



Sustainability Report 2021

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Green goals, sustainability and a large pipeline for PtX

EKF has been Denmark's official export credit agency (ECA) since 1922. With more than three decades of experience, it is also the world's most experienced financial partner in wind. EKF's core expertise is credit rating and structured financing, and our position within wind provides a robust platform for financing the broader, green transition.

We are proud to say that 2021 was the year EKF published its first climate change strategy, with a net-zero policy targeting climate neutrality across its entire business by 2045. This is ambitious but aligns with our mission to assist the green transition of Danish companies and to act as a proactive catalyst in Denmark and around the world. In concrete terms, our commitment to financing green projects amounts to DKK 200 billion by 2030. This goal is realistic.

It is our goal to help grow the Danish economy and support the green transition worldwide. We are committed to driving this transition forward in partnership with businesses and assisting them in their energy transition. We want to help ensure that Denmark retains its leading position in the wind sector and create a similar position for Denmark within new clean technologies like PtX, carbon storage and capture. EKF will pursue this while also supporting Danish businesses more broadly.

EKF's pipeline of Power-to-X projects is already extensive but is also associated with substantial risk. EKF is prepared to work with these risks as part of our strategy as it requires substantial funding to get it in motion.

The willingness of Danish companies to invest in the production of new green fuels as alternatives to fossil oil and gas has also gained significant traction. In record time, since the end of 2020 EKF has built a pipeline with well over 100 projects on four continents to a total value of DKK 275 billion. And we've never seen anything close to this in speed when it comes to building a pipeline. Interest among our existing customers is significant and there is a readiness to get started, although the breakthroughs in a large scale remain.

This historically strong interest is good news both for the Danish climate effort and for the dream of making green fuel a Danish export success, and not least for the broader security of supply.

This is fundamentally what EKF has done for a hundred years, and we will continue to do this with Denmark's Export and Investment Fund, which is a merger of EKF, Vækstfonden (the Danish Growth Fund) and the Danish Green Investment Fund, following a proposal from the government ("Denmark can do more 1") in autumn 2021, and adopted by a parliamentary majority in June 2022.

EKF has been a signatory to the UNGC for much more than a decade. The principles are integral to our way of doing business and are fully reflected in the standards, frameworks and guidelines that EKF works by. Today EKF is not just aligning with these principles, we are actively pushing for the improvement and development of industry standards. By integrating international environmental, social and governance standards into every single project we are involved in, we demonstrate our clear and continuous commitment to developing projects that are future-proof and that benefit all stakeholders.

Sincerely

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 2021.

COMMUNICATION ON PROGRESS



Sustainability Report 2021

The EKF Sustainability Report 2021 describes the non-financial performance of EKF, Denmark's Export Credit Agency and is our 12th Communication on Progress to the United Nations Global Compact.

The reporting period is 1 January 2021 to 31 December 2021.



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 Danish territory: 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. Small and medium-sized enterprises account for more than eight out of ten EKF customers, and in times of instability, their need for expert and credible advice increases.

An important part of EKF's work is further to ensure that the export projects which receive financing from our export credit agency are all compliant with international standards on environmental and social issues. This is both important in relation to EKF's risk management, but also a key element in ensuring that Denmark and Danish companies contribute to sustainable projects around the world that benefit both people and nature.

Climate Action

Climate-related finance is a key enabler of the green transition. As a government-backed export credit agency (ECA), EKF acknowledges our role and responsibility as facilitator of the green transition. A decades-long wind turbine boom and a new ambitious climate policy leave no doubt as to the direction in which EKF is heading.

In 1998, EKF granted the first guarantee for payment of a wind turbine that Vestas had sold to a customer in Turkey.


Since then, EKF has been widely acknowledged as the world-leading export credit agency in the financing of both offshore and onshore wind farms across large parts of the world. This benefits exporters and the entire Danish wind turbine industry, which now makes not only EKF, but also Denmark attractive as the world enters the green transition.

70 percent of EKF's transactions today are green, with the majority related to wind energy. EKF has been involved in the financing of almost one in three wind turbines in the North Sea. In the past decade alone, we have assisted in financing 120 wind farms in 34 countries, mobilising more than DKK 400 billion in private venture capital across a variety of countries.

This puts EKF in a unique position in terms of helping to develop and finance future clean technologies such as Power-to-X, but also carbon capture and storage. Firstly, clean fuels will require an enormous global expansion of wind energy. Secondly, EKF's expertise in and extensive experience of involvement in complex financial packages, which will also be required in the global roll-out of new clean technologies, is almost unmatched.

In other words, EKF is more than well suited to support Danish exporters in the green transition both now and in the future as global competition heats up and the green transition increasingly becomes a competitive parameter. We aim to lead the way with financial solutions that will also help energy-intensive companies participate in the green transition.

However, we must not take Denmark's role as an international climate leader for granted. Many countries are watching Denmark's wind energy boom with amazement, but they are increasingly ready to take up the battle. This was clear at the COP26 climate conference, where EKF's CEO and several other employees



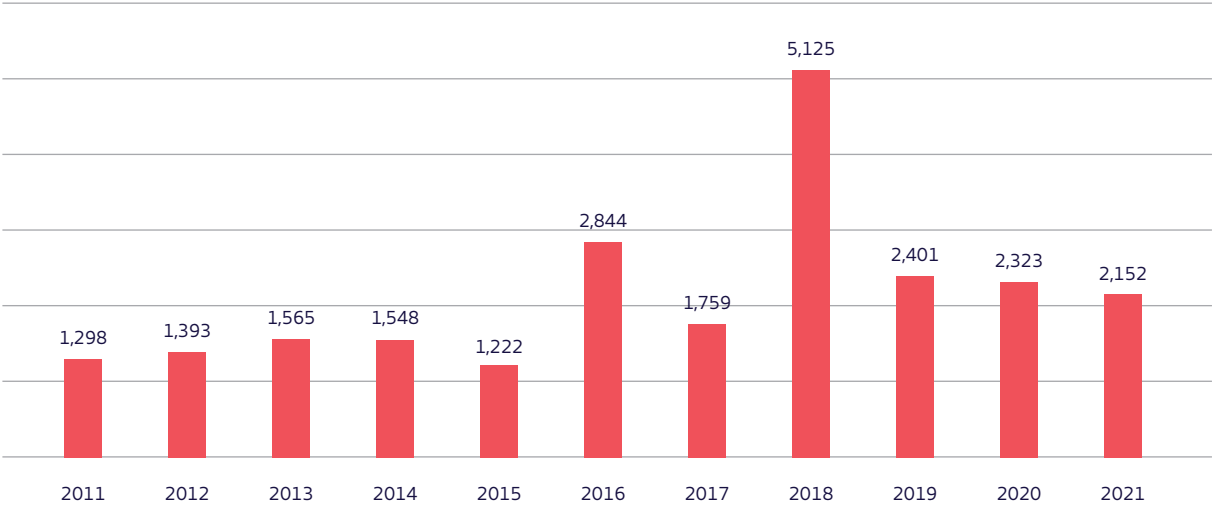
120
wind energy
projects supported
by EKF between
2011 and 2020

were invited to be panelists in various debates about the future of climate financing. To strengthen our efforts and give them strategic direction, EKF launched its first climate change policy at COP26.

As EKF and as a country, we must continue to be ambitious, so that the green export boom can continue in the decades to come. We have all the ingredients for success and are committed to align our activities with the Paris Agreement and a net zero target by 2045.



Total MW of wind energy supported by EKF annually



New climate policy with ambitious net zero targets

Our position as a green leader was consolidated in 2021 with a genuine climate policy for EKF. In the policy, EKF adopts a net zero strategy that should make our overall portfolio climate neutral by 2045. In other words, we must have net zero emissions from our transactions. This is ambitious but realistic, precisely because of our decades of focusing on the renewable energy sector and green issues.

EKF's climate policy is intended to ensure that:

- › EKF operates in accordance with international and national climate action goals.
- › EKF demonstrates global leadership for ambitious international frameworks for export finance and climate action.
- › Climate-related risk coverage is integral to EKF's business model.
- › EKF as a business enterprise supports Danish positions of strength within clean technology together with Danish exporters' ambitions for and contributions to the global green transition.

With this climate policy, EKF is stepping up and taking responsibility for the global climate agenda, contributing actively to the Paris Agreement's goals of limiting global warming to one and a half degrees, and to Denmark's goal of achieving a 70 percent reduction in greenhouse gas emissions by 2030 relative to 1990 levels, and reaching climate neutrality by 2050.

We will achieve our net zero targets by placing an even greater emphasis on renewable energy and the green transition. One interim goal is for EKF to provide DKK 200 billion in financing for new green projects by 2030. At the same time EKF will work untiringly to phaseout fossil fuel projects. EKF will keep its moratorium on export financing for coal and in coming years will step away from fossil fuel projects altogether. In November 2021, the Danish government decided that Danish public financing and export promotion of overseas fossil fuel projects in the energy sector would end by the start of 2022, except for special cases related to natural gas projects, which will be able to receive export financing during a transitional period lasting until mid-2025. EKF's climate policy is aligned with the directions issued by the Danish government, which means that by the beginning of 2022 we will stop financing new projects that are incompatible with the green transition of the energy sector.

EKF will assist exporters and suppliers through the global transition to net zero, embedding consideration of climate change into our business. Today, a large proportion of EKF's export finance is invested in supporting pro-climate exports. Export credits for clean energy projects account for around 70 percent of EKF's total transactions. This makes EKF one of the greenest export credit agencies in the world. This is a good starting point given that the global climate crisis represents a substantial risk, and one that also affects EKF's overall risk exposure. At the same time, the climate crisis represents a unique opportunity for EKF in terms of continuing to support Danish exporters in the green transition.

Public export finance can play a significant role in advancing and supporting the realignment of financing practices in favour of more climate-neutral projects. This type of financing can take the technological and financial risk burden from projects and in so doing, advance the green transition.

