



# FOSSIL FUEL POLICY

SPARINVEST S.A. AND ID-SPARINVEST, FILIAL  
AF SPARINVEST S.A., LUXEMBOURG

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## HISTORY

Date	By	Comments
11.11.2025	ABUN/CHTC	Update of section 4.1 Exploration, extraction or production of fossil fuels
17.03.2026	SUZH/CHTC	Update of sections 1 and 4

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# 1 BACKGROUND AND PURPOSE

Sparinvest S.A. ("Sparinvest") has committed to a net zero 2050 Paris-aligned pathway for greenhouse gas emissions from the Group's lending and investments. This commitment is rooted in the Science Based Targets initiative and the Net Zero Asset Managers initiative.

A reduction of fossil fuel emissions is vital in our efforts against climate change. Sparinvest works to support the necessary green transition of global energy production. We expect the companies we invest in to do the same.

Sparinvest's efforts build on the Paris Climate Agreement and acknowledged climate science as reflected in reports by the IPCC, the International Energy Agency (IEA) and others. According to the IEA's Net Zero Emissions scenario, no new coal mines or oil and gas fields can be developed, and coals must be phased out of energy production in all OECD countries by 2030<sup>1</sup>.

The IEA's conclusions provide the foundation of this policy.

Like the IEA, Sparinvest acknowledges that fossil fuels will continue to play a role in global energy production for years to come. Sparinvest also acknowledges that companies involved in the exploration, extraction or production of fossil fuels have both an opportunity and an obligation to contribute to the green transition by moving their businesses into renewable energy sources.

Therefore, as a general rule, Sparinvest's policy excludes companies that act in contravention of the IEA's conclusions, while still allowing the financing of renewable energy expansion and investment in companies with credible (Paris-aligned) transition plans.

Sparinvest likewise recognises the importance of safeguarding Danish and European energy supply security. Accordingly, the policy provides for exemptions in special cases where companies are assessed to play a significant role in energy supply, provided that due consideration is given to transition plans and political agreements. These exemptions are described in more detail in the relevant sections.

## 1 SCOPE

This policy applies to Sparinvest and ID-Sparinvest, filial of Sparinvest S.A., Luxembourg .

This policy applies to existing and new customers.

This policy applies to all financial services offered by Sparinvest.

Activities that Sparinvest is required to undertake in compliance with statutory rules or regulations are exempt from this policy.

## 2 DEFINITIONS

*Fossil fuels* include thermal coal, oil and natural gas, including conventional and unconventional oil and gas.

*Unconventional oil and gas* include tar sand, shale oil and gas, arctic oil and gas as well as deep sea oil and gas.

*Companies involved in the exploration, extraction or production of fossil fuels* include companies operating in the upper part of the value chain of coal, oil and natural gas (upstream), including certain service providers. Infrastructure that can be used solely for fossil fuels (midstream) is likewise included insofar as lending is concerned

*Companies* also include group companies in which the relevant activity is carried out in another company within a group, for example, a subsidiary. If the other company is a service company associated with the

<sup>1</sup> The International Energy Agency (IEA) (2021): Net Zero by 2050 – A Roadmap for the Global Energy Sector

exploration, extraction or production of fossil fuels, this does not entail that the entire group is covered by the policy.

## 3 OBLIGATIONS

### 4.1 Exploration, extraction or production of fossil fuels

The principles below apply to the companies involved in the exploration, extraction or production of fossil fuels.

#### *Lending*

Sparinvest does not participate in lending activities; however, it is part of the Nykredit Group, the latter may finance separated activities that contribute to the green transition. Nykredit does not provide any other kind of financing to companies involved in the exploration, extraction or production of fossil fuels.

This means that:

- Nykredit may finance and provide services targeted at green activities provided that such activities contribute to the green transition in alignment with the EU taxonomy<sup>2</sup> and are separated from the company's other activities.
- Beyond this, Nykredit does not provide financing or financial services to companies where more than 5% of revenue comes from the exploration, extraction or production of fossil fuels.
- Nykredit does not provide direct financing to projects involving exploration, extraction or production of fossil fuels.

Nykredit acknowledges and wants to support political considerations for Danish and European energy security. Therefore, Nykredit can grant exemptions from the above criteria and finance companies engaged in oil and gas extraction, provided that the activities fall within the scope of the current political agreement on oil and gas extraction in the Danish part of the North Sea. Financing will require both a thorough assessment of the company's transition plan and a resolution by the Board of Directors.

#### *Investment*

In general, Sparinvest does not invest in companies that expand their production in contravention of the IEA's conclusions, nor does Sparinvest invest in companies involved in unconventional extraction of fossil fuels or the production of thermal coal.

This means that:

- Sparinvest does not invest in companies in which more than 5% of the capital expenditure (CapEx) is used to expand production in contravention of the IEA's Net Zero Emissions scenario.
- Sparinvest does not invest in companies that derive more than 5% of revenue from unconventional extraction of oil and gas or drilling in the Arctic.

Sparinvest does not invest in companies that derive more than 5% of revenues from the production of thermal coal. From 2030, Sparinvest will not invest in companies that derive more than 1% of revenues from thermal coal. Companies with revenue from the production of thermal coal will likewise not qualify for exemption from 2030 onwards.

- Sparinvest may, however, in exceptional circumstances invest in companies engaged in the aforementioned activities, provided that Sparinvest has a justified expectation that the company will transition and develop its business in line with the IEA's Net Zero Emissions by 2050 scenario, and that the company demonstrates a willingness to engage in a constructive dialogue with Sparinvest in this regard. This requires, among other things, that a company meets at least one of the following criteria:

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<sup>2</sup> Decisions as to whether a given activity contributes to the green transition are made with reference to the EU Taxonomy Regulation, on a "best effort" basis where possible, in order to comply with this Regulation.

- Objectives that are in line with the objective of maintaining global temperature increases below 1.5 degrees and a maximum of 2°C
  - A score with the Transition Pathway Initiative score of at least 5
  - A sufficient/substantial share of CapEx targeting green assets
  - Plans for the phasing out of existing production and reserves.
- Sparinvest may also invest in specific activities that contribute to the green transition in companies engaged in the activities mentioned above. This presupposes that the investment can be limited to these activities, for example through green corporate bonds or a collaboration on infrastructure assets.

#### 4.2 Energy production from fossil fuels

The principles below apply to companies producing energy from fossil fuels.

##### *Lending*

Sparinvest does not participate in lending activities; however, it is part of the Nykredit Group, the latter may provide funding to companies producing energy from fossil fuels, provided that they have a credible plan for phasing out energy production from fossil fuels.

This means that:

- Nykredit may finance and provide services to companies where more than 5% of revenue comes from fossil-based energy production, provided that they have a credible plan for phasing out energy production from fossil fuels. If the energy production is based on thermal coal, the plan must entail phasing out by 2030.
- In no circumstances will Nykredit provide direct financing for the establishment of new energy production from fossil fuels.

##### *Investments*

Sparinvest will not invest in companies that produce energy from thermal coal.

This means that:

- Sparinvest does not invest in companies in which more than 5% of revenue comes from coal-based energy production.
- From 2030, Sparinvest will not invest in companies that derive more than 1% of revenues from energy production based on thermal coal. Companies with revenue from energy production based on thermal coal will likewise not qualify for exemption from 2030 onwards.
- Sparinvest may, however, invest in companies engaged in the aforementioned activities, provided that the company has a credible plan for phasing out energy production based on thermal coal, that Sparinvest has a justified expectation that the company will transition and develop its business in line with the IEA's Net Zero
- Emissions by 2050 scenario, and that the company is willing to engage in a constructive dialogue with Sparinvest in this regard.

## 4 GOVERNANCE

This policy was approved by the Board of Directors on 18 March 2026, after which date the Policy is in force within Sparinvest.