

Environmental, Social and Governance Policy

Purpose

EKF has a social responsibility to ensure that the business transactions in which we participate are as sustainable as possible. Environmental, Social and Governance, also known by the acronym ESG, form the basic elements of sustainability. In the context of business, sustainability is about the business model of the company or project, i.e. how the products and services contribute to sustainable development. Based on international rules in this area, we set standards for EKF, along with our customers, partners and suppliers. Starting with risk management and responsibility within ESG, we work with our customers and other stakeholders towards common value creation and future-proofing of the projects in which we are involved. EKF also works internationally to promote uniformly high ESG requirements for state financial institutions, thus contributing towards uniform terms of competition for the benefit of our customers.

Background

EKF is an important business policy instrument for Danish export and internationalisation. When EKF provides export credits, etc., the capacity of Danish export companies to invest and do business is strengthened. EKF thus plays a key role for many Danish exporters and their export potential, since export credit is an important competitive parameter for Danish companies in the international competitive environment. EKF thus contributes to growth, income and jobs in Denmark. EKF also represents the Danish government, by way of separate instruction, both nationally and internationally in matters relating to export credit policy. Within the framework of the Act on EKF, Denmark's Export Credit Agency, work involving ESG is based on international standards. EKF's ESG Policy defines how EKF complies with legal obligations and international standards relating to environmental and social matters as well as anti-corruption.

Applicability

The ESG Policy applies to everyone within EKF. Internal guidelines and business procedures pertaining to social conditions, human rights¹, employee rights, the environment, climate, anti-corruption and tax practices are to be prepared in compliance with this Policy.

Definitions

ESG stands for Environment, Social and Governance, and covers important information about a company in regard to the environment and climate, the company's social/societal impact and general corporate governance. EKF reports on ESG and provides external stakeholders with information about how we integrate environmental and social factors with our business activities.

EKF's work with ESG rests on internationally recognised standards such as the UN's principles and guidelines, in particular the *principles of the UN Global Compact* on human rights, employee rights, the environment and anti-corruption, the *UN's Guiding Principles for Business and Human Rights* and the

¹ Human rights are defined in accordance with the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. These are known collectively as the International Bill of Human Rights.



OECD Guidelines for Multinational Enterprises, which specify how EKF and other organisations should regularly deal with adverse impacts on areas such as human rights, employee rights, the environment and anti-corruption. *The OECD's Common Approaches*² and *Equator Principles* specify how EKF should assess, mitigate and process environmental and social matters in projects and business transactions. In order to meet our obligations, EKF applies *IFC Performance Standards* and *the World Bank's Guidelines* as international frameworks for identifying and dealing with environmental and social risks within projects. Both frameworks are based on conventions and principles relating to environmental and social matters adopted around the globe.

Climate

EKF aims to contribute to a sustainable, green transition through its own business conduct and the projects in which it participates in order to limit and avoid the consequences of global warming. EKF's ambition is to promote a sustainable transition which is in accordance with the *Paris Agreement* and its objectives. For this purpose, EKF has developed a [climate policy](#) which sets the framework for our efforts.

Description

Common value creation

EKF's own ESG efforts should create value for our customers, society at large and EKF. Based on EKF's extensive experience of assessing and managing ESG matters in the projects it supports, EKF will cooperate with our customers proactively to ensure that EKF's customers and other stakeholders have access to information on what is expected in order to safeguard international export credits. EKF will thereby work to ensure that any ESG-related risks posed to customer transactions are preventable and managed. In so doing, EKF's transactions create value for companies, employees and local communities.

A risk-based approach to environmental and social due diligence

EKF has integrated its ESG due diligence with its role as an export credit agency. With a risk-based approach to environmental and social due diligence, EKF works to ensure that potential adverse impacts are addressed at an early stage of a transaction lifecycle. Throughout that lifecycle, EKF works to facilitate the best possible cooperation with our customers and other stakeholders on our transactions, thereby strengthening environmental and social due diligence.

Risk management and responsibility

Transactions are reviewed systematically to assess potential ESG-related negative impacts. ESG risks are dealt with by EKF's Credit Committee and the Board of Directors. EKF monitors the projects it supports to ensure their compliance with the international guidelines and standards. This is informed by EKF's risk-based approach.