EKF has extensive experience of pro-climate financing and is helping to safeguard thousands of green Danish jobs. In addition, as Denmark's representative, EKF has substantial influence on international multilateral frameworks and rules on climate export finance and is leading the way in the EU and OECD in establishing international agreements on export finance and climate action.

Considerable work on standards lies ahead

As part of the development of its climate policy, in 2021 EKF has been particularly active working with the authorities, agencies, the financial sector and our international policies on developing policies, frameworks and methods for evaluating project climate impacts, conducting climate risk assessments and reporting on climate issues.

In 2021 this has included working closely with the rest of the OECD's Climate Change Expert Group and leading the work of an ECA group to the Glasgow Financial Alliance for Net Zero (GFANZ) – the global coalition of leading financial institutions that have pledged to speed up decarbonisation of the global economy. The ECA NetZero Alliance will be a coalition of leading ECAs that have pledged to meet net zero objectives. In the coalition, the ECAs will work on developing a methodology for calculating the climate impact of a portfolio, and on defining interim goals for reduction and sector-specific carbon reduction paths.

Projects that may relate to the fossil fuel energy sector are assessed and identified internally at EKF by a new task force that assesses the projects in accordance with EKF's exclusion of fossil fuel energy projects and the exemption provisions. A total of two cases were dealt with in 2021 after the climate policy came into effect in November 2021.

Taxonomy

If we are to succeed with the green transition, it is crucial that it is clear when financing is green and contributes to one or more green targets, such as carbon reduction, biodiversity, water resources and climate adaptation. These areas are addressed in the EU's taxonomy for sustainable financing. The taxonomy is a cornerstone of the EU's action plan on sustainability and marks the first attempt to create a

uniform classification system for green investment. The taxonomy provides a framework that can help to improve transparency and eradicate "greenwashing", since an activity must make a substantial contribution to at least one of the EU taxonomy's six environmental objectives, while at the same time not significantly harming any of these objectives and meeting international social safeguards.

The taxonomy does not yet cover all sectors, but it does include for example, renewable energy sources such as wind and solar power. In 2021 EKF applied the taxonomy when assessing the wind and solar energy projects that were added to Denmark's Green Future Fund. The organisation is focusing on expanding the application of the taxonomy assessment to cover domains other than wind and solar power.

Six climate and environmental objectives

The taxonomy regulation covers six climate and environmental objectives to which an economic activity may make a significant contribution in order to be classified as sustainable in terms of the climate and environment:

- › Climate change mitigation
- › Climate change adaptation
- › Sustainable use and protection of water and marine resources
- › Transition to a circular economy
- › Pollution prevention and control
- › Protection and restoration of biodiversity and ecosystems

Engaging in climate finance

Part of our net zero ambition is to support the opportunities that exist within green exports. This involves continued financing of large-scale windfarms and support for green exports market growth and business development in upcoming markets like Power-to-X.

In 2021, EKF was again a key facilitator of government-backed funds to support green exports as we continued our involvement with, and promotion of, Denmark's Green Future Fund and the Green Accelerator Facility.

Denmark's Green Future Fund (DGFF)

In September 2020 the Danish government launched Denmark's Green Future Fund to advance the energy transition and support green technologies and solutions. DGFF funds will also contribute to developing solutions to pressing challenges such as food shortage and water scarcity, both of which are aggravated by climate change. Of the fund's total DKK 25 billion, DKK 14 billion was allocated to EKF.

EKF makes use of the funds through our reinsurance framework. In 2021 EKF reinsured ten new renewable energy projects through DGFF to a total value of DKK 1.7 billion. By the end of 2021 EKF had drawn a total DKK 4 billion of DGFF funds. In addition, EKF has projects in the pipeline for 2022, which will potentially draw a further DKK 6 billion.

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

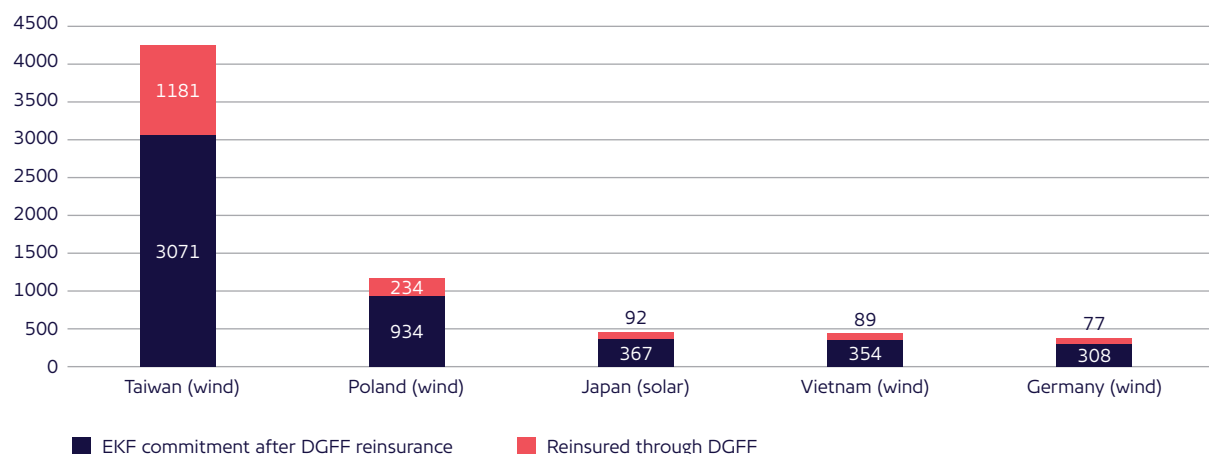
The EKF Green Accelerator Facility is well under way

To support the Danish export-oriented business community and mitigate the risks hampering the green transition, the Danish Government and its supporting parties decided in 2020 to allocate funds to support the growth of green solutions. The ambition is to pave the way for an economic recovery post Covid-19 that can contribute to sustainable investments in the green transition.

More specifically, the EKF Green Accelerator Facility is intended to help Danish companies within green transition sectors to take the final but challenging steps into new markets by providing financial support to services needed to ready or finalise export solutions directed to a foreign market.

In October 2020 the EKF Green Accelerator Facility launched with an initial injection of DKK 85 million, and in 2021 the first green export projects were

EKF commitment in DGFF-projects



The chart shows EKF's total commitment in projects reinsured through Denmark's Green Future Fund in 2021 and specifies the amounts reinsured through DGFF.

approved under the Green Accelerator Facility. During three application rounds in 2021, 15 projects were approved amounting to a total value of DKK 14 million.

The exports of the approved projects target markets in a variety of countries, including the United States, Finland, Japan, Ghana, Turkey, Bangladesh and China, and target a diverse range of industries such as water purification, energy optimisation, biological pest control and sustainable construction site logistics.

Following their approval, projects entered the implementation phase, which was scheduled to last approximately 12 months. Unfortunately the second and third wave of Covid-19 hit globally, causing many activities to be postponed. Reporting from the first round of granted applications was due in the calendar year 2021, and several companies have requested deadline extensions as their activities did not take off as planned. It is therefore still too early to report on results from the approved projects.

Going forward, EKF's internal evaluation process has found that there might be a need for EKF to increase the publicity and communication around the Green

Accelerator Facility to reach a higher number of potential applicants. In 2022 EKF will build on these efforts to make the Green Accelerator Facility work for Danish export companies contributing to the green transition.

EKF introduced a new climate guarantee

EKF initiated a new climate guarantee in 2021 as part of the Danish government's Covid-19 support packages. The purpose of the climate guarantee is to support Danish exporters that have developed climate friendly solutions or want to invest in more climate friendly production systems. With the climate guarantee EKF can cover 80 percent of the bank's risk when issuing credit or loans. In this way EKF is more risk tolerant to this type of financial product, where the purpose is to support green solutions.

To date EKF has issued two climate guarantees with a total guarantee amount of DKK 21 million. EKF expect that the extended focus on reducing energy costs will increase Danish export companies' demand for further investments in energy-reducing initiatives. We therefore expect our climate guarantee to gain further momentum during 2022.

Green Accelerator approved projects in 2021	Country	Project budget (DKK)
Round 1		
Testing and promotion of a water-free de-scaling machine for fish	Spain	990,500
Sustainable water supply to villages and townships	Bangladesh	2,543,000
Energy optimisation within the German wastewater treatment sector	Germany	878,850
Decarbonising the heating sector in Germany by expanding district energy networks and integrating green technologies	Germany	1,593,150
Decarbonising the production of food and beverages in Germany through introduction of Danish energy efficient solutions	Germany	1,296,375
Industrial water and wastewater treatment for Ghanaian food and beverage industries	Ghana	1,200,200
Round 2		
Testing and promotion of robotic adaptive moulds for composite and concrete	USA	1,157,000
Sustainable construction site logistics	USA	1,954,355
Round 3		
Breakthrough innovation in export of channel-UV systems for wastewater disinfection	China & India	1,677,000
Biological pest control solutions	Poland	489,114
Green coating solutions for Swedish and Norwegian markets	Sweden & Norway	1,314,000
Energy and water optimising solutions for the US food & beverage industry	USA	1,250,680
Promotion of Danish green-tech solutions for the building sector	USA & Canada	770,000
Implementation of public bike share systems	Finland	743,647
Introduction of biomass boilers for rice husk fuel to Japan	Japan	778,728

Power-to-X projects in the pipeline

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.

During 2021 and the first quarter of 2022 EKF has built a pipeline consisting of over one hundred Power-to-X projects across four continents with at a total value of DKK 275 billion. The pace of this pipeline building is unforeseen and it goes to show the enormous interest among Danish companies in investing in Power-to-X projects.

None of the Power-to-X projects in our pipeline have however materialised yet, which is partly down to the fact that it has proven more challenging than

anticipated to bring these projects to industrial scale. The other reason is that the projects are extremely costly; but this is exactly where EKF can play an important role.

Backing these trail-blazing projects calls for a high risk-appetite as they involve more recent, non-mature technologies. 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. To that end, we will in the coming years be increasing our risk exposure capacity in this field, and do our bit to ensure that Danish companies are in the race to bring these technologies to market and thereby ensure that Denmark's clean energy export boom continues for many years to come – for the benefit of the climate, Denmark's competitiveness and post-pandemic economic recovery.

