EKF

Communication on Progress 2017

Statement of Commitment

Focus of CSR work this year
We continue to strengthen our policies, procedures and practices to both ensure responsible business in our internal operations as a company but also in our external transactions through enhanced due diligence procedures. Our goal is to conduct responsible business and we make sure that our internal functioning upholds as a minimum the same standards as we ensure in our transactions. This year we have initiated a human rights due diligence of our own internal operations in accordance with the UN Guiding Principle on Business and Human Rights. This process will be continued in the coming years. Furthermore, this will establish a foundation for including human rights in our future Communication on Progress.

Focus of the CSR work for the coming year
In 2018, we will continue our work within human rights and initiate partnerships to advance the promotion of the Sustainable Development Goals. Furthermore, we will explore how we as a financial institution can contribute to Goal no 17.

Statement of continued commitment
Since joining the UNGC in 2008, we have continued to enhance the social and environmental sustainability and responsibility in our everyday work. We will continue to build a strong focus on ensuring that our transactions are meeting international standards. Furthermore we will continue to engage with peers within our industry to find good and pragmatic solutions to contributing to sustainable development.

Thank you for your interest in EKF and our work with CSR and UNGC.

EKF and the UNGC

UNGC Principle	Activities & Procedures	Measurements of Outcomes 2017
Human Rights		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	EKF actively promotes human rights by implementing the UN Guiding Principles on Business and Human Rights. See: • EKF's Policy for CSR • EKF's Policy for Business and Ethics	No measured outcome in 2017 but is planned to be introduced in the coming years.
Principle 2: make sure that they are not complicit in human rights abuses.	EKF actively seeks to ensure that the projects we guarantee do not have negative impacts on human rights.	No measured outcome in 2017 but is planned for the coming years
Labour		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.	EKF complies with Danish law on all employee matters such as freedom of association and collective bargaining. EKF attaches importance to equal opportunities and diversity, both at our workplace and in the projects that we guarantee. In relation to our transactions, all the labour principles are addressed through our risk management process, applying the IFC Performance Standards.	Human Resource Section All 16 medium/long term project transactions with potential significant environmental and social impacts were assessed in terms of risks and impacts on labour and working conditions (IFC PS2). Based on the same transactions, EKF's involvement contributed to the generation of 1100 jobs during construction phase (over 1 year) and 500 during ongoing operations (man-years, annual average).

EKF and the UNGC

UNGC Principle	Activities & Procedures	Measurements of Outcomes 2017
Environment		
Principle 7: Businesses should support a precautionary approach to environmental challenges;	While EKF plays close attention to the environmental impacts from our own office activities, the main source of potentially significant environmental impacts are from the projects that we guarantee. EKF assesses environmental risks associated with our transactions against the IFC Performance Standards.	Please refer to Measurement of Outcomes: • Internal Environmental Impacts • External Environmental Impacts • Overview of transactions EKF measures the GHG / CO_2 related impacts associated with medium/long term project transactions with potential significant environmental and social impacts. In 2017, one project contributed to increased annual emissions of 380,000 tons CO_2 and ten renewable energy projects contributed to relative annual CO_2 reductions of 1.1 million tons, measured in proportion to EKF's financial involvement.
Principle 8: undertake initiatives to promote greater environmental responsibility; and	EKF manages environmental risks of transactions in line with our overall CSR commitments and engages in dialogue with exporters and other business partners on environmental responsibility. Additionally, EKF has a team dedicated to climate projects who assists Danish companies that develop and export climate, energy and environmental technologies.	
Principle 9: encourage the development and diffusion of environmentally friendly technologies.		
Anti-Corruption		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	EKF has a strict anti-corruption policy. See: • EKF's Business and Ethics	No measured outcomes in2017. Anti-Corruption has a high focus in our internal business process and all transactions sign a declaration which includes anti-corruption measures.

