

CSR Report 2008

EKSPORT KREDIT FONDEN





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Foreword by CEO Anette Eberhard

It is my great pleasure to present EKF's first Corporate Social Responsibility (CSR) report integrating all of our internal and external efforts with regard to CSR. EKF has reported on environmental and social impacts of our transactions since 2002, but this is the first time we publish a report for all our activities related to CSR.

At EKF, CSR is about contributing to economic and environmental sustainability, as well as responsibility towards people.

2008 was in many ways a significant year for EKF and for our CSR work. I would like to highlight a few of our accomplishments.

In spring we joined the UN Global Compact and at the same time decided to begin the work adjusting our reporting framework. Our report covers both internal and external efforts applying the widely recognized Global Reporting Initiative framework.

EKF believes that sustainability and business strategy go hand in hand – and that the principles in UN Global Compact will constitute a valuable guideline for all our stakeholders and EKF in combining the two. We therefore firmly support the UN Global Compact and its ten principles.

By end of 2008 we came to closure with a final approval of EKF's CSR policy providing for the first time an overarching policy and strategic framework for our CSR work.

I am proud that after more than one year's thorough work, research, and stakeholder dialogue, we have a CSR policy, which is an integrated part of our business strategy.

EKF's main economic, social and environmental impact takes place through the guarantees we issue and is, therefore, primarily indirect. As a consequence, economic, social and environmental aspects are an integrated part of our risk assessment. Hence we have taken great care making sure that all of the 44 guarantees issued in 2008 follow the principled approach we have taken.

On the international scene we have worked to improve international standards for social and environmental performance and to promote a level playing field in cooperation with the members of the OECD Export Credit Group, the Berne Union, and the Equator Principles Financial Institutions. Specifically EKF has led an OECD initiative to build a body of experience as regards sustainability in the cement sector.

Product wise, EKF has developed a variety of climate guarantees addressing the challenges of climate change. For EKF CSR is a necessary precondition for sound business practices and helps to ensure competitive conditions for export and project financing with Danish economic interests. We look forward to continuing our CSR work in 2009, and aim to improve our performance in this area.

Anette Eberhard





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Aligned with our priority of improving and promoting international standards we have after careful consideration chosen the Global Reporting Initiative (GRI) reporting format – A Global Best Practice Standards.

GRI APPLICATION LEVEL		C	C+	B	B+	A	A+
Mandatory	Self statement		✓				
Optional	Examined by third party		✓				





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1.1 Scope of the report – Global Reporting Initiative (GRI)

The purpose of this report is to provide stakeholders with a complete and balanced view of EKF's CSR performance in 2008. The report is targeted at a wide range of stakeholders including customers, financial institutions, ministries and NGOs.

This report contains information pertaining to activities that took place between January and December, 2008. This report follows the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G3 format metrics and requirement including the supplements for the Financial Services Sector, and as such it also constitutes EKF's first Communication on Progress (CoP) in relation to the Global Compact and the ten principles (www.globalcompact.org).

This is the first report of its kind for EKF. From 2008 reporting will be carried out annually. The report is externally assured by Grontmij | Carl Bro A/S. The report follows GRI application level C+, responding to each core G3 and Sector Supplement indicator. An indicator matrix identifying the location of the standard disclosures can be found in Annex 6.

EKF are committed to report the environmental and social responsibility of our actions and transactions to Global Compact, OECD and the Equator Principles. This report satisfies the reporting requirements set by these institutions.

The boundaries of this report are set by EKF's sphere of influence. Although EKF does not have outright control over external projects, EKF acknowledges its position and responsibility to influence project design and implementation. This report is thus not limited to traditional boundaries determined by legal

ownership and direct control, rather it reflects the "footprint" of EKF and its activities.

Therefore, the CSR report 2008 covers not only the in-house CSR activities of EKF but also includes all external activities e.g. the guaranteed transactions. Information about calculation of data presented in this report appears in Annex 3, 4 and 5.

Furthermore, the CSR report is seen as a valuable management tool for EKF. It is a tool for transparency and a means of disseminating the principal actions taken during the year, while also serving as an assessment of the CSR work in EKF. The objective is that the report will provide a fair and balanced account of EKF sustainability performance.

The CSR report is published in English as an online electronic version and is permanently available on www.ekf.dk. For further information about this report, contact Iben Tjelum, responsible for CSR in EKF at ibt@ekf.dk.





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2 CSR policy of EKF

Eksport Kredit Fonden (EKF) is the Danish Export Credit Agency administering the Danish export credit scheme. Annex 1 describes the history, activities, markets and strategy of EKF.

EKF's CSR policy covers both internal and external activities and transactions.

2.1 CSR Management and Policy

The starting point of CSR work can be moral or ethical considerations, sustainability concerns, obtaining social acceptance or reducing reputation risks. EKF claims that the CSR paradigm also provides the opportunity for companies to create competitive advantages.

2.1.1 Developing EKF's CSR policy

The work of developing an overarching CSR policy began in 2006. The aim was to create a CSR policy aligned with and integrated into EKF's business strategy – and with emphasis on the process of developing a CSR policy through the involvement of internal and external stakeholders to ensure buy-in.

Based on the inputs an internal consultation process involving all EKF employees, management and the Board of Directors, the working group was able to present a draft of EKF's CSR policy to the Board of Directors in June 2008. The draft was the focal point of EKF's external consultation, which took place in September 2008 attended by customers, financial institutions, NGOs, ministries and ECAs. In December 2008 the final CSR policy for EKF was approved by the Board of Directors.

EKF's approach to and vision for CSR and sustainability is illustrated by EKF's three-leaved CSR clover. The clover comprises the four elements which together make EKF's business sustainable. Environment, people and economy are the primary focus areas, illustrated by the clover leaves. The fourth element is openness, illustrated by the stem. Sustainability is at the centre, because it is both the end result and the objective of EKF's way of doing business.

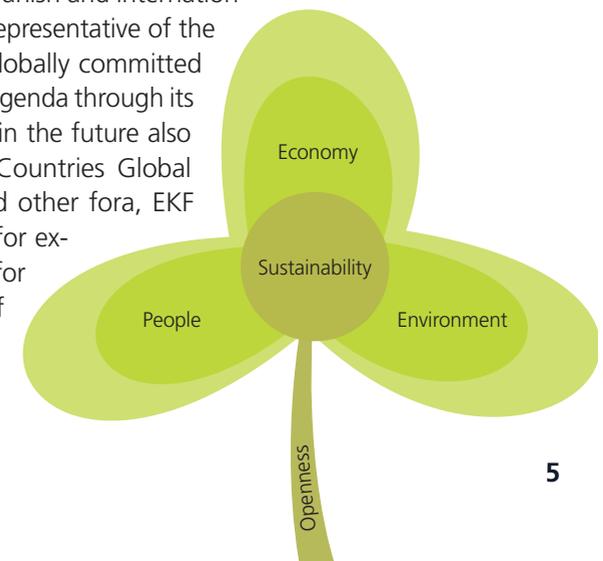
EKF focuses on CSR in the projects guaranteed by EKF and in our business practices. To illustrate the internal and external focus areas, the leaves have two different colours.

CSR objectives

EKF's long-term CSR objectives:

"We contribute to Danish and global growth by ensuring sustainability in our business. We are at the forefront in the financial sector in regards to integration of CSR in our business strategy."

EKF is a business partner to the Danish and international business community and is a representative of the Danish State. EKF is therefore globally committed and influences the international agenda through its work in the OECD, the EU, and in the future also by participating in the Nordic Countries Global Compact Network. In these and other fora, EKF works actively to promote CSR, for example by setting standards, and for the continued strengthening of





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the international, legal and political framework that ensures a level playing field for companies globally, while also taking the economy, environment and people into consideration.

EKF believes that Danish technology, knowledge and work processes will continue to be among the most sustainable in the world. EKF's long-term vision for CSR is based on the belief that sustainable solutions will be a hallmark of Denmark and the Danish private sector. EKF is in the unique position that we can contribute to disseminating technologies and work processes which are environment-friendly, create better workplaces and respect local communities.

EKF's CSR work thus supports our overall business vision and our mission to ensure competitive financial terms for the Danish private sector in international markets.

2.2 Management of CSR in EKF

The responsibility for CSR in EKF is placed with a CSR Responsible with reference to the CEO. In addition each organisational unit has appointed one employee to be responsible for implementing CSR in their own unit and facilitation of cross-functional initiatives. The CSR organisation is supplemented by an internal CSR Advisory Board consisting of the Environmental Practitioner, the Head of the Legal Department and the Head of International Relations.

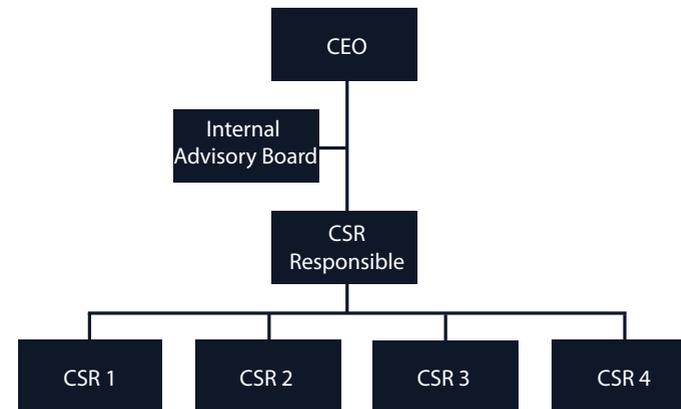


Figure 1 The organization of CSR in EKF



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3 The accomplishments in 2008

2008 was a significant year for EKF's CSR work. Our accomplishments in 2008 are listed using the structure of our CSR clover.

a. CSR policy for EKF

EKF's CSR policy was approved by the Board of Directors on December 17, 2008. The goal was to develop a CSR policy, which supports EKF's overall corporate mission as a natural part of EKF's business strategy.

b. Environment

Internal In order to reduce resource consumption in EKF, water saving toilets and energy saving electric bulbs, and automatic switch sensors for electric light have been installed during 2008.

Read more in Annex 3.

External EKF's environmental and social policy ensures that all transactions are screened for environmental and social risks.

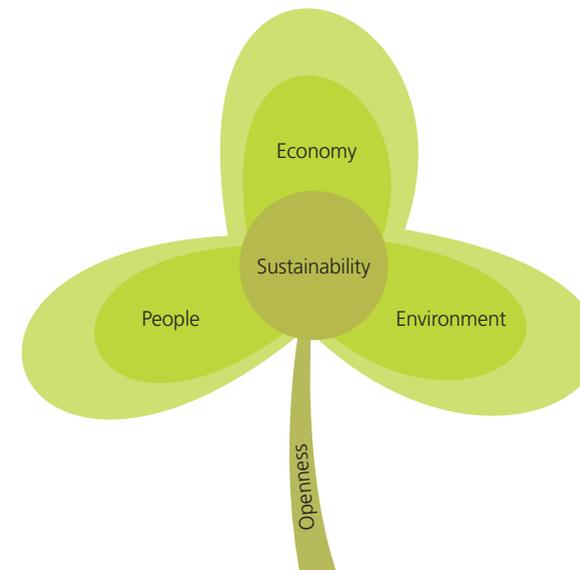
The screening and categorisation of transactions follow the classification outlined by the OECD Revised Council Recommendation on Common Approaches on the Environment and Official Supported Export Credits. The screening process identifies environmental and social risks and determines which transactions warrant a further review.

Category A and B transactions, which have significant environmental and/or social impacts, are reviewed. The review verifies

that the project sponsor have fully assessed these impacts with a view to avoid, minimize, mitigate and/or compensate for the identified impacts. Overall compliance with local laws, rules and regulations as well as IFC standards in A/B projects is verified in the project review by way of the independent environmental auditor: Grontmij | Carl Bro.

In 2008 – a record year in EKF – 84 offers were sent out and 44 guarantees were issued. The compliance with local and international standards was verified by way of EKF's screening and review processes for environmental and social risks. This applies for all guarantees with a repayment term of two years or more.

In addition to the ongoing project reviews Grontmij | Carl Bro annually audits the project portfolio to assess the overall contribution of the projects to environmental sustainability. All category A and B projects where EKF has a share above SDR 10 million are audited, which in 2008 totalled 8 projects. The audit identified the following key environmental impacts:



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Table 1 Key environmental impacts

Environmental impact	2006	2007	2008
EKF's quantitative contribution to CO ₂ reduction (million tonnes CO ₂ -equivalents)	7.6	7.7	1.7
Monetary value of CO ₂ reduction (million EUR)	129	165	23
Estimated total CO ₂ -emission from projects (million tonnes CO ₂)	107	42	44
Contribution to NO _x reduction (tonnes)	12,000	21,500	22,000
Monetary value of NO _x reduction (million EUR)	27.4	45.3	10.9
SO ₂ reduction (tonnes)	41,500	72,600	24,300
Monetary value of SO ₂ reduction (million EUR)	14.1	22.7	5.8

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The CO₂ figures were significantly lower than in 2007, since the capacity of the wind farm projects in 2007 were more than double the capacity of the wind farms projects in 2008. In 2008 one cement plant is producing white cement, which requires higher energy consumption than ordinary grey cement production. The CO₂ emissions from the white cement plant overall contributed negatively. The total value of NO_x is significantly lower in 2008 compared to 2007 due to a sharp drop in world market prices for NO_x emissions.

The compliance with IFC standards ensures that consumption of energy, waste, water and waste water conforms to best affordable/available technologies safeguarding the efficient use of resources. Furthermore, the project reviews assured that no sensitive areas were adversely affected by projects except one case where the impacts were limited and acceptable according to local laws and the IFC standards.

Read more in Annex 4.

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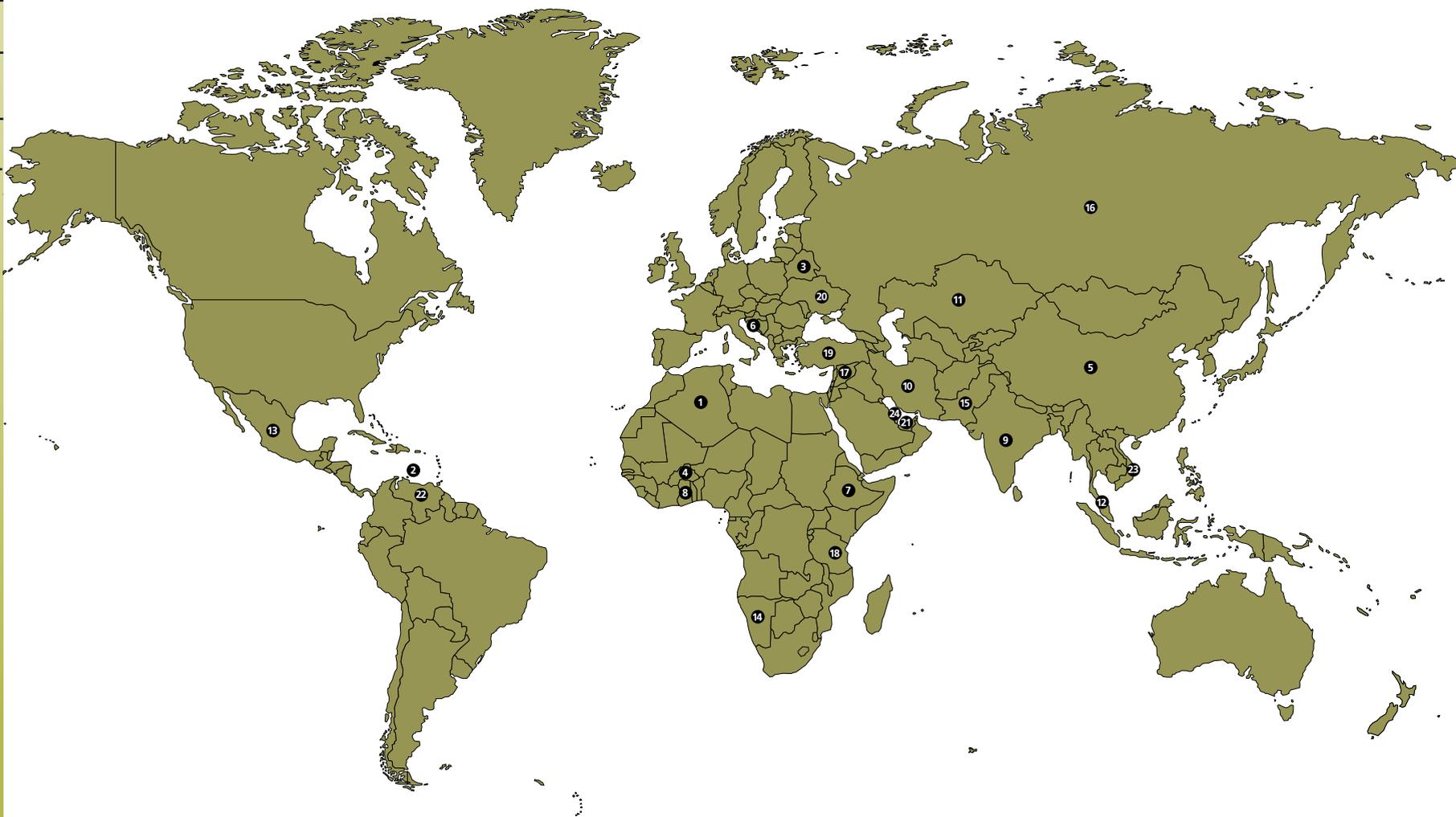
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Figure 2 Countries where guarantees have been screened during 2008



1 Algeria, 2 Aruba, 3 Belarus, 4 Burkina Faso, 5 China, 6 Croatia, 7 Ethiopia, 8 Ghana, 9 India, 10 Iran , 11 Kazakhstan, 12 Malaysia, 13 Mexico, 14 Namibia 15 Pakistan, 16 Russia, 17 Syria, 18 Tanzania, 19 Turkey, 20 Ukraine, 21 United Arab Emirates, 22 Venezuela , 23 Vietnam, 24 Qatar



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**Monitoring**

The project review ensures that projects at the time of the review comply with local and international standards. Whenever project compliance due to the nature of the transaction cannot be verified, project review monitoring is put in place to ascertain compliance. Monitoring of projects can also help ensure that compliance is sustained throughout the life of the transaction. Accordingly an integral part of the project review is to determine the need and extent of monitoring requirements.