EKF's contribution to carbon displacement

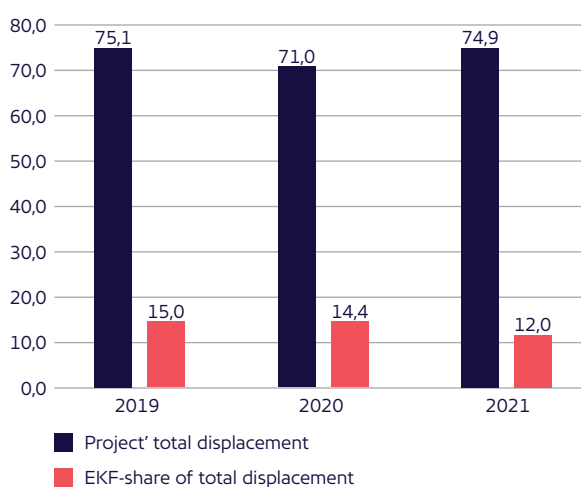
Around the globe, EKF is involved in co-financing many renewable energy projects that achieve carbon reduction by displacing the more GHG-intensive technologies from the power grid.

In 2021 EKF co-financed 12 renewable energy projects that are expected to achieve a total CO₂e displacement of 74.9 million tonnes during the useful life of a project of 25 years. Based on our share of finance, EKF alone is contributing to a reduction of 12 million tonnes of CO₂e.

With total guarantee exposure of DKK 7.2 billion for renewable energy projects in 2021, EKF's financing of new renewable energy projects was lower than in 2020, when guarantee exposure totalled around DKK 9 billion (both amounts are before reinsurance). However, the total expected CO₂e displacement from these projects rose from 71.0 million tonnes in 2020 to 74.9 million tonnes in 2021. This increase is because several of the large projects that EKF co-financed in 2021 are situated in countries with a high CO₂e emissions factor in the power grid – including Taiwan

Expected CO₂e-displacement by EKF co-financed projects 2019-2021

Million tonnes CO₂e



To ensure the highest reliability for our CO₂e reduction figures, these have been included in an auditor's report authored by Deloitte. See the independent auditors' opinion regarding CO₂e data.

and Poland. Furthermore, EKF co-financed 12 renewable energy projects in 2021, compared with six in 2020. At the same time, EKF's share of total CO₂e reduction fell from 14.4 million tonnes to 12 million tonnes. This is because EKF's share of financing for the largest projects with the biggest potential for CO₂e displacement was relatively low.

Ten out of our 12 renewable energy projects signed in 2021 were reinsured through the DGFF, with only two minor projects in Turkey (Haci Bey and Soganli) not qualifying for reinsurance through the framework. The ten renewable energy projects EKF reinsured through DGFF in 2021 are expected to achieve a total displacement of 74.2 million tonnes of CO₂e over their useful life. Of this, EKF's share (based on our share of finance) is equivalent to a displacement of 11.6 million tonnes of CO₂e.

How we quantify CO₂e displacement

The independent economic consultancy Copenhagen Economics has developed a model capable of calculating the CO₂e displacement value of the renewable energy projects EKF helps to finance, such as wind farms, solar power arrays and other energy sources that displace climate pollutant CO₂e energy sources from the electricity grids in various countries.

CO₂e displacement is quantified as the marginal emissions reduction in a country's power system achieved from the project over its useful life. This means that the CO₂e 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 marginal emissions reduction is obtained by comparing expected supply and demand for electricity in a given country. The marginal reduction is

the most cost-intensive energy technology 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. Predicted demand is then calculated per hour per country. In any country, wind, solar and other renewable energy sources will thus displace CO₂e at differing intensities per MWh supplied.

The calculations are further 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 CO₂e these projects will avoid during their useful life.

EKF's renewables projects reduce CO₂e

Projects co-financed by EKF in 2021 are expected to achieve displacement of

74.9 million tonnes of CO₂e

over the projects' useful life of 25 years.

Of this total, EKF's share is equivalent to 12.0 million tonnes

Poland

18.0
million tonnes

Projects

Banie 3 + Sepopol
Dębica, Grace
Janikowo, Kujawy-Pomerania

Taiwan

48.1
million tonnes

Projects

Mercury
Zone 29

Vietnam

4.1
million tonnes

Project
Tan Thuan

Germany

3.6
million tonnes

Project

Arcadis Ost 1

Turkey

0.7
million tonnes

Projects

Hacı Bey
Soğanlı

Japan

0.4
million tonnes

Project

Obton



Source: Copenhagen Economics

To ensure the highest reliability for our CO₂e reduction figures, these have been included in an auditor's report authored by Deloitte. See the independent auditors' opinion regarding CO₂e data.



Taiwan is the gateway to a new offshore wind boom

The island nation is rapidly building offshore wind farms – and is increasingly becoming the entry point to Asia for Danish wind industry companies. EKF is helping to open the gate to this new boom..

The group of islands that make up Taiwan are small but hugely ambitious. Taiwan wants to be free of fossil fuels and energy self-sufficient within a short time and is focusing intensively on offshore wind energy as a way to do this. And who is best placed to help with that? That would be the Danish world leaders in offshore wind: Vestas, Siemens Gamesa, Ørsted, CIP and EKF.

As well as being a major purchaser of offshore wind turbines, the island nation of Taiwan is currently the jumping off point for much of the offshore wind boom that is underway across the region of Asia.

Major developers such as Ørsted and turbine manufacturers such as Vestas and Siemens Gamesa (SGRE) have their regional hubs in Taipei.

Taiwan arrived on the global offshore wind energy scene in 2018 with the world's first commercial offshore wind farm outside of Europe, known as Formosa 1. EKF contributed substantial risk cover even at this early stage.

Many Danish and foreign suppliers have subsequently established a foothold in Taiwan from which to service the expansion of Taiwanese offshore wind energy.

Since Formosa 1, EKF has participated in the financing or risk cover of five additional offshore wind farms: Yunlin, Formosa 2, CFXD, Greater Changhua 1a and Zhong Neng.

Bringing in additional Danish orders

Thanks to our establishment in Taiwan, Danish offshore wind energy companies can expand to other Asian markets, with Japan, South Korea and Vietnam in particular looking like excellent prospects. Patrick Rosenqvist Jakobsen, Senior Vice President at EKF, refers to the fact that EKF has helped to open the gate for Danish green solutions in large parts of Asia as “due diligence”.

“Taiwan is a beacon for offshore wind energy in Asia, having created a clear plan for the rollout while other countries are still in the process of clarifying framework conditions and tenders. But there is no doubt that expansion of renewable energy in these other countries will bring significant orders to Danish businesses, and that Danish investors will share in this development through investment in the wind farms. EKF is prepared to both offer financing and cover risk,” says Patrick Rosenqvist Jakobsen.

In 2021 EKF participated in the financing of Greater Changhua 1a, when Canadian pension fund CDPQ and Taiwanese Cathay PE acquired 50 percent of its ownership from Danish company Ørsted A/S. The wind farm provides 605 MW of energy and the turbines are supplied by Siemens Gamesa Renewable Energy A/S. EKF guaranteed the repayment of loans in NTD of more than NTD 15 billion, equivalent to DKK 3.4 billion. The rest of the financing was arranged by a group of international and local banks together with the ECAs of several other countries.

Via an investment guarantee (political risk insurance), EKF also hedged the political risks associated with Copenhagen Infrastructure Partners’ investment in the Zhong Neng project in Taiwan, another offshore wind project providing 298 MW with turbines supplied by Vestas Wind Systems A/S. EKF covers political risks such as war, unrest, nationalisation, expropriation and so on together with a group of private insurance companies.

EKF is selected for these major project financing projects because of our extensive experience with renewables, complex financing solutions and willingness to take risks and partner with developers and local governments to find solutions that allow projects to succeed. In 2021 EKF established a hub in Singapore to accelerate our work in the region even further.

Measuring the climate footprint of our portfolio

EKF has also contributed to the financing of projects that emit significant amounts of CO₂e. In 2021 EKF continued to identify and classify high emitting projects during our ESG due diligence processes and monitored these projects' efforts to reduce their emissions. 2021 was also the year that EKF initiated the groundwork needed to establish a baseline for our entire portfolio's carbon footprint.

Projects involving intensive carbon emissions

EKF is committed to following international standards on 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 (EP). The OECD Common Approaches require projects emitting more than 25,000 tonnes of CO₂ equivalents (during operation) to report their emissions and set targets for mitigation annually. Whether a project exceeds the 25,000 tonnes threshold is evaluated based on the project's technical reports and documentation.

For all projects in our portfolio exceeding the 25,000-tonne threshold, EKF continuously monitors the project and asks for an annual report to be compiled to account for the carbon reduction measures implemented by the projects in that specific year. In 2021 EKF provided only one guarantee with a carbon impact on that scale. The project is a railway project in Turkey that is expected to emit 37,000 tonnes of carbon per annum during operation. While this is a significant amount of emissions, trains are considered a way greener alternative to other means of transportation such as cars and aeroplanes.

Calculating a baseline for EKF's carbon footprint

The implementation of EKF's new climate policy and the announced goal of climate neutrality by 2045 have initiated a major review and update to EKF's assessment and calculation of our portfolio's overall carbon footprint. On this matter as well, we are working with the international standards to ensure that data for the financial institutions is comparable and consistent.

To effectively measure EKF's future alignment with the Paris Agreement's goal to keep temperature increases well below 2°C, and ambitiously below 1.5°C, EKF

needs to calculate a portfolio carbon footprint and model reduction scenarios.

The first step is to establish a baseline for our portfolio's carbon footprint. EKF has during 2021 worked closely with the UN Environment Programme (UNEP) to develop both calculation methods and data collection procedures. The PCAF-standard (Partnership for Carbon Accounting Financials) is being used as the standard of reference during the entire process to ensure that our methods are reliable and aligned with internationally recognised practice.

