

# Climate policy

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## Purpose

The purpose of this policy is to provide the framework for the Export and Investment Fund of Denmark's (EIFO's) climate efforts and the efforts to achieve the organization's objectives of climate neutrality. The policy will contribute to supporting the realization of the goals of the Paris Agreement and Denmark's climate ambitions and targets.

## Background

The objects of Denmark's Export and Investment Fund are to create the maximum possible social return by, among others, contributing to a sustainable and green transition, cf. the Act on the Export and Investment Fund of Denmark (red. 'The Act').<sup>1</sup> Following the remarks of the Act, EIFO's financial activities must contribute to accomplishing the temperature targets defined by the Paris Agreement and contribute to achieving the Danish climate objectives. On this basis, EIFO has set an overall target for the organization and portfolio to achieve climate neutrality (net zero) by 2045 at the latest, and EIFO's climate policy will support the achievement of this goal.

## Scope of application

This policy applies to all EIFO's employees and activities across all EIFO's business operations and the organization.

## EIFO's strategic goals and commitments

EIFO considers climate change to be one of the greatest challenges facing our planet and society, as climate change poses a real threat to both the world's ecosystems and local communities. Climate change also has critical implications for future financing patterns, including the imminent transition to a low-carbon economy which poses a significant financial risk. However, the green transition also creates new opportunities for Danish businesses, where EIFO can play a decisive role in promoting the establishment of new sustainable solutions and the international deployment of green technologies.

### *Net zero commitment*

EIFO is committed to achieving net zero emissions for EIFO's total operations by latest 2045.

In order to fulfil the net zero goal, the climate commitments and contribute to the overall national and international climate targets, EIFO will work within the following key areas:

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<sup>1</sup> [https://www.eifo.dk/media/bt1mhoyr/act-on-eifo\\_uk.pdf](https://www.eifo.dk/media/bt1mhoyr/act-on-eifo_uk.pdf)

## 1. Emission targets and the road towards net zero

EIFO tracks and reports the organization's combined greenhouse gas emissions. This implies an assessment of the organization's own scope 1, 2 and 3 emissions as well as the financed emissions related to EIFO's total portfolio. EIFO will continuously, in line with new methodology developments, work to improve the quality and transparency of our assessments. This includes ensuring that EIFO's portfolio-companies are able to report on their scope 1, 2 and 3 emissions.

In order to measure the organization's progress towards net zero greenhouse gas emissions by 2045 latest, EIFO will set, publish and monitor science-based interim targets for this effort. During 2024, EIFO commits to set sector-based emission targets for the most CO<sub>2e</sub>-intensive sectors of the portfolio, consistent with scientifically recognized net zero pathways. EIFO will work to extend this effort for the aggregated portfolio.

## 2. Business efforts

### *Exclusion of fossil fuels in the energy sector*

EIFO is subject to the Danish government's decision to end public financing and export promotion services for fossil fuels in the energy sector abroad. EIFO has chosen to extend the ban to all EIFO's business activities and thus also domestic business activities. This means that EIFO does not finance fossil-fuelled power plants nor support activities such as extraction, drilling, refining, and related infrastructure and logistics. The ban allows limited and clearly defined exceptions for the gas sector until 2025, please refer to the fact sheet.<sup>2</sup>

### *Goal for allocation of financing to the green transition*

EIFO is committed to setting a target for the allocation of financial resources to the green transition and to reporting regularly on the progress towards this target.

### *Facilitate the green transition in CO<sub>2e</sub>-intensive sectors*

EIFO is committed to engaging with partners and customers in CO<sub>2e</sub>-intensive and hard-to-abate sectors to facilitate their green transition. Where possible within EIFO's framework<sup>3</sup>, the organization will work to develop financial incentives and non-financial services that can support the transition and prioritize its efforts where EIFO can have the greatest impact.

### *Phase out financing incompatible with the goals of the Paris Agreement*

In the longer term, EIFO may be obliged to refrain from investing in or financing companies that do not have credible plans for a transition to a low-carbon economy or do not show willingness to implement necessary measures to align business with net zero pathways consistent with the Paris Agreement's goals.

### *Reducing the organization's impact on climate*

EIFO will work on developing and implementing measures across the organization that contribute to reduce the organization's own greenhouse gas emissions.

## 3. Climate risk management

On a transactional level, EIFO identifies ESG risks, including climate-related risks, in the due diligence work on individual transactions. EIFO conducts ESG due diligence in accordance with EIFO's Policy on ESG and Sustainability. At portfolio level, EIFO will aim to strengthen the coverage of the overall exposure to climate-related risks in order to assess the future climate resilience of the portfolio.

## 4. Green leadership

EIFO will take a prominent role in national and international forums and negotiations, and work for a common, ambitious international framework for export credit finance in relation

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<sup>2</sup> Denmark ends public financing for fossil energy abroad (kefm.dk).

<sup>3</sup> For eksport credits EIFO operates internationally under the OECD Arrangement on Officially Supported Export Credits and nationally according to EU state aid regulations.

to climate; EIFO will align this with the government's ambitions for climate and ensure a level playing field for businesses on an international level. In 2023, EIFO co-founded the UN-convened Net-Zero Export Credit Agencies Alliance ('NZECA') and will work for an ambitious and uniform approach to becoming net zero. Nationally, EIFO will work to enter business partnerships that can help target and accelerate financing of the green transition.

## 5. Climate governance

EIFO will work to strengthen the governance structure on internal climate efforts. EIFO has anchored the overall responsibility for climate action at the top management and board level. EIFO will work to further anchor the responsibility for the organization's various climate initiatives both across the organization's relevant departments and with the individual employee.

## Reporting

EIFO wants to be transparent towards our customers, owner, and other external stakeholders regarding our climate-related activities, including how EIFO's portfolio impacts the climate.

EIFO reports in line with current legislation and commits to external reporting in accordance with the recommendations developed by the Task Force on Climate-related Financial Disclosures (TCFD).<sup>4</sup> EIFO will work to continuously strengthen the external reporting as the organization's climate efforts develop.

Through the NZECA membership, EIFO has committed to external reporting on the organization's net zero work, including the development and monitoring of green sector-specific transition policies and plans.

The Board of Directors receives reporting on climate measures in EIFO's annual reports, in addition to an annual update on developments within relevant climate working groups.

## References

- Act on the Export and Investment Fund of Denmark (ft.dk) (Danish)
- Denmark ends public financing for fossil energy abroad (kefm.dk)
- EIFO's Policy on ESG and Sustainability (Danish)
- TCFD's recommendations report
- NZECA Commitment Document

## Update

The policy is approved by the EIFO Board of Directors. The policy is reviewed and updated by International Regulation.

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<sup>4</sup> [TCFD's recommendations report.](#)