

# novobanco

## ENVIRONMENTAL STATEMENT

novobanco Group

2022



# Background

novobanco Group (hereinafter “novobanco”) is aware of the financial sector’s key role in the present-day context. This is a defining moment, requiring a structured approach to tackle the environmental challenges of the transition to a sustainable and low-carbon economy.

At the same time, the increased regulation of the financial sector regarding climate and environmental risks constitutes not only a major challenge, but also a driving force for change, creating new opportunities through the adoption of an effective and ambitious strategy.

In this context, novobanco has voluntarily taken on important commitments to environmental sustainability which go beyond its legal obligations, consolidating its role in society the positive impact it strives to achieve in its relationship with all stakeholders:

- To support its individual and corporate customers in transitioning to a more sustainable, low-carbon economy, contributing to an environmentally sustainable growth;
- To advance its operations and business model, further aligning them with a lower environmental impact and ensuring compliance with the European Climate Pact guidelines and commitments undertaken by the European Union under the Paris Agreement.

## Purpose

### To minimize negative environmental impact

We strive to be a reference bank in supporting the transition to a low-carbon economy by lowering our direct and indirect impact on the environment.

We are focused on four areas, with proactive measures to fight climate change and its impacts, in accordance with Sustainable Development Goal 13 – Climate Action:

1. To reduce emissions from our operations;
2. To help our individual and corporate customers in their journeys to a low-carbon economy;
3. To progressively align our credit and investment portfolio with the goals of the Paris Agreement;
4. To involve our stakeholders in our environmental sustainability journey.

## Commitments

### 1. Direct environmental impact

By adopting internal environmental management measures, we are committed to reducing the direct impact of our business by minimizing greenhouse gas emissions and resource consumption.

#### Our guiding principles

- Reduce paper use, prioritizing digital media and promoting a “paperless” culture;
- Reduce electricity consumption, continuing and deepening our energy efficiency measures;
- Source renewable electricity, by installing solar panels at novobanco’s facilities whenever possible and purchasing electricity originated from renewable sources;
- Set targets in line with Business Ambition for 1.5°C and the methodologies developed by the Science Based Target Initiative (SBTi) for scope 1 and 2 emissions, aimed at reducing CO<sub>2</sub> emissions and, progressively, achieving carbon neutrality in our own operations;
- Increase the percentage of low-emission (electric/ hybrid) vehicles in our fleet, and provide access to charging stations to our employees;
- Promote green/ low-carbon mobility among our employees;
- Promote environmental awareness among employees in areas such as mobility and resource use;

- Incorporate ecological and sustainable building principles into the new Campus;
- Select suppliers whose businesses are based on sustainability criteria, as demonstrated by environmental certifications;
- Measure and control greenhouse gas emissions, the use of water and other utilities and resources, and waste production and disposal.

## 2. Indirect environmental impact

We are also committed to managing business risks and opportunities with a long-term vision, focusing specifically on climate change, and supporting our customers transition to a socially sustainable, low-carbon economy.

These are ongoing efforts and business model adaptations that novobanco is progressively implementing.

### Our guiding principles

- Establish a comprehensive investment policy which includes ESG factors, to guide the selection of assets to novobanco's portfolio;
- Establish exclusion and minimum safeguards policies on financing for select sectors, to reduce exposure to sectors or businesses with a negative social and environmental impact;
- Strengthen the mechanisms needed to identify, monitor and manage relevant ESG risks by analysing and classifying customers and projects financed in accordance with established ESG criteria;
- Support the transition efforts of our individual and corporate customers, by offering more products and services tailored to these needs and financing for investment projects in:
  - Circular economy, climate transition, renewable energies, low-carbon mobility, natural capital, energy efficiency, green buildings and rehabilitation;
  - Customers and projects whose activities are aligned with EU taxonomy;
- Set goals aligned with SBTi methodologies for scope 3 emissions, for the purpose of reducing greenhouse gas emissions in novobanco's portfolio;

- Offer and promote investment products and services in accordance with customers' ESG preferences;
- Provide training to our employees to improve knowledge on environmental and climate risks and opportunities, in order to properly serve customers;
- Promote environmental literacy and support the sustainability journeys of individual and corporate clients, by providing information on best practices aimed at enhancing their performance, including new partnerships to accelerate the climate transition.
- Report clearly and transparently on our performance and approach to environmental and climate risks.

## Our partners

Cooperation between different entities who seek to achieve goals and management models incorporating environmental sustainability is essential for streamlining and leveraging the impact of individual and collective action. Hence, in order to adopt best practices, expand our impact and disseminate our commitments and performance externally, we take part in national and international conventions, initiatives and protocols, such as:

- **Letter of Commitment to Sustainable Financing in Portugal** - document endorsed by novobanco to encourage the inclusion of environmental and sustainability criteria in businesses in the financial sector;
- **Business Ambition for 1.5°C** - worldwide commitment signed by novobanco encouraging companies to set concrete targets for reducing greenhouse gas emissions;
- **United Nations Global Compact (UNGC)** - United Nations initiative dedicated to sustainability, founded on ten fundamental principles in the areas of human rights, labour, the environment and anti-corruption, also responsible for helping to achieve the Sustainable Development Goals (SDGs);
- **BCSD Portugal** - organization which gathers and represents leading companies in Portugal who are proactively committed to the transition to sustainability;
- **GRACE** - non-profit, public utility association involved in the areas of social responsibility and sustainability. It is part of the European network of CSR Europe, a leader in corporate responsibility and sustainability, supporting

industrial sectors and companies on a global scale in their transformation and search for practical solutions for sustainable growth;

- **APB - Portuguese Banking Association** - the main representative of the banking sector in Portugal, with the aim of strengthening the financial system and helping develop a sounder banking sector. With a work group specifically dedicated to sustainable financing, to which all associated financial entities belong.