Measurements of Outcomes

Internal Environmental and Social Outcomes

In terms of scope, the largest potential environmental and social impacts associated with EKF's activities, are those related to the projects that we support.

Although small in relation to our projects, EKF's direct activities also have environmental and social impacts, over which we have direct responsibility and control. The following will introduce our outcomes with regards to, among others, our GHG footprint, resource use and recycling, staff diversity and work-life balance.

Internal Environmental and Social Outcomes

Waste Generation and Recycling

Waste Generation and Recycling	2017	2016	2015	2014
total (in tonnes)	22	20	20	22
per employee (in kilos)	174	159	164	191
Recycled waste (paper; in tonnes)	5	4	5	4

In 2017 EKF generated 22 tons of solid waste, which is the same order of magnitude as previous years. As EKF shares its premises with other firms, our main efforts are focused on working towards a transparent system, where shared influence enables a responsible waste management and recycling system. Since moving into the new premises, our waste generation has increased partly due to waste from other tenants in our shared area. We are working towards having a more transparent perspective on this to categorize the different types of waste.

Our paper recycling efforts vary from year to year, as it also reflects our general archiving.

Internal Environmental and Social Outcomes

Internal Resource Consumption: Electricity, Heat and Water

Resource Consumption	2017*	2016	2015	2014
Electricity				
total (in MWh)	244	250	257	265
per employee (in kWh)	1,908	1,983	2,074	2,287
per m² (in kWh/m²)	24	25	25	26
Heat				
total (in MWh)	216	216	221	235
per employee (in kWh)	1,684	2,025	1,781	1,711
per m² (in kWh/m²)	32	32	33	35
Water				
total (in m³)	863	863	859	659
per employee (in m³)	6.74	6.85	6.93	5.68
per m² (in m³/m²)	0.26	0.26	0.25	0.19

* Not all data is available at the time of reporting and the numbers are therefore partly based on consumption figures from the previous year

Internal Environmental and Social Outcomes

GHG emissions associated with EKF's Resource Consumption and Transportation

In 2017, EKF's own GHG footprint was 620 tons CO_2e, an increase from 425 tons in the previous year. Air travel is the largest single contributor to EKF's GHG footprint originating from our own activities and use of resources.

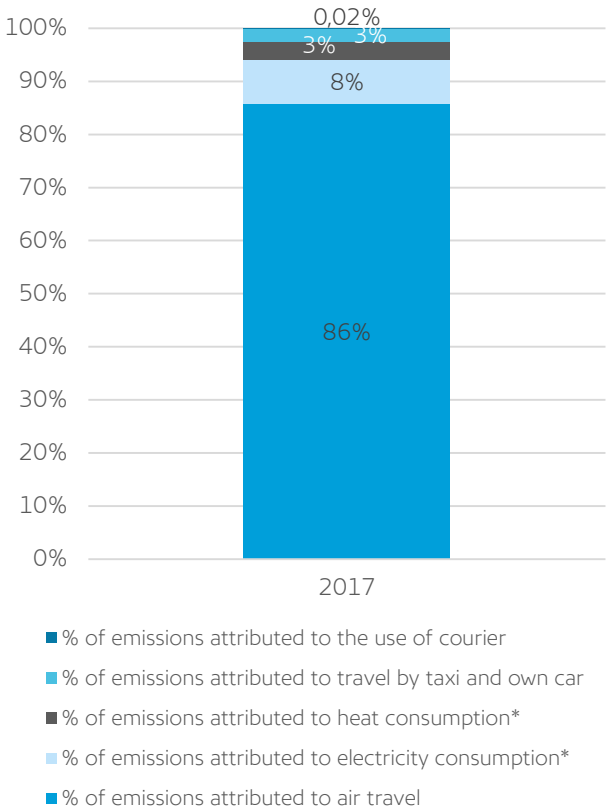
CO_2-e contribution based on EKF consumption and transportation	2017
total (tonnes)	620
per employee (kg)	4800
% of emissions attributed to air travel	86%
% of emissions attributed to electricity consumption*	8%
% of emissions attributed to heat consumption*	3%
% of emissions attributed to travel by taxi and own car	3%
% of emissions attributed to the use of courier	0.02%