In 2008 EKF drew up monitoring requirements as regards environmental and/or social impacts and mitigation measures on half of the audited projects. The monitoring of the four projects varies. For some projects it extends throughout the life of the guarantee and requires, at least, annual reporting on the continued compliance to standards and principles. For other projects the requirement has been to document the fulfilment of targets before drawdown, or at commissioning.

Ultimately the monitoring efforts can be accelerated as necessary in case there is evidence of non-compliance as described below.

As a consequence of the monitoring reports received from one of the projects approved in 2008, EKF and the lenders took actions to ensure that the project owner strengthened the environmental and social performance.

Climate guarantees

In 2008, EKF developed a number of products that supports carbon reducing projects under the Kyoto protocol's flexible

mechanisms. In order to make carbon credits more bankable and to help Danish companies selling climate technology and energy saving equipment, EKF has developed a range of climate guarantees. The guarantees were developed in consultation with a panel of Danish organisations and companies active in the climate sector.

The climate guarantees will be implemented in 2009.

c. People

Internal In 2008 EKF increased the number of employees considerably. Continued focus has been on competency development, retainment of employees and work/life balance.

Read more in Annex 3.

External EKF's environmental and social policy ensures that both environmental and social risks are managed. The scope of social issues covered by this policy is defined by the IFC standards as these are the basis for EKF's principled approach to managing social and environmental risks in our transactions.

EKF reviews projects' compliance with social standards by way of the independent environmental auditor Grontmij | Carl Bro. Furthermore, the annual audit evaluates EKF's contribution as regards responsibility towards people.

According to the project reviews performed by Grontmij | Carl Bro none of the projects indicated any risks of non-compliance with internationally recognized human rights or complicity in any human rights abuses.



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The Grontmij I Carl Bro project reviews have showed no occurrences of non-compliance with the IFC standards for labour and working conditions including use of child labour and/or forced/bonded labour. The project reviews also showed compliance with guidelines for noise and vibrations.

The project reviews by Grontmij I Carl Bro verified compliance with the requirement in all category A projects for an Environmental Impact Assessment and a public consultation process.

None of the projects reviewed by Grontmij I Carl Bro in 2008 involved adverse impacts on indigenous peoples or involuntary resettlement.

Eight projects were chosen to be audited due to size and/or classification. The audited projects generated an estimated 15,500 man years worth of local employment providing decent jobs and a means of living for many more dependents.

Read more in Annex 4.

d. Economy

Internal In 2008 EKF issued guarantees covering a record breaking amount of DKK 31 billion.

Read more in Annex 1.

External EKF plays an active role in improving international standards and promoting a level playing field in the OECD

Export Credit Group, the Berne Union, the EBRD and the Equator Principles Financial Institutions.

In 2008 we have worked with CSR policies and lead an OECD Cement Sector Working Group with a view to improve environmental and social standards. The Cement sector working group is looking to identify a common approach to screening and reviewing projects based on the lessons learnt since the revision of the OECD Recommendation for Common Approaches on the Environment and Officially Supported Export Credits. The group will submit the final report by spring of 2009.

As an integrated part of the work with the OECD environmental practitioners EKF submits all new transactions with significant environmental and/or social impacts semi-annually, for review and discussion among the practitioners. We participate in the semi-annual review and discussion of these transactions submitted by us and other OECD members.

EKF worked with the EPFI to assess how to widen the scope of the Equator Principles to include export finance transactions and in the ECA outreach group to prompt more ECAs to adopt the Equator Principles. EKF also took part in the review of the EBRD environmental and social policy to promote a high but level playing field among financial sector institutions.

In 2008 the cooperation between EPFI and ECAs was cemented through a number of outreach efforts including a seminar hosted by IFC in the spring. We expect that this cooperation



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will improve common understanding and harmonization of international standards for environmental and social issues. This expectation is already partly reflected in the revised OECD recommendation on Common Approaches on the Environment from June 2007.

Contributing to Denmark's implementation of the OECD Convention on Bribery in International Business Transactions

In June 2008 Denmark was examined by OECD in regard of the OECD Convention on Bribery in International Business Transactions.

EKF participates in a Danish ministerial group formed with the sole purpose of implementing the recommendations OECD gave in relation to preventing bribery in international business transactions.

e. Openness

In order to keep all employees up to date on CSR issues a sub site on the company intranet has been created. On this site all CSR news and documents are available for all employees.

Stakeholders

To obtain a dialogue with stakeholders as well as input to our CSR policy EKF held a workshop and consultation September 22, 2008 with participation of ECAs, customers, financial institutions, ministries, NGOs etc.

Some of the issues noted from the workshop are:

- EKF's principled approach requires clear prioritisation and better communication on the principles applied;
- EKF has an obligation to be open about a project's impact on sustainability but should consider the level of detail carefully;
- creating a level playing field for ECAs and customers should be one of EKF's priorities in EKF's participation in OECD, Berne Union etc.

The CSR workshop with broad organisational participation was a new approach to stakeholder dialogue for EKF. Previously EKF has had a more differential approach to stakeholders, based on either existing relations or specific approaches by stakeholders.

As part of the OECD's Export Credit Group EKF participates in an annual consultation with stakeholders, which include a broad representation of civil society organisations. A summary outcome of the annual consultation meeting can be found on www.oecd.org.

EKF is looking forward to a continued dialogue with stakeholders on CSR issues.

UN Global Compact

In May, 2008 EKF chose to join the UN Global Compact. EKF supports the idea that a mutual framework improves the understanding and the knowledge of environmental and social issues. Indeed, the UN Global Compact is a unique vehicle for



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harnessing the private sector for the common and shared goals of addressing global challenges.

Read more on UN Global Compact and EKF in Annex 2.

The Global Reporting Initiative

In 2008 EKF decided to change the reporting format. Since 2002 EKF has reported systematically on the impacts of the guarantees that EKF issues through an independent auditors report. EKF has received much positive feedback based on the fact that EKF voluntarily has made this reporting available.

However, prompted by a desire to do better and to report more broadly both on external and internal impacts with regard to the triple bottom-line, EKF decided to revise the reporting format. Aligned with our priority of improving and promoting international standards EKF has after careful consideration chosen the Global Reporting Initiative (GRI) reporting format – A Global Best Practice Standards. The format is internationally recognized and hence facilitates the process whereby EKF's stakeholders hold us to account and compare our accomplishments vis-à-vis our peers.

EKF has chosen the GRI with the Financial Services Sector Supplement applying the C+ application standard in line with the level of reporting carried out hitherto.

EKF as a member of the Equator Principles

In 2004 EKF adopted the Equator Principles to support this private sector initiative and to promote environmental and social standards in financial transactions.

EKF has fully adopted the revised 2006 Equator Principles. EKF's environmental and social policy approved by the Executive Board ensures that all project finance transactions are screened, reviewed and monitored per the Equator Principles and the OECD Common Approaches. At EKF the review of environmental and social risks is an integral part of the project due diligence.

The underwriter is responsible for making sure that all policies and procedural guidelines are followed and an Environmental Practitioner is appointed to provide assistance in this process and to ensure that projects comply with EKF policies and hence the EP and the OECD CA.

Introductory and ongoing training of staff in EKF's environmental and social policies and procedures ensures that awareness of standards and procedures is adequate.

The Environmental Practitioner refers to the Deputy CEO responsible for the Guarantee Department. See figure 3.

The policies and procedures ensure that all projects with significant adverse environmental and/or social impacts are reviewed by the independent environmental auditor Grontmij | Carl Bro. Subsequently all project reviews are approved by either the Executive Board or the Board of Directors depending on the size of the transaction.

Annually all project finance transactions as well as export finance transactions over SDR 10 million are audited by way of



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Figure 3 The organisation of Environmental, Social and Bribery compliance with Equator Principles and OECD Common Approaches in EKF



the independent auditor Grontmij | Carl Bro. The procedures for screening, reviewing, approving and monitoring are illustrated in Annex 4.

In 2008 EKF reviewed a total of four project finance projects three of which were fully funded by 2008 and received EKF commitment as outlined in table 2 below. No exceptions or deviations were noted in the reviewed projects. The two dominant sectors in EKF's overall portfolio are cement production and wind energy. The same two sectors dominate EKF's project finance portfolio. In all projects compliance with EP was covenanted and annual monitoring on said compliance a minimum requirement.



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Table 2 Fully funded project finance transactions since adoption of the Equator principles

Project	Year	Category	EKF's share of financing pct	Standard
Livestock production, Russia	2008	B	77	IFC PS and EHS guidelines
Wind park, Aruba	2008	B	70	IFC PS and EHS guidelines
Cement, Algeria	2008	B	20	IFC PS and EHS guidelines
Offshore wind park, Holland	2006	B	34	EU
Cement, Pakistan	2005	B	38	IFC PS and EHS guidelines and World Bank safeguard policies
Wind park, South Korea	2004	B	67	IFC PS and EHS guidelines and World Bank safeguard policies
Wind park, South Korea	2004	B	38	IFC PS and EHS guidelines and World Bank safeguard policies

Note: IFC PS and EHS guidelines refer to IFC's Performance Standards, IFC's General Environment, Health and Safety Guidelines and where applicable sector also specific Environment, Health and Safety Guidelines.

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The projects are all subject to annual monitoring during the construction and operation phases. The monitoring reports are all submitted to EKF for approval.

In 2008 the sponsor of a project finance project (Cement, Nigeria), which was found to be in non-compliance with the documentation, re-financed the project and consequently the EKF commitment was withdrawn.

As a consequence of the monitoring reports received from one of the projects EKF and the other lenders took actions to ensure that the project owner strengthened the environmental and social performance. The focus was on strengthening the environmental management, the HSE organisation to improve the occupational health and safety performance and to ensure a better dialogue with the local authorities. This development has prompted an increased focus on the projects performance resulting in intensified monitoring by the independent consultant on a bi-weekly basis. None of the other monitoring reports resulted in any notable remarks from Grontmij | Carl Bro.

All other projects are currently in compliance with the Equator Principles.

Read more in Annex 2 and 4.



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4 Challenges and the future CSR work – a preview

2009 will be Year One in implementing the newly approved CSR policy in EKF. The CSR-related activities, which EKF has undertaken for several years, are anchored in the overarching CSR framework.

EKF will thoroughly consider which CSR goals to set for EKF in order to increase, broaden and consolidate the CSR work of EKF. This work includes defining the EKF ambition in reporting e.g. obtaining a higher GRI application level than C+.

EKF will take initiative to create a forum with the sister organizations: The Danish Agency for Development Assistance DANIDA, The Industrialisation Fund for Developing Countries IFU and The Danish Trade Council where CSR issues can be discussed and experience exchanged. First topic will be Human Rights with special focus on the report to the UN Human Rights Council and the framework contained therein and BLIHR's Essential Steps considering human rights.

EKF will participate in an Equator Principles Working Group on Social Issues addressing the issues of considering human rights in the private sector.

Given the already witnessed increase in EKF's business, the management is determined to secure a clear and continuous prioritisation of activities under EKF's business plan for 2009 in order to support a reasonable work/life balance for EKF's employees.

Identified challenges

The CSR work in 2008 highlighted some issues best character-

ised as challenges, to which EKF should respond in the coming years of implementing our CSR-policy.

Openness

EKF wishes to be transparent in our business with due respect to customer confidentiality.

In EKF's daily operations the civil society's desire and right to information and the needs to preserve clients' requests and needs for confidentiality must be balanced.

On one hand EKF wishes to inform the broad public about the institution and the results achieved. The public has a general interest in understanding how public money is spent and in general holding publicly owned entities accountable for its actions.

On the other hand EKF must weigh the private sectors' requests and needs for confidentiality. At the time EKF receives an application for a guarantee the customer may not have won the contract and would be at a disadvantage if information were disclosed. Disclosure after transactions have been closed may likewise unfairly disadvantage customers by way of disclosing the customer's clients and contract values. Some customers also need to consider stock exchange disclosure requirements and may thus be obligated to inform the public in a highly regulated manner.

An added problem is the relatively limited size of the Danish private sector which implies that information disclosed by sec-



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tors will enable even non-specialists to single out companies and their guarantees. This may be in conflict with our customers' interests.

According to the Act on Eksport Kredit Fonden the Danish Public Administration Act shall not apply to the activities of EKF. However, during 2009, as part of a general stakeholder communications plan, EKF will decide on overall approaches to openness, including e.g. frequency of communication.

Human Rights

John Ruggie, the Special Representative to the UN Human Rights Council, has pointed out that the private sector virtually can affect all internationally recognized human rights. In his 2008 report to the UN Secretary General the ECAs are mentioned and their enhanced role as a mandated state agency in considering human rights is highlighted.

EKF has chosen a principled approach in our CSR policy. All of our transactions are screened to comply with IFC's Performance Standards and IFC's Environmental, Health and Safety Guidelines.

By way of these principles we have adopted standards and guidelines covering a number of internationally recognized human rights including child labour, forced & bonded labour, health and safety for workers, public consultation processes, rights of indigenous peoples and more (see www.ifc.org). All of these rights as specified in the adopted principles are operationalised and hence considered in our transactions. This means that the responsibility of the private sector has been

codified enabling EKF to assess whether the transactions under review respect these rights.

The strength of the approach is that it is based on principles that are transparent, freely available, internationally recognized and tested.

While we recognize that the principles are limited in scope as regards exposure to all of the internationally recognized human rights the following may be noted:

- EKF wants to maintain its principled approach to environmental and social standards;
- EKF believes that internationally recognized and operational standards – defining the private sector's duty to respect - are a necessity for considering all recognized human rights;
- EKF wants to pro-actively work towards considering all recognized human rights.

The current backlog as regards defining the private sector's duty to respect all recognized human rights places EKF with a challenge. While we wish to consider all human rights we currently have no access to principles and standards that enables a satisfactory consideration i.e. operationalisation. We welcome the extension of the Special Representatives mandate and its objective of defining the private sector's role to respect all rights whose results are expected by 2011.