Work on retrieving data, both internally in EKF and from our portfolio projects, started at the beginning of 2022. These data are used to calculate our portfolio's total carbon footprint by applying the best available modelling tools. Our aim is to have a baseline for our footprint ready by the end of 2022. Based on this, EKF will be able to establish yearly reduction targets and set a 2030 target aligned with the Paris Agreement and the recommendations of the Science Based Targets Initiative (SBTi).

Retrieving standardised data from portfolio projects and calculating the overall carbon footprint of financial institutions is globally still very much in the early stages. As standards and modelling tools develop and practices increasingly harmonise, EKF will continue to fine-tune our methods to be able to calculate our carbon footprint as precisely as possible. Our efforts to calculate our portfolio baseline are the first important steps towards reaching net zero emissions in 2045.

Managing climate related risks

Climate change is a substantial risk factor that most financial institutions face today. However, the exact timing and severity of the physical effects of climate change are very difficult to estimate and it is consequently equally difficult for financial institutions to price these effects. In general climate-related risks are divided into 1) transitional risks, i.e. technological disruption, changes in the political environment and market shifts, and 2) physical risks such as increasing intensity of extreme weather events and increasing temperatures or rise of sea level.

While there is no specific IFC Performance Standard for mitigating risks related to climate change impact, the latest revision of the Equator Principles includes a guideline on Climate Change Risk Assessment (CCRA). EKF adheres to the EP guidelines, which are aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The guideline requires that a CCRA of relevant physical risks is undertaken for all category A and, as appropriate, B projects*. Furthermore, for all projects where the combined scope 1 and 2 emissions are expected to exceed 100,000 tonnes of CO₂e, it is required that the project considers transitional risks and at the same time conducts an analysis evaluating the possibilities of implementing fewer carbon intensive alternatives.

EKF has committed to report on climate-related risks in alignment with the TCFD recommendations, which will come into effect for our 2022 annual reporting. This requires EKF to start incorporating climate risks in our organisation's overall governance structures, strategy and risk management. Our efforts in calculating our portfolio's overall carbon footprint is the important first step to developing metrics that can inform and develop our understanding of these climate-related risks and opportunities. Going forward the calculated portfolio carbon baseline can further guide our future work on implementing scenario analysis, which is expected to enable us to evaluate the financial effects of climate changes and climate-related risks.

EKF's understanding of climate-related risks is developing and becoming more robust, and consequently our reporting framework will too. This means that going forward EKF will change some of our reporting practices related to climate change, climate risks and green transition.

** See p. 21 for definitions of A and B projects.*



Safeguarding our Projects

EKF applies ESG due diligence to all transactions. Furthermore, EKF participates in international forums and applies international standards to our projects to ensure maximum sustainability on Denmark's behalf.

EKF has a responsibility to ensure maximum sustainability in the transactions in which we are involved. Consideration for people, planet and climate is thus integral to every EKF transaction. Environmental, Social and Governance – also known as ESG – are the basic elements of sustainability. EKF has undertaken this responsibility for many years in our own transactions and through close international cooperation. Based on the international rules applicable in this domain, we set standards for ourselves, our customers, partners and suppliers. Based on risk

management and accountability within ESG, we work with our customers and other stakeholders on joint value creation and future-proofing of the projects in which we are involved.

For us to maintain our commercial strength and achieve our ambitions, it is crucial that we develop our understanding of ESG risks and are able to manage these risks in our portfolio. ESG-related risk was also integrated into the credit process framework in 2021 by bringing the ESG team into the organisational pillar

of Credit at EKF. In this way ESG issues are treated at the same level and overseen through the same governance structure as other credit risks assessments.

At an international level, we collaborate with several institutions on continued reinforcement of ESG standards. Most importantly, EKF works with like-minded ECAs in several OECD forums. With regard to 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 loans. The Equator Principles derive from the performance standards developed by the International Finance Corporation, the private sector arm of the World Bank. The principles cover nine 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.

EKF operates in accordance with the following international standards:

- › The OECD Common Approaches
- › The Equator Principles
- › The OECD Guidelines for Multinational Enterprises
- › The UN Global Compact and the UN's Guiding Principles on Business and Human Rights to raise standards regarding environmental considerations and social issues
- › The Ten Principles of the UN Global Compact

EKF is a member of the steering committee of the Equator Principles, and through this work we have great influence on the management and development of the framework

ESG in the spotlight throughout the customer relationship

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 approach to environmental and social due diligence and works to ensure that potential adverse impacts are addressed at an early stage of a transaction life cycle and correspond exactly to the circumstances of the transaction. Throughout that life cycle, EKF works to facilitate the best possible cooperation with our customers and other stakeholders in our transactions, thereby strengthening environmental and social due diligence. The aim is to increase value creation for all parties, including projects, local communities and financial operators.

Transactions are reviewed systematically to assess their potential impact on people and planet. Our risk-based approach to the assessment of new projects means that not all cases are processed in the same way, as risks differ widely depending on the size of the transaction, the financial product and the context of a transaction.

Small transactions involving less than DKK 25 million with a term of less than two years are screened for sector-specific risks, and if the screening does not flag any risks, the exporter signs a declaration of compliance with EKF's ESG requirements.

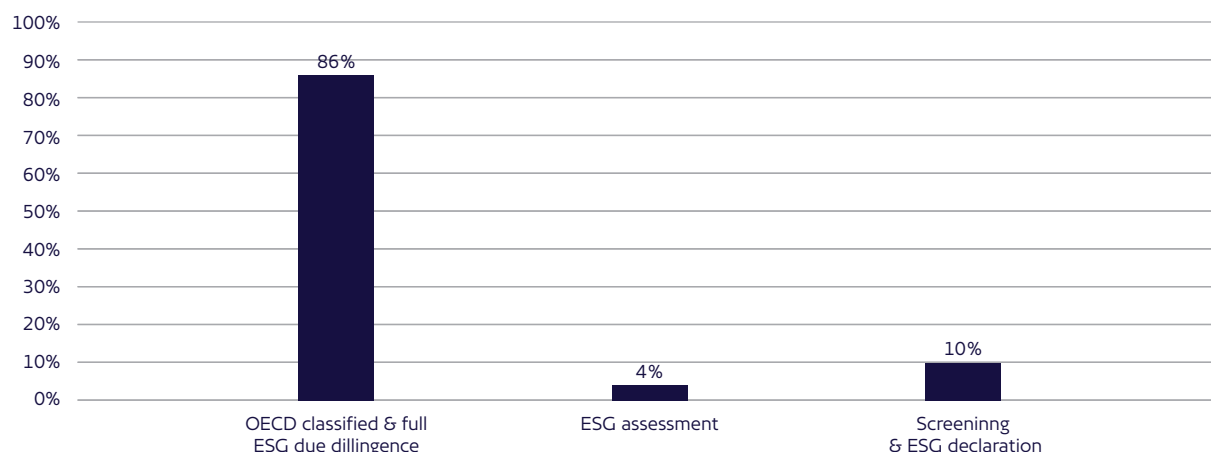
In the case of transactions where EKF's risk is on the Danish exporter and both the economic commitment and the risk level are considered relatively low, EKF manages environmental and social risks with an ESG assessment of either the project and/or the Danish exporter.

For transactions which exceed DKK 90 million, EKF performs a full OECD aligned due diligence and conducts an in-depth assessment of the risk level. The risk assessment is divided into three levels, A, B and C – denoting potentially large, long-term and irreversible impacts and few and insignificant impacts respectively. Projects with a high or medium risk rating (A or B) require many prior analyses of environmental and social matters as well as a close dialogue between EKF, other financial parties and the project to agree on a detailed plan of work. This entails high-level supervision by EKF regarding the project's handling of environmental and social matters throughout its useful life.

A project 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 2021 no transactions were denied solely based on environmental and social risks.

Share of EKF commitment distributed by type of ESG-assessment

% of EKF commitment



Due diligence framework

EKF's commitment to the OECD Common Approaches and the Equator Principles means that we are required to scope projects and categorize transactions according to their ESG risk and potential negative impacts.

Both sets of principles point to the IFC Performance standards as the relevant benchmarking framework that international project should comply with, but EKF will also include other standards for health and safety, human rights or sector specific standards.








Ensuring that a transaction is compliant with the IFC Performance Standards means conducting a rigorous assessment and due diligence on the project. In line with internal policies, EKF scopes and categorise the risk level of every transaction larger than DKK 25 million.

Most commonly projects have developed an Environmental and Social Impact Assessment which is typically required by the local authorities for large

scale green field projects to issue permits and licenses. However, EKF's due diligence often reveals that the local standards for these assessments are not always meeting the levels of international standards. The goal of the due diligence process is hence to close the gaps by developing an Environmental and Social Action Plan, an agreement that will ensure that the given project complies with IFC standards and international norms. The action plan is the primary tool to proactively mitigate ESG related issues that may arise in relation to a project, and it is a central element of the loan agreement. This ensures that EKF always has the relevant legal instruments to enforce the plan, if needed. The project and the implementation of the Environmental and Social Action plan are monitored throughout the loan process. Most large financial transactions are large-scale construction projects, which require thorough due diligence and long-term monitoring for both the construction- and operational phase.

