

Equator Principles

Report 2024



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Commitment & Contribution

EIFO (formerly Denmark's Export Credit Agency) joined the Equator Principles in 2004. The Equator Principles provide a voluntary framework for assessing and managing environmental and social risks in transactions. Since the adoption in 2004, EIFO has been involved in the work performed by the Equator Principles Association, for instance having been Steering Committee member, through its participation in the EP Association Annual Meetings every year and the EP workshops held for the occasion.

Throughout 2024, EIFO and Eksfin co-led an Equator Principles Working Group focused on the development of a Good Practice Note on Movable Maritime Assets, with input from several major financial institutions. This note demonstrates how to align ESG due diligence with the financing of maritime assets, particularly vessels and mobile offshore units. It outlines how EPFIs can apply environmental and social expectations across the full life cycle of these assets, from construction and operations to recycling, while also offering practical guidance and case studies. The note contributes to a more consistent, transparent, and risk-aware approach in transactions that may not traditionally fall under the Equator Principles but still carry material ESG considerations.

EIFO has already applied these guidelines in a ship finance transaction during 2024, with positive outcomes. In this case, the Danish exporter received support in minimizing ESG risks during shipbuilding, operational use, and end-of-life planning. This demonstrated the practical value of the Good Practice Note in promoting responsible maritime finance.



In 2022, EIFO also played a leading role in the development of another key Equator Principles resource, the Best Practice Note on Biodiversity Baseline Surveys. This note was designed to support project developers and EPFIs in understanding the importance of early and robust biodiversity assessments. It highlights that inadequate baseline data can result in project delays, increased costs, and heightened stakeholder concerns. By conducting comprehensive surveys across multiple seasons, aligned with international standards such as IFC Performance Standard 6, projects are better equipped to identify and mitigate biodiversity risks. This proactive approach not only encourages good environmental practices, but also contributes to smoother project planning, financing, and implementation.

