredit, DLR Kredit, and reverse transactions, see Finance Denmark's model for carbon footprint.

⁵ <https://carbonaccountingfinancials.com/standard>

Lending to retail customers includes car and home loans. In 2023, the business activities included for retail customers represented approx. 58% of the Bank's retail loan portfolio compared to approx. 59% in 2022.

Business lending is defined as loans that can be linked to a Danish industry code (using the nomenclature of Statistics Denmark (DB07), and carbon emissions are calculated for the sectors for which Statistics Denmark provides the data required to estimate carbon emissions, cf. Finance Denmark's model for carbon footprint. Carbon emissions from business lending are estimated using a calculation tool developed by a joint team under the National Banks in Denmark (LDB) on the basis of Finance Denmark's model for carbon footprint. The calculation tool includes an estimate for 84 sectors based on an average of the Danish sectors for carbon emissions and accounting statistics from Statistics Denmark⁶. This means that about 83% of the Bank's business loan portfolio in 2023 is included in the calculations, compared to about 82% in 2022.

The financed emissions from lending are calculated as tCO₂e per DKK mill. For further information about the method and data basis, see the Spar Nord Impact Analysis 2023.

Spar Nord's business activities included in the calculation of carbon emissions from lending for 2023 has been calculated at DKK 43.1 bn. compared with DKK 41.9 bn. in 2022, corresponding to an increase of 3%. At the end of 2023, loans to private customers amounted to 31%, and business lending amounted to 69%. Lending to private customers has particularly increased in scope.

In 2023, total carbon emissions from lending amounted to 326,000 tCO₂e against 334,000 tCO₂e in 2022, corresponding to a drop of 3%. At the

end of 2023, carbon emissions on loans to private customers amounted to 10%, and business lending amounted to 90%, compared with 12% and 88%, respectively in 2022.

Financed emissions from lending

2023	Business volume Billion DKK	Share in %	Carbon emissions 1000 tCO ₂ e	Share of total carbon emissions in %	Financed emissions tCO ₂ e per million DKK
Retail	13.5	31	34	10	2.5
Home loans	11.4	27	9	3	0.8
Car loans	2.1	5	25	8	12.3
Business	29.6	69	292	90	9.9
Agriculture, hunting, forestry, fishing	2.4	6	61	19	24.9
Industry and raw material extraction	3.0	7	37	11	12.4
Energy supply	1.7	4	5	2	3.0
Construction	2.7	6	19	6	7.0
Trade	4.2	10	9	3	2.1
Transport, hotel and restaurant	3.0	7	153	47	51.7
Information and communication	0.3	1	0	0	1.3
Real estate	7.8	18	1	0	0.1
Other business sector	4.5	10	6	2	1.4
Total	43.1	100	326	100	7.6

2022	Business volume Billion DKK	Share in %	Carbon emissions 1000 tCO ₂ e	Share of total carbon emissions in %	Financed emissions tCO ₂ e per million DKK
Retail	12.2	29	39	12	3.2
Home loans	10.3	25	10	3	0.9
Car loans	1.9	5	29	9	14.9
Business	29.6	71	295	88	10.0
Agriculture, hunting, forestry, fishing	2.6	6	60	18	23.2
Industry and raw material extraction	3.2	8	35	10	11.0
Energy supply	2.1	5	7	2	3.2
Construction	2.7	6	18	5	6.7
Trade	4.6	11	10	3	2.1
Transport, hotel and restaurant	3.0	7	159	48	53.8
Information and communication	0.3	1	0	0	1.2
Real estate	7.4	18	1	0	0.1
Other business sector	3.9	9	6	2	1.6
Total	41.9	100	334	100	8.0

⁶ <https://www.statistikbanken.dk/DRIVHUS2> and <https://www.statistikbanken.dk/20107>

Developments in financed emissions from lending

Lending tCO2e per million DKK	2023	2022	2021	Index 23/22
Retail	2.5	3.2	4.9	79
Home loans	0.8	0.9	1.5	81
Car loans	12.3	14.9	20.7	82
Business	9.9	10.0	11.2	99
Agriculture, hunting, forestry, fishing	24.9	23.2	22.2	107
Industry and raw material extraction	12.4	11.0	7.9	113
Energy supply	3.0	3.2	1.9	95
Construction	7.0	6.7	8.4	104
Trade	2.1	2.1	1.3	102
Transport, hotel and restaurant	51.7	53.8	79.6	96
Information and communication	1.3	1.2	0.7	102
Real estate	0.1	0.1	0.3	100
Other business sector	1.4	1.6	0.3	87
Total	7.6	8.0	9.4	95

Financed emissions from lending totalled 7.6 tCO2e per DKK mill. in 2023 against 8.0 tCO2e per DKK mill. in 2022. This positive trend is attributable in particular to lending to private customers, where the Bank has increased the percentage of energy-friendly car loans and increased the scope of business for housing loans, which have a relatively low level of emissions. With regard to lending to businesses, both the scope and financed emissions remain unchanged in 2023 compared with 2022.