* Heat and electricity emissions for 2017 are estimated partly based on available data from 2016

Internal Environmental and Social Outcomes

GHG emissions related to EKF's Transport and Resource Use

In 2017, 86% of CO_2e emissions associated with EKF's own operations were due to air travel. The number of air travels to countries of transactions increased in 2017 compared to 2016, whereas the average distance flown per trip was shorter in 2017. Purchased electricity for our offices is the second largest source of GHG emissions. Other less significant contributors to our own GHG footprint are purchased heat for offices, travel by taxi, and use of courier services. EKF makes an effort to use bike couriers where possible, instead of cars.



* Heat and electricity consumption for 2017 is estimated partly based on available data from 2016

Internal Environmental and Social Outcomes

Staff Diversity

At year-end 2017, EKF had a total of 121 employees. In addition EKF employed 5 student assistants. The average age of EKF employees (excl. students) in 2017 was 43.8 years.

The number of women in the workforce at year-end 2017 was 59, accounting for 49% of the total workforce. The presence of women in EKF's management was 36% in 2017, which is the highest so far compared to the previous years reported.

As required by the Danish Financial Statement Act, EKF maintains a policy toward a more equal distribution of men and women in management, and monitors developments in this regard

Staff Diversity	2017	2016*	2015
Number of employees, end of year	121	*No data*	124
Percentage of women in workforce	49%	-	45%
Percentage of women in management	36%	-	24%
Percentage of employees with a university degree	74%	-	67%
Average age	43.8	-	42.5
Average years of service	6.7	-	6.5
Employee turnover	10%	-	10%

* No reporting was conducted in 2016.

Internal Environmental and Social Outcomes

Employee Turnover

EKF experienced an employee turnover rate of 10% in 2017, which is in line with the general trend from previous years. The largest turnover was experienced in the age group 30-39 years, where most men left the organization. Average years of service with EKF is 6.7 years in 2017, slightly up from 6.5 in 2015.

Employee turnover in 2017	Under 30	30-39	40-49	50-59	60 and over	Total	%
Men	2	5	0	1	0	8	13% of all male employees
Women	0	0	2	2	0	4	7% of all female employees
All employees	2	5	2	3	0	12	10% of all employees

Internal Environmental and Social Outcomes

Work-Life Balance

In terms of work-life balance, EKF values the need for a balanced distribution of time and resources between work and other activities our employees wish to pursue. Achieving a satisfactory work-life balance can be challenging and we believe that the values and policies set by our organization help our employees to make the necessary choices to achieve that. We offer flexibility to our employees in terms of home office, flexible working hours and the option of part-time working schedules.. Part-time employment can be either temporary or permanent. This year EKF has five part-time employees, all of which are women.

Work-life balance	2017	2016*	2015
Women working part-time	5	*No data*	5
Men working part-time	0	-	0
Number of flex jobs	1	-	1
Number of employees on paid maternity leave during the year	3	-	6
Number of employees on paid paternity leave during the year	5	-	7
Leave of absence granted for other reasons (number of employees granted leave of absence during the year)	1	-	4

* No reporting was conducted in 2016.

Internal Environmental and Social Outcomes

Health and Safety

In 2017, the average number of days lost through illness per employee was 4.6, which is an increase compared to the 3.9 days per employee in 2015.

There is also an increase in the average number of days lost due to long term illness, which was 2.3 days in 2017.

In 2017, EKF maintained continuous focus on stress management, for example by organizing workshops on the topic alerting their employees to signs of stress, how to avoid it, and how to handle it if it does occur.

Health and Safety	2017	2016*	2015
Average number of days lost through illness per employee (short term illness)	4.6	*No data*	3.9
Average number of days lost through long term illness (>30 days) per employee	2.3	-	1.9

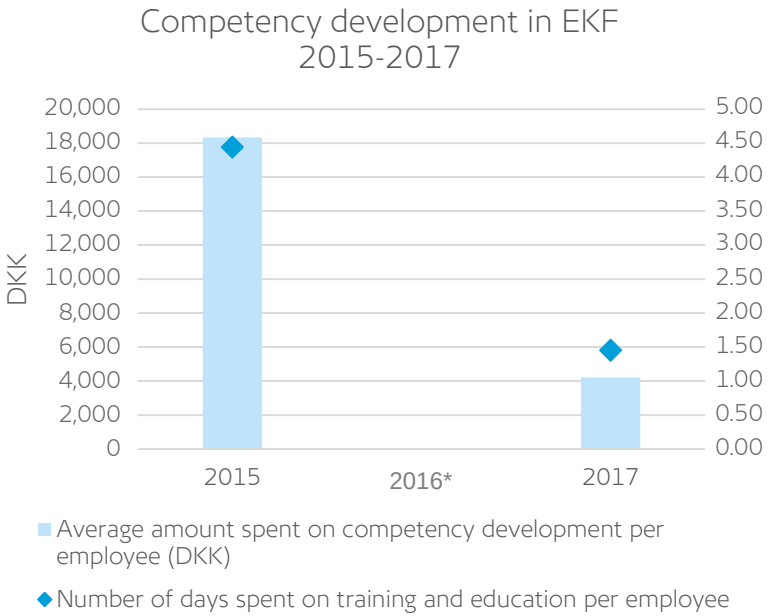
* No reporting was conducted in 2016.

Internal Environmental and Social Outcomes

Competency Development

EKF employees completed on average 1.33 days of training in 2017, which is a reduction from the 4 days registered in 2015.

The average amount spent on competency development per employee has also fallen. In 2017, an average of DKK 4,222 per employee was used on competency development. In 2015, this figure was DKK 18,333.



* No reporting was conducted in 2016.

External Environmental and Social Outcomes

Transaction Overview

In 2017, EKF issued new export credit guarantees worth DKK 11.6 billion (EUR 1.5 billion). EKF calculates environmental and social impacts based on our medium/long term project transactions of which there were 19 in 2017, with a value of EUR 1.1 billion.

Of the medium/long term guarantees issued in 2017, 16 had potentially adverse environmental and/or social impacts, hence were classified as A or B projects. One of the 16 projects was included in Environmental and Social impact reporting in 2014, and is therefore mostly excluded here, with the exception of resettlement impacts, which are included again with updated numbers for phase 2 of the project.

Three of the 19 transactions were considered to have very little or no environmental and/or social impacts (categorized as C projects), and are therefore not included in the calculations.

EKF also conducted 8 company evaluations of environmental and social management systems and human rights.

In 2017, 5 transactions also fall under the Equator Principles.

Separately, EKF approved 242 working capital guarantees and capital expenditure guarantees.

Transaction overview	2017	2016	2015
Transactions (category A, B and C)	19	28	111
Equator Principles transactions	5	8	10
Working capital guarantees and capital expenditure guarantees	242	260	236
New customers	114	132	150