EKF attaches importance to ensuring that transactions in which EKF is involved are both legally compliant and in conformance with generally accepted standards in their tax practices. EKF does not support projects displaying aggressive tax planning or that violate principles of anti-corruption. This is assessed as part of EKF's KYC processes. Aggressive tax planning involves transactions with no genuine content that are undertaken mainly for the purpose of gaining tax advantages.

² OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence ("Common Approaches").



Transparency and cooperation

We are open and transparent, and inform stakeholders about our ESG efforts. We engage in proactive dialogue with our stakeholders on ESG while maintaining customer confidentiality. Through this stakeholder dialogue, EKF aims to create transparency surrounding EKF's ESG efforts and CSR progress in each project supported. This is described in EKF's [Openness Policy](#).

Through our undertakings, we cooperate with our customers on ESG in their projects. We examine our customers' business areas in order to put in place the best possible procedures for our ESG due diligence for each transaction to ensure that our customers enjoy good standing in interactions with their customers and other stakeholders.

EKF publishes information about potential large environmental and social impacts 30 days prior to taking a decision on supporting a given project. Projects with large environmental and social impacts are classified as category A projects, cf. the environmental and social risk classification system in the OECD Common Approaches.³

The application of ESG principles

EKF works to ensure consistent and ambitious application of ESG principles. The aim is to ensure that companies meet consistently strict ESG requirements imposed by Danish and international financial institutions, and thereby enjoy consistent terms of competition.

Reporting and documentation

EKF reports annually to the UN Global Compact, OECD and Equator Principles Association on EKF's ESG efforts. In addition, EKF reports on ESG pursuant to Sections 99.a and 99.b of the Danish Financial Statements Act, which is approved by EKF's Board of Directors.

EKF's own internal affairs

In its own business conduct, EKF complies with environmental, social and corporate governance principles. As a knowledge-intensive organisation, EKF employees are crucial assets, and we give high priority to job satisfaction, development and work-life balance. We monitor our own environmental footprint and work continuously to limit adverse impacts. EKF gives high priority to the integrity of its business activities, and adheres to the same principles and requirements as those we apply to our customers and partners.

Whistleblower scheme

EKF wishes to be a trustworthy company with an open culture, in which everyone can make their observations known, if they experience illegal activities, serious irregularities or have legitimate suspicions regarding these matters. For this reason, EKF has set up a whistleblower scheme, in which whistleblowers can report information about violations if the whistleblower has gained access to the information in a work-related context for EKF. The scheme is managed externally by law firm Plesner and an internal whistleblower department at EKF. The scheme accepts anonymous reporting. It also ensures the protection of personal data along with ensuring protection from reprisals.

³ Classification follows the OECD's Common Approaches. The three categories are described in brief below.

Category A: Projects that potentially have a high environmental or social impact. These impacts may be diverse, irreversible or unforeseen. The category also includes projects in sensitive sectors and projects in or near sensitive areas.

Category B: Projects that potentially have a lower environmental or social impact than projects in Category A. Category B projects typically have fewer impacts, impacts are site-specific, and there are only a few or no irreversible impacts. It is also easier to initiate remedial measures.

Category C: Projects that potentially have a minimal environmental or social impact or none at all.



References (links)

Danish ESG commitments:

Act on EKF, Denmark's Export Credit Agency

The Danish Government's Action Plan for Corporate Social Responsibility

The Danish Financial Statements Act

Consolidating Act No. 1022 of 13 August 2013 on Measures to Prevent Money Laundering and Financing of Terrorism

Executive Order on Written Internal Rules Pursuant to the Anti-Money Laundering Act

International ESG commitments:

The UN Guiding Principles for Business and Human Rights

OECD Guidelines for Multinational Enterprises

OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence ("Common Approaches")

OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions

OECD Principles and Guidelines to Promote Sustainable Lending Practices in the Provision of Official Export Credits to Lower Income Countries

ESG commitments assumed voluntarily by EKF:

Berne Union Guiding Principles

Equator Principles

UN Global Compact