Meanwhile, we will continue the work in international fora towards defining the private sector's role and thereby continually and gradually including the consideration of more human



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rights in our principled approach based on internationally recognized standards.

Work/life balance

EKF offers its employees a broad variety of benefits to support the work/life balance. The majority of employees with EKF have the possibility of flexible working hours, to work part time and to work from home. In addition, all state-employed staff having children have a possibility of up to two paid sick days each time their children fall ill, and employees with children aged under 8 have in addition the right to two yearly paid days off called "caring-days".

EKF is a knowledge intensive organization where employees often have profound knowledge and experience in a rather specialised field. Given the current state of the financial markets, EKF experiences a precipitous rise in demand for EKF's products. The challenge for management now and in the coming years is to ensure work-life balance for its employees and to take the necessary precautions to avoid undue strain on the employees of EKF.

This includes setting guidelines for what is expected from the individual employee and defining what counts as working hours, in order to prevent stress among employees.

UN Global Compact principles

During 2008 EKF has addressed the Global Compact's set of core values on human rights, labour standards, the environ-

ment and anti-corruption in our work. Furthermore, we find that the present report addresses the mandatory responses on Global Compact, statement of continued support, description of practical action and measurement of outcomes. However, EKF acknowledges that CSR is an iterative process, therefore, we intend to continue addressing UN Global Compact principles in 2009 when also respecting EKF's other international commitments e.g. Equator Principles and OECD.



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5 Auditor statement

Grontmij | Carl Bro has been hired to audit the Corporate Social Responsibility Report of Eksport Kredit Fonden (EKF) according to Global Reporting Initiative (GRI) standards. The report is prepared for the year ended December 31, 2008, under the responsibility of EKF.

Audit procedures

The procedures consist of:

- planning the work, considering relevance, coherence, volume of quantitative and qualitative information and operating an internal control system that are the basis for drafting the EKF Corporate Social Responsibility Report;
- understanding the methodology for calculating and consolidating the data;
- comparison of quantitative and qualitative information with the indicators mentioned in the Corporate Social Responsibility Report;
- comparison of the financial indicators with the financial statements and/or accounting records;
- review the Corporate Social Responsibility Report according to GRI requirements on application level.

Reporting criteria

The information in EKF's Corporate Social Responsibility Report was prepared using the Global Reporting Initiative Financial Services Sector Supplement, which is the GRI G3 guidelines plus sector specific content. Furthermore, OECD Revised Council Recommendation on Common Approaches on the Environment and Officially Supported Export Credits, June 12, 2007; The Equator Principles, July 2006; IFC Performance Standards and, IFC Environmental, Health and Safety Guidelines have

been used as guidelines for the project reviews. Based on the project reviews we find that all projects are in compliance with the mentioned guidelines.

Relationship between EKF and Grontmij | Carl Bro

Since 2001 Grontmij | Carl Bro has worked as independent auditor for EKF, conducting social and environmental review of all EKF projects with significant potential adverse social and environmental impact. We therefore hold extensive insight as to how data is collected and reviewed on EKF projects. As the Grontmij | Carl Bro turnover deriving from EKF only amounts to 0.25% of our total turnover in 2008, we consider ourselves as unbiased when conducting this audit.

Conclusion

Based on our revision, we know of no fact that leads us to believe that the information on form of management and performance indicators in EKF's Corporate Social Responsibility Report for the year ended December 31, 2008, is not prepared in accordance with the aforementioned guidelines.

Based on our revision, we state this report to apply the GRI level of application C+.

Grontmij | Carl Bro AVS

Søren Hvilshøj
Associate Market Director
EBA, PhD, MScEng,
IEMA registered Environmental
Auditor

Heidi Hjorth
Senior Consultant
MSc Human Geography



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**Annex 1 About EKF****1.1 History and legal set-up**

Eksport Kredit Fonden (EKF) is the Danish Export Credit Agency administering the Danish export credit scheme. The scheme was established in 1922 to support Danish exports by offering export credit guarantees. Throughout the years it has always been a prerequisite that the scheme should be economically self-sustainable.

The facility has through its 86 years of existence undergone substantial changes.

EKF's current structure as an independent administrative unit under the Danish State was established by law in 1999.

The legal basis for EKF consists of the Act on Eksport Kredit Fonden with amendment, Order on the administration of the Act on Eksport Kredit Fonden and Statutes of Eksport Kredit Fonden.

EKF is managed by an Executive Board of Directors consisting of eight persons appointed by the Minister for Economic and Business Affairs.

The composition of the Board of Directors reflects the interests of trade policy, state finance and foreign trade policy through the appointment of representatives of the relevant Ministries to the Board.

However, the majority of the Board comprises of members of the Danish private sector who have the required professional and financial insight.

Day-to-day management is handled by a CEO according to an Instruction for the Managing Director approved by the Board of Directors. The CEO is also appointed by the Minister for Economic and Business Affairs.

The compensation for members of the top-management is stated in EKF's annual report, which is published on www.ekf.dk.

EKF operates on commercial terms and conditions and is guaranteed by the Danish State.

1.2 Activities and markets

Eksport Kredit Fonden's (EKF) most important task is to ensure competitive financial conditions for Danish export by providing guarantees and advice in connection with long-term export.

A sale on credit to a foreign customer can give a vital competitive edge in international trade, in the same way as price, quality and expertise. Sale on credit may also be necessary, as it can be difficult for buyers in less developed countries with weak financial sectors to raise the required credit, or sufficient liquidity, for payment in cash. In such cases, help with financing may be a requirement if the business transaction is to take place at all.

EKF offers insurance against the extraordinary commercial and political risks that are not covered by private credit insurance. The payment risks are connected to Danish exports and/or Danish economic interest to markets all over the world and are, as



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a general rule, with credit periods of more than two years. In 2008, EKF had exposure in 62 countries, read more in EKF's Annual Report 2008 on www.ekf.dk.

EKF's participation in a transaction can take various forms. The classic structure is shown in the figure below. EKF's direct involvement in the design of an export and/or transaction is, therefore, in many cases limited.

EKF cooperates within international fora on export credits in order to create a set of common international rules on CSR related issues e.g. environmental and social issues, as well as anti-bribery. The aim of these rules is twofold. They ensure free, fair and equal competition between the export credit agencies

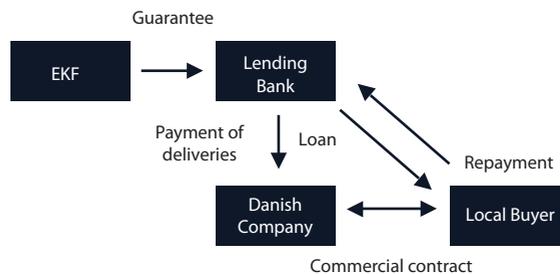
and thus also between exporters, and secondly, they aim to set at minimum standard for ECA activities within the field of sustainable development.

Read more in Annex 2 on EKF's international agreements and initiatives.

Key Figures 2008

In year 2008 alone, EKF provided new guarantees for exports and investments abroad for DKK 5 billion. These guarantees have made it possible for Danish companies to export to evolving markets despite high financial risks. EKF's total exposure increased by more than 12 percent to the amount of DKK 31 billion.

Figure 4 Classic Export Credit Guarantee



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Table 3 Financial Highlights and Key Figures

Financial Highlights, DKK million	2004	2005	2006	2007	2008
Premium income	137	232	312	245	228
Administrative expenses (net)	47	50	52	55	59
Technical result	221	157	175	137	146
Net financials	96	102	99	56	90
Net profit/ loss for the year	291	238	257	199	247
Technical provisions	541	688	729	768	722
Equity	1,600	1,800	2,358	2,557	3,004
Distribution of capital	37	0	0	0	0
Exposure administered by EKF	15,229	24,063	24,123	27,586	30,981
Balance sheet total	2,266	2,556	3,163	3,429	3,763

Key Figures*

Equity ratio (%)	70	70	75	75	80
Average number of employees	57	55	57	57	62
Expenses per employee (DKK 1,000)	972	1,052	1,033	1,109	1,084
Provisions ratio EKF (%)	4	3	4	4	4
Return on equity	19	14	12	8	9

*) The key figures are calculated in accordance with the Danish Society of investment Professionals' "Recommendations and Key Figures, 2005".



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**1.3 EKF's business strategy and organization**

During 2008 EKF developed a new business strategy based on a vision, a mission statement and EKF's values:

Vision

EKF leading in evolving markets

Winning through competence

With its vision EKF emphasizes the desire to be among the best agencies providing financial support in markets where private banks do not wish to assume the total risk.

EKF shall function as a business with a reasonable balance between income and expenditure. EKF shall, however, maintain a long-term perspective and willingness to accept risk in some countries and in some markets in which political stability and commercial success are not assured.

Mission Statement

EKF ensures competitive financial terms for Danish business and industry in international markets.

EKF covers high financial risks related to business of economic interest to Denmark.

EKF operates on commercial terms and is guaranteed by the Danish state.

Values

We are committed

innovative

effective

and act thoughtfully

The new business strategy was developed within a frame, where one of the bearing beams is CSR.

Organization

EKF employs 64 persons as of December 31, 2008.^a



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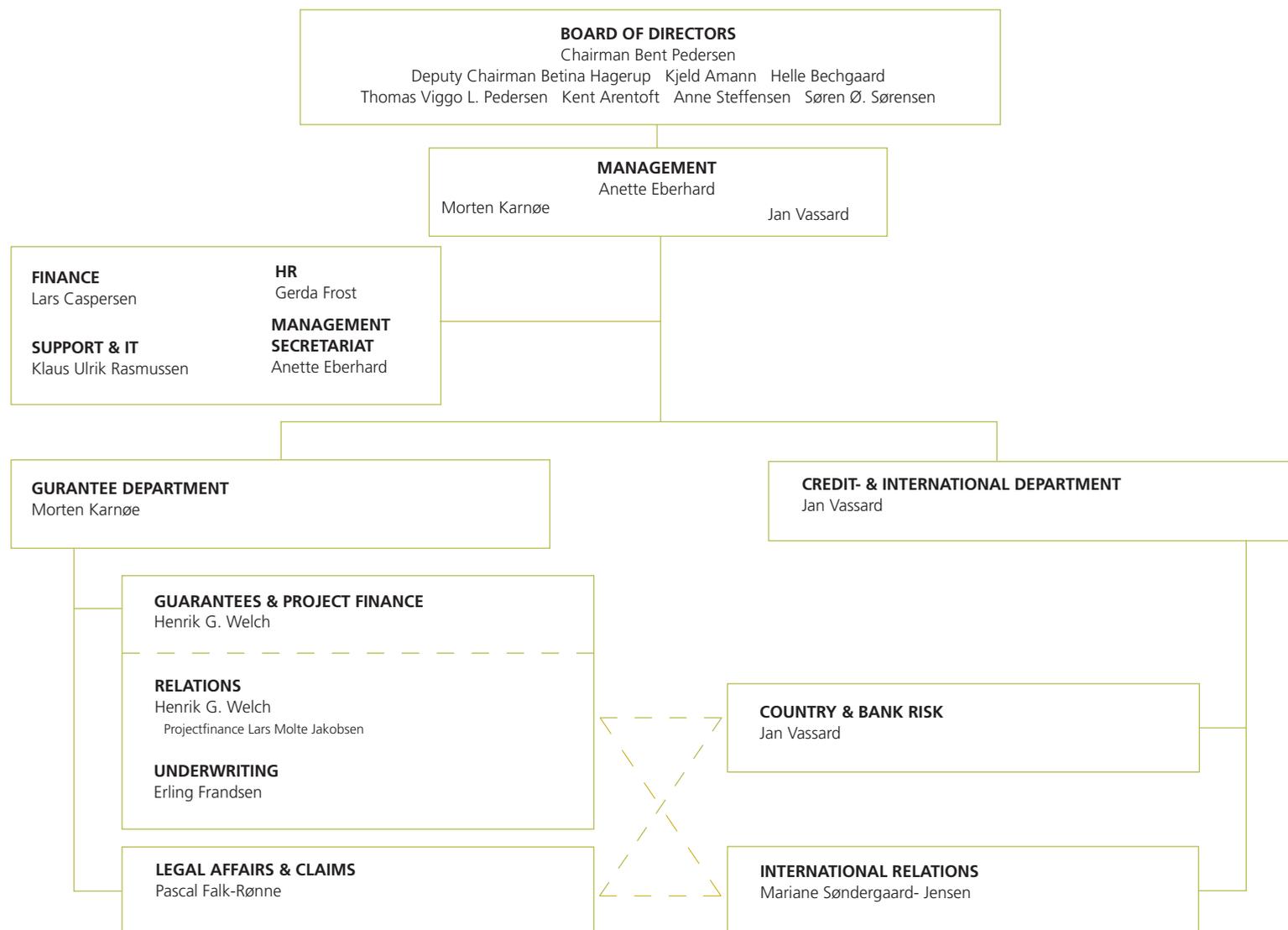
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Figure 5 The organization chart of EKF as of December 31, 2008



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1.4 Policies, guidelines and practical instructions

Based on EKF's legal basis a number of policies, guidelines and practical instructions constitute the backbone of how EKF does business. This includes environmental and CSR policies. The documents vary from the overriding policies to the guidelines documenting the working process involved to conduct a certain task, and to the practical instructions, which make any EKF employee able to practically perform the task. All new employees go through a learning process on the relevant policies, guidelines and practical instructions related to their specific position in EKF.

All policies, guidelines and practical instructions are available to all in EKF on the intranet – and are basis for decision making in EKF, e.g. on export credit guarantees.

Furthermore, all policies and guidelines are subject to audit by EKF's external auditors KPMG C. Jespersen, Statsautoriseret Revisionsinteressentskab and The National Audit Office of Denmark.

1.5 Export credit as a sustainable product

EKF offers a number of products that can be customised to match specific requirements.

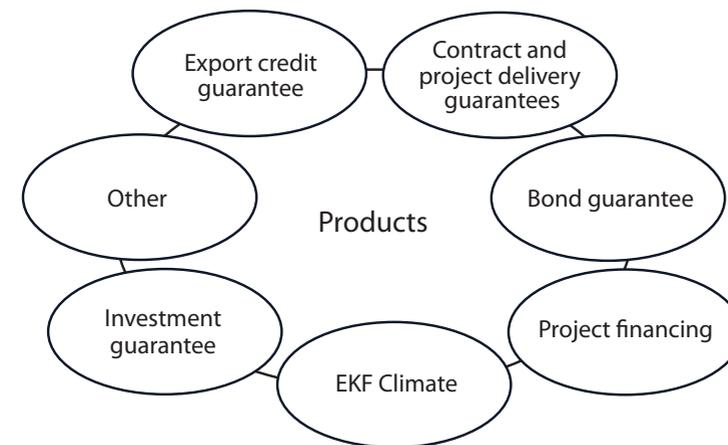
In 1987 the Brundtland Report established that sustainable development must be based on a triple bottom line: Enterprises must be evaluated not only by their financial results, but also by the impact that their financial activities have on people and the environment.

EKF has become aware of its special role as part of the financial sector in the relationship between its customers and the handling of the social and environmental responsibilities.

Since 2001, EKF has been assessing the environmental impact of the transactions guaranteed. Since 2002, EKF has published an annual report consisting of an overall evaluation of the social and environmental impact of EKF-guaranteed transactions.

EKF has chosen to have an independent review and audit of our environmental process including review of the social and environmental impact of all transactions. This is done by Grontmij | Carl Bro, an international consulting company.

Figure 6 EKF products



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Annex 2 Commitment to international agreements and initiatives

2.1 UN Global Compact

In 2008 EKF joined the UN Global Compact a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

EKF hopes that service and counselling of customers will be supported by EKF's adoption of the ten principles of the UN Global Compact. Through UN Global Compact EKF will contribute to making Denmark and Danish companies and their products internationally known as contributors to global sustainability and responsible growth.

Joining the UN Global Compact is furthermore aligned with the Danish Government's Action Plan for Corporate Social Responsibility, which was presented in May, 2008. The action plan aims at promoting CSR and helping Danish businesses reap more benefits from being at the global front of CSR.

