

Novo Banco S.A.

20 June 2024

Scope 1 and 2: Novo Banco S.A. commits to reduce absolute scope 1 and 2 GHG emissions 54.2% by 2030 from a 2021 base year.

Scope 3 Portfolio Targets

Headline target: Novo Banco S.A.'s portfolio targets cover 15% of its total investment and lending by total balance sheet assets as of 2021. As of that year, required activities made up 18%¹ of Novo Banco S.A.'s total investment and lending by total assets while optional activities made up 40% and out of scope activities made up 42%.

Scope 3 asset class level targets

Asset class	Method	Target language
Electricity generation project finance, corporate loans and corporate bonds	Sector Decarbonization Approach (SDA)	Novo Banco S.A. commits to reduce CO ₂ emissions from the electricity generation sector within its project finance, corporate bond and loan portfolio 74% per MWh by 2030 from a 2021 base year.
Corporate loans: commercial real estate	SDA	Novo Banco S.A. commits to reduce its real estate loan CO ₂ emissions 68% per square meter by 2030 from a 2021 base year.
Listed equity and corporate bonds: commercial real estate	SDA	Novo Banco S.A. commits to reduce CO ₂ emissions 68% per square meter from the real estate sector within its listed equity and corporate bond portfolio by 2030 from a 2021 base year.
Corporate loans, and corporate bonds: cement	SDA	Novo Banco S.A. commits to reduce CO ₂ emissions from the cement sector within its corporate loan and bond portfolio 23% per ton of

¹ The targets cover required activities for which the minimum coverage requirement is less than 100%.

		cementitious product by 2030 from a 2021 base year.
Corporate loans	Temperature Rating	<p>Novo Banco S.A. commits to align its scope 1 + 2 portfolio temperature score by invested value within the other long-term corporate loan portfolio from 3.04°C in 2021 to 2.47°C by 2028.²</p> <p>Novo Banco S.A. commits to align its scope 1 + 2 + 3 portfolio temperature score by invested value within the other long-term corporate loan portfolio from 3.16°C in 2021 to 2.55°C by 2028.²</p>
Listed equity and corporate bonds	Temperature Rating	<p>Novo Banco S.A. commits to align its scope 1 + 2 portfolio temperature score by invested value within the listed equity and corporate bonds portfolio from 2.27°C in 2021 to 1.99°C by 2028.</p> <p>Novo Banco S.A. commits to align its scope 1 + 2 + 3 portfolio temperature score by invested value within the listed equity and corporate bonds portfolio from 2.62°C in 2021 to 2.21°C by 2028.</p>

Summary

Novo Banco S.A. is currently developing a portfolio steering strategy and process that aims at enabling effective lending and investment business steering to achieve its targets. Key actions will be particularly focused on emission-intensive sectors and larger exposures and may include:

- Reinforced customer dialogue, especially in particularly affected sectors, reinforcing ESG data collection in alignment with existent climate & environmental risk framework (e.g., GHG emissions, Energy Performance Certificate (EPC), transition plan, targets and decarbonization commitments data collection, raising awareness to the importance of improving Energy efficiency, reducing GHG emissions and designing and implementing a robust transition plan and supporting the implementation of said transition plans);
- Further promotion of green financing business, expand its sustainable product range and broaden partnerships with external subject matter experts that can support its clients develop and execute their transition plans;
- Differentiated pricing models, for specific portfolios, if applicable;
- Further develop monitoring tools that enable effective portfolio steering;
- Continued promotion of ESG literacy within its client base and the Portuguese economic fabric at large.

² This target covers 100% of fossil fuel corporate loans.

About the SBTi

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

We develop standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest.

The SBTi is incorporated as a charity, with a subsidiary which will host our target validation services. Our partners are CDP, the United Nations Global Compact, the We Mean Business Coalition, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF).