



EKF Sustainability report 2020

Sustainability Report 2020

CEO Statement	3
About this report	5
EKF & our customers	6
Climate action	7
Our efforts displace total global CO ₂ e emissions	8
Engaging in climate finance	9
Managing climate-related risks	13
Measuring the climate impact of our portfolio	14
Safeguarding our projects	16
Operationalising ESG standards	16
Business integrity	27
Responsible organisation	30
Compliance	30
Internal environmental and social outcomes	31
Focus areas for 2021	33
Consolidated ESG statement for 2020	34
Reporting practices	36
Stakeholder information	39
The Independent Auditor's Report regarding CO₂e data	40



CEO statement

Social responsibility and sustained growth in a time of crisis

2020 has been an unpredictable and extraordinary year. Not only because of the global pandemic, but also in terms of the globally accelerated focus on the environment, climate and social issues, which have featured largely in the public debate.

As a small, open economy, Denmark depends on the ability of its companies to do transnational business. For this reason, EKF took early action in the spring of 2020 to facilitate cash support, guarantees and advice to enable Danish companies to continue their investments, production and exports. We are continuing to provide that service, while still retaining our position of strength in the clean energy transition and supporting the globalisation of green Danish solutions.

The energy transition and uptake of renewable energy worldwide is a priority area for EKF, and 2020 was a defining moment for EKF's renewables mission. Our efforts were boosted by the creation and launch of Denmark's Green Future Fund and a new partnership with the Danish Energy Agency aimed at global diffusion of the Danish experience of driving the energy transition. Our green focus has also been at the centre when conducting due diligence on new projects as well as inspecting and monitoring portfolio projects.

In 2020, EKF generated a surplus of DKK 746 million and issued new guarantees worth DKK 23 billion. This is a result of EKF's ability to sustain the positive moves in recent years towards supporting exports by Danish businesses even during the pandemic.

As part of the Danish Parliament's relief packages for Danish trade and industry, EKF exercised social responsibility by extending financial assistance to Danish exporters during a difficult time. We helped many Danish businesses with liquidity and export credit, and the extended guarantee limits for private trade credit insurance kept transactions worth more than DKK 230 billion afloat. EKF pulled out the stops to rapidly give our customers, both small and large, the peace of mind to do business.

At year-end, we conducted our annual survey of customer satisfaction with EKF, and we are

proud to see a significant improvement in our performance ratings given the challenges of 2020. This strengthens our conviction that we have achieved our ambition to be there for our customers whenever they need us.

Crisis must not stand in the way of the clean energy transition

When crisis strikes, suspending all development and innovation to play it safe is the easiest course of action. But the easiest course is not always the right one, and at EKF, we have maintained our commitment to advancing clean energy solutions despite the crisis and travel restrictions. The Danish Government has high ambitions for climate action, which we support with our knowledge, experience and financial strength in the international markets. EKF partners with those businesses, banks and investors worldwide who are committed to engaging in the energy transition but lack the capacity, experience and know-how to do so.

2020 was the year that EKF officially withdrew from offering export credits for thermal coal fired power plants, thermal coal extraction and thermal coal logistics, when the Danish government passed a resolution prohibiting this. Even though EKF has not provided any export credits for these activities for the past decade, this is an important signal of Denmark's commitment to global phase-out of coal and a natural continuation of its efforts in support of the clean-energy transition.

Under the 2020 National Budget, EKF was granted up to DKK 14 billion through Denmark's Green Future Fund. The Fund's mandate is to promote the energy transition, reduce global CO₂e emissions and boost exports of Danish climate technologies. In 2020, in association with Denmark's Green Future Fund, EKF financed seven new clean energy projects beyond Denmark's borders worth a total of DKK 8.4 billion, of which Denmark's Green Future Fund has guaranteed DKK 2.3 billion. Of these projects, the main contributors to substantial reductions in CO₂e emissions are those entailing the financing of onshore and, increasingly, offshore wind farms.

In 2020 we took yet another step in our sustainability journey as the lockdown and travel restrictions kept us from performing our regular site visits and inspections of our projects. However, we worked around this by employing digital tools like drone-led inspections and local consultants who helped us make sure that our projects live up to our high environmental, social and governance standards. We have learned much from these new ways of working and will continue to employ them in the future hence reducing our own travel and CO₂ footprint.

The 2020 Sustainability report

The Report presents our alignment with international standards and principles and the integration of those into our business. It also serves as our annual Communication on Progress Report to the UN Global Compact. With this report we reaffirm our commitment to the UN Global Compact and its principles. With this report I also confirm EKF's ongoing commitment to stakeholders to be transparent and open about the way we continuously improve the integration of social and environmental standards and principles into our business.

Peder Lundquist

CEO of EKF



About this report

This report is our Communication on Progress to the UN Global Compact and presents EKF's work to promote the environmental and social sustainability of our transactions during 2020.

**COMMUNICATION
ON PROGRESS**



Sustainability Report 2020

The EKF Sustainability Report 2020 describes the non-financial performance of EKF, Denmark's Export Credit Agency, and is also our 11th Communication on Progress to the United Nations Global Compact. The reporting period is 1 January 2020 to 31 December 2020.



EKF & our customers

EKF is Denmark's Export Credit Agency. We help Danish companies make it possible and attractive for customers abroad to purchase Danish products. We do so by helping raise financing and by insuring companies and banks against the potential financial and political risks of trading with other countries.

EKF is an Independent Public Company owned by the Danish State under laws enacted by the Parliament of Denmark. EKF's mission is stated in our guiding document and legal basis, the Act on EKF, Denmark's Export Credit Agency.

Our customers range from large corporates to small enterprises, and they operate nationwide in Denmark and in the Danish Realm: from Western Jutland to Bornholm in the east, and from Nuuk in Greenland to Nakskov, Lolland.

“ EKF's mission is to support large, small and medium-sized enterprises alike with their exports and internationalisation. Our ambition is to serve as the financial partner to these enterprises and to create value for them so that they may retain investments, jobs and production for the benefit of Denmark. ”

EKF's mission is to support large, small and medium-sized enterprises alike with their exports and internationalisation. Our ambition is to serve as the financial partner to these enterprises and to create value for them so that they may retain investments, jobs and production for the benefit of Denmark. Small and medium-sized enterprises account for more than eight out of ten EKF customers, and in the wake of the crisis, their need for expert and credible advice has only increased.



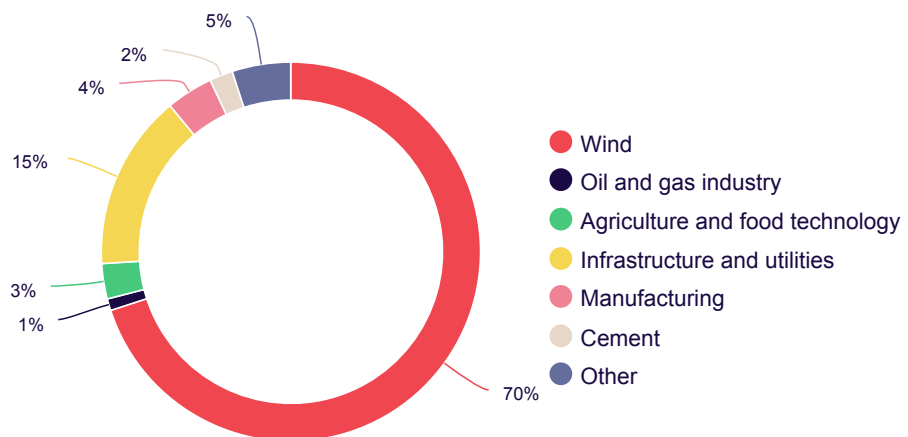
Climate action

During the past year there has been an increasing focus on climate-related finance as a key enabler to the green transition. As a government-backed export credit agency (ECA) EKF acknowledges our role and responsibility in the green transition.

EKF has played a pivotal role in renewable energy export for decades and is a pioneer in the market. Since the 1990's EKF has been financing a large share of the global wind projects, and the exposure now accounts for around 70% of our total portfolio. EKF remains committed to keeping our strong position and the green transition is of crucial importance to us. We can transfer our deep insight to promote green solutions and change technologies also in other fields.

Since our first wind transaction in 1998 we have participated in the financing of more than 150 wind farms in more than 35 countries. So far, we secured financing for +25 GW of installed capacity. 12.8 GW onshore and 12.4 GW offshore.

Sectoral distribution of EKF's portfolio at year-end 2020



Despite EKF's existing green profile and our significant share of renewables in the portfolio we continuously work towards further mitigation of climate-related risks and support of green transitional solutions.

Our work in 2020 was centred around four main initiatives:

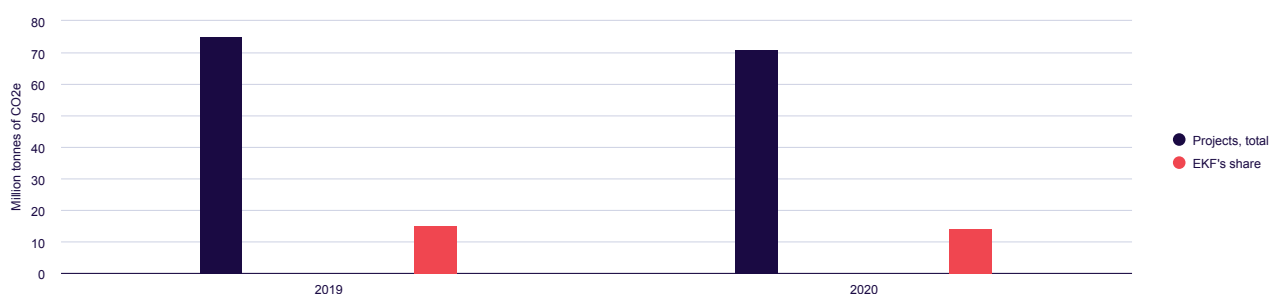
- › Displacing global CO₂e
- › Engaging in climate finance
- › Managing climate related risk
- › Measuring the climate impact of our portfolio

Our efforts displace total global CO₂e emissions

The renewable energy projects EKF was involved in financing in 2020 are of great significance. Over their life of service, they are expected to achieve a total CO₂e displacement of 71 million tonnes of CO₂e. Based on EKF's own share of their financing, this is equivalent to a reduction of 14 million tonnes of CO₂e. In comparison, Denmark's total annual emissions sum up to 47 million tonnes of CO₂e.

EKF's figures stem from a calculation model from the independent economic consultancy Copenhagen Economics.

Total expected CO₂e displacement achieved by EKF-financed projects



To ensure the highest reliability for our CO₂e displacement figures, these have been included in a Deloitte auditor's report; see the independent auditors' opinion on CO₂e data on page 36.

EKF is the leading export credit agency within wind energy financing. Our many projects over the years mean that we have the experience and insight to provide the financing which reassures other investors who then venture to come on board. In this way, we can act as facilitators for projects that would otherwise have been hard pressed to secure investors and financing.

Our activities in green ventures demonstrate that company growth and welfare are inextricably linked in that green solutions improve both growth, the climate and people's lives. When the use of coal is phased out, in many places the effect on local air quality is felt directly, and is reflected in public health statistics.

Engaging in climate finance

Part of our climate change ambition is to support the opportunities that exist within green exports. This involves financing of large-scale windfarms, support the market maturing of green exports and business development in upcoming markets like Power-to-X.

In 2020, EKF was a key facilitator of government-backed funds to support green exports. EKF implemented two initiatives to promote financing of green exports - Denmark's Green Future Fund and the Green Accelerator.

Denmark's Green Future Fund

Although 2020 was largely dominated by the effects of the pandemic, it was also the year in which the debate on Denmark's energy transition was translated into specific action. In Denmark, the Government seized the opportunity for using the crisis to advance the energy transition and action on climate change.

One step was the launch in September of Denmark's Green Future Fund with the objective to finance green solutions and technologies. Of the Fund's DKK 25 billion, DKK 14 billion was allocated to EKF, DKK 6 billion to the independent state loan fund, Danish Green Investment Fund, DKK 4 billion to Vaekstfonden, the Danish investment fund, and DKK 1 billion to IFU - Investment Fund for Developing Countries.

EKF is an obvious choice of governmental partner because we are capable of assisting with the immense task of bringing Danish climate technology solutions beyond Denmark's borders. Each time EKF participates in a renewable energy venture, the renewable energy displaces the more pollutant energy sources in a national grid. In this way, EKF and the Danish companies are helping drive the global energy transition.

In 2020, EKF allocated DKK 2.3 billion of the DKK 14 billion to green projects, and by early 2021, an additional DKK 1 billion had been drawn from the fund.

One example is the Changhua 1 offshore wind farm in Taiwan which is virtually "made in Denmark". The wind farm was designed by the Denmark-based multinational renewable energy company Ørsted A/S, while Siemens Gamesa is supplying the turbines and EKF and Denmark's Green Future Fund are responsible for financing worth a total of DKK 3.5 billion. This project is part of Taiwan's transition from coal to clean energy, where the ambition is for 20 percent of the country's electricity to be generated by renewable energy sources by 2025.

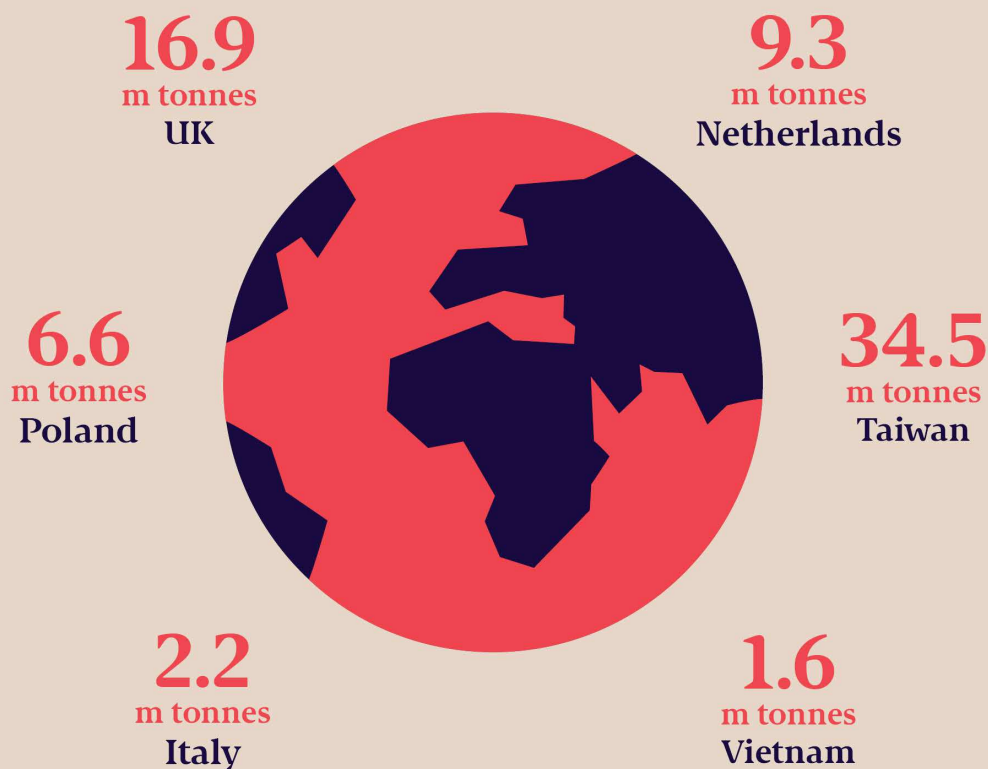
In 2020, in association with Denmark's Green Future Fund, EKF financed six new clean energy projects beyond Denmark's borders worth a total of DKK 8.4 billion, of which Denmark's Green Future Fund has guaranteed DKK 2.3 billion. Of these projects, the main contributors to substantial reductions in CO₂e emissions are those entailing the financing of onshore and, increasingly, offshore wind farms.

EKF's renewables projects displace CO₂e

Projects co-financed by EKF in 2020 are expected to achieve displacement of

71 m tonnes of CO₂e

over the projects' useful lives of 25 years. Of this total, EKF's share is equivalent to 14 million tonnes.

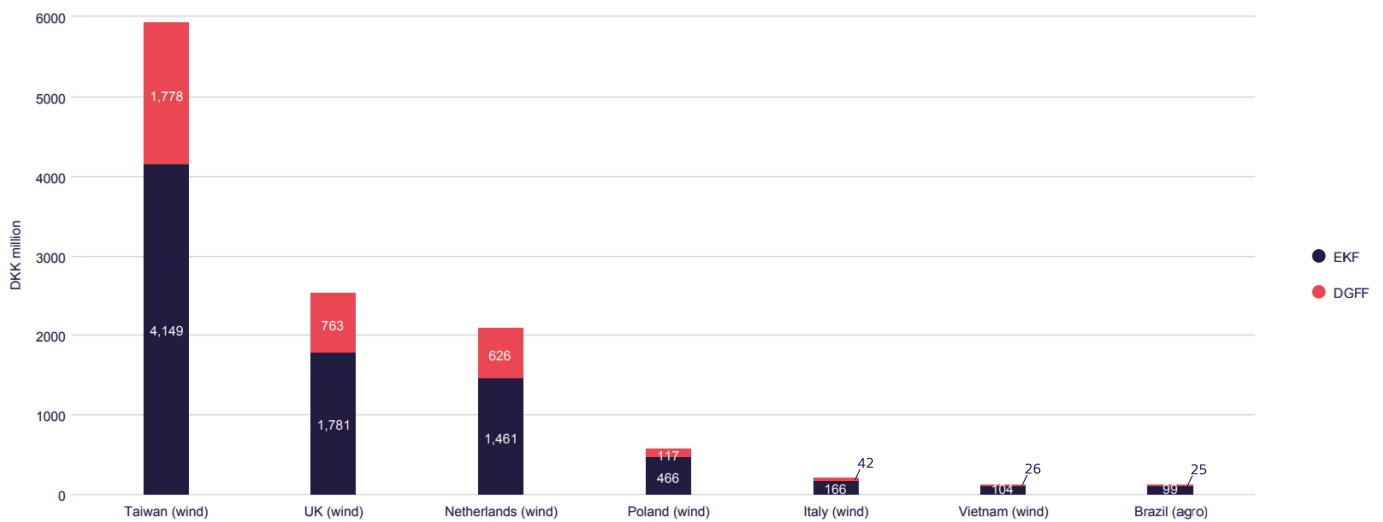


Source: Copenhagen Economics

To ensure the highest reliability for our CO₂e displacement figures, these have been included in a Deloitte auditor's report; see the independent auditors' opinion on CO₂e data.

EKF within Denmark's Green Future Fund

Denmark's Green Future Fund was created in 2020 by the Danish Government. The purpose of the Fund is to advance the national and global energy transition, including technology development and diffusion, conversion of energy systems to renewable energy, storage and efficient use of energy, etc. and the promotion of global exports of clean tech, especially within the wind energy segment. At the same time, the Fund was established to solve the challenges posed by climate change and a growing global population such as food shortages and water scarcity. Investments by the Fund will comply with the UN guiding principles on business and human rights to ensure that the funded projects, for example, respect the rights of workers, and that the companies invested in meet their tax obligations under international agreements and national regulation.



The chart shows EKF's total commitment in projects under Denmark's Green Future Fund, and is based on figures from 2020 and early 2021 up to the publication of the Annual Report.

Displaced CO₂e emissions from renewable energy projects

Project	Country	Energy production	CO ₂ e-displacement (million tonnes of CO ₂ e)
CFXD - Changfang and Xidao	Taiwan	Offshore wind	34.5
Seagreen	UK	Offshore wind	16.9
Uriel	Poland	Onshore wind	6.6
Zeewolde	Netherlands	Onshore wind	9.3
Thanh Hai 1	Vietnam	Offshore wind	1.6
Bella	Italy	Onshore wind	2.2

Increased risk appetite to reboot Danish exports

In autumn 2020, EKF was on two occasions allocated additional funds earmarked for enabling EKF to increase its risk appetite and support for green Danish companies with international potential. The first instalment was in October, which allocated DKK 125 million to EKF in equity with the purpose to increase EKF's risk appetite and DKK 60 million for a dedicated market accelerator programme.

This meant that by December we launched the market accelerator programme designed to lower barriers to green export ventures by means of advice and expert assistance, and in January 2021, we increased our risk exposure capacity in a number of countries where we had formerly been more risk averse.

Under the second part of the agreement, EKF will receive a capital injection of DKK 620 million over the period 2021-2023, which is earmarked to finance additional DKK 3.5 billion for green Danish export projects. These funds come with a requirement for increased risk exposure capacity and new financing solutions for green projects that are potentially scalable for application in solving climate challenges anywhere in the world.

Power-to-X business development

In December 2020 the Board of Directors decided that Power-to-X should be a strategic venture for EKF. In addition to promoting climate finance, EKF sees a unique opportunity in the Danish business development of new renewable energy markets such as Power-to-X, a collective name for a range of technologies converting renewable energy to what are known as e-fuels with the ability to substitute fossil fuels in industries where direct electrification is difficult, e.g. heavy transportation, shipping and aviation.



Backing these trail-blazing projects calls for risk appetite and means that in future we will be prioritising ventures posing a higher risk in that they involve more recent, non-mature technologies. Some may prove to be too demanding and cost-intensive to be profitable, while others may take far longer to develop than projected. However, it is vital that we back these projects with both financing and expertise in order to ensure that Danish companies are in the race to bring these technologies to market.

As in the case of wind ventures, it is not only a question of countering the challenge of Danish energy consumption, but of developing solutions that are scalable and exportable and capable of solving energy and climate challenges in those parts of the world where the challenges are far greater than in Denmark.

The production of e-fuels is a developing market, but EKF believes that Danish companies possess the competences and technologies needed to play a key role in the global Power-to-X market, both in its nascent form and in the long run. Since EKF has substantial expertise in the financing of renewable energy projects, the primary input in e-fuel production, our knowledge is well applied.

To that end, in the coming years, we will be increasing our risk exposure capacity in this field, and doing our bit to ensure that Denmark's clean energy export boom continues for many years to come with new and innovative solutions. For the benefit of the climate, Denmark's competitiveness and post-pandemic economic recovery.

Managing climate-related risks

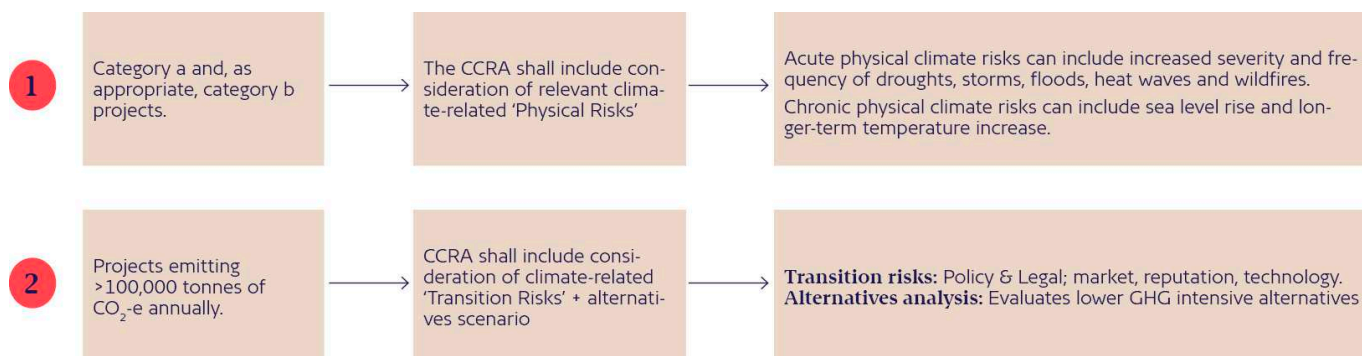
EKF is committed to following international standards regarding sustainability and climate. Climate change is addressed at different levels across the standards we follow, including the Performance Standards of the International Finance Corporation (IFC), the OECD and the Equator Principles. However, there is no specific performance standard for climate change. The OECD Common Approaches require projects emitting more than 25,000 tonnes of CO₂ equivalents to report their emissions and set targets for mitigation annually. EKF monitors performance in attaining the targets. Nevertheless, the latest revision of the Equator Principles, which took effect in 2020, includes a guideline Climate Change Risk Assessment of projects aligned with the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD). EKF has initiated a review of the existing method for calculating the climate footprint of large-scale projects to ensure that the method is both robust and up to date. These activities are set to continue in 2021.

Carbon footprint

EKF limits the identification of climate risks to projects with a significant impact on the portfolio. In this regard, only projects classified as A or B according to the OECD Common Approaches are evaluated in terms of greenhouse gas emissions (GHG). Historically these projects account for around 90% of the annual portfolio in nominal terms. Before signing, the projects are obliged to estimate the annual scope 1 and 2 GHG emissions of operation. The total GHG emissions for the projects are attributed to EKF according to our share of financing.

GHG accounting is evolving rapidly, and we are continuously working on improving our GHG evaluations to follow the best practices available.

Equator Principles climate change framework



Risk evaluation and exclusion

In September 2020, the Danish Government passed a resolution prohibiting the use of Danish export credits for coal-fired power plants, thermal coal extraction and thermal coal logistics.

Although projects of this nature have not been part of EKF's portfolio for the past decade, this is an important sign of Denmark's commitment to the global phase-out of coal and a natural continuation of its efforts in support of the clean energy transition. While the new agreement introduces a ban on export credits for coal-fired power plants, thermal coal extraction, and thermal coal logistics, EKF will continue to participate in projects with energy-intensive companies. We will be supporting them in achieving a clean energy transition process, for instance, by providing financial incentives for opting for the best technologies and reducing the use of fossil fuels.

EKF also operates within two OECD Sector Understandings: a climate sector understanding aimed at creating financial incentives for opting for clean energy technologies and solutions, and a coal sector understanding, which limits officially supported export credits for coal-fired power plants.

Measuring the climate impact of our portfolio

Around the globe, EKF is involved in co-financing many renewable energy projects which achieve CO₂e displacement by displacing the more pollutant technologies from national power grids.

However, EKF also co-finances projects that emit CO₂e. For all A and B projects emitting in excess of 25,000 tonnes of CO₂e per annum, a report must be compiled to account for the CO₂e emissions and reductions measures implemented by the projects. In 2020, EKF provided two guarantees for projects with emissions of that magnitude. For years, EKF has calculated the greenhouse gases on large, carbon intensive projects in alignment with the OECD Common Approaches Environmental and Social Due Diligence framework. However, as climate finance is developing quickly, we need to get a better grasp of the climate impact on a portfolio level. 2020 was the year when we started analysing the climate impact of our portfolio. EKF has a significant share of renewables in the portfolio but needed to get a better understanding of the climate risk and carbon footprint of the portfolio as a whole.

Over the years EKF has consistently applied the OECD reporting requirements for carbon reporting both for carbon intensive project emissions and the emissions avoided by the large proportion of renewable energy projects that defines our portfolio.

Climate Change/CO₂ impacts from carbon intensive projects

Annual GHG emissions associated with EKF financed projects	2020	2019	2018
Total emissions in tonnes, one year	494,900	70,000	370,000
Total emissions in tonnes, one year, EKF %	76,200	17,500	351,500
Displaced CO ₂ e in tonnes, one year	2,840,000	3,000,000	4,340,000
Displaced CO ₂ e in tonnes, one year in tonnes, one year, EKF %	560,000	600,000	1,044,000
Relative reduction as % of Denmark's annual emissions	1.2%	0.5%	2.1%



CASE: CHANGHUA 1

New offshore wind farm is "made in Denmark"

Over the next two years, a large new offshore wind farm will be installed off the Taiwanese coast, made possible by Danish expertise in both wind energy technology and wind-venture financing.

Ørsted designed the wind farm, while Siemens Gamesa will be supplying 75 of their SG 8.0-167 DD offshore wind turbines, each of which has a capacity of 8 MW and a rotor diameter of 167 metres.



The offshore wind farm is expected to displace CO₂e emissions by 38 million tonnes over the full span of the project's useful life.



More than 90 percent of Taiwan's energy requirement is currently met by imported coal, oil and natural gas, but the country has an ambitious target for going green and reducing its reliance on imported fuel. The plan is for 20 percent of Taiwanese electricity to be generated by renewable energy sources by 2025. For comparison, just over 68 percent of Denmark's electricity was sourced from renewables in 2019.

To reach the target, Taiwan is consequently investing heavily in wind energy, which makes Danish offshore wind know-how invaluable. The plan is to install an array of offshore wind farms which by 2025 should be able to achieve 5.5 GW electricity capacity and an additional 10 GW by 2035.

EKF estimates indicate that the offshore wind farm can be expected to displace CO₂e emissions by 38 million tonnes over the full span of the project's useful life. And with a total capacity of 605 MW, the wind farm will support Taiwan's plans to reduce its reliance on imported fuel.

The owners are Ørsted, Canadian pension fund CDPQ and local Taiwanese investors, while EKF and Denmark's Green Future Fund will be providing DKK 3.5 billion of the financing. With DKK 14 billion, EKF has been allocated more than half of the funds held in Denmark's Green Future Fund, a share of which will cover EKF's risk in the project. This transaction retains jobs in Denmark and supports the clean energy transition.



Safeguarding our projects

We consider the management of environmental and social risks with the same care and rigor as any other risk and undertake a robust due diligence process to take the environmental and social impacts of our projects into consideration in our business decisions.

Operationalising Environmental, Social and Governance (ESG) standards

Our sustainability efforts are guided by international guidelines, primarily the various frameworks from the OECD and the UN as well as the Equator Principles.

Respect for human rights and the environment has been integral to EKF's strategy and business processes for decades. The organisation is proactive in developing the ESG domain in the context of the international frameworks to which EKF has signed up.

Our commitment to responsible transactions is laid out in our ESG Policy, which states that we must create value for our business partners and local communities through our business. As a state-owned enterprise, EKF is obliged to work in accordance with the OECD Common Approaches, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. EKF is also a signatory to the UN Global Compact and the Equator Principles, a risk management framework adopted by financial institutions when supporting export credits, and we expect our business partners to live up to the international standards for environmental and social sustainability. These frameworks guide our overall approach to environmental and social risk management.

At an international level, we collaborate with several institutions on continued reinforcement of ESG standards. Most importantly, EKF works with likeminded ECAs in several OECD forums. In respect of ESG matters, these are addressed both on a political level in the policy group and in a specialist ESG OECD practitioners' forum. In this way EKF

ensures ESG progress in connection with international agreements, so that Danish companies are ensured a level playing field while moving forward on important environmental and social topics.

However, ECAs are not our only important corporate partners. There would be no transactions without banks and exporters, and consequently EKF is a signatory to the Equator Principles, where we, in alliance with international banks, establish common policy and principles enshrining human rights and climate protection in project finance and credits. The Equator Principles derive from the International Finance Corporation, the private sector arm of the World Bank. The standards are now utilised by 118 private sector project finance institutions, but also seven ECAs around the world. The principles cover nine different categories of issues: most importantly labour standards, pollution control, resettlement issues, indigenous peoples, stakeholder engagement and biodiversity issues. They provide the thematic areas by which any project will be looked at.

Transaction overview – Equator Principle (EP) transactions

Project and Country	EP Category	Reporting period	Independent review
Windpark Zeewolde B.V., Netherlands	B	18	Yes
Bialy Bor Farma Wiatrowa sp. zo.o., Poland	B	18	Yes
Seagreen Wind Energy Limited, United Kingdom	B	18	Yes
Changfang & Xidao Wind Power Co. Ltd., Taiwan	B	18	Yes
Tanzania Railways Corporation, Tanzania	A	12	Yes
Ares S.r.l., Italy	B	18	Yes

In 2020, integration of the new standards from the Equator Principles IV, which provide a framework for due diligence within human rights, biodiversity and climate, has been an important part of our commitment to ESG standards. EKF's cooperation with the international Equator banks has been greatly strengthened by the updated framework, which ensures a consistent sustainability approach for financial institutions and export credit agencies in relation to international projects.

Finally, EKF participates in the IFC's Community of Learning and shares experience in applying the standards as a framework for the environmental and social performance of international projects. The IFC Performance Standards provide the operational framework of international standards against which EKF projects are benchmarked and covers eight areas.

ENVIRONMENTAL & SOCIAL RISK MANAGEMENT



EKF has been working to improve internal tools for use in more probing analysis of projects with potential human rights risks and, not least, addressing these vis-à-vis the projects in alliance with the international financial institutions with which EKF cooperates.

In 2020, EKF also focused on further integrating ESG standards in our business procedures, to ensure that ESG standards are addressed at an earlier stage of any given project. All EKF projects are screened for ESG issues, and with the exception of the smallest-scale projects, all projects are thoroughly vetted for any ESG issues. Any risk of ESG issues is identified and presented within the EKF internal credit committee together with precautionary measures to avert potential risks.

UN and OECD principles and recommendations on responsible business practices

Principles aimed at companies

The UN Guiding Principles on Business and Human Rights; OECD Guidelines for Multinational Enterprises; and the UN Global Compact are based on internationally recognized norms. These frameworks set out expectations on companies to prevent and manage sustainability risks in their global value chains, i.e. including customer relations in the sales of goods and services. EKF conducts its business in accordance with these principles.

OECD Recommendations aimed at export credit agencies

The OECD Recommendation of the Council on Bribery and Officially Supported Export Credits; the OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (the so-called "Common Approaches"); and the OECD Recommendation on Sustainable Lending Practices and Officially Supported Export Credits are all specifically targeting how sustainability issues shall be managed by export credit agencies. These recommendations and principles are negotiated within the OECD, hence Denmark and EKF can influence their development together with other export credit agencies. EKF actively participates in the furtherance of best practice and highest standards within these sets of recommendations.

Compliance with ESG standards is a requirement

EKF is involved in approximately 1,100 export transactions in more than 100 countries, which often have different traditions and regulations relating to environmental, occupational, and social conditions compared with those that prevail in Denmark. Each export transaction must therefore fulfil ESG criteria if we are to be involved in the financing plan.

Ensuring that each export project complies with the standards is a comprehensive and time-consuming task. In many cases, EKF also steps in to provide advice and ESG performance capacity building within individual projects. EKF works continually to establish a transparent and tangible process in support of efforts to achieve ESG standards compliance to create value for the projects and our business partners. To that end, in 2020, we have worked to digitise some of the contact points we use for meeting customers.

Finally, projects have the potential for both positive and negative impacts. While the negative impacts are mitigated, the positive impacts are enhanced. Local employment creation is the one of the most important KPIs that we measure.

Estimated local employment impact	2020	2019	2018	2017	2016
Employment generated 1 year of construction, man-years, EKF proportion	6,830	1,300	12,100	1,100	1,000
Employment generated average annual during operation, man-years, EKF proportion	180	200	1,400	500	200
Total employment generated	7,010	1,500	13,500	1,600	1,200

ESG risk

Alongside credit, financial and political risks, the nature of EKF's business activities means that EKF is exposed to a wide range of ESG risks related to climate change impacts, environmental and social management practices, working and safety conditions, respect for human rights, anti-bribery and anti-corruption practices, and compliance with relevant laws and regulations.

EKF takes a risk-based ESG approach to all transactions meaning that EKF's ESG risk exposure and leverage on transactions differ widely depending on the size of the transaction, the financial product and the context of a transaction. All these parameters are included in our risk screening and due diligence work. For compliance objectives, we have introduced enhanced disclosures and risk mitigation action plans that address threats before they happen. Medium and long-term transactions above 10 MSDR approx. DKK 75 million are subjected to an assessment in accordance with the OECD Common Approaches and benchmarked against the IFC Performance Standards through a full due diligence process.

The first thing that EKF does to all projects is to screen the project for environmental and human rights issues. Projects with environmental or social risk or projects above DKK 25. million are classified according to the OECD risk categories of high risk (CAT A), medium risk (CAT B) or low risk (CAT C). (The outcome will determine the type of due diligence that follows.)



OECD Common Approaches categorisation of potential impact on the environment and people

- › **Category A:** the project has the potential to have adverse environmental and/or social impacts that are irreversible and may affect environment and people beyond the immediate location of the project. EKF discloses all Category A projects on our website 30 days before Financial Close.
- › **Category B:** the potential impact on environment and people are few, site specific and easily mitigated.
- › **Category C:** projects have insignificant or no potentially adverse impacts on the environment and people.

OECD Common Approaches categorisation of potential impact on the environment and people

- › A transaction above DKK 25 is categorized separately for environmental and social impacts.
- › The categorization is used for traceability and quality assurance, i.e. to ascertain that reviews of both areas (environment and social impacts) have been carried out and considered in the categorization.
- › The categorization provides an opportunity to understand the risk level in EKF's portfolio.
- › Environmental and social information for Category A Projects > 10 mio. SDR and > 2-year repayment term is published on EKF's website at least 30 days prior to decision.

Category A and B transactions

Project Sector	Country	Buyer	E&S Category (OECD)	EP Category	Value of EKF involvement (million DKK)
Onshore wind power	Poland	Bialy Bor Farma Wiatrowa sp. zo.o.	A	B	658
Offshore wind power	Taiwan	Changfang & Xidao Wind Power Co. Ltd.	A	B	2,812
Agricultural and food technology	Brazil	Cocam Cia de Cafe Soluvel e Derivados	B	n/a	133
Offshore wind power	United Kingdom	Seagreen Wind Energy Limited	B	B	2,829
Industrial production	Russia	Shchekinoazot JSC	A	n/a	102
Onshore wind power	Vietnam	Tan Hoan Cau Ben Tre Joint Stock Corporation	A	n/a	129
Infrastructure and supply	Tanzania	Tanzania Railways Corporation	A	A	7,800
Agricultural and food technology	Rumania	UMEX SA	B	n/a	85
Onshore wind power	Netherlands	Windpark Zeewolde B.V.	B	B	2,151
Onshore wind power	Australia	Berrybank 2	B	n/a	347
Onshore wind power	Italy	Bella	B	B	210
Total					17,256

CAT A high-risk projects need more due diligence and would also commission two sets of consultants who respectively do the environmental and social impact studies as well as a full environmental and social due diligence. Based on this work an Environmental and Social Action Plan (ESAP) is developed by the lenders and the consultants.

Although, the above applies to category A projects, we have in the past year observed an increased need for comprehensive due diligence work on category B projects. This is mainly explained by the increased focus of biodiversity and the updated Equator Principles EPIV as well as the newly updated EU-directive for wind farms.

Projects that cannot be screened and classified according to the OECD Common Approaches or Equator Principles are benchmarked against EKF's own ESG criteria and the exporter is subjected to a corporate ESG assessment. SME guarantees less than DKK 25

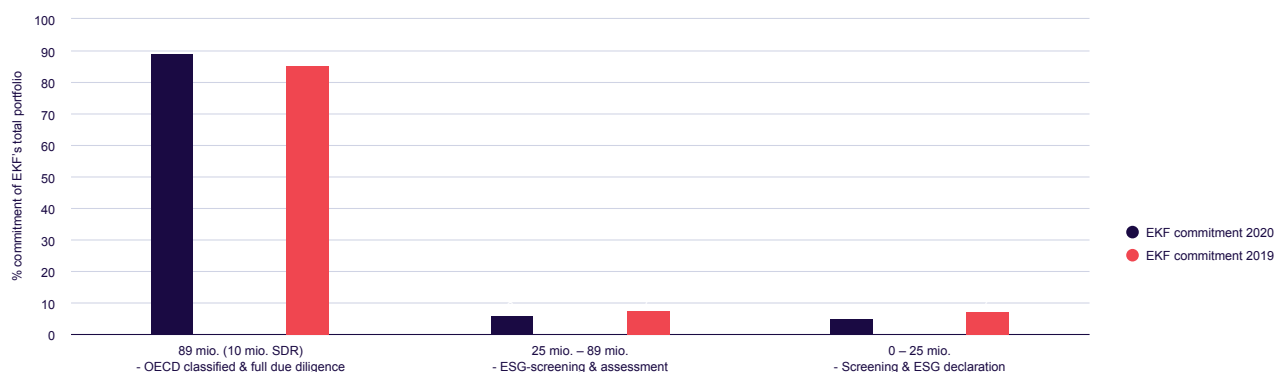
million are screened against an issues list. If risk is low, the exporter will sign an ESG and KYC declaration. In 2020 only 5% of EKF commitment fell into this category. If any issues are triggered in the benchmarking the case is sent for evaluation in the ESG department regardless of the size of the transaction.

An application is denied when environmental and social risks or impacts are unacceptable and EKF cannot use its leverage to prevent or mitigate the potential impact. An application is also denied when EKF does not receive necessary environmental and social documentation or the project or exporter is non-responsive. In 2020 three transactions were denied.

The following model illustrates the different screening, assessment and due diligence requirements as balanced with the weighting on the EKF portfolio.

EKF's ESG assessment for projects

Classifications in steps



ESG in the loan documentation and guarantee

The financing partners set a joint requirement for the buyer to manage and monitor all the identified sustainability issues. All these issues and requirements are stipulated in the financing contract, meaning that EKF and partners have legal leverage in the project for enforcing compliance. Some critical issues are set as condition precedents for EKF to sign and others are captured in an environmental and social action plan (ESAP), a detailed working plan for environmental and social actions that commits the project throughout its construction period and the first critical years of operation at a minimum. The entire lenders group agrees on the plan and commits the project to comply legally and work progressively according to the plan. In this way the lenders group keep leverage over the project.

During 2020 EKF conducted a full due diligence process on 11 transactions and carried out corporate assessments of environmental and social management systems and human rights for 13 transactions. The remaining part of the portfolio was screened and assessed for environmental and social risks. Transactions less than DKK 25. mio. and without any apparent issues signed an environmental and social compliance declaration.





CASE: TANZANIA

Large-scale rail project on track for sustainability

Modern infrastructure is crucial for developing economies, and electrified railways are often favoured for sustainability reasons. In Tanzania, the government is focused on upgrading and enlarging the national rail network funded by the largest foreign currency financing the country has raised to date. One of the government's priority infrastructure projects is a mega-scale Standard Gauge Railway (SGR), which will ultimately connect landlocked countries the likes of Uganda, Rwanda and Burundi with Tanzania and via the port in Dar-Es-Salaam facilitate access to the Indian Ocean for increased trade and transportation.

In 2019, when EKF became involved in the financing of the SGR, the design and construction had already commenced. The first analysis, however, clearly indicated that the project was fraught by many environmental and social challenges.

The railway line ran through densely populated urban and rural areas, many of which are habitats for indigenous peoples and unique fauna. In large towns and cities, the challenges concerned expropriation and restoring livelihoods for local residents. EKF became the main driving force in a team of environmental and human rights experts from all the financial institutions involved, and established a partnership to ensure that all sustainability aspects were addressed by the project and that international standards were complied with.



The financing partners made joint requirements for the buyer to manage and monitor all the identified sustainability issues. All of these issues and requirements are stipulated in the financing contract, meaning that EKF and partners have legal leverage in the project for enforcing compliance.

As with any construction project, the new railway impacts people and ecosystems in many ways; some may potentially be adverse impacts; others beneficial.

The indigenous people, who subsist on traditional cattle herding will, for example, need to be able to cross the railway via tunnels or overpasses in order to gain access to grazing land and water for their herds, while villagers, whose livelihoods are impaired must be compensated for loss of land or income and supported in establishing a new life for themselves. Risks and impacts for wildlife and habitats must be mitigated by a multipronged programme for protection and stewardship of forest and wetland biodiversity.

“ The SGR extends 550 km across urban, rural and natural environments, where communities and natural ecosystems co-exist. It is therefore crucial to put in place robust environmental and social protection measures. ”

- KRISTIN PARELLO-PLESNER, Director, Environmental & Social Sustainability within EKF

From the outset, EKF stipulated that the project must be carried out in conformity with the International Finance Corporation (IFC) Performance Standards – the international benchmark for environmental and social risk management. Our efforts to tackle sustainability issues at an early stage and ensure proactive stakeholder management aim to reduce the risk of conflict and problems at a later date during construction and operation of the railway.

“ The project is financed by a large circle of lenders. This reflects the fact that lenders appetite is keen for well-planned, well-executed projects that respect international environmental and social performance standards. ”

- KRISTIN PARELLO-PLESNER, Director, Environmental & Social Sustainability within EKF

The anomalies identified early on between national regulation and international standards and the unique partnering among the involved financial parties have resulted in the development of a plan and recruitment of the key resources capable of ensuring the project's compliance with sustainability requirements.

The course of the project and learnings from it will platform further ventures in the African continent and have served to set a best practice standard for cooperation among different financial institutions on ESG standards.

Project monitoring

Continuous monitoring helps to ensure that we know the portfolio and the overall ESG risk profile of a project and its development. Moreover, it enables us to implement prevention measures and corrective action plans when required. All category A and B projects are required to provide EKF with regular monitoring reports throughout the construction phase and for the first few years of operation. The monitoring follows the environmental and social action plan that the project and lender group agreed on prior to signing the loan documentation. In this way we ensure that all project parties agree on what is required to mitigate any negative impacts and secure positive impact for stakeholders. The monitoring falls into several phases.

During the construction period of a project, reporting obligations are often quarterly or biannual depending on the complexity of the mitigation measures required. For large-scale transactions the project's technical advisors and independent environmental and social consultants assist the project in creating progress and reporting to lenders. Smaller projects with less impact report directly to EKF and our environmental and social specialists review and assess developments and support projects in creating further progress.

Before the operational phase starts, a close-out report on the environmental and social action plan for construction is provided and environmental and social management plans and systems take over. Depending on the project and industry, further actions are defined and monitored for the operational phase. For most of the projects the reporting obligations to EKF expire after some years of operation with full close-out of all environmental and social action items. However, EKF continues to monitor and follow the projects as long as they remain in our portfolio. Projects that have no further environmental and social reporting obligations are placed on a watch list in our risk database. There are approximately 250 projects currently on the watch list, and above 100 of projects and corporates are on our ESG monitoring list annually. These are regularly reviewed and rated in relation to their ESG compliance and performance.



Maintaining oversight – creating a positive impact

Monitoring a project is not just a matter of rating the potential negative impacts, performance and progress, but rather of maintaining oversight of the project and helping it stay on a positive course that benefits all stakeholders of a project. Among other things, this involves supporting the project in early critical identification of issues, giving advice in terms of organisational resources required, and in some cases support capacity building of the projects. EKF uses the information that we gain from project monitoring to identify when projects need extra support to avoid one or more incidents turning into a long-term or permanent negative trend.

Most of EKF's projects involve construction, which is potentially dangerous work. Health and safety for workers is key priority. In 2020 EKF invited project managers contractors and agent banks to Copenhagen to participate in a workshop about how to develop and

implement a zero fatalities policy. The workshop included presentations from other major construction projects that successfully worked with implementing a zero fatalities strategy in challenging countries and work environments. This provided all participants with an opportunity to acquire knowledge and tools as to how senior management could work on developing and operationalising such policies and how to tackle dilemmas and pitfalls. By the end of the workshop, all participants developed an HSE framework for their company.

Our approach is that fatalities in construction should be prevented and risk mitigated. Consequently, we use our position as financial partner to support projects in their efforts to improve and also extend their commitments to contractors and sub-contractors. Workers' health and safety in developing economies are less protected than in Europe, and so holding projects up to international frameworks such as the IFC Performance Standards is a way to build capacity and experience that improves conditions, not only for the project in question, but also for future projects on which local contractors and sub-contractors will be working.

Human rights

Each project is assessed according to low risk, medium and high risk level in relation to a variety of different human rights topics such as stakeholder engagement, core labour standards, non-discrimination, freedom of association, no harmful child labour and no forced labour as well as physical and economic resettlement. EKF requires projects and sponsors to implement these human rights standards to avoid actual and potential negative impacts on stakeholders such as workers, consumers and local communities.

In 2020, EKF undertook several measures to safeguard the projects we participated in from potential and actual negative human rights impacts. Human rights concerns were primarily related to land acquisition and involuntary resettlement in the large-scale infrastructure projects in developing economies. EKF screens for impacts in these projects and, where appropriate, requires the sponsor to develop separate human rights impact assessments, resettlement action and livelihood restoration plans, resource and budget allocations and rigid monitoring and reporting of progress.

In one case from 2020, EKF found that the project was subject to legacy issues related to human rights. Construction had already started, and the expropriation processes had been conducted in compliance with local law, but not international standards. In this case EKF proactively negotiated for international standards to be applied retrospectively, and for IFC Performance Standards to be implemented across the entire project to reinstate appropriate resettlement and livelihood restoration.

EKF also ensured that special attention was paid to the avoidance of potential negative impacts on vulnerable or marginalised groups such as indigenous peoples. It was essential to establish their status in order to capture their rights in the project governance plans and in the development of an indigenous peoples severance management plan. In practice this resulted in an elaborate stakeholder engagement effort with consultation and participation.

In 2020, two projects had potential significant impacts resulting in physical and/or economic resettlement.

- › Tanzania: 30,883 people impacted in regard to economic and physical resettlement
- › Taiwan: 670 vessel owners temporarily impacted in regard to economic resettlement

Estimated physical and/or economic displacement of people in EKF projects

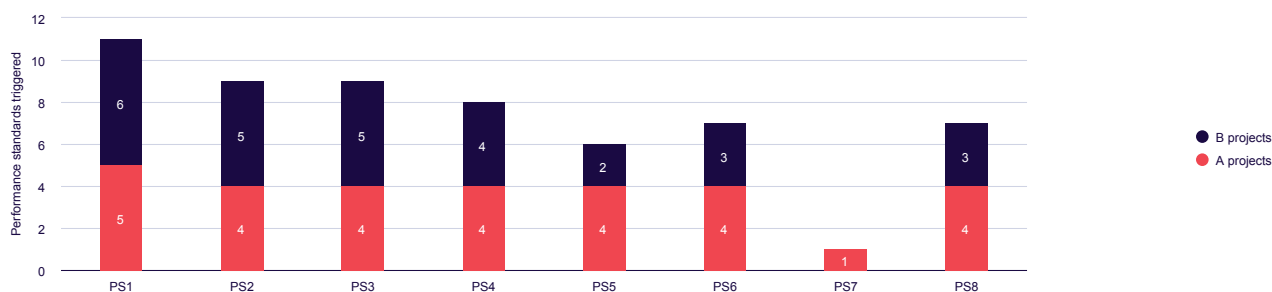
	2020	2019	2018	2017	2016
Number of persons affected by resettlement and/or economic displacement	33,883	5,000	29 structures & 423 agricultural plots	21,600	300

In 2020 EKF also initiated the development of a tool for initial identification and prioritisation of human rights impacts on high and medium risk projects. The framework is based on the Guidance Note on Implementation of Human Rights Assessments under the Equator Principles. The depth and level of detail of each assessment will be determined by the scope of project risks. The tool will be tested and discussed with external stakeholders such as human rights NGOs and other ECAs. EKF will test the tool throughout 2021, and it is expected to be fully operational by the end of 2021.

Transaction overview – relevant IFC Performance Standards

No. Projects	A-projects: 5	B-projects: 6	Total: 11
PS1 E&S risk management	5	6	11
PS2 Labour	4	5	9
PS3 Environment	4	5	9
PS4 Community	4	4	8
PS5 Resettlement	4	2	6
PS6 Biodiversity	4	3	7
PS7 Indigenous peoples	1	0	1
PS8 Cultural heritage	4	3	7

In 2020 all category A projects triggered performance standard 1 and four out of five trigger the other standards. Only one project in 2020 triggered performance standard seven regarding indigenous peoples. The objective of this standard is to ensure full respect for the human rights, dignity, livelihoods, cultural knowledge and practices of indigenous peoples. Further potential negative impacts are mitigated and sustainable and culturally appropriate development benefits and opportunities are taken into account.



Site visits: Environmental and social performance during the global pandemic

One step in EKF's due diligence procedure and monitoring of ongoing projects is to conduct site visits for Category A projects. The visits take place with co-lenders as a step in the ESG risk assessment of a project before EKF commits to the transaction, and subsequently to maintain relations with project management and supervise progress in respect of agreed sustainability measures.

Follow-up on compliance with environmental and social sustainability requirements is just as important as follow-up on financial arrangements. Accordingly, we prioritise both internal resources and consultancy services to ensure project compliance with international standards.

In 2020, EKF's due diligence investigations and inspections of projects were challenged by the global pandemic. EKF only managed to conduct two physical site visits in 2020, to Ethiopia and Brazil, before the global pandemic prevented international travel. The global

health crisis saw site visits deferred and, in some cases, transferred to digital platforms.

In our day-to-day work, EKF followed the guidelines for implementation of the Equator Principles during the pandemic. We realised that it was more efficient to convene international partners for online meetings, and visual documentation of environmental and social factors in our projects have become a natural part of our work.

In the second half of 2020, this meant that we were able to conduct several virtual site visits using drone-borne cameras in Indonesia and Taiwan, for example. We also increased our use of local consultants. The new methods will remain part of our future, although they do have their limitations when it comes to understanding more complex situations and conducting difficult negotiations with projects. Going forward, much of the preliminary work will be aided by the virtual process, but this will in no way replace physical presence on site.

But it is not only EKF that has been impacted by the situation. A few projects under construction needed to be suspended for brief or extended periods, consultants have been in lockdown and projects have been deferred. In most cases, the situation has not had all-encompassing or severe adverse impacts, but it has caused delays. With reference to the Equator Principles' recommendations on COVID-19 and health and safety, EKF has placed due emphasis on integration of COVID-19 health and safety requirements for project staff in the health and safety management plans.

Business integrity

In addition to environmental and social due diligence and risk management procedures, EKF performs anti-money laundering (AML) and counter terrorist financing (CTF) assessments of our customers to ensure that we are not complicit in any form of money laundering or financing of terrorism. EKF is subject to the Danish AML/CFT regulations and has implemented the OECD Recommendation on Bribery and Export Credits. These regulations provide the background for the extensive know-your-customer (KYC) procedures that EKF carries out on all its customers – and in the case of anti-bribery procedures – other major counterparts. EKF also has a risk-based framework for sanctions screening and has internal guidelines in place for assessing potential tax evasion or tax avoidance in the transactions in which it participates.

Business integrity guidelines and procedures

- › Processing of personal data
- › KYC and anti-money laundering
- › Anti-corruption and non-bribery
- › Sanctions
- › Procurement
- › Conflicts of interest
- › Confidentiality
- › Prevention of market abuse
- › Whistleblowing procedures

Procedures

EKF subjects all its guarantee beneficiaries and borrowers to extensive KYC procedures:

- › We examine the ownership and control structure and identify and verify the identities of the beneficial owners.
- › The assessment is performed based on an overarching risk assessment in which, on a yearly basis, EKF reviews and assesses its business model for the inherent risk of it being exploited for money laundering and/or terrorist financing.
- › An enhanced customer due diligence process is performed when we consider that there is an increased risk of money laundering or terrorist financing.

Furthermore, we perform ongoing monitoring of the business relationship and we use the risk category and additional information regarding the customer's activities to ensure that we identify and act upon any suspicious activities.

Screening procedures are also in place to register any risk of bribery in connection with the transactions in which EKF participates, and these make use of some of the same data points collected in the KYC procedures.

We also screen on a systematic and structured basis for sanction risks and assess whether there is a risk of potential tax evasion or tax avoidance in the transactions.

In 2020 we revised our KYC procedures and internal guidelines to reflect the additional requirements set out in the Danish implementation of the European Union's AML V Directive.

EKF works actively on risk management before, during and after the granting of export credits and loans. The organisation is aligned to adhere to the risk management principles and operates in a stringent control environment. The Board of Directors approves the general rules of a number of policies. Management is responsible for implementing the risk exposure framework in the business and for ongoing risk management. In close cooperation with the Heads of Department, who make up the first line of defence, Management assesses and handles the risks associated with individual business activities. EKF also makes use of cross-organisational risk coordination units. The risk management and compliance functions at EKF serve as a second line of defence, are independent of EKF's three business columns and report directly to EKF's Management.



CASE: GEA PROCESS ENGINEERING A/S

Enhanced ESG processes secure orders for Denmark

In autumn 2019, EKF was contacted by GEA Process Engineering A/S, a Danish exporter looking to sell a new freeze drying plant to Cocam, the Brazilian instant coffee manufacturer.

Cocam was looking to replace old equipment with a state-of-the-art plant. As a result of the standards for Environmental, Social & Corporate Governance (ESG), EKF had a number of requirements and proposals for improving Cocam's safety and management processes. Including the management of the subcontractors.

EKF consequently partnered with Cocam on improving those processes.

“ EKF contacting us became an opportunity to raise our corporate standards of sustainability and social responsibility. ”

– MARCOS MURARI, CEO of Cocam

Cocam took EKF's ESG advice seriously and ensured that it was integrated in its organisation, and as a result, in 2020, EKF was able to issue a guarantee for financing of the new plant. 20 percent of the guarantee is covered by Denmark's Green Future Fund.

The financing meant that the order was awarded to GEA rather than to their foreign competitor.

Marcos Murari, CEO of Cocam comments as follows on their interaction with EKF:

"We started the process because we were looking to expand our business, but EKF contacting us also made it an opportunity to raise our standards of corporate sustainability and social responsibility. We are expecting to cultivate long-term cooperation between Cocam and EKF."



Responsible organisation

EKF strives to be a responsible workplace with regard to our employees, our office buildings and the materials that we use. Each year, we assess the performance of key parameters regarding our staff and the resource efficiency of our buildings and transportation needs. EKF publishes data on gender balance and corporate governance in our [annual report](#).

Compliance

EKF's compliance function oversees EKF's compliance with external and related internal regulations, and EKF's Head of Compliance is the Data Protection Officer (DPO) for EKF and oversees EKF's information security framework.

Operational risk, including compliance risk, is managed across the organisation through internal guidelines and procedures drawn up to ensure an efficient control environment at EKF. Compliance risks are also managed by continuous implementation and maintenance of efficient processes to ensure that EKF meets its obligations in accordance with relevant national and international regulations and relevant standards. To ensure that EKF meets these obligations, the compliance function monitors EKF's compliance with relevant external and internal regulations regularly. The compliance department also contributes to the implementation of new regulations in EKF via relevant guidance or analysis. Furthermore, compliance introduces new employees to EKF's catalogue of internal procedures and how it works. Compliance gives new employees an introduction to the GDPR rules and how to comply with the rules in their daily work.

EKF nurtures a culture of openness and transparency, where employees are encouraged to address concerns with their manager. For extraordinary cases we have a whistleblower portal, where concerns can be submitted to the hotline anonymously and are handled by an external partner who cannot be influenced by any employee of EKF. The use of an external partner guarantees impartiality and prevents identification of the individual who reported the concern.

Highlights

In 2020 EKF worked towards strengthening the organisational anchoring of the compliance function with an extended focus on monitoring EKF's compliance with relevant external and internal regulations. The compliance and risk functions also developed a new framework for risk assessments and advanced the digitisation of compliance activities and controls via EKF's GRC platform.

Internal environmental and social outcomes

Waste management

The EKF organisation's environmental footprint is moderate. The most significant impact is from energy and water consumption. Both waste volume and resource consumption levels were normal and relatively constant compared with previous years. In 2020, consumption is presumed to have decreased at EKF's own premises, since the majority of EKF staff were working from home for extended periods following the outbreak of COVID-19 in Denmark and the ensuing lockdowns. In 2020 EKF generated 13 tonnes of solid waste, which is less than in previous years. Due to the COVID-19 crisis most employees have been working from home throughout the year and consequently consumption levels dropped on all KPIs.

As EKF leases its premises and also shares these with other firms, our main efforts are focused on working towards a transparent system, where shared influence enables a responsible waste management and recycling system. Over the past couple of years, our waste generation has increased partly due to waste from other tenants in our shared area and the fact that we have increased our workforce. We are working towards having a more transparent perspective on this to categorise the different types of waste.

Evaluating EKF's direct climate impact

Resource consumption	2020	2019
Generated waste (tonnes)	13	18
Per employee (kg)	80	130
Recycled paper (tonnes)	4	5
Electricity consumption (MWh)	225	245
Heat consumption (MWh)	133	202
Water consumption (m ³)	129	1,215
Scope 2 CO ₂ emissions (Heat and electricity) (tonnes CO ₂ -eq)	69	75
Scope 3 CO ₂ emissions (Aircraft, taxi, car, courier) (tonnes CO ₂ -eq)	254	960

Electricity, heat and water

In 2020 EKF consumed 225 MWh electricity, 133 MWh heat, and 129 m3 water, which is less than in previous years.

Resource consumption	2020	2019	2018
Electricity consumption			
total (MWh)	225	245	242
per employee (KWh)	1,583	1,727	1,870
per area (kWh/m2)	22	24	24
Heat consumption			
total (MWh)	133	202	213
per employee (KWh)	0,911	1,426	1,614
per area (kWh/m2)	13	30	31
Water consumption			
total (m3)	129	1215	1079
per employee (m3)	0,87	8.56	8.17
per area (m3)	0,01	0.12	0.16

GHG emissions associated with EKF's resource consumption and transportation

In 2020, EKF's own GHG footprint was 254 tonnes CO₂e, a decrease from 960 tonnes in the previous year. Flights are the largest single contributor to EKF's GHG footprint originating from our own activities and use of resources. The indirect emissions from flights have decreased by 378% from 2019 to 2020 due to the travel restrictions resulting from the pandemic.

Diversity and work-life balance

The share of women in EKF's management have increased to 44% in 2020.

In terms of work-life balance, EKF values the need for a balanced distribution of time and resources between work and other activities our employees wish to pursue. Achieving a satisfactory work-life balance can be challenging and we believe that the values and policies set by our organisation help our employees to make the necessary choices to achieve that. We offer flexibility to our employees in terms of home office, flexible working hours and the option of part-time working schedules. Part-time employment can be either temporary or permanent. This year EKF has 10 part-time employees.

	2020	2019	2018
Women on maternity leave	2	2	No data available in 2018 and 2017
Men on paternity leave	6	7	
Men part-time	3	1	2
Women part-time	7	6	8
Total women employed	42%	42%	44%
Women employed in senior management	44%	36%	36%



Focus areas for 2021

The COVID-19 crisis heavily underlined the importance of taking responsibility for people and the environment. At the start of the COVID-19 pandemic, EKF took early action to facilitate cash support, guarantees and advice to enable Danish companies to continue their investments, production and exports. We will continue to provide that service in 2021, while retaining our position of strength in the clean energy transition and supporting the globalisation of green Danish solutions. This is our socially responsible pledge. Going forward these two parameters will also define our efforts in 2021.

With COP26 scheduled for November 2021, EKF has renewed its purpose to support a just and green energy transition globally by engaging with stakeholders and partners to create innovation and new opportunities, supporting the need for maturing green technologies for export and, not least, supporting carbon intensive sectors on their journey to decarbonization. Financing new technology and innovation is essential to advancing climate goals, but brings with it challenges which are often unique to the specific sector in question. The shift to net zero is not instantaneous. There is a need to look at different strategies for transitioning to no/low carbon emissions and how we can pragmatically continue to support clients and industry as they go through this process. In 2021 we will work on our own climate governance and strategy, on the further development of goals and metrics and not least transparency of climate data. EKF will also continue its leadership position in the international negotiations on climate and export financing and actively continue to support government initiatives that are compatible with EKF's business by managing and implementing funds.

Consolidated ESG statement for 2020

	Unit	2020	2019	2018
EKF corporation environmental data				
CO ₂ -e scope 2	Tonnes	69	75	n/a
CO ₂ -e scope 3	Tonnes	254	960	720
Waste production	Tonnes	13	18	20
Water consumption ²	m ³	129	1,215	1,079

Transactions CO₂ data

CO ₂ -e emissions from transactions, total ¹	Tonnes/year	381,000	70,000	370,000
CO ₂ -e emissions reductions from transactions, total	Tonnes/lifetime	71,000,000	75,100,000	318,300,000

EKF corporation social data

Number of employees, end of year	People	148	142	136
Percentage of women in workforce	%	42	42	44
Percentage of women in management	%	44	36	36
Women working part-time	People	7	6	8
Men working part-time	People	3	1	2
Employees on paid maternity leave during the year	People	2	2	3
Employees on paid paternity leave during the year	People	6	7	10
Days spent on training and education per employee	No.	3	3	3,2

Transaction social data

Danish jobs secured		8,900	7,200	12,000
Local jobs during 1 year of construction, EKF share ³	FTE	6,830	1,300	12,100
Local jobs during 1 years of operation, EKF share ³	FTE	180	200	1,400
Involuntary displacement ³	People	33,883	5,000	29 structures & 423 agricultural plots

Governance data

Transactions with a full E&S Due Diligence	Transactions	11	13	33
Corporate assessments	Transactions	13	8	5
Equator Principles	Transactions	5	8	15
E&S transactions visits	Trips	2	15	11
KYC: Anti-corruption and money laundering screening	Transactions	125 ⁴	160	N/A
E&S monitoring cases	Transactions	115	103	N/A

¹The figure only includes projects with emissions over 25,000 tonnes per year

²Estimated partly based on 2019 data

³Estimated based on available information at the time of reporting

⁴During 2020 EKF changed screening practice from screening client transactions to client relations. Since this happened midyear the number covers both practices.

For definitions and methodology please see 'Reporting Practices'.

Reporting practices

Responsible transactions

Time period: This ESG Report covers the period 1 January 2020 to 31 December 2020.

Reporting scope

The report includes indicators for selected transactions which have:

- › been closed within the period under review;
- › are classified as either Category A or B in terms of potential environmental and social impacts. Transactions classified as Category C are included in the overview indicators. The process used for classification adheres to the OECD Common Approaches.

EKF scope

Where an indicator refers to EKF's scope, or part of a transaction, this refers to either:

- › the commercial/political risk that EKF covers for the transaction; or
- › when the transaction is project financing, this covers EKF's proportion of the full project financing

Annual greenhouse gas emissions

In accordance with IFC Performance Standard 3, all transactions which will result in, or emit more than, 25,000 tonnes of CO₂ during one year of operation are required to annually report their GHG emissions to EKF. These emissions include (i) direct emissions from facilities owned by the company, and (ii) indirect emissions from off-site production of energy used by the project. EKF compiles this information for all transactions above the above-mentioned threshold. The indicator is based on the data available at the time of reporting.

Greenhouse gas reduction

How we quantify CO₂ emissions reductions:

The independent economic consultancy Copenhagen Economics has developed a model capable of calculating carbon dioxide emissions reductions for the renewable energy projects EKF helps to finance, such as wind farms, solar power arrays and other energy sources that displace climate-pollutant CO₂ based energy sources from the electricity grids in various countries.

CO₂ displacement is quantified as the marginally reduced emissions in a country's power system achieved from the project over the full span of the project's useful life. This means that the CO₂ displacement depends on the volume of energy supplied by the given energy technology and the project country's/region's power generation mix and demand.

The figure for marginally reduced emissions is obtained by comparing expected supply and for electricity in a given country. The marginally most cost-intensive energy technology is displaced by the introduction of increased capacity from new renewable energy sources.

Since electricity generation from wind and solar is variable over any year and 24-hour period, the most accurate figure is obtained from an estimated hourly capacity at country

level in the wind and solar model. The forecasted demand is then correspondingly determined per hour per country. In any country, wind, solar and other renewable energy sources will thus displace CO₂ equivalents at differing intensities per MWh supplied.

The calculations are also based on the projects' predicted capacity in MWh, the projects' useful life (e.g. 25 years for a wind turbine) and geographical siting. The results show how many tonnes of CO₂ equivalents these projects will avoid during their useful life.

In determining fossil fuel displacements in the renewable energy projects, CO₂ includes both CO₂ and CO₂-e methane.

How we quantify economic impact

EKF calculates the economic impact of our solutions and products on the Danish economy. Our calculations show how EKF makes a difference for Danish companies and for Denmark. The independent economic consultancy Copenhagen Economics devised a calculation model for EKF. The model contains figures from EKF's transactions and data from sources such as Statistics Denmark. The results show our economic impact in the form of jobs, for example. Both the data and figures are validated by Copenhagen Economics.

Focus areas for EKF's due diligence

The focus areas are derived from the 8 IFC Performance Standards (IFC PS) for Environmental and Social Sustainability. Use of the focus areas approach reflects that a transaction has been assessed and benchmarked according to a specific IFC PS during EKF's due diligence process. It does not necessarily indicate that there is a residual negative impact with reference to that IFC PS.

Estimated local employment

The number of jobs created is determined per transaction based on the information available at the time of reporting. The number of jobs created locally is reported for construction and operation, both for one year. This means that if the construction phase is longer than one year only the number of jobs corresponding to one year of construction is included in the indicator.

Estimated involuntary displacement

In line with the IFC PS, involuntary displacement covers both people who have to move away from their house, and people who are economically displaced. The indicator is based on the data available at the time of reporting. When the information is only available at household level, the number of impacted people is calculated using recent estimates of average household size for the specific country from publicly available sources, such as the World Bank.

Internal resource consumption

Heat, water, electricity, and solid waste consumption figures are derived for EKF's office building, factoring in EKF's share of the consumption, as we share our office building with other entities.

CO₂ emissions from resource consumption:

Electricity: CO₂ emissions from electricity are derived from EKF's consumption figures and incorporate the annual environmental declaration from the Danish TSO Energinet.dk.

Heating: CO₂ emissions from space heating are derived from EKF's consumption figures and the annual environmental declaration from the district heating supplier, HOFOR.

Flights and courier: are derived from information from our suppliers. The flight emissions are

based on emissions factors for CO₂ from the annually published figures from the UK Department for Environment, Food and Rural Affairs.

Taxis and personal car use: CO₂ emissions are based on data from the taxicab service provider, which is aggregated at vehicle level. For all trips undertaken by employees in their own vehicles when the journey is official business (i.e. not including trips to and from work), we take an average emission factor per driven km. EKF does not own any company cars.

Stakeholder information

The UN Global Compact Principles on human rights, labour rights, environment and anti-corruption as well as the UN Guiding Principles on Business and Human Rights form the basis for EKF's corporate environmental and social responsibility work. Furthermore, we work in accordance with the Equator Principles and the corporate responsibility principles outlined by the Danish government and the OECD.

This report contains information on the environmental and social impacts related to EKF's transactions as well as EKF's internal footprint. Furthermore, the report also includes our policy commitment, ESG achievements and challenges.

At the same time, the report constitutes our Communication on Progress under the UN Global Compact regarding human and labour rights, environment and anticorruption. EKF reports annually, and this report contains information pertaining to activities that took place in the fiscal year 1 January 2020 to 31 December 2020.

We acknowledge the diverse nature of our stakeholders and the fact that not all information is equally relevant to all readers of this report, who are therefore invited to select their areas of interest from this publication. In addition, this report can be generated as one entire report.

The purpose of this report is to provide stakeholders with information on EKF's ESG performance during 2020, integrating external and internal ESG efforts. The report is aimed at a wide range of EKF's stakeholders, including exporters, buyers, financial institutions such as banks and pension providers, the OECD, our peer export credit agencies and Danish and international ministries, civil society, trade and industry organisations as well as EKF's employees, Management and Board of Directors.

This ESG report is published in English and is available online at www.ekf.dk. EKF's executive management has approved this report. For further information, please contact our ESG Department:

EKF_ESG@EKF.DK

The Independent Auditor's Report regarding CO₂ data

TO THE MANAGEMENT AND STAKEHOLDERS OF EKF DENMARK'S EXPORT CREDIT AGENCY

We have audited EKF's data on CO₂e displacement from renewable energy projects, as presented in the table 'Total expected CO₂e displacement achieved by EKF-financed projects' in EKF's Annual Report 2020 ('the report') with a view to arriving at a high degree of certainty. Data concern CO₂e displacement from all projects financed by EKF (71 million tonnes of CO₂e) and EKF's share of the total (14 million tonnes of CO₂e) in 2020.

Our audit was conducted to determine whether the reported data were obtained in compliance with EKF's method for calculating the aggregate CO₂e displacement from all the renewable energy projects co-financed by EKF. The method is described in general terms in the report.

We express an opinion with a high degree of certainty.

Management's responsibility

The Management of EKF is responsible for collecting, calculating and presenting the data in the report. Management is also responsible for such internal controls as it determines is necessary to ensure that the reporting is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is based on our undertaking to express an opinion with a high degree of certainty concerning the data on CO₂e displacement from renewable energy projects, as presented in the figure 'Total expected CO₂e displacement achieved by EKF-financed projects' in the report. We have organised and performed our undertaking in compliance with ISAE 3000, other statements with certainty other than audit or review of historical financial data, and additional requirements ensuing from Danish auditing legislation with a view to obtaining a high level of certainty for our opinion. We have assessed the data based on the criteria of completeness, reliability, relevance, neutrality and understandability in accordance with ISAE 3000.

A high degree of certainty is a high level of certainty, but is not a guarantee that an audit performed in accordance with International Standards on Auditing and the additional requirements applying in Denmark and in accordance with good public auditing practice will always disclose material misstatements, if any. Misstatements may occur as a result of fraud or error and can be deemed to be material if it can reasonably be expected that they will, individually or jointly, have an impact on the financial decisions made by any party on the basis of the reported data.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to the International Standard on Quality Control (ISQC) 1 and thus employs a comprehensive system for quality assurance, including documented policies and procedures pertaining to compliance with ethical requirements, professional standards and applicable requirements in law and other legislation.

We have complied with the requirements for impartiality and other ethical requirements in FSR - Danish Auditor's Code of Ethics for Auditors, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

We have performed our undertaking with a view to arriving at a high degree of certainty that EKF's data on CO₂e displacement from renewable energy projects are presented fairly, in all material respects. Based on an assessment of the risk of material misstatement, we have planned and performed our undertaking with a view to obtaining every information and explanation necessary for supporting our opinion.

We carried out our work activities in February and March 2020. Our work involved auditing the fundamental procedures, calculations and input data in the calculation model for Marginal Emission Factors, which covers 39 specific countries and a generic country. We have random sampled Marginal Emission Factor values based on energy emission factors, energy requirements and capacity data. We have performed analytical tests, including validation of calculations by means of random samples, and have audited the internal checks of collection and calculation of the data concerned. We have conducted interviews and sampled data on demand and supply of electricity per country from source data and have validated assumptions concerning the growth of same from 2040 to 2050. We have conducted online interviews with process and data owners within EKF and have reviewed documentation for project data pertinent to the calculations, such as the projects' MW, dates for credit draw-down and credit facility amount and the country in which the project is sited. We have verified that all relevant projects have been included in the calculation and that the CO₂e displacement has been accurately calculated.

We have not audited project data extracts from EKF's accounting system, which have already been audited by EKF's financial auditor.

Opinion

Based on our audit, it is our opinion that EKF's data on CO₂e displacement from all renewable energy projects financed by EKF (71 million tonnes of CO₂e) and EKF's share of that total (14 million tonnes of CO₂e) in EKF's Annual Report 2020 are presented fairly, in all material respects.

Copenhagen, 15th March 2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. (MNE) 33 96 35 56

Morten Egelund
Identification No. (MNE): 21411
State-authorized public accountant

Helena Barton
Lead Reviewer