The membership is conditioned on a Communication on Progress (CoP) which requires members to express their continued support for the Global Compact Principles, to describe actions relating to the ten principles and to report on progress and outcome using clear indicators. The first CoP is due within two years after signing up to the principles, while subsequently annual CoPs must be published. Members are urged to use existing formats and metrics, such as the Global Report-

ing Initiative for their Communication on Progress. This report follows the GRI reporting format metrics and requirement including the supplements for the Financial Services Sector, and as such it also constitutes EKF's first Communication on Progress in relation to the Global Compact and the ten principles.

2.2 The Equator Principles

The Equator Principles are a voluntary set of environmental and social screening criteria and guidelines that provide a framework for banks to manage environmental and social issues in project financing. They are based on the shared environmental and social standards of the IFC, and apply globally to development projects in all industry sectors with capital cost of USD 10 million or more.

The majority of the leading international banks have adopted the Equator Principles. The group of financial institutions adopting the Principles is still increasing also outside the OECD^b. Accordingly, the Equator Principles have become a common reference framework for the financial sector for assessing and managing environmental and social risks.

By adopting the Equator Principles, EKF works for a common set of environmental standards and aims to:

- Engage proactively in the environmental review process at an early stage, and promote a common understanding and procedure with a view to achieving a high level of environmental



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protection, and hereby enhance the efficiency and ensure that environmental and social covenants are imposed and monitored when appropriate

- Foster transparency, predictability and responsibility in the decision-making
- Act as a serious, responsible and committed financial partner

Most of EKF's financial partners in project finance have adopted the Equator Principles (EP). The number of financial institutions also outside the OECD adopting the principles is growing fast. The EP has become a recognized gold standard for managing environmental and social risks. Through the membership of EPFI EKF directly support the project finance banks' and the financial sector's efforts to promote sustainable development through requirements concerning environmental and social issues.

In our experience membership of the EP is an advantage and facilitates our cooperation with financial partners in project finance transactions, especially in connection with documentation and management of environmental and social risks in the project's lifetime. It improves communication during negotiations with banks and sponsors. The EP improves EKF's ability to advise customers and manage environmental and social risks.

When are the Equator Principles applied?

The Equator Principles are applied to project finance transactions with a total project capital cost of USD 10 million or more. The principles are equally applied to projects in both developed

and developing countries. Project finance is characterized by the lending banks making requirements concerning the feasibility of the project based on both financial and technical considerations. But the banks also require the project to conform to internationally acceptable environmental and social standards. On occasions experience shows that the lack of commitment to high international environmental and social standards may cause projects to fail underlining environmental and social risks as key issues in project development.

The financial parties invoke covenants regarding environmental and social standards in the loan documentation hence making the loan conditional on environmental and social action plans being drawn up and implemented. Non-compliance will, as any other breach of agreement, be an event of default. Environmental and social standards are hence an integral part of the loan agreement and set out the framework for monitoring and management of the project.

The OECD recommendation on Common Approaches on the Environment applies to project finance. EKF is responsible for addressing potential inconsistencies between the OECD recommendation and the Equator Principles for project finance transactions.

The responsibility for EKF's environment and social policy and its implementation is organizationally integrated in EKF's underwriting division with direct reference to the Deputy CEO responsible for the Guarantee Department i.e. an integral part of the daily operations. This ensures a seamless integration of the handling and understanding of environmental and social standards in the business operations. The review of the envi-



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ronmental and social impacts is undertaken in close cooperation with EKF's external consultant Grontmij | Carl Bro. The use of an independent auditor ensures that the assessment is in compliance with the Equator Principles and the OECD Common Approaches. EKF's management approves the environmental and social risks and plans for avoidance, minimizing, mitigation and/or compensation on all project finance transactions based on an independent review by the external consultant.

2.3 OECD agreements and sustainable development in the OECD

In recent years the OECD Export Credit Group has been involved in investigating how export credit can contribute to sustainable development. These are three main issues:

- Environmental recommendation
- Combating bribery
- Sustainable lending

Environmental Recommendation

The OECD countries' environmental agreement sets out the rules for export credit agencies in terms of handling environmental risks regarding the projects in which they are involved. They include the environmental demands the projects must meet and the international standards to be applied. Moreover, it specifies the information to be made available to the public.

The main points of the revised recommendation are:

- Increased cooperation and information sharing to ensure a consistent implementation of the agreement
- The international standards to be applied have been specified as being World Bank and International Finance Corporation Performance standards
- All projects – both new as well as renovations – must be examined for environmental impact before export credits can be issued
- Publication of environmental information for projects with significant environmental impact (A-projects) is a prerequisite, due to the favourable experience of the past three years
- Increased efforts to include non-OECD members to cooperate regarding the exchange of information and a more consistent environmental practice

Bribery

The OECD Convention on Combating Bribery of Foreign Public Officials in International Business transactions (The OECD Anti-Bribery Convention) was adopted on 17 December 1997. The Danish penal code was amended to reflect the Convention.

In order to implement the Convention in the area of export credits, the OECD Working Party on Export Credits and Guarantees has adopted certain rules regarding the fight against bribery. These rules require exporters/guarantee holders to sign a declaration with the export credit agency stating that bribery has not taken place in any given transaction.



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EKF's declarations of non-bribery have been drawn up in accordance with the requirements of the OECD Recommendation. Therefore, the exporters/guarantee holders must disclose if they are:

- Listed on the publicly available debarment lists of international development banks such as the World Bank Group or the European Bank of Reconstruction and Development (EBRD), etc.
- Convicted or charged with bribery
- Using agents in connection with export credit transactions

If the exporter/guarantee holder is listed on a debarment list, has been convicted or charged with bribery, or if EKF has any suspicion of bribery, EKF will conduct a full investigation before offering an export credit guarantee.

EKF has adopted a zero-tolerance policy regarding bribery and will press criminal charges if EKF receives information of bribery in any EKF guaranteed business transaction.

EKF encourages all the exports/guarantee holders to develop, apply, and document control systems that combat bribery.

Sustainable lending

Low income countries that generally do not have access to private sources of capital are not major markets for official export credits. Nonetheless, official export credits that are provided to public buyers represent official flows that can contribute to a country's external debt burden. Accordingly, Members of the OECD Working party on Export Credits and Credit Guarantees (ECG) have adopted a set of Principles and Guidelines to Promote Sustainable Lending Practices in the provision of Official Export Credits to Low Income Countries.

The agreement is meant to ensure that the provision of official export credits to public or publicly-guaranteed buyers in IDA-Only countries (i.e. the poorest countries that are only eligible for interest free loans and grants from the International Development Association of the World Bank) should reflect sustainable lending practices, i.e. lending that supports the buyer country's economic and social progress without endangering its financial future and long-term development prospects.

Continuing the practice established in relation to the past agreements on Unproductive Expenditure, the Statement of principles require Members to report details of official export credit transactions to IDA-Only Countries and HIPCs and to review them on an annual bases.

Read more on the OECD guidelines on www.ekf.dk.



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Annex 3 Our social and environmental responsibilities

3.1 Environmental and social impacts from EKF's own operations

The main impacts on economic and environmental sustainability and social responsibility stem from the projects EKF underwrites. Nonetheless, EKF pays close attention to the impacts from EKF's own operations over which EKF exerts full control and responsibility. The main direct environmental impacts are assessed to be: emissions to the air of CO₂, SO₂ and NO_x from electricity, heat, and mainly air transport.

EKF currently does not have an overarching purchasing policy incorporating requirements as regards environmental and social issues. Although limited in scale EKF uses a number of suppliers for procuring office equipment and supplies, consumer goods and IT. The procurement of IT, which is the key component in value terms, is primarily carried out through the Danish Official State Procurement Policy (SKI).^c

SKI includes a variety of energy effective and climate sensitive products and services, which can help reduce CO₂ emissions. Furthermore, SKI includes environmentally sensitive products labelled according to Nordic and European standards, the Swan (Nordic Eco-label) and the Flower (European Eco-label).^d

EKF has set standards for external consulting and auditing. Grontmij | Carl Bro is obligated to comply with a Corporate Social Responsibility policy, by which the consultant must consider values as human rights, labour rights, environment and anti-corruption in relation to the delivery of consultancy. Furthermore, the consultancy is subjugated to conventions on equal terms as EKF, such as the OECD convention on anti-corruption.

EKF does not engage much in philanthropy. In 2008 a voluntary donation of USD 500 was made in support of UN Global Compact and EKF participated in a charity dinner in Bangkok, 'Diabetes information and treatment in Thailand' amounting to DKK 1,500.

EKF welcomes applications from students concerning internships, and in 2008 EKF financially supported one student's internship with Berne Union Secretariat in London, and one other student's internship with EKF.

3.1.1 Resource consumption

EKF's offices are placed in Copenhagen on the third floor of an old warehouse consisting of four floors. As no separate accounts are kept for the EKF office, EKF's consumption of energy and water is estimated as a proportionate share of the total consumption based on EKF's share of the buildings total m².

The following table provides an overview of the environmental impact of EKF in 2007 and 2008, including the impact per employee for 2008. The increase in consumption reflects the rise in the number of employees in EKF; 54 persons in 2007 and 64 persons as of December 31, 2008. The large increase in air transport also reflects the significant increase in EKF's core business in 2008.

Actions have been taken to decrease resource consumption in EKF, e.g. water saving toilets and energy saving electric bulbs, and automatic switch sensors have been installed. Data on EKF's consumption in 2008 of Electricity, Heat and Water are not available before September 2009.



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Table 4 Environmental Impact

	2007	2008	Per employee 2008
Resource Consumption			
Electricity consumption (MWh)	316.77	332.61 (forecast)	5.1970
Heat consumption (MWh)	233.29	244.89 (forecast)	3.8264
Water consumption (m ³), tap water	201.82	205.00 (forecast)	3.2031
Paper consumption (tonnes)	3.05	3.68	0.0575
Transport by taxi (1000 km)	7.21	8.37	0.1308
Transport by domestic courier (1000 km)	1.38	0.86	0.0134
Transport by flight (1000 km)	922.48	1,199.49	18.74

Emissions

CO ₂ emissions (tonnes)	352	401	6.2656
SO ₂ emissions (tonnes)	0.137	0.152	0.0024
NO _x emissions (tonnes)	0.623	0.735	0.0115

Table 5 Solid Waste Management 2008

Waste	Tonnes
Flammable	7.33
Cardboard for recycling	0.32
Miscellaneous waste for sorting	0.18
Paper for recycling	1.75
Electric and electronical products	0.31
Bottles/glass and packing glass	0.09
Plastic for recycling	0.18
In Total	10.16

EKF's solid waste is sorted into main categories, paper, plastics, recyclable materials etc. The bulk of solid waste is made up by paper and the environmental impact is accounted for under paper consumption. Furthermore, hazardous waste such as batteries and IT hardware are collected separately and disposed of in an environmentally responsible manner.

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**3.1.2 CO₂, SO₂ and NO_x emissions**

Emission of CO₂, SO₂ and NO_x from EKF's offices is primarily due to the consumption of heat, water and transportation.

The total emission from EKF is 401 tonnes CO₂ or 6.27 tonnes per employee. Approximately 40% of the CO₂ emission is due to air transport, which is the largest single source of emission. Approximately 60% of the NO_x emission and 29% of the SO₂ emission also stem from air transport. The nature of EKF's business with a large project portfolio spanning the world necessitates international travel for meetings and audits etc. Even though EKF continuously assesses and re-assesses the need for international travel, the direct contribution has increased from 2007 to 2008.

This is due to the increase in EKF's core business with a record breaking number of guarantees issued in 2008.

The calculated emissions from EKF offices, however, make up just a fraction of the estimated reduction according to EKF project portfolio. The CO₂ emission is calculated as 401 tonnes whereas the reduction from project portfolio is calculated as 1,700,000 tonnes. The EKF proportion is therefore only 0.02%.

Read more in Annex 4.

Electricity and Heat

The emission factors for electricity is based on the 200%-method to be consistent with emission factors for district heating. Energinet.dk also provides another method based on 125% heat recovery. To use emission factors based on the 125% method would reduce the environmental impact of electricity consumption in environmental reporting, but would not be consistent with the emission factors used for district heating.^e

Transport by taxi and courier

Assumptions for taxis and domestic couriers: 17 km/litre diesel and 2.65 kg CO₂/litre diesel, equal to 156 g CO₂/km. Euro-norm III: 0,54 g NO_x/km, according to The Danish Environmental Protection Agency, www.mst.dk.

Air transport

The emissions of CO₂, SO₂ and NO_x from transport by air have been calculated based on general assumptions and do not take into consideration the type of aircraft, age of aircraft, number of occupied seats etc. The emission data are not 100% accurate, but can nevertheless be used as an indicator and it fully reflects the trend in emissions.

The calculation of the climate impact in CO₂ equivalents is based on the RFI-factor used by the environmental organisation Mitt Klima (<http://mittklima.no>), where RFI-factor is 2.0.



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**3.2 Social awareness****3.2.1 Employees**

The total number of employees in EKF is 64, as per December 31, 2008, a rise of 18.5 percent compared to 2007.

All EKF employees are placed in the same building and on the same floor. The working culture of EKF is Scandinavian, meaning that the hierarchy is flat, and the spoken tone is informal. Only the top-management, consisting of the CEO and the two Deputy CEOs, have their own offices, where an “open-door” policy applies. This means that all employees are free to directly contact the top-management whenever the doors are open – which they are during the main part of the day.

In Denmark, pay and working conditions are typically laid down by collective agreements concluded between trade unions and employers’ organisations. This system of labour market regulation is referred to as the Danish model and is characterised by the fact that the social partners themselves determine the rules of the game on the labour market. The philosophy is that the social partners are in the best position to know what the problems on the labour market might be. This means that they will also be the best at finding quick solutions and adapting to the current challenges on the labour market.

Strong labour market organisations with a high membership rate are a precondition for a system based on the social partners’ self-regulation and this is also the case in Denmark.

EKF complies with Danish law on all employee matter such as freedom of association, collective bargaining, layoff policy, notice periods, health and safety, salaries etc.

All employees are either employed according to a collective bargaining agreement or by individual contracts which refers to agreements with relevant unions.

In line with Danish law, EKF has formed a works committee consisting of six members, three of which represent the management whereas three members represent employees being the elected trade union representatives. The works committee discuss issues relating to working conditions, equality, competency development, rationalisations and reorganisation projects, introduction of new technology, the economic situation of EKF and safety in the workplace. The trade union representatives will also come into action should any conflict arise between persons and/or departments in EKF.

According to Danish law employers with more than ten employees must form a safety organisation. A safety representative has been elected among the employees and participates in the works committee meeting when safety issues are discussed. The safety representative is responsible for the day-to-day safety in EKF.

Also according to Danish law, all workplaces must carry out an assessment of the physical and psychological working environment every three years. The latest assessment was carried out in 2008.

EKF aims at being an attractive employer, both relating to recruitment and retention of employees. Part of the EKF policy focuses on work-life balance and continued competency development in order to attract, recruit and retain highly qualified employees. Furthermore, EKF offers a number of benefits to all its employees.



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Table 6 Employee benefits

Benefit	
Working hours	Working hours are based on a 37 hours week with flexible hours. Lunch break (0.5 hours) is included in the paid working hours. Furthermore, employees are given a yearly day off, the so called 'EKF-day'
Competence development	In 2008 an average of DKK 13,466 were spent per employee
Individual development account	Every employee has their own personal development account, covering personal and professional training needs
Work space	EKF invests in art for the premises and ergonomically correct workstations
ADSL-connection	All employees have the opportunity to have a free ADSL connection installed in their homes as well as a free subscription
Health insurance	All employees are offered a private health insurance
Travel insurance	Employees travelling for business are offered a travel insurance for accompanying spouse and children
Fruit	Fresh fruit is delivered twice a week
Coffee & tea	Free coffee and tea is offered
EKF seminars, support to staff association	EKF supports summer parties, Christmas parties, group and EKF seminars as well as other arrangements e.g. football teams and DHL-relay race
Equipment	EKF supports the participation of EKF teams/employees in business sports events by providing employees with sports gear, bags etc. with EKF logo
Mobile phone	Employees are offered a mobile phone. Payment follows the Danish tax law
Smoking room	For employees who are smoking a smoking room with a smoke cabin is available
Other	EKF offers football table games and shoe shining machine at the premises. Furthermore, there are massage and dry cleaning with employee payment available
Bonus	In relation to the yearly salary negotiations a yearly bonus is calculated on basis of the degree of accomplishing the business plan, see the Annual report on www.ekf.dk
Assignment salary	Assignment salary is paid for expected overtime

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As part of EKF's aim at decreasing the turnover of employees all employees who leave EKF are asked to fill in a resignation form, followed by a resignation interview with the CEO.

3.2.2 Work/life balance

The concept of work-life balance concerns the individual employees' ability to distribute time and resources between their work and other areas of life such as family and leisure activities. Work-life balance is though not easily implemented as a standard. The right balance varies according to the individual employee and according to stages in life. Major life events such as parenthood will influence employees' priorities and needs.

A survey conducted by Zaper for Ugebrevet A4 in 2008, showed that the majority of employees state that the opportunity to work from home contributed to variety in their work and at the same time contributed to a better work-life balance.

45% of the participants state that the opportunity work from home meant that they worked more hours, and 40% found that home-based work diminishes the fixed distinction between work and leisure time.
(LO ugebrevet A4, December 8, 2008)

As part of a focus on work-life balance EKF has since January 1, 2007 registered home based working hours in order to document the use of home based working hours and assure that EKF has the optimal setup for home based work.

One of the main challenges for a knowledge based company, such as EKF, is to ensure work-life balance for its employees. With new technology employees can work everywhere at any time. This poses a challenge for EKF in terms of setting guidelines for what is expected from the individual employee and defining what counts as working hours, in order to prevent stress among employees.

EKF pays due attention to the burden of work on each employee and the presence of stress in the organization, and several activities have been held in order to create awareness among employees and provide tools for discovering symptoms of stress.

In case of stress symptoms among employees, EKF offers psychology assistance through the private health insurance and develops a plan for how to retribute the employee, often involving a period of leave and a gradual return to work.

EKF grants part time employment for employees unless there are strong arguments against it. Part time employment can be either temporary or permanent. Furthermore, EKF encourages part time working among employees returning after long term



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illness, in order for the employee to get a gradual start on working again. This opportunity has been used for employees returning after long term leave caused by stress.

EKF will continue to focus on work-life balance for its employees as part of the continued development of a healthy working environment.

3.2.3 Competency development

EKF considers its employees its most valuable resource and wants to offer employees ample opportunities for maintaining and developing their competencies. Focus is therefore, on a continued development of each employee's competences through strategic and systematic competency development. A continued development of human resources is essential in achieving the goals set by EKF.

Each year a performance review with employees and management is held, in order to discuss last year performance and future assignments and goals. Another aspect of the dialogue meeting is to agree on personal development plans including both internal and external development activities. The aim is to ensure the employees personal and professional development in a longer perspective and at the same time support the EKF strategy. Employees and management share joint responsibility for the implementation of the individual development plan.

The yearly performance review with the superior also applies for the top-management. The CEO hosts reviews with the two Deputy CEO's and the chairman of the Board of Directors hosts

a review with the CEO. The reviews in general have a broad agenda, where topics as EKF's strategy, economy and environmental and social activities and the employee's knowledge in this respect are assessed. On this basis competency development of the individual employee is planned.

The ongoing education process includes both internal as well as external activities. The internal activities include training of new employees in e.g. EKF strategy, values, approach to CSR and products.

One of EKF's challenges based on the numbers for 2006 and 2007 has been the loss of highly specialized employees. Their knowledge can be difficult to pass on. Focus is therefore not only on the development of the employees' competences but also on anchoring new knowledge within the organization.



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**EKF goals for the competency development policy**

- EKF continues to develop employees' professional competences in order to support the company strategy
- EKF seeks to develop employees' personal competencies in order to support the company ideas and values
- EKF wishes to be an attractive workplace where employees are offered systematic competency development
- And where the individuals take responsibility for their own development

Central elements of the EKF competency development system are:

- Introduction of new employees
- Yearly dialogue meetings with biannual follow-up
- Plan for goals and development, creating links between strategy and the job
- Individual development plans including an individual development account
- Participation in external training and networks
- Internal training activities, e.g. on-the-job training and job rotation
- Opportunities for exchange both national and international
- Systematic evaluation of both internal and external training activities

Furthermore, EKF has a structured approach to knowledge management based on four levels and types of information: strategic, tactical, operational and combined knowledge.



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Table 7 Employee data^f

	2006	2007	2008
Staff diversity			
Number of employees, end of year	57	54	64
Percentage of women in workforce (%)	40.4	50.0	46.9
Percentage of women in management (%)	20	27	27
Percentage of employees with a master degree	73.7	75.9	79.7
Percentage of employees with ethnic minority ^g background	1.8	3.7	4.6
Average age	42.2	42.5	42.4
Average years of service	7	9	8
Work-life balance			
Women working part-time	2	2	2
Men working part-time	1	1	0
Number of flex jobs	0	0	0
Number of employees on paid maternity leave during the year	1	2	1
Number of employees on paid paternity leave during the year	1	2	3
Leave of absence granted for other reasons (number of employees granted leave of absence during the year)	0	1	1
Leave of absence not-granted	0	0	0
Employee turnover			
Employee turnover (%)	12.7	20.4	3.7



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Table 7 Employee data

Health and safety	2006	2007	2008
Average absence due to illness (average number of days lost through illness per employee)	5.0	4.2	4.3
Average absence due to long term illness (average number of days lost through long term illness (>30 days) per employee)	6.7	4.8	10.3
Average absence due to first and second day of illness of a child (average number of days lost through first day of illness of a child per employee)	0.5	0.6	1.2
Competency development			
Number of days spent on training and education per employee	5.1	6.7	5.2
Of which days spent on internal activities	2.0	3.1	2.7
Of which days spent on external activities	3.1	3.6	2.5
Average amount spent on competency development per employee (DKK)	17,227	24,289	13,466

EKF goals

EKF has listed a number of goals covering the human resource area in its employment policy. The goals are durable in the sense that they are applicable for any year – and not just for a specific year.

- Absence due to illness (not including long term illness and first day of illness of a child) should not exceed five days a year
- Employees should as a minimum participate in internal or external training and education five days each year
- Employee turnover should not exceed 15% within a given year

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Annex 4 Global Sustainability

Since 2001, EKF has systematically been screening and reviewing the impacts of its projects on people and the environment. A screening of the environmental and social impacts is carried out for all applications, regardless of size, based on an assessment of the available documentation and in dialogue with the project participants and applicants. All projects with significant impacts go to a full review following the OECD CA and the Equator Principles to achieve compliance with international standards for environment and social issues.

By setting this principled stance towards social and environmental impacts and risks EKF wishes to contribute to sustainable development, globally and locally in the countries where the projects are located.

Initial screening of all projects

First step is an initial screening of all projects. This process identifies all projects that could have material potential adverse environmental and social impacts.

Environmental and Social Due Diligence review

All projects with significant potential adverse social and environmental impacts are sent to our independent auditor Grontmij | Carl Bro for a detailed environmental and social review, applying OECD guidelines and in case of project financing also the Equator principles. This ensures that the project is in compliance with IFC's Performance Standards and IFC's Environment, Health and Safety guidelines as well as local laws and regulations are respected. As needed Grontmij

| Carl Bro draws up ex-ante or ex-post requirements, if any, concerning environmental and social action plans for the project and assesses the subsequent monitoring requirements.



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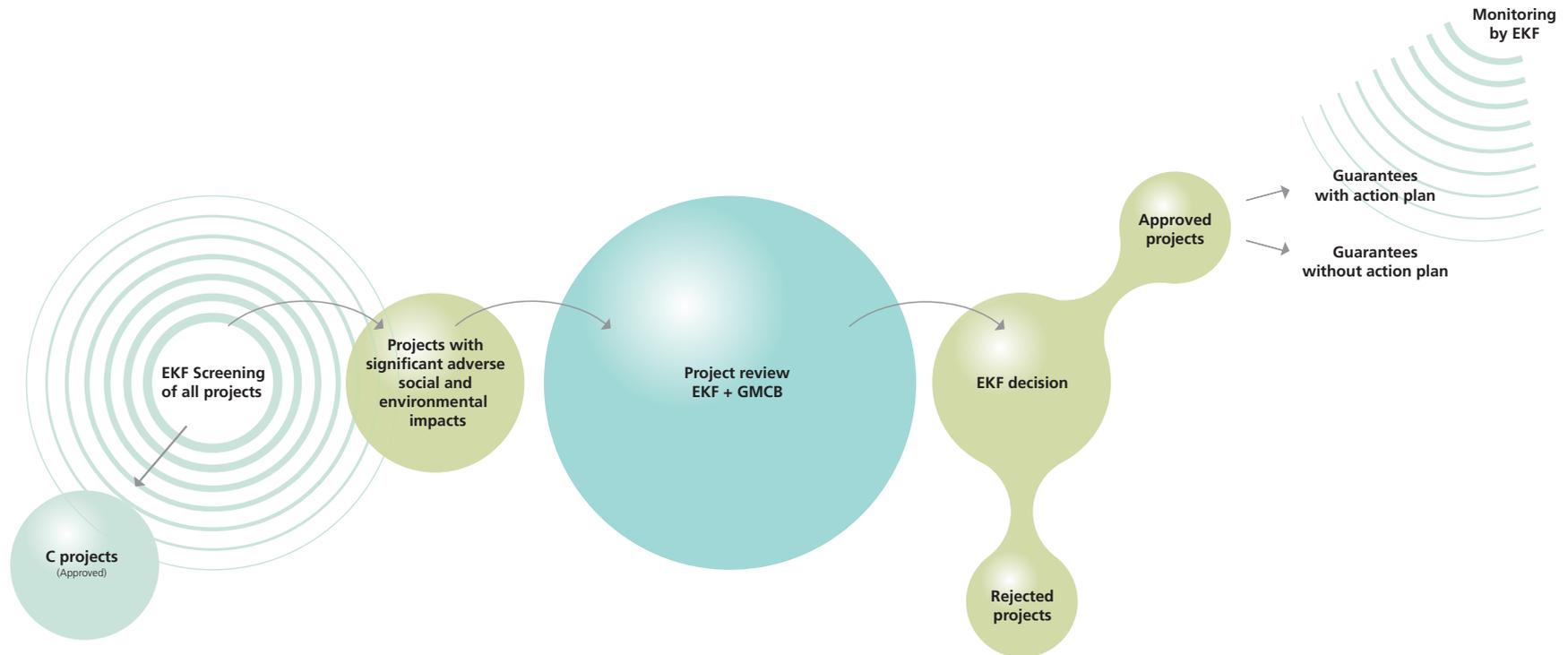
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Figure 7 General process principle for assessment of environmental and social impacts of EKF's portfolio



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The economic, environmental, and social impacts of projects are relevant to the concept of sustainability; however, common and unequivocal international definitions and agreements on sustainability in an export credit insurance context have yet to be established. Therefore, EKF is cooperating with a number of financial institutions on the establishment of methods for measuring sustainability in order to reach a common international understanding and to establish harmonised rules, partly in the OECD^{2/} and in cooperation with Equator Principles Financial Institutions (EPFIs)^{3/}.

Annual audit of sustainability

In collaboration with Grontmij | Carl Bro, EKF has chosen to quantitatively measure the factors central to the project's significant environmental and social impacts for transactions with a contract value for EKF in excess of SDR 10 million.

Since 2002, EKF has published an annual audit prepared by Grontmij | Carl Bro of the sustainability of the EKF project portfolio. In response to these reports, EKF has received comments and suggestions for improvements from financial institutions, Danish exporters and other stakeholders.

The assessment of whether EKF contribute to environmentally and socially sustainable development is based on three levels of analysis:

- Review of each project applying IFC's Performance standards and EHS guidelines, local legislation, OECD Common Approaches and the Equator Principles (where applicable)
- Detailed audit and analysis of the effect of the largest projects in financial terms, using selected assessment criteria and delimitations
- Follow up on monitoring requirements, if any

Classification of projects

All projects in EKF's portfolio are classified into three categories, A, B and C, as recommended by the OECD. Project finance transactions are also classified according to the Equator Principles following the IFC classification process. The definition of project categories is almost identical for the OECD and the Equator Principles. The main difference is that the OECD classification is ex ante, i.e. potential impacts are classified and the classification dictates the audit process whereas the classification following the Equator Principles (following IFC standards) is ex post and reflects actual impacts. The OECD sets out an illustrative list of project types that should be categorised as A.

Category A: a project is classified as Category A if it has the potential to have significant adverse environmental impacts. These impacts may affect an area broader than the sites or facilities subject to physical works. Category A, includes projects in sensitive sectors or projects located in or near sensitive areas.^h

Category B: a project is classified as Category B if its potential environmental impacts are less adverse than those of Category A projects. Typically, these impacts are site-specific, few if any of them are irreversible, and mitigation measures are more readily available.

Category C: a project is classified as Category C if it is likely to have minimal or no adverse environmental impacts.

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**Monitoring**

In 2008, Grontmij | Carl Bro drew up requirements concerning environmental and/or social monitoring on half of the projects in the table below.

As a consequence of the monitoring reports received from one of the projects approved in 2008, EKF and the other lenders took further actions to make sure that the project owner strengthened the environmental and social performance. The focus was on strengthening the HSE organisation to improve the occupational health and safety performance and to ensure a better dialogue with the local authorities. This development will prompt an increased focus on the project's performance in the coming years. None of the other monitoring reports resulted in any notable remarks from Grontmij | Carl Bro.

Projects

EKF contributed to the financing of 8 projects in 2008, which were eligible for inclusion in the audit of the contribution to sustainable development. The number of projects by sector included in the detailed analysis since 2002 is listed in the table below.



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Table 8 Projects included in the audit: types and number

Year	Project type	Number	Year	Project type	Number
2008	Cement plants	2	2005	Cement plants	7
	Wind farms	3		Wind farms	2
	Oil & Gas ¹	1		Sludge incineration	1
2007	Agro-food projects	2	Harbours	1	
	Cement plants	3	Agro-food projects	1	
	Wind farms	3	2004	Cement plants	3
	Airports	2		Wind farms	2
	Distribution facilities	1		CHP station	1
	Agro-food projects	1	Water supply and wastewater projects	1	
2006	Cement plants	9	2003	Cement plants	5
	Wind farms	6		Wind farms	2
	Power plants	1	2002	Cement plants	2
	Ships	1		Airports	1
	Harbours	1		Agro-food projects	1
	Light rail	1			
Agro-food projects	3				

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**4.1 Environmental responsibility****4.1.1 Choice of site**

The Grontmij | Carl Bro review includes an assessment of the location of each project and evaluation of project location alternatives. The review identifies whether the project is located in residential / commercial area, rural zone or industrial zone or a sensitive area and assesses the key affects to nearest residential houses and where relevant an assessment of visual and landscape impacts, soil erosion risks, seismic risk, fire risks and prevention and explosion risk, e.g. if the project includes significant storage of hazardous chemicals or flammable materials. The site assessment includes review of IFC Performance Standard (PS) 2-8 and alternatives that avoid or mitigate impacts.

Sensitive areas

Sensitive areas include national parks and other protected areas identified by national or international law, and other sensitive locations of international, national or regional importance, such as wetlands, forests and other areas with high biodiversity value, areas of archaeological or cultural significance, and areas of importance to indigenous peoples.

Whenever a project is located inside a sensitive area or a project is likely to have a perceptible impact on such locations, EKF requires a process and a SEA documenting the consequences for the sensitive area as described in the IFC Performance Standard 1 Social and Environmental Assessment, which includes review of PS3 Pollution Prevention and Abatement, PS4 Community Health and Safety, PS5 Land Acquisition and Involuntary Resettlement, PS6 Biodiversity Conservation and Sus-

tainable Natural Resource Management, PS7 Indigenous People, and PS8 Cultural Heritage.

In 2008, one project was located in a sensitive area, a wind farm located near a national park. The EIA of the project showed that there would be no or only very limited impact on the nearby sensitive area.

4.1.2 Air emissions

The Grontmij | Carl Bro due diligence audit includes an assessment of the greenhouse gas (GHG) emissions and benchmarks these against the IFC EHS guidelines or, for sectors where such guidelines do not exist, other relevant international standards.

In order to quantify EKF's contribution to air emission reductions, each of the projects are benchmarked against a reference project which is based on international standards or, if relevant, approved CO₂-equivalents under the Kyoto Protocol or Joint Implementation Programme. Where no such reference measure is available, the project's emissions are benchmarked against a reference scenario that is considered to be valid, based on professional business sector knowledge (such as BREF⁽⁴⁾).

EKF's quantitative contribution to reduction of emissions is calculated as the difference between the planned project and the reference project. It must be emphasised that the reductions hence may not to be directly comparable to CO₂-quotas under the Kyoto Protocol or the Joint Implementation Programme. So far EKF has been involved in one minor project revolving



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around a CO₂-quota. However, none of the analyzed projects listed in Table 8 involve an official CO₂-quota.

The reduction in emissions can be valued in terms of the world market prices for the given air emission component. A detailed description of the methodology for measuring EKF's quantitative contribution is described in Annex 5. For information on the contribution for previous years please see the annual EKF sustainability reports at www.ekf.dk.

In 2008, the detailed analysis of environmental impacts related to air emissions included CO₂, SO₂ and NO_x.^j

The value of the impact of the projects has been calculated by applying the world market prices for the emission type in question, or, in the case of emission types for which no trading value exists, by assessing the costs associated with a reduction in emissions. This approach has been chosen because the cost of reductions is a good first approximation of the value, as companies under Kyoto-protocols flexible mechanisms are faced with the alternatives of either buying quotas or reducing their own emissions.

Table 9 Total Danish emissions of CO₂, NO_x and SO₂

Danish emissions in tonnes/year	
CO ₂ equivalents	65,813,000 ^{/5/}
NO _x	185,820 ^{/6/}
SO ₂	21,460 ^{/6/}

In order to assess EKF's quantitative contribution to sustainable development a comparison is made with the total Danish emissions, and an assessment of the overall value of sustainable development is carried out.

CO₂

In 2008, EKF's quantitative transaction-related contribution to CO₂ reduction was 1.7 million tonnes CO₂-equivalents corresponding to a value of 23 million EUR. This figure was significantly lower than in 2007, since the capacity of the three wind farm projects in 2007 were more than double the capacity of the three wind farms projects in 2008. In addition one of the



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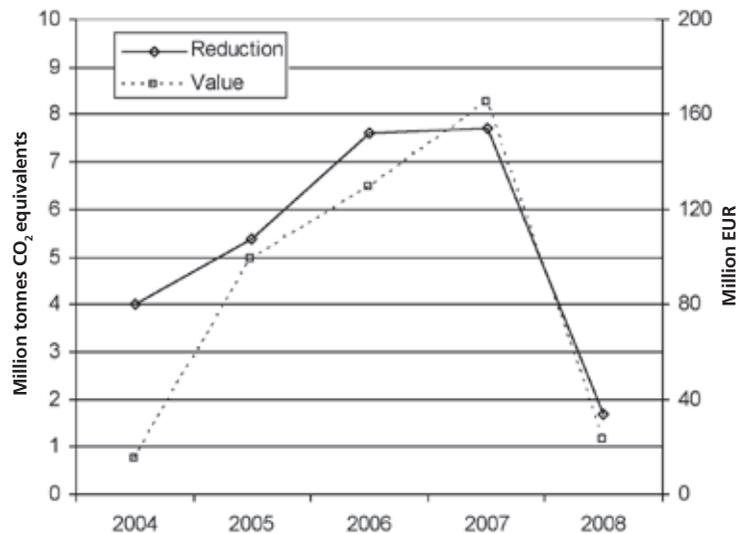
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cement plants in 2008 produced white cement which requires higher energy consumption than ordinary grey cement production, i.e. the CO₂ emissions from the white cement plant overall contributed negatively.

Figure 8 CO₂-emission reductions in mn. tonnes and mn. EUR 2004-2008



The estimated total CO₂-emission from the projects in 2008 was estimated to 43.8 million tonnes CO₂, which was slightly above the 2007 emissions.

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Table 10 CO₂-emission and reductions 2004-2008

CO ₂ equivalents	2004	2005	2006	2007	2008
Total emission in million tonnes	n.a	86.1	107	42.0	43.8
Reduction in million tonnes	4.0	5.4	7.6	7.7	1.7
Value of reduction in EUR million	15	99	129	165	23
Value in EUR per EUR EKF involvement	0.063	0.252	0.206	0.253	0.049
Reduction in % of Denmark's annual emissions	7%	10%	12%	12%	3%

n.a = not available

Despite the decrease in reductions in 2008, the total calculated CO₂ emissions are considered to be significant as the reductions still correspond to 3 % of the total Danish annual CO₂-emissions.

NO_x

The total reduction of NO_x emission in volume is similar to the reduction achieved in 2007. It is noted that the NO_x emissions

vary considerably, by the project type, the fuel type, the guarantees provided by the suppliers and particularly for wind farms by the reference energy supply used.

The total value is significantly lower due to a drop in world market prices for NO_x emissions. The reductions of NO_x by volume in 2008 correspond to 12 % of the total Danish annual emissions.

Table 11 NO_x-emission and reductions 2004-2008

NO _x	2004	2005	2006	2007	2008
Reduction in thousand tonnes	3.6	5.5	12	21.5	22.0
Value of reduction in EUR million	1.3	3.2	27.4	45.3	10.9
Value in EUR per EUR EKF involvement	0.006	0.019	0.063	0.074	0.023
Reduction in % of Denmark's annual emissions	2%	3%	7%	12%	12%



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SO₂

The volume of total reduction of SO₂ is about 30% of the reduction achieved in 2007. It is noted that the SO₂ emissions, like the NO_x, vary considerably, by the project type, the fuel type, the guarantees provided by the suppliers and particularly for wind farms by the reference energy supply.

The total value is also significantly lower in 2008 compared to 2007 due to the lower volume reduced and due to a remarkably lower market price for SO₂ emissions. The reductions of SO₂ in 2008 by volume correspond to the total Danish annual emissions, i.e. a significant quantity.

Table 12 SO₂-emission and reductions 2004-2008

SO ₂	2004	2005	2006	2007	2008
Reduction in thousand tonnes	0.9	31.6	41.5	72.6	24.3
Value of reduction in EUR million	0.43	24.0	14.1	22.7	5.8
Value in EUR per EUR EKF involvement	0.002	0.104	0.032	0.037	0.012
Reduction in % of Denmark's annual emissions	4%	102%	170%	297%	99%

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**Energy**

Grontmij | Carl Bro reviews the energy consumption as part of the due diligence review on each project and compare with the relevant IFC EHS guidelines.

All projects reviewed comply with the specified range of industry benchmark values, except a white cement plant, which is not within the available range specified for grey cement plants due to the fact, that production of white cement requires more energy compared to grey cement.

One of the analyzed projects is a brownfield project and the upgrade will significantly reduce water consumption, despite a higher overall production capacity. The wastewater management will also be improved significantly reducing discharge of nutrients to surface waters. The site was registered due to the nutrient discharge to surface waters as one of 162 Helcom hotspots around the Baltic Sea as being a source of significant pollution. The upgraded project will comply with local legislation and the IFC EHS guidelines, and all relevant EU directives and Danish legislation. Hence, EKF expects that the project site after the upgrade will be removed from the Helcom list of hot spots.

4.1.3 Water and wastewater

Water is an essential parameter for community health and safety in many parts of the world. The water consumption is, like energy consumption, benchmarked against the IFC EHS guidelines. In 2008 all projects reviewed by Grontmij | Carl Bro have complied with the relevant industry benchmark.

All cement plants are dry process plants, i.e. they have a negligible water consumption compared to the wet process plants. Wastewater discharge from dry process cement plants is neg-

Emphasising that calculations regarding discharge from the old project setup are based on fairly uncertain assumptions, Grontmij | Carl Bro's estimations indicate that the new setup compared to the old setup will result in a decrease in the nutrient load into the Baltic Sea in the magnitude of about 500 tonnes Biological Oxygen Demand (BOD₅), 500 tonnes nitrogen (N), and 120 tonnes phosphor (P). As a comparison the reduction figures correspond to about 3½ times the total BOD₅, all of the N, and more than 2 times the total P discharge from the two wastewater treatment plants covering most of Greater Copenhagen Area (Lynettenfælleskabet Grønt Regnskab 2006).



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ligible and like wind farms almost entirely related to sanitary wastewater from the offices and maintenance buildings.

Agriculture and food sector projects often have significant water consumption. It is noted that both of the large agro-food projects in 2008 are located in regions with no scarcity of water resources. Nevertheless, the water consumption complies with the range specified in the relevant IFC EHS guidelines.

Another main environmental issue related to agricultural/livestock production is related to storage, handling and application of the manure/slurry on agricultural land.

The review by Grontmij | Carl Bro includes, where possible, an evaluation of efficiency with regard to the use of raw materials and always an audit of the waste management.

Typically, the production facilities and processes can be benchmarked against the relevant IFC EHS guidelines or other sector specific standards such as EU BREF. The review also includes the use of hazardous chemicals to ensure that they are not listed on any list of prohibited, controlled or forbidden substances in international conventions.

For cement plants the review of raw material always includes an assessment of the environmental and social consequences arising from the mining/quarrying activities. In one project, the cement plant was recycling waste limestone material from a dump site related to oil shale mining. In agro-food projects special attention is given to the use of pesticides as well as en-

suring adequate food safety. For agro-food projects involving mammalian livestock, poultry or aquaculture the reviews also ensures that the project complies with Danish and EU animal welfare standards. This include prohibition against the use of growth enhancers and antibiotics that are illegal in Denmark, save for vaccination programmes as required by local regulation. The agro-food projects in 2008 have all complied with these requirements.

4.1.4 Labour and working conditions

All the projects audited by Grontmij | Carl Bro comply with the IFC General EHS guidelines regarding labour and working conditions including occupational health and safety.

None of the projects review in 2008 indicated any use of child or forced/bonded labour or other non-compliance with respect to the IFC Performance Standard 2 Labor and Working Conditions.

Some reviews include site visits and all includes an internet search to identify possible NGO criticism or newspaper headlines. Where it was found relevant EKF has requested an Environmental Management Plan, which among other shall include compliance with international labour and working conditions.

Based on the monitoring EKF and the lenders found it necessary to strengthen the management of occupational health and safety in one of the on-going projects and follow-up shall ensure that improvements are implemented.



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**Noise and vibrations**

All the projects reviewed by Grontmij | Carl Bro comply with the maximum noise levels listed in the IFC General EHS guidelines as well as local noise requirements. Although the reporting is placed under the Labor and working conditions heading the standard was used to assess impacts for communities as well.

Table 13 IFC EHS noise level guidelines

Receptor	Daytime	Night time
	07.00-22.00	22.00-07.00
Residential; institutional; educational	55 dBA	45 dBA
Industrial; commercial	70 dBA	70 dBA

Or result in a maximum increase in background level of 3 dBA at the nearest receptor location off-site

4.2 Social and societal responsibility**4.2.1 Human rights, including public consultation**

Following the IFC Performance Standard 1, the Grontmij | Carl Bro review ensures that affected communities are appropriately engaged on project-related issues that could potentially impact them. If communities are at risk of suffering from adverse impacts from a project, EKF requires that the client undertake or has undertaken a process of consultation in a manner that provides the affected communities with opportunities to express their views on project risks, impacts, and mitigation

measures to meaningfully impact on the project design, and correspondingly allows the client to duly consider and respond to them.

In 2008 four projects were classified as category A projects. For each of these projects EKF required an Environmental Impact Assessment and a public consultation process including a 30 days public disclosure period. The public consultation on these 4 projects did not prompt any comments. The requirement included an approval of the EIA by Grontmij | Carl Bro to ascertain compliance with all relevant IFC Performance Standards and EHS guidelines prior to providing a guarantee.

None of the projects reviewed by Grontmij | Carl Bro indicated any risks of non-compliance with internationally recognized human rights or complicity in any human rights abuses.

4.2.2 Indigenous people

The project review includes assessment of the compliance with the IFC Performance Standard 7 Indigenous People. The standard is meant to ascertain that indigenous peoples rights are duly respected and potential project impacts are negotiated in a culturally appropriate manner to avoid, minimize and mitigate impacts. No projects in 2008 were found to affect any indigenous people or other vulnerable groups. In the OECD terminology the term sensitive areas include areas of importance to indigenous peoples or other vulnerable groups and as such projects will be classified as category A-projects if indigenous peoples are potentially impacted.



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4.2.3 Resettlement and economic displacement

The project reviews by Grontmij | Carl Bro ensures compliance with the IFC Performance Standard 5 Land Acquisition and Involuntary Resettlement. The standard ensures that projects involving land acquisition and/or resettlement protects and improves the livelihoods of displaced persons when resettlement is unavoidable.

In 2008, none of the projects reviewed involved any involuntary resettlement or any other form of significant economic displacement. The table below presents the total number of persons affected by resettlement by year.

4.2.4 Local employment

A key parameter in the assessment of EKF's quantitative con-

tribution to sustainable development is the volume and value of local employment in the projects.

The value of local employment of the 8 projects presented in Table 8 is calculated using World Bank data on gross national income per capita (GNI per capita⁽⁷⁾) for the countries in question. The projects' contribution to local employment is estimated as EKF's percentage share of the financing by the man-years generated in the project locally during the construction phase and the operating phase, respectively, for a maximum of ten years' operation or less where applicable. The contribution to creation of employment consequently includes jobs created in the recipient country only.

Table 14 Resettlement in EKF projects by year 2004-2008

Resettlement	2004	2005	2006	2007	2008
Total number of persons	0	700	0	0	0

Table 15 Local employment impact 2004-2008

Local employment	2004	2005	2006	2007	2008
Employment impact per 1,000 man-years	8.3	35.0	18.2	23.6	15.5
Value in EUR million	48	42	43	109	58
Value in EUR per EUR EKF involvement	0.21	0.108	0.068	0.168	0.123



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The table above shows that EKF's portfolio has a positive impact on local employment. The contribution to creation of local employment varies significantly by the composition of the project portfolio as labour intensity varies significantly. Local employment in 2008 totalled more than 15,500 man-years.

Overall, the projects in the years 2004 through 2008 included in the detailed analysis contributed in excess of 100,000 man-years. The value of the projects in 2008 was in the order of EUR 58 million in terms of local employment alone, which is slightly higher than in the period 2004-2006 but lower than in 2007, where some of the projects were carried out in countries with a high GNI per capita.

For further information about the data and information in this Annex, please contact EKF's environmental and social specialist Kristoffer Hvidsteen, khv@ekf.dk.



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5.1 Method

Grontmij | Carl Bro has selected three factors for the compilation of a sustainable development index. The choice of factors has also been determined by each factor's relevance from an international perspective:

- CO₂ reduction/emission
- Impact on local employment
- A third factor determined on the basis of the nature of the project

The value of the chosen factors is calculated on the basis of the project's overall environmental impact.

Furthermore, the environmental impact of the EKF projects is benchmarked against the corresponding total annual Danish emission figures with a view to putting the magnitude of the impact into perspective.

5.2 Choice of factors

The first two factors – CO₂ reduction/emission and impact on local employment – also feature in national and international work on sustainability and are common to all projects. The third factor varies from project to project, but the basic criteria are as follows:

- The third factor must describe the project's local sustainability and highlight any other significant environmental or social impacts.

- The third factor must also feature in international sustainability concepts.

The third factor may consist of several sub-factors, provided they meet the selection criteria set out above. If no environmental or social parameter that meets the selection criteria can be found, the third factor is omitted on the project in question.