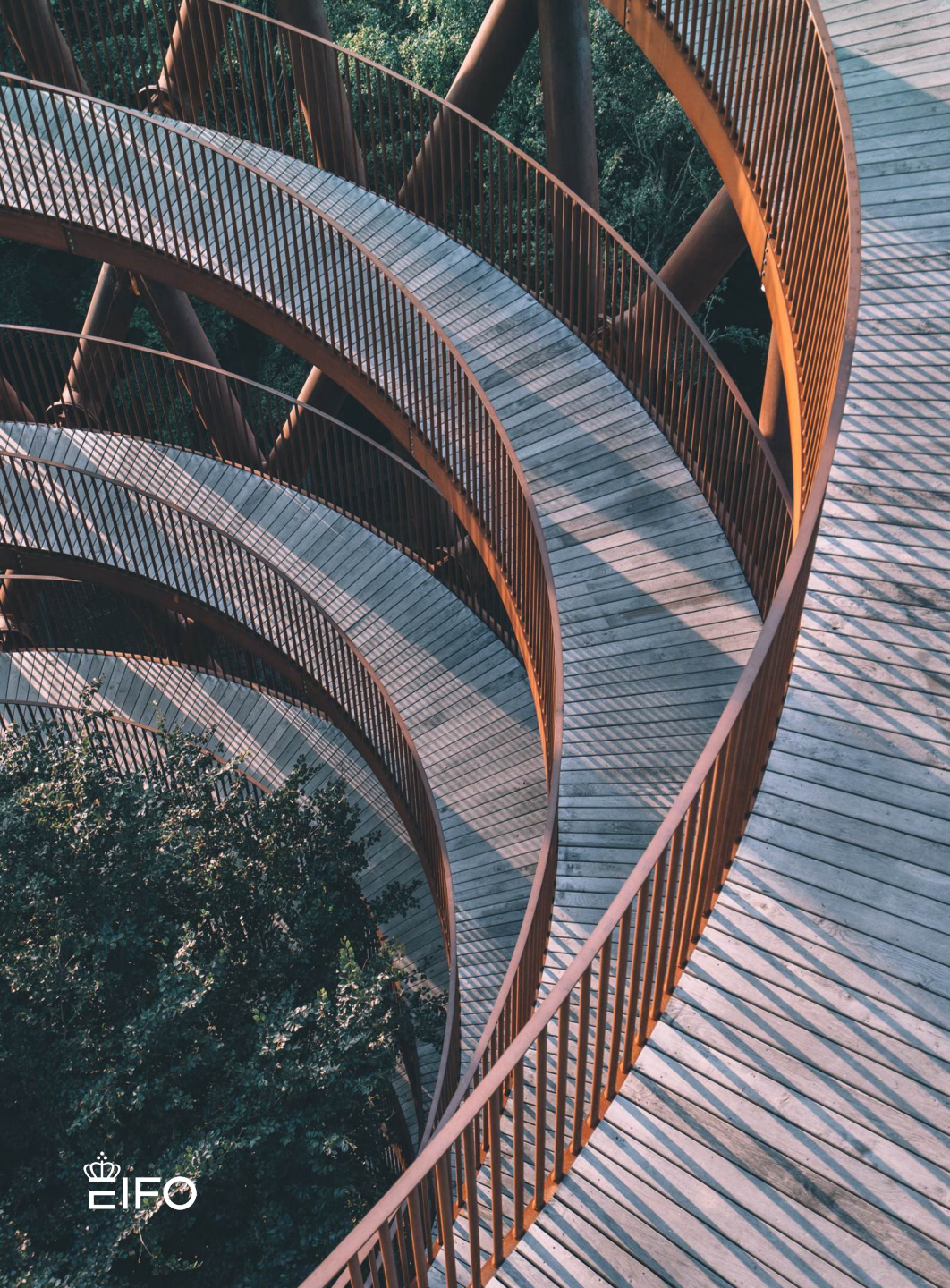
In addition, EIFO has contributed actively to the development of the Counterparty Climate Risk Assessment (CCRA) guidance, working with other EPFIs to establish a framework for assessing climate-related risks at the corporate level. This work supports alignment with the goals of the Paris Agreement and promotes more consistent climate risk analysis across financial institutions.

The main sector for EIFO's Equator Principles transactions is the wind power sector. The transactions in scope typically include buyer credit transactions over USD 100 million, and project finance transactions over USD 10 million.

EIFO's process assuring Equator Principles compliance lies with EIFO's ESG department whose main responsibility it is to evaluate environmental and social risks. The ESG department follows our ESG and sustainability policy.

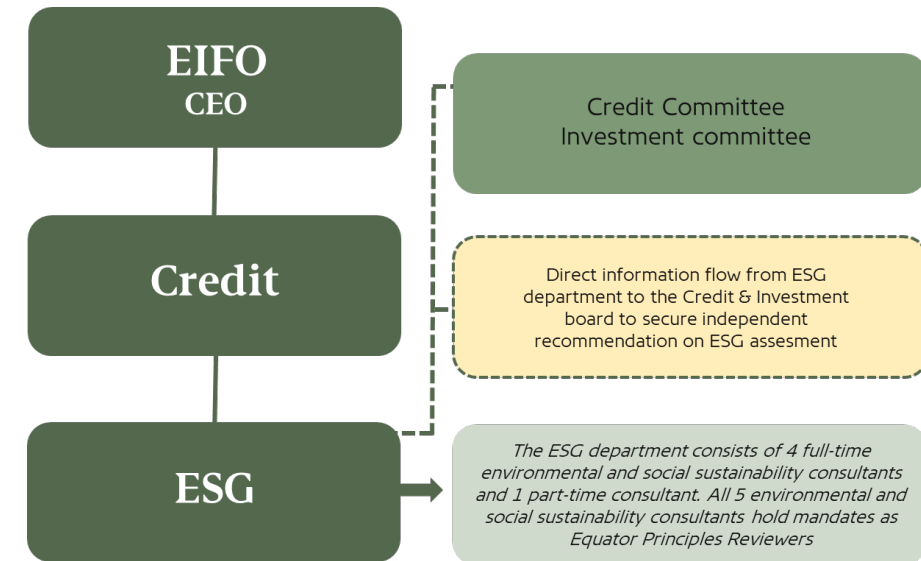
In all Equator Principles transactions, compliance with Equator Principles has been covenanted according to international standards. The projects are all subject to a minimum of annual monitoring during both the construction and operational phases. Projects with expected high CO2 emissions are required under the Equator Principles to report publicly on the emissions. For large emitters, an alternative analysis is also required to evaluate fewer intensive alternatives.