Reduction targets

The calculations of financed emissions from lending form the basis for Spar Nord's reduction targets for lending. The first time the Bank estimated and published financed emissions from lending in 2021 form the baseline for Spar Nord's reduction targets:

Reduce financed emissions from lending

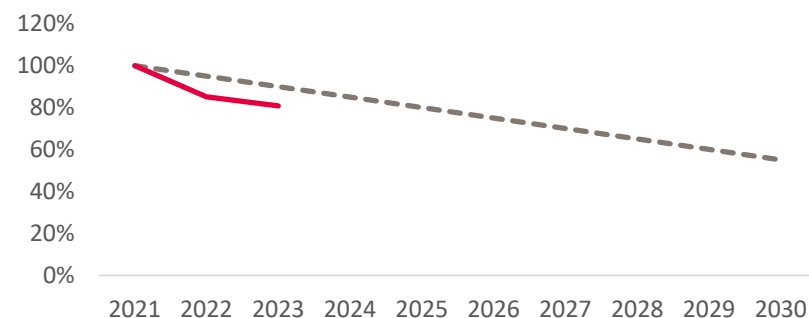
- 20% in 2025 and
- 45% in 2030

measured in relation to the 2021 baseline.

Spar Nord Bank has set sub-targets and targets for 2025 and 2030 for reduction of financed emissions from the total lending portfolio covered, in order to regularly adjust the Bank's initiatives. This is because the financed emissions from the individual lending segments could change both positively and negatively over time, for example because of better data, better knowledge, incorporation of scope 3 for business customers, new or revised legislation, changed societal conditions and customer behaviour or changed distribution of the Bank's loan portfolio.

Financed emissions from lending

--- Target — Realised



At the end of 2023, Spar Nord had reduced financed emissions from loans from 9.4 tCO2e per DKK mill. in 2021 to DKK 7.6 tCO2e per DKK mill. in 2023, corresponding to a reduction of 19% compared with the 2021

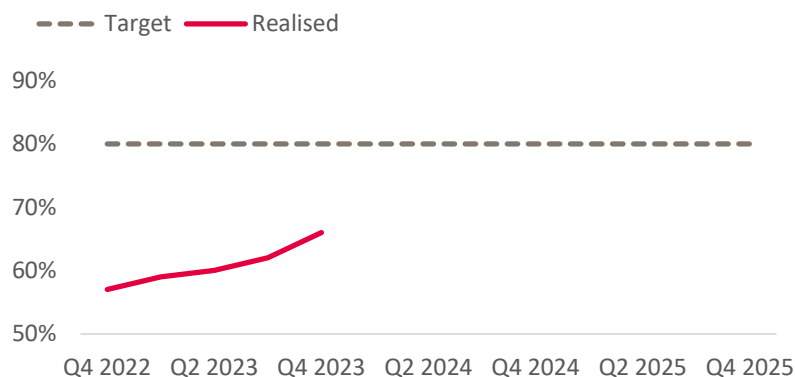
baseline. Spar Nord Bank is thus well on the way to being able to realise its reduction targets for 2025 and 2030.

Spar Nord has launched an energy-friendly car loan product that offers an attractive interest rates on financing for electric and plug-in hybrid cars. Spar Nord has also launched an energy-friendly home loan product for retail customers that offers an attractive rate of interest on financing for energy renovation and energy optimisation in the home, including energy-efficient heating sources.

In order to encourage the spread of energy-friendly car loans, Spar Nord has also set the following SMART targets:

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

New loans to finance electric and plug-in hybrid cars



⁷ The Denmark's Climate Status and Outlook 2023 report from the Danish Business Authority has been included in feasibility work.

By the end of 2023, 66% of the Bank's new lending was to finance electric or plug-in hybrid cars. This means that Spar Nord is well on the way towards the target that 80% of all new loans to finance cars are to be for electric or plug-in hybrid vehicles before the end of 2025. The positive developments in carbon emissions are primarily due to increased financing for more energy-efficient cars.

Specific actions

The general societal development towards more energy-friendly activities and assets has a natural rub-off effect on the Bank's carbon emissions and calculation of financed emissions. However active action and specific initiatives are also required to meet Spar Nord's reduction targets.

In 2023, Spar Nord Bank has worked to demonstrate the feasibility of the reduction targets through various initiatives.⁷ In this context, the Bank has set up a committee for sustainable financing, including the Bank's Executive Board and directors from relevant business units which, together and across the organisation will launch specific actions to help ensure that Spar Nord realises the reduction targets it has set.