The following ESG areas are included in the eight IFC Performance standards:

Objectives of the IFC performance standards

1. ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT						
<ul style="list-style-type: none"> › Identify project E&S risks and impacts › Adopt mitigation hierarchy: Anticipate, avoid, mitigate, compensate or offset › Improve performance through an Environmental and Social Management System (ESMS) › Engagement with Affected Communities, other stakeholders › Throughout project cycle: Includes communications, grievance mechanisms 						
2. LABOUR & WORKING CONDITIONS	3. RESOURCE & EFFICIENCY & POLLUTION PREVENTION	4. COMMUNITY HEALTH, SAFETY & SECURITY	5. LAND ACQUISITION & INVOLUNTARY RESETTLEMENT	6. BIODIVERSITY & SUSTAINABLE NATURAL RESOURCES	7. INDIGENOUS PEOPLE	8. CULTURAL HERITAGE
						
<ul style="list-style-type: none"> › Fair treatment, non-discrimination, equal opportunity › Good worker – management relationship › Comply with national employment and labor laws › Protect workers, in particular vulnerable categories › Promote safety and health › Avoid use of forced labor or child labor 	<ul style="list-style-type: none"> › Avoid, minimize, and reduce project-related pollution › More sustainable use of resources, including energy and water › Reduced project-related Greenhouse Gas (GHG) emissions 	<ul style="list-style-type: none"> › to anticipate and avoid adverse impacts on the health and safety of the Affected Community › To safeguard personnel and property in accordance with relevant human rights principles 	<ul style="list-style-type: none"> › Avoid, minimize adverse social and economic impacts from land acquisition or restrictions on land use <ul style="list-style-type: none"> – Avoid, minimize displacement – Alternative project designs – Avoid forced eviction – Improve or restore livelihoods and standards of living › Improve living conditions among displaced persons <ul style="list-style-type: none"> – Adequate housing – Security of tenure 	<ul style="list-style-type: none"> › Protection and conservation of biodiversity › Maintenance of benefits from ecosystem services › Promotion of sustainable management of living › natural resources › Integration of conservation needs and › development priorities 	<ul style="list-style-type: none"> › Ensure full respect for IPs <ul style="list-style-type: none"> – Human rights, dignity, aspirations – Livelihoods – Culture, knowledge, practices › Avoid, minimize adverse impacts › Sustainable and culturally appropriate development <ul style="list-style-type: none"> – benefits and opportunities – Free, Prior and Informed Consent (FPIC) in certain circumstances 	<ul style="list-style-type: none"> › Protection and preservation of cultural heritage › Promotion of equitable sharing of cultural heritage benefits



Close dialogue on the impact of wind turbines on fisheries and fauna

The Tan Thuan wind energy project in Vietnam shows the value of focused ESG due diligence at an early stage.

Vietnam has clear climate objectives – and thus an urgent need to build wind farms – but less specific knowledge of international standards regarding environmental and social standards.

This is precisely why it is important to start a close dialogue about ESG due diligence early in the process when EKF participates in wind energy projects in Vietnam - as EKF increasingly has done over the past couple of years.

In 2021 EKF issued a guarantee for the Tan Thuan wind energy project. This is what is known as a near-shore wind energy project, which is sited immediately off the coast. The project consists of 18 Siemens

Gamesa Renewable Energy wind turbines with a total capacity of 75 MW.

Working closely with the commercial track within EKF, the ESG department has worked on the transaction since August 2019.

“This early involvement allows us to explain to the project developer the standards with which the project must comply in order to receive financing, and which consultants EKF has had good experiences of working with on environmental and social standards,” says Jakob Majcher of EKF’s ESG team.



The dialogue with the project developer continued in 2019 and 2020, with EKF speaking directly to the consultants who were working on environmental and social standards for the project.

Once the investigations into environmental and social standards were completed, the material was reviewed by EKF and it was decided that matters regarding biodiversity and social issues, including indigenous people, required further investigation.

‘Social matters’ refers to local fisher folk whose fisheries will be affected by the project. There are also potential impacts on biodiversity, for which investigations have focused particularly on the project’s impact on mangroves, bats and birds, including wading birds and marine mammals such as the endangered Irrawaddy dolphin.

“One of our requirements is a careful investigation of how we can ensure that the livelihoods of fisher folk are not negatively affected either during the construction phase or the subsequent operational phase,” says Jakob Majcher. “This means that specific requirements and conditions need to be developed for environmental and social standards in the project

management plans. We also require the project area to be monitored so that the project’s actual impacts can be better assessed. Only if the action plans are followed and monitoring is implemented can EKF enter into the transaction.”

The work on environmental and social standards for the project was approved by EKF in September 2021. Project follow-up begins after this and is expected to last for five years. Follow-up on compliance with environmental and social sustainability requirements is just as important as follow-up on financial arrangements. Accordingly, EKF prioritises both internal resources and consultancy services to ensure project compliance with international standards. One step in EKF’s due diligence procedure and monitoring of ongoing projects is that we pay site visits to category A projects, which are classified as having potentially major and long-term impacts. The visits are conducted with co-lenders.

EKF will continue to focus on the Vietnamese wind energy market going forward, and additional wind energy projects in the pipeline are expected to receive financing from EKF in 2022.

Transaction overview

In 2021 EKF issued new export credit guarantees worth DKK 19 billion. EKF performs due diligence in the form of environmental and social impact assessments for our medium/long-term project transactions, of which there were 17 in 2021, constituting a value of DKK 14 billion (see transaction table on p. 26).

Of the medium/long-term guarantees issued during the year, 16 (five A-projects, nine B-projects and two OECD unclassified projects) had potential negative environmental or social consequences that were rated as high or medium risk, if no mitigation actions were taken. These 16 projects have been subjected to a thorough due diligence process, in which EKF has charted project risks and determined interventions to ensure that the projects are in alignment with international ESG standards and negative impacts on the environment or society are mitigated. EKF establishes plans of work for the projects and continuously checks that these are complied with. EKF also operates as a sparring partner and supervisor during the process. Failure to comply with the plans of work is regarded as failure to comply with the contract and ultimately as a breach of contract.

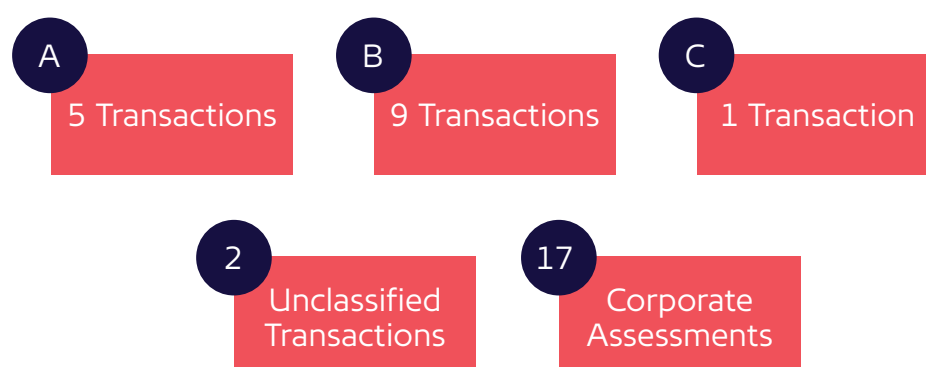
One of the 17 transactions was assessed as having very few or no environmental and/or social impacts (categorised as a C project). EKF also carried out 17

Transaction overview

– relevant IFC Performance Standards

Performance Standard	A-projects: 5	B-projects: 9	Total: 14
PS1 E&S risk management	5	9	14
PS2 Labour	5	9	14
PS3 Environment	5	9	14
PS4 Community	5	9	14
PS5 Resettlement	5	7	12
PS6 Biodiversity	5	7	12
PS7 Indigenous peoples	0	1	1
PS8 Cultural heritage	4	6	10

corporate assessments on environmental and social management systems and human rights. The remaining part of the portfolio was screened and assessed for environmental and social risks. Transactions less than DKK 25 million and without any apparent issues signed an environmental and social compliance declaration.



Transactions in 2021 subject to ESG due diligence

#	Project	Country	Sector	EKF product	EKF Credit Amount (DKK millions) ¹	OECD classification	EP classification
1	Greater Changhua 1	Taiwan	Offshore wind	Project Financing Guarantee	3,588	A	B
2	Banie III og Sepopol	Poland	Onshore wind	Project Financing Guarantee	335	A + A	B + A
3	Soganli	Turkey	Onshore wind	Buyer Credit Guarantee	196	A	A
4	Haci Bey	Turkey	Onshore wind	Buyer Credit Guarantee	237	A	A
5	BBYO Railway Project	Turkey	Infrastructure	Export loan with a possible Buyer Credit Guarantee	4,291	A	A
6	Obton	Japan	Solar	Project Financing Guarantee	440	B	B
7	Projekt Arcadis Ost 1	Germany	Onshore wind	Project Financing Guarantee	385	B	B
8	Hotel & International Conference Center	Benin	Building and Construction	Export loan	951	B	B
9	Construction of medical clinics	Ivory Coast	Building and Construction	Export loan with a possible Buyer Credit Guarantee	1,184	B	B
10	Janikowo	Poland	Onshore wind	Project Financing Guarantee	342	B	B
11	Tan Thuan	Vietnam	Onshore wind	Buyer Credit Guarantee	442	B	B
12	Debnica	Poland	Onshore wind	Export loan	85	B	B
13	Pommern	Poland	Onshore wind	Project Financing Guarantee	202	B	B
14	Grace	Poland	Onshore wind	Project Financing Guarantee	199	B	B
15	Operational lease of hospital equipment	Malaysia	Health care	Supplier Credit Guarantee	46	C	N/A
16	Zone 29	Taiwan	Offshore wind	Investment Guarantee	884	N/A	N/A
17	Tiligul	Ukraine	Onshore wind	Contract Guarantee	201	N/A	N/A

¹EKF credit amount is defined as guarantee exposure and loans, both stated before reinsurance.

More in-depth analysis of human rights in 2021

EKF manages environmental and social risks with the same care and stringency as it does with any other risk and undertakes a robust due diligence process to assess projects and consider the environmental and social risks as part of our decisions on transactions. EKF's transactions primarily involve projects beyond Denmark's borders, where there is a greater risk of local legislation failing to protect human rights and labour rights. To ensure that the projects EKF are involved with do not have adverse impacts on people and their human rights, EKF has in 2021 focused to an even greater extent on this domain – for the benefit of the people involved with the project, the project itself and the surrounding world.

Basis

The domain of human rights is an important aspect of EKF's ESG policy and is based on internationally recognised standards such as the UN Global Compact, the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The guidelines indicate how EKF should continuously deal with potential negative impacts on human rights, and the OECD's Common Approaches and Equator Principles specify how EKF should assess, mitigate and manage environmental and social issues in projects and business transactions. To comply with our responsibility, EKF applies the IFC's Performance Standards and the World Bank's guidelines as the international frameworks with which projects must comply. In practice, this means that during the arrangement phase, projects undergo an impact assessment regarding environmental and social matters, including human rights. EKF performs thorough due diligence on the impact assessment and sets requirements for improvements and further analyses if the initial assessment is not satisfactory.