Implementation in the EIFO Organisation

The Equator Principles are part of EIFO's ESG Policy. EIFO's ESG department carries the overall responsibility for the implementation of the ESG policy, which is revised in alternate years, and is subject to approval by our Board.



Environmental and social sustainability is an integral part of EIFO's risk assessment of transactions. EIFO's internal environmental and social sustainability consultants always take part in EIFO deal teams. Based on the environmental and social sustainability assessment, it is decided by the Board of Management whether the business transaction can be approved or not. An approval may be subject to certain conditions. The conditions attached to the approval will be incorporated into the loan agreement or alternatively a customer agreement.



EIFO's ESG implementation process for relevant A- and B-projects can be briefly described in the following five-step system:

1. **Risk classification;** The project is classified according to its potential environmental and social (E&S) risks and impacts.
2. **Documentation gathering;** EIFO collects documentation related to the export project and its expected environmental and social impact.
3. **ESG recommendation;** A separate ESG recommendation document is prepared and submitted to EIFO's management as part of the decision-making process.
4. **Agreement;** If the project is approved by EIFO's management, EIFO enters into a loan agreement with the company or its bank to finance the project. Relevant ESG requirements are integrated into the contractual framework.
5. **Monitoring;** EIFO monitors the project's environmental and social impact throughout the entire project period, for as long as EIFO is financially involved.

The ESG department performs interpretation and application of international standards, including:

- Equator Principles
- The OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (The "Common Approaches"3)
- IFC Performance Standards and EHS Guidelines
- UN Guiding Principles for Businesses and Human Rights and UN Global Compact
- Assessment of animal welfare conditions
- Overall knowledge of national and international developments within the ESG field.

Independent Review of Equator Principles Implementation

In line with the requirements under the Equator Principles (EP), EIFO initiated an internal review of its EP implementation in 2023 as preparation for future independent reviews. The purpose of an EP Review is to assess whether internal procedures ensure compliance with the ten principles of the EP framework and, in doing so, enhance consistency, transparency, and credibility in implementation.

EIFO developed an internal EP Review plan based on the EP "Implementation Note". As part of the process, an internal peer review was carried out, in which ESG colleagues audited each other's projects. This approach provided valuable insight into the independent review process and helped identify potential areas for improvement in EIFO's due diligence procedures.

EP Transactions in 2024

In 2024, EIFO approved 6 Equator Principles projects all in all. 4 projects were transactions within Project Finance, and 2 projects were Project-Related Corporate Loans.

One of the project is Cadeler A/S, a Danish company specializing in Wind Turbine Installation Vessels. The EIFO credit guarantee is part of financing of two vessels constructed by Hanwha Ocean Shipyard in South Korea.

The ESG evaluation process involved an assessment in accordance with ESG's internal procedures. Given that the financing amount is a buyer credit above \$10 million USD, it must comply with OECD Common Approaches, IFC Performance Standards, and Equator Principles recommended guidelines for shipbuilding. Furthermore, the financing was checked for EU Taxonomy alignment to enable green finance for the project. The major impacts of this project are related to labour conditions during the construction phase. To mitigate this risk and other E&S risks, a site visit to Hanwha Ocean Shipyard was conducted in autumn 2024, together with another financial institution and an independent consultant.