External Environmental and Social Outcomes

Transaction overview – Medium/long term transactions classified as A or B

Project Sector	Country	Buyer	E&S Category (OECD)	Value of EKF involvement (million EUR)
Infrastructure and utilities	Ethiopia	Ethiopian Railway Corporation*	A	238.4
Wind	Croatia	Postak d.o.o.	A	33.3
Wind	Australia	Kiata Wind Farm SPV	A	17.0
Wind	Mexico	Parque Eolico Reynosa III	A	92.7
Wind	United Kingdom	Anno 2017 Joint Holding (UK)	A	389.7
Wind	Argentina	Genneia S.A.	A	51.1
Wind	Turkey	Derne Temiz Enerji Üretim A.S.	B	160.3
Wind	Argentina	Parque Eolica del Sur S.A.	B	18.4
Agriculture and food technology	Belarus	FLLC Beldan	B	4.3
Agriculture and food technology	Brazil	Frame Madeiras Especials LTDA.	B	3.5
Agriculture and food technology	Dominican Republic	Grupo Superalba S.R.L.	B	1.7
Agriculture and food technology	Finland	HKSCAN Corporation	B	5.8
Wind	Turkey	Efil Enerji Üretim Ticaret ve Sanayi A.S.	B	35.8
Wind	Turkey	Galata Wind Enerji A.S.	B	14.5
Infrastructure and utilities	Mali	Albatros Energy Mali S.A.	B	10.0
Wind	Mongolia	Sainshand Salkhin Park LLC	B	13.1
			Total:	1,090

* The same project was included in the 2014 CSR report. It is therefore excluded from impact calculations, with the exception of resettlement impacts for project phase 2, which have been updated and reported here due to their importance.

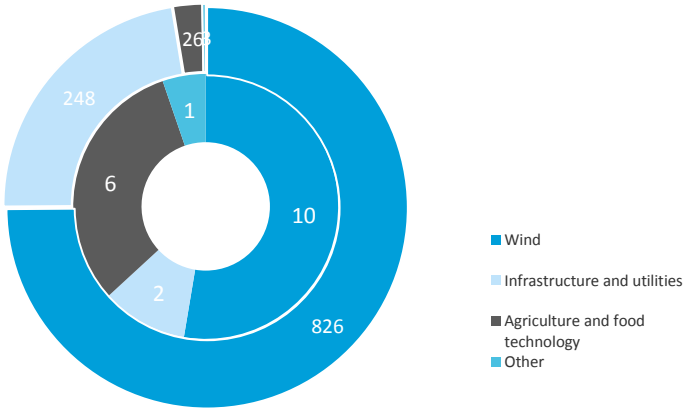
Under the OECD Common Approaches "A projects" include projects with potential significant adverse environmental and/or social impacts which are diverse, irreversible and/or unprecedented and "B projects" include projects with potential adverse environmental and/or social impacts. Typically, these impacts are few in number, site-specific, few if any are irreversible, and mitigation measures are more readily available.

External Environmental and Social Outcomes

Transaction overview – breakdown per sector

Sector	Number	EKF amount (M EUR)
Wind	10	826
Infrastructure and utilities	2	248
Agriculture and food technology	6	26
Other	1	3
Total	19	1,103

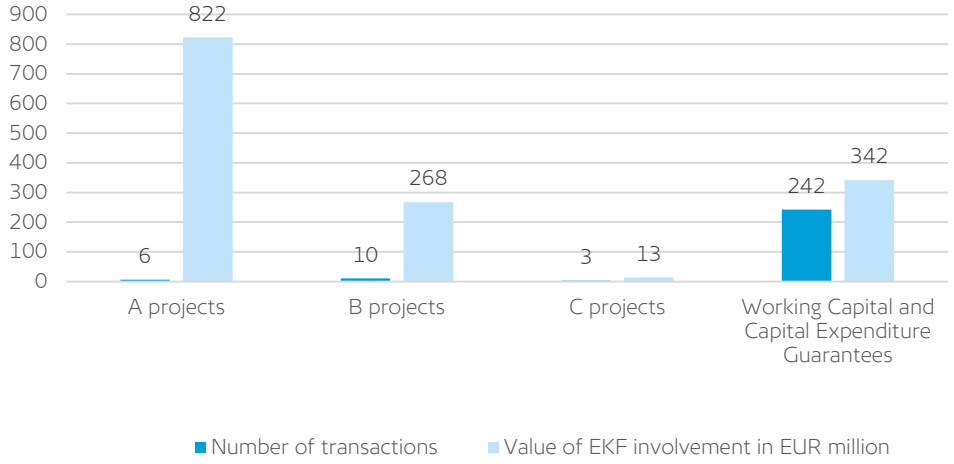
Number of projects per sector (inner ring) and respective value of EKFs involvement in M EUR (outer ring)