Action will focus on developing and supporting the business customers that inherently have higher carbon emissions in their business model. The Bank will also aim at growth in lending for activities and assets that contribute to reducing emissions. Lending for the Bank's private customers will continue to focus on offering attractive vehicle and home loans to finance energy-friendly cars and home renovation.

Spar Nord's overall strategy is that actions are to contribute to the transition of business customers towards long-term sustainable activities and investment. Spar Nord aims to be a relevant partner by supporting

and continuing active sustainability dialogue as well as strengthening relevant partnerships to address business-customer needs for sustainable solutions and future viability.

Spar Nord does not want to withdraw from exposures solely because they have a climate-intensive profile: rather, the Bank aims to support the Danish business community in a broad sense. In the period up to 2025, Spar Nord will focus on dialogue with the Bank's business customers about their carbon emissions, including in particular the most climate-intensive customers, and encourage business customers to draw up climate accounts. To help business customers in their transition plans, Spar Nord has entered into an agreement with Valified which will be launched in the first half of 2024.

Calculation of financed emissions is currently associated with challenges regarding data validity, particularly due to use of statistical data at sector level. The Bank expects that the data basis and level of knowledge will continuously be improved. Therefore, by no later than 2025, Spar Nord will evaluate the current reduction targets and, where necessary, set further segmented sub-targets or launch specific initiatives to help the Bank reach its the 2030 target.

Data quality

The data quality underlying estimates of carbon emissions on lending is assessed on the basis of a PCAF data quality score, with score 1 expressing high data quality on the basis of exact data, while score 5 expresses estimates calculated on the basis of statistical data.

Data quality, PCAF score

Weighted score - Lending	2023	2022	2021
House loans	3.6	3.5	3.7
Car loans	3.5	3.8	4.0
Business lending	5.0	5.0	5.0

Overall, the data score shows that the area is still immature in terms of data, but also that the data quality is improving.

It is Spar Nord's expectation and a special focus area that the data quality for both retail and business lending will improve in the years to come by increasing the proportion of activity-specific data with a view to producing more accurate estimates and exact data and, as a result, higher data quality.

Climate actions for the Bank's own activities

Summary

- Carbon emissions from the Bank's own activities at the end of 2023 have been calculated at 1,017 tCO₂e, with 216 tCO₂e in scope 1 and 327 tCO₂e in scope 2, as well as 474 tCO₂e in scope 3 (excl. investments).
- Spar Nord has set reduction targets for carbon emissions from the Bank's own activities of 30% in 2025 and 50% in 2030 compared with the 2021 baseline.
- Carbon emissions from the Bank's own activities at the end of 2023 had increased by 11% in relation to the 2021 baseline. However, there was a drop from 2022 to 2023 of 11%. Developments from 2022 to 2023 are attributable to special focus on energy optimisation, and this has led to lower electricity and heating consumption.
- Spar Nord Bank has decided that all new company cars are to be electric cars from 2024.
- The calculations are based on data associated with some uncertainty.

Introduction

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), and these form the foundation for our efforts to reduce our negative impacts on the climate and the environment from bank operations. Spar Nord has also drawn up an environment and climate policy to support reductions of carbon emissions from the Bank's own activities.

Spar Nord focuses on minimising environmental and climate impacts from the Bank's own activities by proactively promoting environmental responsibility and sustainable technologies in relevant areas in the Bank's operations. Spar Nord's environmental and climate impact is attributable

to the day-to-day operations of the Bank, our resource consumption and employee actions, as well as our products and partnerships. Therefore, we want to integrate environment and climate considerations into activities across the Bank.

As part of this work, Spar Nord has continuous focus on energy optimisation and implementing energy-savings initiatives for the Bank's consumption and operating areas.

Method

Spar Nord climate accounts follow the GHG Protocol, whereby climate accounts must include carbon emissions associated with the three different areas (scopes). The climate accounts distinguish between direct and indirect carbon emissions.

Scope 1 are direct emissions from activities the Bank controls itself such as greenhouse gas emissions from heating with natural gas and running the Bank's cars.

Scope 2 are indirect emissions from the energy we buy, i.e. electricity and district heating from external suppliers and electricity generated from the Bank's solar installations.

The calculation of greenhouse gas emissions from the Bank's electricity consumption are carried out in two ways: the location and market-based methods, respectively. The market-based method uses emission factors from electricity declarations. In the calculation of emissions using the location-based method, average emission factors are applied based on energy declarations from Energinet.

Spar Nord states the Bank's 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 are all other indirect emissions from the Bank's value chain. They are thus greenhouse gas emissions from sources that we do not own or control ourselves, e.g. from business travel, procurement and services, canteen, water, etc.

Business travel includes travel by air, work-related travel in employees' own 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' own cars is based on recorded kilometres driven and average carbon emissions from cars.