Another interesting project in 2024 is the credit for 43 medical clinics in the Ivory Coast (widely spread geographically). The key E&S risks in the current project are expected to be: Waste management (solid waste, wastewater, hazardous and medical waste), permits, emergency response preparedness, grievance management, and occupational health and safety. It is assumed, based on former Project Medical, that E&S risks will be manageable with only a few minor issues (noise, dysfunctional fire extinguisher and insufficient personal protective equipment) at a couple of sites. These issues have been addressed in a satisfactory manner.



EP Transactions in 2024

Each EPFI member shall annually report on transactions that were subject to the Equator Principles and have reached Financial Close and on its Equator Principles implementation processes and experience. In the following two tables the transactions for The Danish Export and Investment Fund (EIFO) in 2024 for Project Finance and Project-Related Corporate Loans is disclosed respectively.

Project Finance:

	Category A	Category B
Number of Projects	3	1
Region:		
<i>Americas</i>	0	0
<i>Europe, Middle East & Africa</i>	1	1
<i>Asia</i>	2	0
Sector:		
<i>Power</i>	3	0
<i>Others</i>	0	1
EP Country Designation:		
<i>Designated Country</i>	1	0
<i>Non-Designated Country</i>	2	1
Independent Review:		
<i>Yes</i>	3	1
<i>No</i>	0	0



Project-Related Corporate Loans:

	Category A	Category B	Category C
Number of Projects	1	1	0
Region:			
<i>Americas</i>	1	0	0
<i>Europe, Middle East & Africa</i>	0	1	0
<i>Asia</i>	0	0	0
Sector:			
<i>Power</i>	1	0	0
<i>Others</i>	0	1	0
EP Country Designation:			
<i>Designated Country</i>	1	0	0
<i>Non-Designated Country</i>	0	1	0
Independent Review:			
<i>Yes</i>	1	0	0
<i>No</i>	0	1	0

Project Name:

As required according to EP4 the table below discloses the full list of all EP transactions signed by The Danish Export and Investment Fund (EIFO), which reached financial close in 2024 and received client consent for disclosure.

Projekter	Sector	Project Location	Category	Transaction type	Independent Review
DTEK Tiligulska Wind Electric Plant LLC	Power	Europe, Middle East & Africa	A	Project Finance	Yes
Golden Plains WF2 Finance Pty Ltd	Power	Asia	A	Project Finance	Yes
Project Medical Phase 2, Ministry of Finance Ivory Coast	Others	Europe, Middle East & Africa	B	Project Finance	Yes
Cathay Wind Power Co., Ltd. Project Trinity (Greater Changhua 4) is a 588 MW offshore wind project	Power	Asia	A	Project Finance	Yes
Nibulon Agricultural limited Liability Company	Others	Europe, Middle East & Africa	B	Project-related Corporate Loans	No
ENGIE S.A.	Power	Americas	A	Project-related Corporate Loans	Yes

Movable Assets – ESG Assessment Outside EP Scope

Although the financing of movable maritime assets (e.g. vessels and mobile offshore units) typically falls outside the formal scope of the Equator Principles, EIFO conducted ESG assessments on two such transactions in 2024.

These assessments were based on the *Good Practice Note on Movable Maritime Assets*, co-developed by EIFO and Eksfin.

Equator Principles Categories

Category A

Proejcts with potential adverse enviromental and social risks and/or impacts that are diverse, irreversible or unprecedented

Category B

Proejcts with potential *limited* adverse enviromental and social risks and/or impacts that are few in number, generally site-specific, largely irreversible and readily addressed through mitigation measures

Category C

Proejcts with *minimal* or *no* adverse enviromental and social risks and/or impacts