Activities and results

Based on greater international emphasis on human rights and business, EKF implemented in 2021 a new tool for scanning projects in respect of human rights. This tool starts with the earliest phases of a project, when it can be used to assess whether a full human rights analysis is required. This is intended to identify and address risks relating to the project early in the process in partnership with the international banks with which EKF cooperates.

The result is a tool that gathers information from the region in which the project is located and at the

same time it can be used for evaluating any sectoral challenges. With this new systematic approach to identifying any need for more in-depth human rights analysis, EKF is aiming for a better integrated approach to managing human rights risks. Based on the outcome of initial screenings and other due diligence processes in social domains such as labour rights, health and safety and stakeholder engagement, three projects were subjected to a full human rights analysis in 2021.

Next steps

The tool was developed by EKF, but it has been an iterative process with contributions and input received from external stakeholders such as the OECD and the Danish Institute for Human Rights. EKF has encouraged other ECAs to use the tool and offer input and suggestions for improvement so that it can be continuously improved. In 2022 EKF will continue to work on gathering experience and use of the tool.

EKF expects work in the domain of human rights to continue to broaden in scope. In particular EKF expects in 2022 to focus on risks relating to forced labour in supply chains and expropriation processes that do not comply with international standards.

Focus on fair compensation to displaced people

EKF makes great efforts to ensure adequate compensation for physically and economically displaced people. In the ESG related frameworks that EKF works in accordance with such as the IFC Performance Standards, there are clear criteria for how compensation should be calculated. EKF requires that affected people are resettled in either temporary or permanent houses that are of an equal or higher standard to the houses where people are resettled from. If affected people have a loss of income, they will be compensated by new means of livelihood and trained in alternative livelihood activities.

EKF works to avoid involuntary resettlement by exploring alternative project designs that minimise adverse impacts on both people and the environment. EKF is aware that some projects will impact people living nearby significantly. In a worst-case scenario, people must move from their homes and/or change their source of income. When this happens, EKF works to ensure that the transactions live up to international standards by working with the project on land acquisition and involuntary resettlement in line with IFC Performance Standard 5.

EKF identifies and addresses gaps between national legislation and IFC and pays special attention to vulnerable people such as indigenous people, informal settlers and land users and street vendors without formal land/user rights, who may be at heightened risk of project-induced negative impacts. Grievance mechanisms are established to address concerns raised by displaced persons in a prompt and transparent manner. The implementation of resettlement action plans and livelihood restoration is carefully monitored by EKF both before and after the signing of a project.

In 2021 EKF engaged in two new projects that involved involuntary displacement and resettlement issues. The first project concerned the construction of a large high-speed railway in Turkey (BBYO Railway), which involved relocating 54 households and 18 businesses. In this case, a challenge for EKF was that

on one stretch of the railway, stakeholders had been compensated prior to our engagement and in accordance with local legislation. When EKF got involved with the project, the IFC Performance Standards now applied, which meant that the affected stakeholders were entitled to higher compensation. Therefore a substantial effort was put into tracking the previously compensated stakeholders and recompensating them in alignment with the performance standards.

The second project concerned the establishment of a new wind farm in Vietnam (Tan Thuan), in which 71 households and two governmental organizations would be affected by land acquisition when establishing the wind farm. The 71 households were economically displaced because of the establishment of a transmission line that connects the wind farm with the electricity grid.

Displacement and Resettlement

Resettlement can be either **voluntary** or **involuntary**. In the case of voluntary resettlement, affected individuals, land users and/or communities have the legal right to make the decision whether to relocate or not. Involuntary resettlement occurs when the affected parties do not have the right to refuse relocation and the legal right to expropriate land exists.

In addition to voluntary and involuntary, it is important to distinguish between two types of displacement:

Physical displacement is the loss of people's properties and entails the relocation of households to an alternative location owing to a need to access the land.

Economic displacement is the loss of assets or access to assets that results in the loss of income or means of livelihood.

EKF – an organisation moving in the right direction

EKF welcomed new employees – and a new CEO – in 2021, while COVID-19 and working from home once again left a mark on the organisation.



In 2021 we welcomed our new CEO Peder Lundquist, who replaced Kirstine Damkjær. Deputy CEO Jan Vassard chose to retire in 2021. The management group will consist of six people going forward, each representing the various professional areas of

EKF. The management group is responsible for the day-to-day operation of EKF.

The management group also reflects the modified organisational structure that was introduced in

September 2021. The organisation consists of three pillars: Global Markets, Credit and Corporate Functions. There is also the cross-organisational Staff Functions unit.

The organisational structure is designed to place the customer at the centre in order to ensure that processing of the transactions in which EKF is involved is as simple as possible, while enabling the rest of EKF's administrative and support functions to work together across the organisation as efficiently as possible.

Employee development, well-being and diversity

EKF has an obligation to ensure that employees are adequately skilled to perform their tasks and remain an attractive resource for the labour market. Consequently, employee development is at the core of EKF's employer branding strategy.

Once a year all employees are entitled to an employee development interview with their nearest manager, which is followed up semi-annually. The purpose of providing systematic feedback on performance is to give EKF and the employees better conditions for development and monitoring the results.

In 2021 EKF also designed a development programme for all younger employees called the "EKF Young Professionals Programme". In this way, EKF helps to train and educate and retain skilled employees. It is EKF's ambition to be an employer of choice in an evermore competitive employment market.

Based on the experience from the COVID-19 lockdowns, EKF has decided to launch a work from home policy. The learnings from the lockdowns underlined that the increased flexibility and choice of working from home benefitted both EKF and employees. Going forward, EKF expects the option of remote work at least part time to become a competitive parameter for employers.

As in previous years, EKF welcomed several new employees in 2021. Since there were some periods in which employees were required to work from home at least some of the time, structured onboarding of new colleagues is still underway. Both in-person and online versions of this process were required, depending on the circumstances.

COVID-19 has challenged our health and wellbeing

In 2021 the COVID-19 situation dominated working life. Workplace health and safety became crucial and EKF took several precautions to ensure that no employee was placed at risk of infection. For long periods this meant that almost the entire workforce worked from home, which reduced the risk of infection but increased the risk of dissatisfaction arising from isolation and potentially worse workplace conditions while requiring managers to develop new managerial skills.

A further consequence of COVID-19 was a higher staff turnover at EKF, which increases the need for recruitment in 2022 but will also increase the emphasis on employee well-being generally.

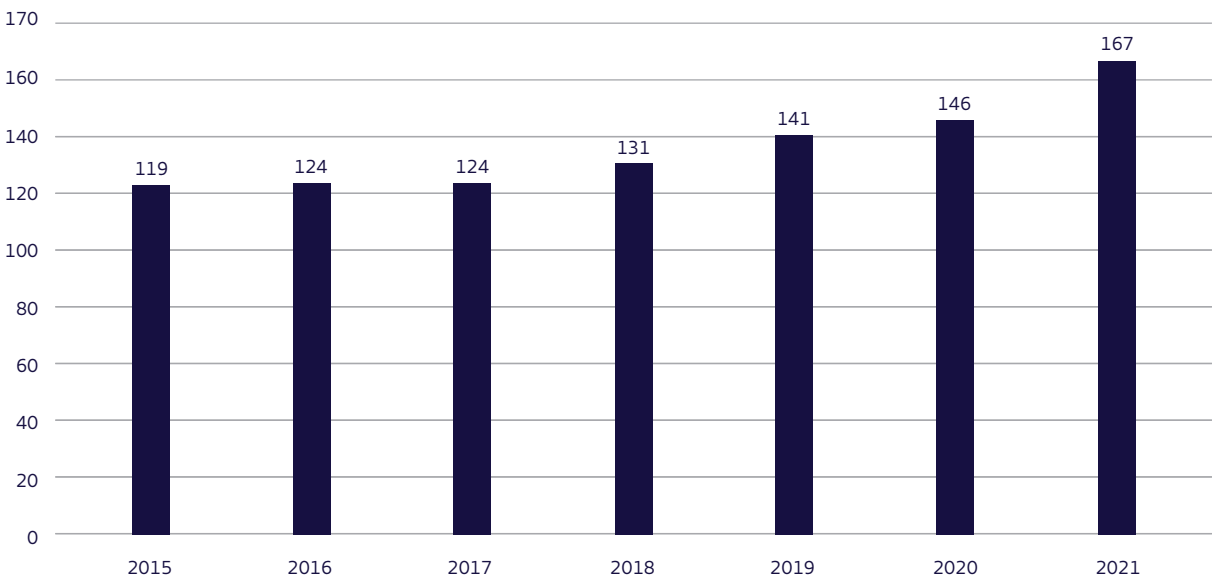
To combat the negative consequences of COVID-19, following the most recent employee satisfaction survey, EKF introduced comprehensive follow-up to ensure that the requisite measures were anchored in every department and were realised at employee level. This work will continue to be prioritised in 2022.

EKF also introduced a policy of working from home to the extent that this was relevant to the individual employee and was reasonable for the performance of work. As EKF’s offices gradually began to open, EKF ensured an enhanced standard of cleaning at EKF’s in-person premises and provided COVID-19 tests so that everyone was able to feel comfortable attending larger events.

EKF expects specific COVID-19 measures to be gradually phased out during the first half of 2022, but measures such as the option of working from home are likely to be maintained. Based on the results of an employee satisfaction survey, staff turnover in 2022 is expected to be lower than in 2021.

Employees have welcomed these new options and many appreciate the extra flexibility in day-to-day life. However we are very aware that the EKF culture and excellent cooperation between departments are best supported by people being in the office to a greater extent than the COVID-19 lockdowns allowed for. It is when interacting with colleagues that we find inspiration, professional sparring and pleasure in our work. So the office remains our primary workplace and the organisation will continue to focus on supporting and developing the positive EKF culture to benefit all our employees.