CO₂ equivalents

Emissions of CO₂, methane and industrial gases contribute to the global acceleration of the greenhouse effect. CO₂ is predominantly generated through the combustion of fossil fuels, whereas methane is formed in connection with incomplete decomposition of organic material. All changes in emissions of greenhouse gases are determined for the projects in tonnes of CO₂ equivalent, enabling calculation of their impact in specific units.

A reduction in CO₂ emission indicates a beneficial environmental impact, whereas an increased emission indicates an adverse impact on sustainable development.

Local employment

The impact on local employment provides an indication of the EKF project's impact on the economic development of the importing country. Economic development is one of the elements featuring in the OECD Statement of Principles from 2001 de-



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signed to discourage the provision of officially supported export credits for unproductive expenditures in heavily indebted poor countries. A fall in local employment in connection with the implementation of a project is considered an adverse impact, whereas an increase in local employment is considered beneficial to sustainable development.

Resettlement

Resettlement of the local population is always considered as having significant, adverse impacts. Resettlements are assessed as part of the environmental and social assessments applying the World Bank guideline on involuntary resettlements^{8/}. Involuntary resettlement usually leads to serious economic, social and environmental problems for the local population. Production systems are interrupted, people may be relocated to areas in which their skills are less in demand and competition for resources more intense, social structures and social networks often suffer, and infrastructure such as roads, communications, power supply, water supply and sewerage may be of a poorer quality. The calculation of the third factor consequently always includes any resettlement. In connection with the environmental assessment of the projects the resettlements are always viewed in the relation to the benefits a project yield, alternatives and the possibilities which arise to change the project design to avoid possible resettlements.

5.3 Delineation of projects

In order to establish whether a given impact should be included in the assessment of environmental and social impacts, a

physical, temporal and economic delineation of the projects is undertaken, in accordance with the guidelines set out below.

Physical delineation

The physical delineation of projects is divided into three "scopes"^{9/}.

Scope 1 accounts for the direct impacts from the assessed activity, for example in connection with own production of electricity and mechanical energy or in connection with chemical processing, e.g. cement manufacture, ammonia manufacture and transportation of materials.

The physical delineation of scope 2 may include environmental and social impacts associated with the consumption of externally generated electricity, mechanical energy, heat or steam for the construction or operation of the assessed activity.

Scope 3 includes other indirect impacts such as from the transportation of products.

The assessment of the environmental and social impacts focuses primarily on scopes 1 and 2, but also seeks to identify any significant impacts associated with scope 3.

The calculations are normally limited to the direct impacts, corresponding to scopes 1 and 2, as scope 3 impacts are often uncertain and unquantifiable.



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**Temporal delineation**

The total environmental impacts are delineated in terms of time to the lifetime of the projects, although maximum the construction period plus a ten-year operating period. This lifetime approach has been chosen because it conforms with the period during which a project will typically be at the forefront environmentally and, in the case of climate projects^{9/}, also because it is the maximum crediting period for CO₂ reduction, cf. the flexible mechanism is part of the Kyoto Protocol.^{10+11/}

The total CO₂ emission calculated is limited to the operating period, as the contribution from the construction period is usually negligible by comparison and also because the estimate is subject to significantly greater uncertainty than in the case of the operating period.

Economic delineation

An assessment of the environmental and social impacts is carried out for all applications, regardless of size, based on an analysis of the available documentation and in dialogue with the project participants.

The index calculation includes projects the total financial amount of which exceeds SDR 10 million. Small projects are included if they are part of a large transaction of more than SDR 10 million, for example several small contracts or plants from the same exporter to the same recipient or recipient country.

5.4 Quantification and valuation of impacts

Two separate methods are applied to compile the quantitative valuation of the impacts, depending on whether the factors are assessed relatively, in relation to emissions (CO₂, NO_x, SO₂) or to employment and resettlement.

Emission factors

The emissions comprise contaminants that impact on the environment locally and/or globally. The projects' impact is the relative reduction/increase in emissions of contaminants relative to a given reference plant. The emission volumes are assessed individually for each project and for a corresponding reference plant, and the difference (reduction/increase) is calculated. The emission differences are then aggregated for all projects and a relative difference is calculated as a percentage in relation to the overall emissions calculated for the reference plants.

$$\text{Difference in \%} = \frac{\sum (\text{emission}_{\text{estimated}} - \text{emission}_{\text{reference}}) \times 100 \%}{\sum (\text{emission}_{\text{reference}})}$$

Employment and resettlement

The total project contribution in terms of employment and resettlement is calculated, converted to EUR, on the basis of gross national income per capita for the respective countries (GNI per capita^{7/}).

$$\text{Difference} = \sum (\text{number of persons}_{\text{estimated}} \times \text{GNI per capita}_{\text{country-specific}})$$



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**5.5 Frame of reference**

The emissions on each project are benchmarked against international standards, where any such are available. The international standards are used to calculate a standard project with which the project in question can be compared. Alternatively, the project's emissions are benchmarked against a reference scenario that is considered to be valid, based on professional business sector knowledge (such as BREF).^{14/}

5.6 Guidelines for project types

In the sections below, the index calculation guidelines for the various types of projects are described, along with the respective international standards and references applied to the projects in 2008.

Cement plants

In the case of cement plants, the reduction in CO₂ emission from the chemical reaction during the process as well as during the consumption of energy for the process is assessed. The energy consumption during the construction period is assumed to be identical with a given reference plant, and no reduction contribution from the construction period is therefore calculated. The World Bank has in 2007 republished an updated standard for cement production in which benchmark values for CO₂-emissions^{19/} are listed. The emission values guaranteed by the project participants have been applied to the projects, also where experience has shown that the actual levels are lower. In the case of modification of a plant, the plant is assessed more closely in liaison with the project participant.

With respect to the choice of the third factor, the main environmental impacts from cement plants are considered to be the emissions of NO_x, SO₂ and particulates (dust particles). The combustion process during cement production generates NO_x emissions. Modern process technology at the plants guaranteed by EKF has typically led to large reductions in NO_x emissions compared with local standards; however, the supplier's performance guarantee often applies World Bank standards, which means that no improvement is calculated. At cement plants, NO_x is removed as part of the process optimisation, and not as a separate treatment stage.

Sulphur is emitted from cement production if the lime used in the production is sulphurous. The production process automatically includes removal of the SO₂ originating from the fuel. The SO₂ originating from the sulphide content of the applied lime can be removed as part of the production process, but the lime can have such a high sulphide content that there is a surplus. This surplus can be removed by treatment.

Cement plants have previously been known for their large emissions of particulate matter with consequent inconvenience to the local environment. The third factor consequently also includes particulate emissions. Particulate emissions can be reduced considerably by applying modern treatment technology.

The international emission standards set out in Table 16 are used as a basis for the compilation of a standard cement plant.



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Table 16 International standards used for cement plants, operating phase

Parameter	Emission	Standard
CO ₂	875 kg/t clinker	World Bank ^{12/}
NO _x	600 mg/Nm ³	World Bank ^{12/}
SO ₂	400 mg/Nm ³	World Bank ^{12/}
Particulates	0.2 kg/t clinker	World Bank ^{12/}

Energy

There is a very firm international focus on energy production and promotion of environment-friendly sources of energy. New energy-producing plants are typically established after taking the respective country's commitments under the international climate cooperation into account. The World Bank standard

for new power stations^{13/} specifies guidelines for emissions depending on type of incineration plant, size and other factors. The World Bank group also has guidelines for wind energy^{14/}, transmission lines^{15/} and hydropower^{16/}. The individual environmental assessments of energy supply projects are compared with the relevant guidelines for each project.

Table 17 Energy reference standards

Reference plant	CO ₂	NO _x	SO ₂
Hydro and wind energy	0 tonnes/GWh-el.	0 kg/GWh-el.	0 kg/GWh-el.
Coal	524 tonnes/GWh-el.	0.3 ton/GWh-el.	0.01 ton/GWh-el.
Diesel, heat	74 kg/GJ-heat	0.1 kg/GJ-heat	0.1 kg/GJ-heat
Diesel, electricity production	789 tonnes/GWh-el.	1.1 ton/GWh-el.	0.96 kg/GWh-el.
Heavy fuel oil, el. production	702 tonnes/GWh-el.	1.3 ton/GWh-el.	3.1 ton/GWh-el.
Natural gas, el. production	410 tonnes/GWh-el.	0.4 ton/GWh-el.	0 ton/GWh-el.
Natural gas with CHP	379 tonnes/GWh-el.	0.3 ton/GWh-el.	0 ton/GWh-el.

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In connection with the calculation of reduction in emissions, on the other hand, a comparison is made with the probable alternative energy source in the country in question. The reference system may thus be based on combinations of natural gas, hydropower, wind power, coal, heavy fuel oil and diesel. Impacts during both the construction and operating phases are calculated. Examples of the emissions used for various types of reference plants are set out in Table 17, based on modern energy production plants^{17+18+5+19/}.

Depending on the reference system, energy production from wind power, for example, will often result in a significant reduction in both CO₂, SO₂ and NO_x emissions compared with conventional types of energy production.

Wastewater projects, including sludge handling

Wastewater discharge has not been considered as one of the significant parameters in this year's projects. Table 18 below is therefore only relevant for the calculations related to the previous years.

Table 18 International standards for BOD₅ discharged in treated wastewater

Parameter	Emission	Standard
BOD ₅	0.030 mg/l	World Bank ^{13/}

Agro/food projects

In 2008, no relevant third factor was thus identified in the case of the agro/food project. As in the case of the other types of projects, a CO₂ emission is estimated for the operating phase based on the activities associated with the construction period.

Shipping

The reference is only relevant for the calculations related to the previous years. As in the case of the other types of projects, a CO₂ emission has been estimated for the operating phase, which, for ships, means engine combustion. An annual CO₂ emission has been estimated based on fuel consumption data for the ships. A similar ship produced in the EU was assessed as reference project.

5.7 Quantifying overall impacts

In order to assess EKF's quantitative contribution to sustainable development a comparison is made with the total Danish emissions, and an assessment of the overall value of sustainable development is carried out.

Because the projects are co-funded by EKF, the valuation includes only the percentage proportion that corresponds to the size of EKF's involvement in the projects.

Overall value of sustainable development

The overall value of sustainable development for EKF's project portfolio has been calculated by applying a typical trading value for the emission type in question, or, in the case of emis-



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sion types for which no actual typical trading values exist, by assessing the costs associated with a reduction in emissions. This approach has been chosen because the trading value has been assumed to be approximately on a par with the removal costs, as the companies are faced with the alternatives of buying emission quotas or reducing their emissions.

The basis for the valuation of the emissions considered to be the most significant, quantifiable environmental and socio-economic impacts in relation to EKF's project portfolio is stated below.

CO₂ equivalents

The costs associated with CO₂ emissions are established on the basis of trading prices for CO₂ emissions. The EU Emissions Trading Directive and the Kyoto Protocol entered into force at the start of 2005. A trading price of USD 19 per tonne or EUR 14 per tonne has been used in the calculations, equivalent to concluded trades on CO₂ quotas in the EU^{20/}. This is equivalent to more than a thirty percent decrease from 2008.

CO₂ emissions are calculated as EKF's percentage proportion of the change in greenhouse gas emissions generated by the project during the operating phase.

NO_x

NO_x quotas are not traded in Europe in the same way as CO₂ quotas, and the valuation is therefore based on typical trading prices on US exchanges. The value of NO_x has been fixed at USD 700/tonnes NO_x reduction, based on exchange quotations in Houston^{20+21/}, which compared to previous year is a dramatic decrease of 77 percent.

SO₂

Like NO_x, SO₂ quotas are not traded in Europe. The general principle for determining SO₂ is thus the same as described for NO_x. The value of SO₂ has been fixed at USD 185/tonne SO₂ reduction, based on exchange quotations in Houston^{21/}, which is compared to previous year is a dramatic decrease of 60 percent.

Local employment and resettlement

The value of local employment is calculated using World Bank data on gross national income per capita (GNI per capita^{7/} Atlas Method) for the countries in question. If a project entails resettlement of the whole or part of the local population or job losses, the same values are used, but with a negative prefix, indicating an adverse impact. Employment is calculated as EKF's percentage share of the man-years generated by the project locally during the construction phase and the operating phase, respectively. The calculation of employment consequently includes jobs created in the recipient country only.

Resettlement is expressed in the report in terms of total number of persons to be relocated and, for use in the index calculation, in person-years. The designation person-years corresponds to the number of persons involved multiplied by EKF's proportion and the projects' lifetime (construction period plus maximum ten years' operation).



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Table 19 Exchange rates

DKK	30-12-2004	28-12-2005	29-12-2006	30-12-2007	30-12-2008
USD (\$)	546.76	632.41	566.14	507.53	528.76
EUR (€)	743.84	746.05	745.60	745.66	745.06
SDR (XDR)	846.36	902.63	851.18	800.70	816.15

Closing rates are used for the years in question, cf. Danmarks Nationalbank ^{/22/}

For further information about the data and information in this Annex, please contact EKF's environmental and social specialist Kristoffer Hvidsteen, khv@ekf.dk



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The Indicator Matrix of the EKF Report lists the contents discussed and their location in the report. Its structure is defined by the third version of the Global Reporting Initiative (GRI).

GRI APPLICATION LEVEL

	C	C+	B	B+	A	A+
Mandatory		Self statement ✓				
Optional		Examined by third party ✓				

EKF states that this report represents level C+. EKF uses the GRI Sustainability Report Guidelines when drafting its CSR Report, answering all the essential indicators, thereby applying to GRI application level A concerning reporting on indicators. However, EKF does not have organization wide policies that defines the organizations overall commitment relating to each indicator category and organization-wide goals regarding performance relevant to each indicator category in place. Therefore, it has not been possible to fully report Disclosure on Manage-

ment Approach for each indicator category. The conclusion is therefore, that this report belongs to level C+.

Grontmij | Carl Bro AVS is the external auditing firm hired to audit and review the disclosed information of the CSR Report 2008. The firm's opinion, disclosed in chapter 5, does not mention any deviation in relation to the EKF classification at the level of application C+.