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.

The Bank's financed emissions from lending and investments as well as the Bank's share of carbon emissions from BEC Financial Technologies are also calculated under scope 3, but they are not included in the formulation of reduction targets for the Bank's own activities. See climate actions for investments (p. 5) and lending (p. 10).

Spar Nord climate accounts for the Bank's own activities 2023

tCO2e	2023	2022	2021
Scope 1	216	257	224
Cars	202	226	191
Heat	14	31	33
Scope 2 - location-based	327	803	1,025
Scope 2 - market-based	327	336	504
Electricity - location-based	0	467	521
Electricity - market-based	-	-	-
District heating	327	336	504
Scope 3	474	545	187
Air travel	109	197	48
Business travel	362	344	138
Water supply	3	4	1

Reduction targets

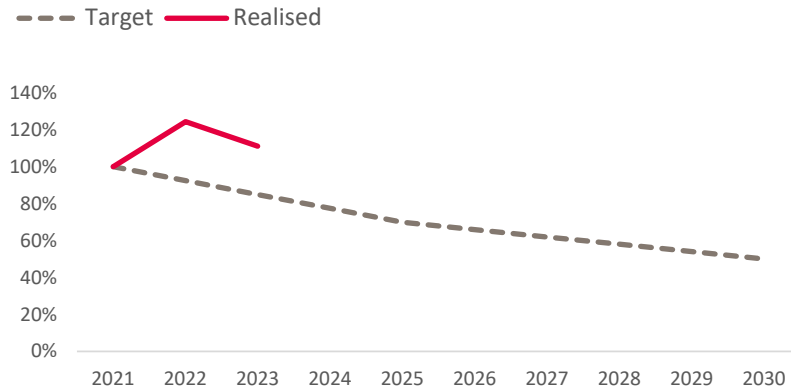
Spar Nord's climate accounts (scope 1, scope 2 marked based and partly scope 3, Air travel, Business travel and Water supply) form the basis for the reduction targets for carbon emissions from the Bank's own activities. Spar Nord has decided to apply 2021 as the baseline year, even though consumption data for 2021 is not assessed as fully representative for the Bank's operation due to the COVID-19 lockdown. Reduction targets for the Bank's own activities are also set with reservations for the number of locations / m² of floorspace.

Reduction of carbon emissions from the Bank's own activities

- 30% in 2025 and
- 50% in 2030

measured in relation to the 2021 baseline.

Carbon emissions from own operations



Baseline in 2021 amounted to a total of 915 tCO₂e calculated from scope 1, scope 2 marked based and partly scope 3 (Air travel, Business travel and Water supply). The carbon emissions in 2023 amounted to a total of 1,017 tCO₂e. Carbon emissions from the Bank's own activities at the end of 2023 had increased by 11% in relation to the 2021 baseline. However, there was a drop of 11% in 2023 compared with 2022. The relatively low carbon emissions in 2021 are partly due to the COVID-19 lockdown and the consequent limited travelling activity and lower electricity and heating consumption. Data from 2022 has been assessed as more accurate for an organisation the size of Spar Nord. The positive developments in carbon emissions in 2023 compared with 2022 are attributable to the special focus on energy optimisation, and this has led to lower electricity and heating consumption.

Spar Nord Bank has decided to identify a number of specific actions under each area/scope, all of which are to contribute to reducing carbon emissions from the Bank's own activities.

Scope 1

- From 1 January 2024, all new company cars are to be electric cars
- Up to 2030, the Bank will phase out its last three natural gas installations and thereby increase energy savings

Scope 2

- From 2023 and for the following 10 years, Spar Nord will operate on 100% green electricity supplied by Better Energy. Through this initiative, the Bank has helped establish a new solar farm in Ådum in Jutland. The solar farm generates enough power to supply the annual average consumption of about 32,000 Danish consumers. Currently, the installation supplies 114% of the Bank's needs.
- All lighting sources replaced by LED before 2030
- All pumps and ventilation systems energy-optimised by 2030
- All appliances installed after 2023 to be energy class A
- Server facilities to be outsourced before 2025
- All existing buildings to be energy-optimised in accordance with advice about energy labelling within 2030
- From 2023, all new sites are to be at least energy class A2015

Scope 3

- Establishment of data collection to register fuel consumed by operating own cars
- Focus on management responsibility to reduce unnecessary travel activity, including both air travel and use of own cars
- All toilets and mixer taps to be changed to energy-saving models by 2030.

Generally, Spar Nord's ambition is to continuously work to validate and develop initiatives to reduce carbon emissions from the Bank's own activities with a view to achieving the Bank's 2030 reduction targets.



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The climate actions have been prepared in a Danish and an English version. In case of discrepancy between the Danish-language original text and the English-language translation, the Danish text shall prevail.