Total number of EKF employees (average)



The chart is based on the average number of employees according to the ATP method.

Diversity and gender balance in EKF's management

As an independent public company, EKF is subject to the provisions of the Danish Gender Equality Act, which require that the supreme governing body, EKF's board of directors, should have an equal gender balance. EKF's board of directors currently consists of eight members, two elected by employees and six appointed by the Minister for Industry, Business and Financial Affairs. The Minister for Industry, Business and Financial Affairs appointed three women and three men, meaning that the gender balance of EKF's Board of Directors is equal and balanced. As a result of this, EKF is not obliged to set targets for the under-represented gender in respect of the board of directors.

In the year just gone, EKF has established a Diversity Policy, which replaces the previous Policy on Equal Gender Representation in Management. With this policy, EKF aims to promote diversity in the composition of EKF's employees by among other things, highlighting the objective of increasing the proportion of any under-represented gender in EKF's day-to-day management.

At EKF, we regard diversity as fundamental to our ability as a competent organisation to running an efficient and innovative business enterprise for the benefit of our customers. We believe that diversity promotes:

- › An attractive workplace for the right people with the right expertise
- › Problem-solving and best business performance
- › Innovation and progress

We operate with a broad definition of diversity that includes skills, experience, training, age, gender, ethnicity and religion. We believe that diversity and an inclusive culture are strengths that help EKF access the best talent and develop in a positive direction based on diverse skills, experience and viewpoints.

EKF is therefore committed to promoting cultural diversity within the organisation and supporting interactions characterised by mutual openness and respect both within EKF and externally towards EKF's customers and stakeholders. Similarly, our recruitment procedures and working conditions should support equal opportunities for all staff with the right skills as regards appointments and promotions to new positions.

Gender diversity in day-to-day management is a particular focus area for EKF's diversity agenda and is consequently subject to specific targets. However, we always operate on the principle that executive positions are to be filled based on the candidate's

skills, motivation and personality rather than on the basis of gender alone.

EKF strives to have an equal balance of women and men in overall day-to-day management, including the Management and the Executive Leadership Team. Equal balance is taken to mean that each gender should be represented by at least 40 percent or the number/percentage that is closest to 40 percent. If one gender accounts for 40 percent, it is no longer construed as being under-represented.

As of 31 December 2021, the day-to-day management of EKF consisted of a total of 23 individuals in Management and the Executive Leadership Team, of whom six (26 per cent) were women and 17 (74 per cent) were men. The proportion of the under-represented gender in the overall day-to-day management is thus 26 per cent, meaning that we did not fulfil our aim of having an equal gender balance in day-to-day management.

EKF will continue to actively encourage and empower women within EKF to develop leadership potential and pursue a managerial career path, and if external recruitment assistance is employed, we will also strive to ensure that qualified female candidates are presented for managerial roles, provided that the candidates meet the qualification requirements.

Corporate social responsibility within the organisation

EKF's biggest risks and impacts in connection with corporate social responsibility are found in the portfolio and are managed via ESG due diligence. But corporate social responsibility also plays an important role in EKF's own business conduct and is based on international principles and conventions aimed at respecting human rights. This work at EKF is based on compliance with the ten principles of the UN Global Compact. In Denmark, basic human rights and labour rights are governed through regulation, but in internal policies, EKF also focuses strongly on safeguarding staff conditions that set the framework for a good work life, health and well-being, equal opportunities and anti-discrimination.

Responsibility for staff conditions is anchored in EKF's management group and implemented via EKF's Legal, HR and Compliance department. The main risk areas for EKF's corporate social responsibility in respect of employees revolve around preventing employees from being exposed to risk, ill-health, dissatisfaction or discrimination.

Corporate social responsibility within EKF is managed via employee policies and EKF measures employee perception of well-being and conditions in an annual employee satisfaction survey with follow-up discussions in the departments. To safeguard health and safety in the workplace, EKF provides special health-related offers for employees in the form of additional insurance and employee benefits with an emphasis on health. Seniority schemes, the option of working from home and family leave days should ensure that employee working conditions fit individual situations. EKF also performs regular workplace assessments to ensure a good working environment.

Diversity, inclusion, and well-being are also included as a specific topic in the developmental discussions between managers and employees. Discrimination can also be reported via HR and via EKF's whistleblower portal, which also allows employees to report physical violence, discrimination and sexual harassment.

In the 2021 financial year work on personnel matters and more has resulted among other things, in EKF's whistleblower scheme being updated in compliance with new legislation, and all employees have been trained in the scheme. There were no reports to the scheme during the 2021 financial year. In addition, in connection with the annual employee satisfaction

survey, EKF established that there were no indications of violence, discrimination or sexual harassment in the workplace. It goes without saying that EKF will work to maintain these excellent results in the coming year.

The EKF organisation's own ESG standards

EKF's ESG policy directs environmental and labour standards for our own organisation in Denmark, but the policy is mostly implemented in departments other than the ESG department, such as HR, legal and our compliance functions as well as general management.

Regarding the EKF organisation's own environmental standards and impact, the ESG department looks at changes in a number of KPIs each year, including waste management, consumption, carbon and impact of resources. These numbers can be found in our consolidated ESG statement in this report.

Business integrity

In addition to environmental and social due diligence and risk management procedures, EKF conducts anti-money laundering (AML) and combating the financing of terrorism (CFT) assessments of 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 rules and has implemented the OECD's Recommendation of the Council on Bribery and Officially Supported Export Credits. These rules form the basis of the comprehensive know-your-customer (KYC) procedures that EKF applies for all customers and – in the event of anti-bribery procedures – other significant counterparties.

EKF also has a risk-based framework for sanctions screening and applies internal guidelines for the assessment of potential tax evasion or tax avoidance in the transactions with which we are involved.

KYC procedure

EKF imposes comprehensive KYC procedures on all guarantee recipients and borrowers:

- › We examine the ownership and control structure and identify and verify the identities of the beneficial owners
- › This assessment is performed based on an overall risk assessment in which EKF reviews and assesses its business model annually for its inherent risk of being exploited for money laundering and/or financing of terrorism.
- › Extended customer due diligence is performed when we judge that there is a greater risk of money laundering or financing of terrorism.

Furthermore, we continuously monitor business affairs and use risk classification and other information on customer activities to ensure that we identify and respond to any suspicious activity.

Screening procedures have also been introduced to register any risk of bribery in connection with transactions in which EKF is involved, and these use some of the same data points covered by KYC procedures.

We also screen on a systematic, structured basis for sanctions risk and assess whether transactions carry a risk of potential tax evasion or tax avoidance. We revised our KYC procedures and internal guidelines to reflect the additional requirements set out in the Danish implementation of the European Union's Anti-Money Laundering Directive V. EKF changed screening practice from screening client transactions to client

relations. This happened mid 2020 and was fully implemented during 2021. Previously we reported on EKF's annual number of anti-corruption screenings together with KYC screenings. EKF changed the procedures so that KYC screenings and anti-corruption screenings are now conducted separately. Information regarding the number of anti-corruption screenings will be disclosed when the report methodology is fully developed early 2022.

During the 2021 financial year, EKF conducted KYC procedures for all transactions in accordance with EKF's internal rules and obtained anti-bribery declarations from all relevant counterparties. Using a risk-based approach, EKF has thus minimised the risk of being involved in transactions carrying an elevated risk of corruption and bribery. EKF works actively with risk management before, during and after the granting of export credits and loans. The organisation is adapted for compliance with risk management principles and operates in a stringent control environment. The board of directors approves the general framework for several policies, and management is responsible for implementing the risk exposure framework in the business and for ongoing risk management. In close cooperation with the individual heads of department, who make up the first line of defence, management assesses whether the risks associated with individual business activities should be managed. EKF also makes use of cross-organisational risk coordination units. Risk management and the compliance functions within EKF serve as the second line of defence and provide continuous monitoring for this area. These are independent of the business and report directly to EKF's management and board of directors.

Anti-corruption and bribery within EKF

To protect employees from compromising business integrity, EKF has various internal rules and procedures in place dealing with anti-corruption and bribery within EKF. EKF is involved with a wide range of diverse partners both in Denmark and abroad, and there are both cultural and commercial reasons for EKF to protect employees from any incidence of corruption or bribery.

Among other things, the internal rules cover how EKF should respond to gifts given or received and attendance at social events and hospitality events. The rules are intended to protect EKF's reputation and emphasise the capability, impartiality and independence of EKF employees in respect of the transactions with which they are engaged. For example, EKF employees



may not receive or give gifts or attend social events that are in the nature of a gift – unless these are modest, occasional gifts. There are also set limits for the extent of acceptable hospitality – while in principle EKF always defrays all travel costs associated with the transactions with which EKF is involved.

In the 2021 financial year Legal, HR & Compliance regularly responded specifically to questions from employees relating to compliance with the internal rules, for example in connection with small occasional gifts from customer contacts. Based on this ongoing work, EKF's understands that employees are aware of the content of the internal rules in this area and that going forward the focus should be on maintaining this excellent level of knowledge.

The internal rules are anchored in the Legal, HR & Compliance department, which is responsible for continuously updating and maintaining the procedures. The Compliance function is also responsible for ongoing training of EKF employees in the content of the rules. EKF expects to continue focusing on this area in 2022, particularly as the world opens again, offering more opportunities for social events and travel.

Responsible tax

EKF strives to ensure responsible tax and continuously monitors developments in taxation. On this basis, EKF regularly assesses the risk appetite in the area and the requirements that EKF places on our partners. EKF's transactions are assessed based on whether EKF partners are linked to a tax high-risk country, which EKF defines based on the EU and the OECD's tax lists. In 2022 we expect to introduce an external tax policy.

Data ethics policy

EKF takes work involving data and its use extremely seriously. For this reason, we introduced a data ethics policy in 2021 in accordance with provisions regarding this in the Danish Financial Statements Act. The policy outlines the data ethics principles that should be applied in connection with the use of new technology or in the development of new products, and the policy allows for the preparation of a data ethics assessment to combat any negative consequences.