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Core indicators
Additional indicators

Profile

Indicators	Topic	Comments	Page
STRATEGY AND ANALYSIS			
1.1	Statement from the most senior decisionmaker of the organization (e.g. CEO, chair or equivalent senior position) about the relevance of sustainability for the organization and its strategy		2
1.2	Description of the main impacts, risks and opportunities		2, 7-17
ORGANIZATIONAL PROFILE			
2.1	Name of the organization		1
2.2	Primary brands, products, and/or services		2, 22-23
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures		22
2.4	Location of organization's headquarters		32
2.5	Number of countries where the organization operates, and names of counties with either major operations or that are specifically relevant to the sustainability issues covered in the report		10, 23
2.6	Nature of ownership and legal form		22
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)		10, 22, 23, 46
2.8	Scale of the reporting organization		40
2.9	Significant changes during the reporting period regarding size, structure, or ownership	None	2, 35
2.10	Awards received in the reporting period	None	



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Indicators	Topic	Comments	Page
REPORT PARAMETERS			
3.1	Reporting period (e.g. fiscal/calendar year) for the information provided		4
3.2	Date of latest previous report (if any)		4
3.3	Reporting cycle (annual, biennial etc.)		4
3.4	Contact point for questions regarding the report or its contents		4
3.5	Process for definition report content, including determining materiality, prioritizing topics within the report, and identifying stakeholders the organization expect to use the report		4
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance		4
3.7	State any specific limitations on the scope or boundary of report		4
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations		4
3.9	Data measurement techniques and the bases of calculation, including assumptions and techniques underlying estimations applied to compilation of the Indicators and other information in the report	10, 32, 33, 41, 49, 50, 51, 55, 57-64	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/ periods, nature of business, measurement methods)		4
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report		4
3.12	Table identifying the location of the Standard Disclosures in the report		66
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s)		21

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Indicators	Topic	Comments	Page
GOVERNMENT, COMMITMENTS AND ENGAGEMENT			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight		22
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement)		22
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members		22
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body		35
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	No linkage implemented yet	22
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided		35
4.7	Process for determining the qualifications and expertise of members of the highest governance body for guiding the organization's strategy on economic, environmental and social topics		38
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance and the status of their implementation		5-6, 25
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles		38
4.10	Processes for evaluating the highest governance body's own performance, particular with respect to economic, environmental, and social performance		38



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Indicators	Topic	Comments	Page
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization		27
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses		4, 12, 13, 14
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: has positions in governance bodies, participates in projects or committees, provides substantive funding beyond routine membership dues, or view membership as strategic		4, 12, 13
4.14	List of stakeholder groups engaged by the organization		13
4.15	Basis for identification and selection stakeholders with whom to engage		13, 18
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group		13, 18, 19
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through reporting		13
FINANCIAL SERVICES SECTOR SPECIFIC DISCLOSURE ON MANAGEMENT APPROACH: PRODUCT AND SERVICE IMPACT			
FS1	Policies with specific environmental and social components applied to business lines		5, 7
FS2	Procedures for assessing and screening environmental and social risks in business lines		7
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements of transactions		42, 44, 45
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines		38
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities		11, 13

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Indicators	Topic	Comments	Page
PRODUCT PORTFOLIO			
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector		7, 22, 46
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose		54, 55
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose		48, 49, 50, 51
AUDIT			
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures		7, 11, 27
ACTIVE OWNERSHIP			
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues		42
FS11	Percentage of assets subject to positive and negative environmental or social screening		42
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	Not relevant. EKF holds no shares	
ECONOMIC PERFORMANCE INDICATORS			
ECONOMIC PERFORMANCE			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments		23, 24
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change		11
EC3	Coverage of the organization's defined benefit plan obligations		35
EC4	Significant financial assistance received from government		22



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Indicators	Topic	Comments	Page
MARKET PRESENCE			
EC5	Range of ratios of standards entry level wage compared to local minimum wage at significant locations of operation		35
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operations		32
EC7	Procedures for local hired and proportion of senior management hired from the local community at locations of significant operation		32, 55
INDIRECT ECONOMIC IMPACTS			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement		32
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts		55
ENVIRONMENT PERFORMANCE INDICATORS			
MATERIALS			
EN1	Materials used by weight or volume		32
EN2	Percentage of materials used that are recycled input materials		32
ENERGY			
EN3	Direct energy consumption by primary energy source		32
EN4	Indirect energy consumption by primary source		32
EN5	Energy saved due to conservation and efficiency improvements		
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives		7
EN7	Initiatives to reduce indirect energy consumption and reductions achieved		52

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Indicators	Topic	Comments	Page
WATER			
EN8	Total water withdrawal by source		33, 52
EN9	Water sources significantly affected by withdrawal of water		
EN10	Percentage and total volume of water recycled and reused		
BIODIVERSITY			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		32, 47
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		7, 47
EN13	Habitats protected or restored		
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity		47
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		
EMMISSIONS, EFFLUENTS, AND WASTE			
EN16	Total direct and indirect greenhouse gas emissions by weight		33, 48-51
EN17	Other relevant indirect greenhouse gas emissions by weight		33, 48-51
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved		34, 48, 51
EN19	Emissions of ozone-depleting substances by weight	N.A.	
EN20	NO _x , SO _x , and other significant air emissions by type and weight		32, 49-51
EN21	Total water discharge by quality and destination		33
EN22	Total weight of waste by type and disposal method		33
EN23	Total number and volume of significant spills	None	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of Basel Convention Annex I,II,III, and VIII, and percentage of transported waste shipped internationally		
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff		



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Indicators	Topic	Comments	Page
PRODUCTS AND SERVICES			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation		7, 42
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Not relevant, financial products are not packaged.	
COMPLIANCE			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	None	
TRANSPORT			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce		32, 33
OVERALL			
EN30	Total environmental protection expenditures and investments by type		
LABOR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS			
EMPLOYMENT			
LA1	Total workforce by employment type, employment contract, and region		40
LA2	Total number and rate of employee turnover by age group, gender, and region		41
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations		36



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Indicators	Topic	Comments	Page
LABOR / MANAGEMENT RELATIONS			
LA4	Percentage of employees covered by collective bargaining agreements		35
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements		35
OCCUPATIONAL HEALTH AND SAFETY			
LA6	Percentage of total workforce represented in formal joint management - worker health and safety committees that help monitor and advise on occupational health and safety programs		35
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region		41
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases		27, 38
LA9	Health and safety topics covered in formal agreements with trade unions		35
TRAINING AND EDUCATION			
LA10	Average hours of training per year per employee by employee category		41
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		38
LA12	Percentage of employees receiving regular performance and career development reviews		38
DIVERSITY AND EQUAL OPPORTUNITY			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity		40
LA14	Ratio of basic salary men to women by employee category	See note f	81

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Indicators	Description	Comment	Page
HUMAN RIGHTS PERFORMANCE INDICATORS			
INVESTMENT AND PROCUREMENT PRACTICES			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening		54
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken		42, 54
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		
NON-DISCRIMINATION			
HR4	Total number of incidents of discrimination and actions taken	None	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights		35
CHILD LABOR			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor		53
FORCED AND COMPULSORY LABOR			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor		53
SECURITY PRACTICES			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations		



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INDIGENOUS RIGHTS

HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	54
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Indicators	Topic	Comment	Page
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SOCIETY PERFORMANCE INDICATORS

COMMUNITY

SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting		42
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FS13	Access points in low-populated or economically disadvantaged areas by type	Not relevant – EKF has no private customers	
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FS14	Initiatives to improve access to financial services for disadvantaged people	Not relevant – EKF has no private customers	
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CORRUPTION

SO2	Percentage and total number of business units analyzed for risks related to corruption	None	
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SO3	Percentage of employees trained in organization's anti-corruption policies and procedures		27
-----	---	--	----

SO4	Actions taken in response to incidents of corruption	No incidents	
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PUBLIC POLICY

SO5	Public policy positions and participation in public policy development and lobbying	Not relevant – EKF is the Danish ECA	
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SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	None
Indicators	Topic	Comment
ANTI-COMPETITIVE BEHAVIOR		
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	None
COMPLIANCE		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	There has been no such sanctions
PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS		
CUSTOMER HEALTH AND SAFETY		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Not relevant – EKF is a financial institution
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life, by type of outcomes	
PRODUCT AND SERVICE LABELLING		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Not relevant – EKF is a financial institution
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcome	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	



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FS15	Policies for the fair design and sale of financial products and services		2, 5
FS16	Initiatives to enhance financial literacy by type of beneficiary	None	

Indicators	Topic	Comment	Page
MARKETING COMMUNICATION			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	None	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes		

CUSTOMER PRIVACY			
PR8	Total number of substantial complaints regarding breaches of customer privacy and losses of customer data		

COMPLIANCE			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	There has been no cases of non-compliances	

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	Definitions
Audit	An audit is a systematic review of the project and the project's surroundings based on the given material, written enquiries and possibly interviews and field visits. Forms the basis for the assessment of environmental and social impacts.
BOD ₅	Biological Oxygen Demand (BOD ₅). The amount of dissolved oxygen consumed in five days by biological processes breaking down organic matter (in wastewater).
CDM	Clean Development Mechanism, a flexible mechanism for trading in CO ₂ quotas from projects in countries that have not committed to reducing greenhouse emissions. Part of the Kyoto Protocol.
CH ₄	Methane. A colourless, non-toxic, flammable gas created by anaerobic decomposition of organic compounds. A greenhouse gas that is 21 times as potent as carbon dioxide.
CO ₂	Carbon dioxide. A colourless, odourless and non-toxic gas that results from fossil fuel combustion and is normally part of the ambient air. Greenhouse gas.
EKF volume	EKF's proportion of the sustainable development for the individual environmental or social parameter is weighted in relation to the size of EKF's involvement.
Equator banks/principles	The Equator banks refer to the financial institutions that have adopted the IFC's Performance Standards ^{3/} . www.equator-principles.com
GNI per capita, Atlas method	Gross national income per capita (previously gross national product, GNP, per capita) is based on the World Bank's so-called Atlas Method.
Kyoto Protocol	The Kyoto Protocol (KP) specifies procedures and frameworks for the limitation of emissions of greenhouse gases, primarily CO ₂ . For the industrialised countries that have ratified KP this implies a commitment to meet emission reduction targets relative to the 1990 level. Flexible project mechanisms, Clean Development Mechanism (CDM) and Joint Implementation (JI), have been introduced as part of KP. The Kyoto Protocol entered into force in February 2005.
Man-year	Employment of one person for one year. In an index context, the number of man-years is weighted with the size of EKF's involvement.
NO _x	Nitrogen oxides. Products of combustion from transport and stationary sources and major contributors to acid deposition and the formation of ground-level ozone in the troposphere.
Particulates	Fine liquid or solid particles, such as dust, smoke, mist, fumes, or smog, found in air or emissions. Emissions of particulates are defined based on particle size. The size normally applied is PM10, i.e. particles smaller than 10 micrometres.
PE	Person Equivalents. 1,000 PE equal 60 kg BOD ₅ /day.

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Person-year	Number of resettled persons multiplied by EKF's financial involvement plus the duration of the project (construction phase plus operating phase, although maximum ten years' operation).
Project participants	The designation project participants include exporter, recipient, project owner and other stakeholders.
Quota trading	The Emissions Trading Directive means that the EU member states set absolute limits on CO ₂ emissions from large industrial and energy plants from 2005 onwards. An important instrument to enable the EU to meet its overall commitment of an 8% reduction compared with the 1990 level. The directive introduces trading in the EU's CO ₂ quotas, so-called Allowances, and emission reductions from CDM and JI projects.
SDR	Special Drawing Rights (SDRs) ^{11/} . The SDR (or XDR) is an international reserve asset created by the IMF in 1969 to supplement the existing official reserves of the member states. SDRs are allocated to member states in proportion to their IMF quotas. The SDR also serves as the unit of account of the IMF and some other international organisations. The currency value of the SDR is determined by summing the values in U.S. dollars, based on market exchange rates, of a basket of major currencies (the U.S. dollar, Euro, Japanese yen, and pound sterling).
SO ₂	Sulphur dioxide. A heavy, pungent, colourless, gaseous air pollutant formed primarily by processes involving fossil fuel combustion. Has an acidifying/corrosive effect.

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**Note**

- a) The average number of employees in EKF in 2008 is 62. This report uses the exact number of employees as of December 31, 2008: 64 persons.
- b) www.equatorprinciples.com has an updated list of more than 60 banks and financial institutions that have all adopted the Equator Principles. The site also has more detailed specifications of the requirements.
- c) Statens og Kommunernes Indkøbs Service, the national purchase organisation, www.ski.dk
- d) The purpose of ecolabelling is to minimize impacts on the environment and health from products and services. Criteria is based on an assessment of impacts during the whole life-cycle – from raw material to production, consumption and waste, www.ecolabel.dk
- e) <http://www.miljorapport2007.dk>
<http://www.energinet.dk>
<http://www.ke.dk>
<http://www.mst.dk>
- f) According to Danish law employers with more than 35 employees should document a yearly gender divided wages statistics. However, this only applies when an employer has more than 10 employees of both sex within a given job function. Therefore this does not apply to EKF.
- g) The definition of ethnic minority used by the Danish State, e.g. Ministry of Refugee, Immigration and Integration Affairs. The Danish State has a goal of 3.5% of employees being from ethnic minorities.
- h) An illustrative list of sensitive sectors and sensitive areas is set out in the OECD recommendations¹⁷.
- i) The oil and gas project in 2008 is a trade facility, i.e. it is not possible to define a project for review and audit. Hence, no reductions have been included for this project. The total CO₂ emissions and employment has been calculated as the percentage of the company's total CO₂ emission (16 million tonnes) or employment represented by the EKF engagement compared to the total sales (0.1 %). The buyer in question will be visited by EKF during 2009 as part of the environmental assessment of the issued guarantee.
- j) Previous years also included particulates emissions (PM10) in particular from cement plants. However in 2007, IFC launched a new set of EHS guidelines to replace the World Bank Pollution Prevention and Abatement Handbook from 1998. The EHS guideline for Cement and Lime Manufacturing lowered the limit for particulates from the kiln from 50 mg/Nm³ to 30 mg/Nm³. Consequently the quantity and the value of reductions compared to the new limits have significantly decreased making their contribution overall negligible. Accordingly particulates emissions (PM10) component has been taken out of the detailed analysis.



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N°	Source
1	www.imf.org
2	Organisation for Economic Co-operation and Development (OECD). Council Recommendation on Common Approaches on the Environment and Officially Supported Credits, C(2003)236, 25-nov-2003; and, Updated Recommendation on Common Approaches on the Environment and Officially Supported Export Credits, TD/ECG(2005)3, 25-feb-2005; and, Revised Council Recommendation on Common Approaches on the Environment and Officially Supported Export Credits, TAD/ECG(2007)9, 12-jun-2007
3	Equator-principles: www.equator-principles.com
4	Integrated Pollution Prevention and Control Bureau (IPPC Directive 96/61/EC). BREF documents on Best Available Techniques.
5	Annual Danish Emission Inventory Report to UNECE. NERI Technical Report No.604, 2006, Annex 2A
6	Annual Danish Emission Inventory Report to UNECE. NERI Technical Report No.649, 2007
7	GNI per capita, Atlas method, "Country at a Glance tables" under http://www.worldbank.org/data/countrydata/countrydata.html
8	The World Bank Operational Manual OD4.30 on Involuntary Resettlement, June 1, 1990
9	The concept of emission scopes is described in greater detail in: The Greenhouse Gas Protocol – A corporate accounting and reporting standard. World Resources Institute and World Business Council for Sustainable Development, 1998, revised 2004 edition.
10	Guidelines for completing the Project Design Document (CDM-PDD), section C
11	Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC
12	IFC Environmental, Health and Safety Guidelines for Cement and Lime Manufacturing (2007)
13	International Finance Corporation; General Environmental Health and Safety Guidelines (2007). During the period 2002-2006 the benchmark was: Pollution Prevention and Abatement Handbook. World Bank Group (1998)
14	International Finance Corporation; Environmental Health and Safety Guidelines, Wind Energy Conversion Systems (2007)
15	International Finance Corporation; Environmental Health and Safety Guidelines, Electric Power Transmission and Distribution (2007)
16	World Bank Operational Manual OP4.37 Safety of Dams

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17	Teknologiske data for el- og varmeproduktionsanlæg (in Danish) (Technical data for heat and power plants). Danish Energy Authority, 1993. Emission data for various production plants.
18	Technology Data for Electricity and Heat Generating Plants, Danish Energy Authority, Elkraft System and Eltra, March 2005
19	Luftvejledningen (Air Guideline), Vejledning fra Miljøstyrelsen (Danish EPA) no.2, 2001
20	There are already a number of quotations/exchanges for CO ₂ , including www.Pointcarbon.com and http://www.nordpool.dk . EAU price jan.13, 2009 Nord Pool
21	www.Evomarkets.com per jan. 13, 2009
22	www.nationalbanken.dk

List of Abbreviations

Abbreviation	Explanation
BLIHR	Business Leaders Initiative on Human Rights
CoP	Communication on Progress
Danida	Danish Agency for Development Assistance
EBRD	European Bank of Reconstruction and Development
ECA	Export Credit Agency
ECG	Export Credit Guarantees
EHS	Environment, Health and Safety
EIA	Environmental Impact Assessment
EKF	Eksport Kredit Fonden
EMP	Environmental Management Plan
EP	Equator Principles
EPFI	Equator Principles Financial Institutions
EU	European Union
EU BREF	EU BAT (Best Available Techniques) Reference Document
GC	UN Global Compact
GHG	Greenhouse Gas



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GNI	Gross National Income per capita
GRI	Global Reporting Initiative
HIPC	Heavily Indebted Poor Countries
IDA	International Development Association
IFC	International Finance Corporation
IFU	The Industrialisation Fund for Developing Countries
NGO	Non Governmental Organisation
OECD	Organization for Economic Co-operation and Development
PR	Public Relations
PS	Performance Standard
RFI	Radioactive Forcing Index
SDR	Special Drawing Rights
SEA	Social and Environmental Assessment
UN	United Nations