This data ethics assessment will look at how data are used and the potential consequences of data processing. The assessment will ensure that any new technology has been tested and is fair. It will also look at whether data are retrieved safely and whether

only necessary data are retrieved and also assess whether any negative data ethics consequences can be avoided or mitigated.

The principles will be particularly relevant should EKF begin using artificial intelligence, machine learning or similar technologies in future. In connection with this, the Compliance function will be responsible for enforcing compliance with the policy and preparation of the necessary data ethics assessments according to the rules.

EKF applies the Danish state ownership policy

As an independent public company, EKF applies the Danish state ownership policy as its corporate governance code. The ownership policy contains many specific recommendations for and expectations of the Danish state's exercise of ownership and the conduct of state-owned companies. EKF aims to comply with all recommendations of the state ownership policy. The state ownership policy is available at the Ministry of Finance website.

Corporate governance

EKF's Board of Directors undertakes the overall and strategic management of EKF and the supervision of management. The general tasks and responsibilities of the board of directors are laid down in its rules of procedure. The management group oversees the day-to-day management of EKF and must thus comply with the policies, guidelines and instructions provided by the board of directors.

The board of directors consists of eight members, six appointed by the minister and two elected by the employees. In accordance with Danish state ownership policy and the corporate governance recommendations, as a rule EKF conducts an annual self-assessment of the board of directors. The question framework is based on the latest recommendations of the Corporate Governance Committee.

According to the Act on EKF Denmark's Export Credit Agency, the members of the board of directors must between them have the competencies necessary to pursue the objects of the enterprise, including the required professional credit, financial, business, management and economic insights. EKF performs an analysis of the competencies of the board of directors as part of the assessment of the board.

According to EKF's articles of association, board meetings must be held at least four times a year. There were 12 board meetings in 2021, of which six were ordinary and six extraordinary. There were also three written consultations, and a board seminar was held. The Board of Directors has two sub-committees:

the Audit, Risk and Compliance Committee and the Remuneration Committee. In accordance with the Danish state ownership policy, the members of the committees and the committees' terms of reference can be seen on the EKF website at www.ekf.dk.

The Audit, Risk and Compliance Committee held eight meetings and the Remuneration Committee held four meetings. The leadership holds quarterly meetings with the Ministry of Industry, Business and Financial Affairs, at which it reports on the organisation's strategic relations and follow-up on EKF's operating results, etc.

For more information on remuneration and fees, see note 6 in the income statement and for other duties of the Board of Directors, see the section entitled EKF's Board of Directors.

Whistleblowing

EKF implemented a new whistleblower rule in 2021. EKF employees and individuals who have gained access to information in a work-related context can report information about serious offences or other serious matters.



Focus areas for 2022

With the launch of EKF's climate policy at COP26 in November 2021, EKF renewed its purpose to support a just and green energy transition globally. This journey is based on four core pillars: engaging with stakeholders and partners to create innovation and new opportunities, supporting the need for maturing green technologies for export, supporting carbon intensive sectors on their journey to decarbonization and not least, consistent and transparent reporting about our activities.

The Paris Agreement calls for the alignment of finance to support climate action as the means to meeting both the temperature and adaptation goals. EKF recognises that financing new technology and innovation is essential to advancing climate goals but brings with it challenges that 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 EKF is determined to continue to support clients and industries as they go through this process.

In 2022 we will work on the further integration and development of our climate governance and strategy. This work begins with a robust analysis of our baseline and the carbon footprint of EKF's portfolio. Only when we understand our starting point are we able to further develop 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. We also anticipate participating in COP27 in Cairo to continue the discussion with our stakeholders on how a green and fair transition can take place.

EKF has committed to allocate DKK 200 billion before 2030 to green projects. This will require a strong

understanding of which technologies and sectors will drive the green transition and understanding the classification of what is green. In 2022 EKF will focus on the market transition as well as initiate the necessary internal steps to fully integrate the EU taxonomy in the evaluation of green projects.

The work towards Paris alignment requires more than high-level commitments. EKF has initiated actions for target climate change risk analysis, scenario analysis and launched its new strategy already at the beginning of 2022. This net zero target stands as a core strategic objective, which entails retaining our position of strength in the clean energy transition and supporting the globalization of green Danish solutions.

Transparency is key. EKF is committed to report by TCFD standards for the annual reporting year 2022. Hence the development of a reporting framework aligned with TCFD is underway to guarantee consistent and comparable disclosure. This means that we will introduce new KPIs and targets and will change our reporting practices to align with the new standard.

Finally, EKF's climate policy includes a high-level commitment to action by setting a target to become net zero by 2045 or earlier. The work towards that goal requires inclusion at all levels and awareness raising across the organisation. Throughout the year EKF will plan for full involvement at all levels of the organisation.

Consolidated ESG Statement for 2021

	Unit	2021	2020	2019
EKF organisational environmental data				
CO₂-e scope 2 emissions	Tonnes	45	69	75
Emissions from electricity	Tonnes	32	53	58
Emissions from heat	Tonnes	13	16	17
CO₂-e scope 3 emissions	Tonnes	45	254	960
Emissions from air transport	Tonnes	40	248	943
Emissions from taxi and car transportation	Tonnes	5	6	17
Total emissions	Tonnes	90	323	1035
Waste production	Tonnes	19	13	18
Water consumption ¹	m3	883	959	1.215
Transactions CO₂ data				
CO ₂ -e emissions from transactions, total ²	Tonnes/year	37,000	381,000	70,000
CO ₂ -e avoided emissions from transactions, total	Tonnes/lifetime	74,900,000	71,000,000	75,100,000

	Unit	2021	2020	2019
EKF organisational social data				
Number of employees, end of year	People	167	146	141
Percentage of women in workforce	%	38	42	42
Percentage of women in management	%	37	44	36
Women working part-time	People	5	7	6
Men working part-time	People	4	3	1
Employees on paid maternity leave during the year	People	4	2	2
Employees on paid paternity leave during the year	People	10	6	7
Days spent on training and education per employee	No	2	3	7
Transaction social data				
Danish jobs secured		10,700	8,900	7200
Local jobs during one year of construction, EKF share ³	FTE	-	6,830	1,300
Local jobs during one year of operation, EKF share ³	FTE	-	180	200
Involuntary displacement ⁴	People	491	33,883	5,000
Governance data				
Transactions with full E&S due diligence	Transactions	17	11	13
Corporate assessments	Transactions	17	13	8
Equator Principles	Transactions	15	5	8
E&S transactions visits	Trips	1	2	15
KYC: Money laundering screenings ⁵	Clients	51	125	160
E&S monitoring cases	Transactions	67	70	103

1 Estimated partly based on 2020 data.

2 The figure only includes projects with emissions over 25,000 tonnes per year. That were signed in the financial year 2021.

3 Estimated based on available information at the time of reporting. From 2021 EKF changed the reporting practice for local jobs creation as this information can no longer be obtained.

4 In addition to the projected affected persons (PAP), 20 businesses and governmental organisations were involuntarily displaced in 2021.

5 During 2020 EKF changed screening practice from screening client transactions to client relations. Since this happened mid-year, the number covers both practices. Previously we reported on EKF's annual number of anti-corruption screenings together with KYC screenings. EKF changed the procedures so that KYC screenings and anti-corruption screenings are now conducted separately. Information regarding the number of anti-corruption screenings will be disclosed when the report methodology is fully developed.

For definitions and methodology please see 'Reporting Practices'.

Reporting Practices

Time period: This ESG Report covers the period 1 January 2021 to 31 December 2021.

Reporting scope

The report includes indicators for selected transactions that 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 the OECD Common Approaches, all transactions that will result in or emit more than 25,000 tonnes of CO₂ in one year of operation are required to report their GHG emissions annually 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 exceeding 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-polluting CO₂ based energy sources from the electricity grids in various countries.

CO₂ displacement is quantified as the marginal emissions reduction in a country's power system achieved from the project over its 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 marginal emissions reduction is obtained by comparing expected supply and for electricity in each country. The marginal reduction is the most cost-intensive energy technology 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 calculated 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 project useful life (e.g. 25 years for a wind turbine) and geographical location. The result is a qualified estimate of how many tonnes of CO₂ equivalent these projects will displace during their useful life.

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 to Danish companies and to Denmark. The independent economic consultancy Copenhagen Economics devised a calculation model for EKF. The model inputs 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 eight 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 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 affected 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](https://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: CO₂ emissions are derived from information from our suppliers.

Taxis and personal car use: CO₂ emissions are based on data from the taxi 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. 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 anti-corruption. EKF reports annually, and this report contains information pertaining to activities that took place in the fiscal year 1 January 2021 to 31 December 2021.

The purpose of this report is to provide stakeholders with information on EKF's ESG performance during 2021, 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 only 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 auditors' opinion regarding CO₂e 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 2019–2021" in EKF's Annual Report 2021 (the report) with a view to arriving at a high degree of certainty. Data concern CO₂e displacement over the standard useful life from all projects financed by EKF (74.9 million tonnes of CO₂e) and EKF's share of the total (12.0 million tonnes of CO₂e) in 2021.

Our audit was conducted to determine whether the reported data were obtained in compliance with EKF's method of 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

EKF's management is responsible for gathering, calculating and presenting these data in the report. This responsibility also includes implementing such internal controls that the management determines are necessary for preparation of the report that is free from material misstatement, whether due to fraud or error.

Auditors' 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 of 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 the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (IESBA Code), which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct, as well as ethical requirements applicable in Denmark.

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 2022. 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, capacity factors, energy requirements and capacity data. We have interviewed the developer of the marginal emission factor model and reviewed documentation to verify key assumptions in the model. 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 financing 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 over standard useful life from all renewable energy projects financed by EKF (74.9 million tonnes of CO₂e) and EKF's share of that total (12.0 million tonnes of CO₂e) in EKF's Annual Report 2021 are presented fairly in all material respects.

Copenhagen, 14 March 2022

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