External Environmental and Social Outcomes

Transaction overview – value of EKF involvement

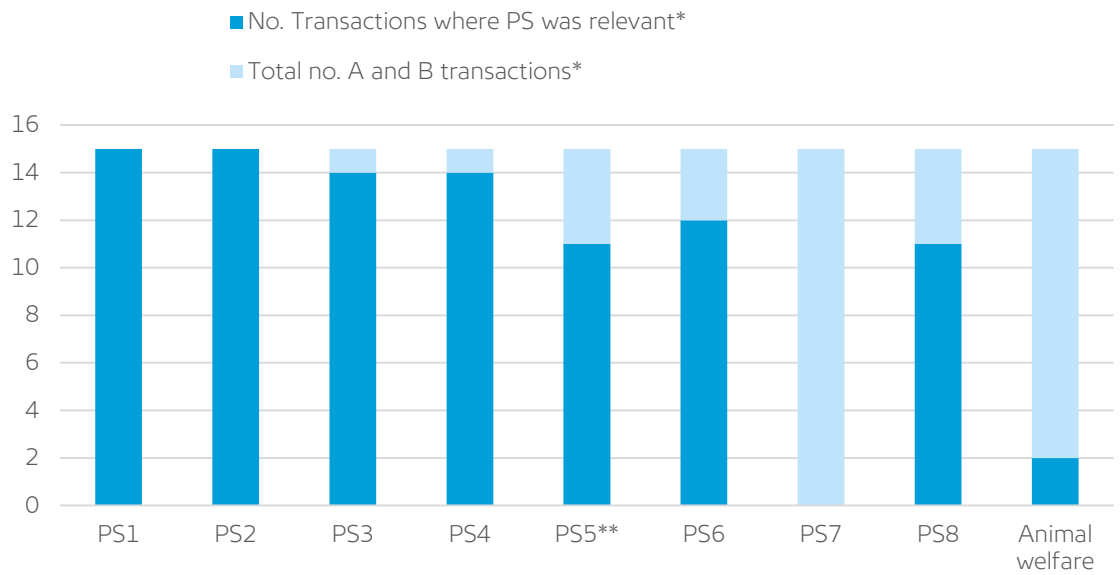
Project category	Number of transactions	Value of EKF involvement in EUR million
A projects	6	822
B projects	10	268
C projects	3	13
Working Capital and Capital Expenditure Guarantees	242	342



External Environmental and Social Outcomes

Transaction overview – Relevant IFC Performance Standards

	A projects	B projects	Total
No. Projects	5	10	15
PS1	5	10	15
PS2	5	10	15
PS3	4	10	14
PS4	4	10	14
PS5**	4	7	11
PS6	5	7	12
PS7	0	0	0
PS8	4	7	11
Animal welfare	0	2	2



*Excluding previously reported projects (Ethiopian Railway)
** Although not included in this overview, the resettlement impact of phase 2 of the Ethiopian Railway project are reported below, due to the importance of the issue and availability of updated

External Environmental and Social Outcomes

Transaction overview – Equator Principle (EP) transactions

Project and Country	Category (OECD)	EKF's share of financing
90 MW HFO power plant EPC contract Others, cat. 5, Mali	B	8%
Onshore wind park of 52MW with Vestas turbines - Sainshand, Mongolia	B	20%
424 MW Wind farm, Vestas, Mexico	A	25%
Financing of the Kiata Wind Farm, Australia	A	50%
Offshore wind farm 659 MW capacity, United Kingdom	A	27%

External Environmental and Social Outcomes

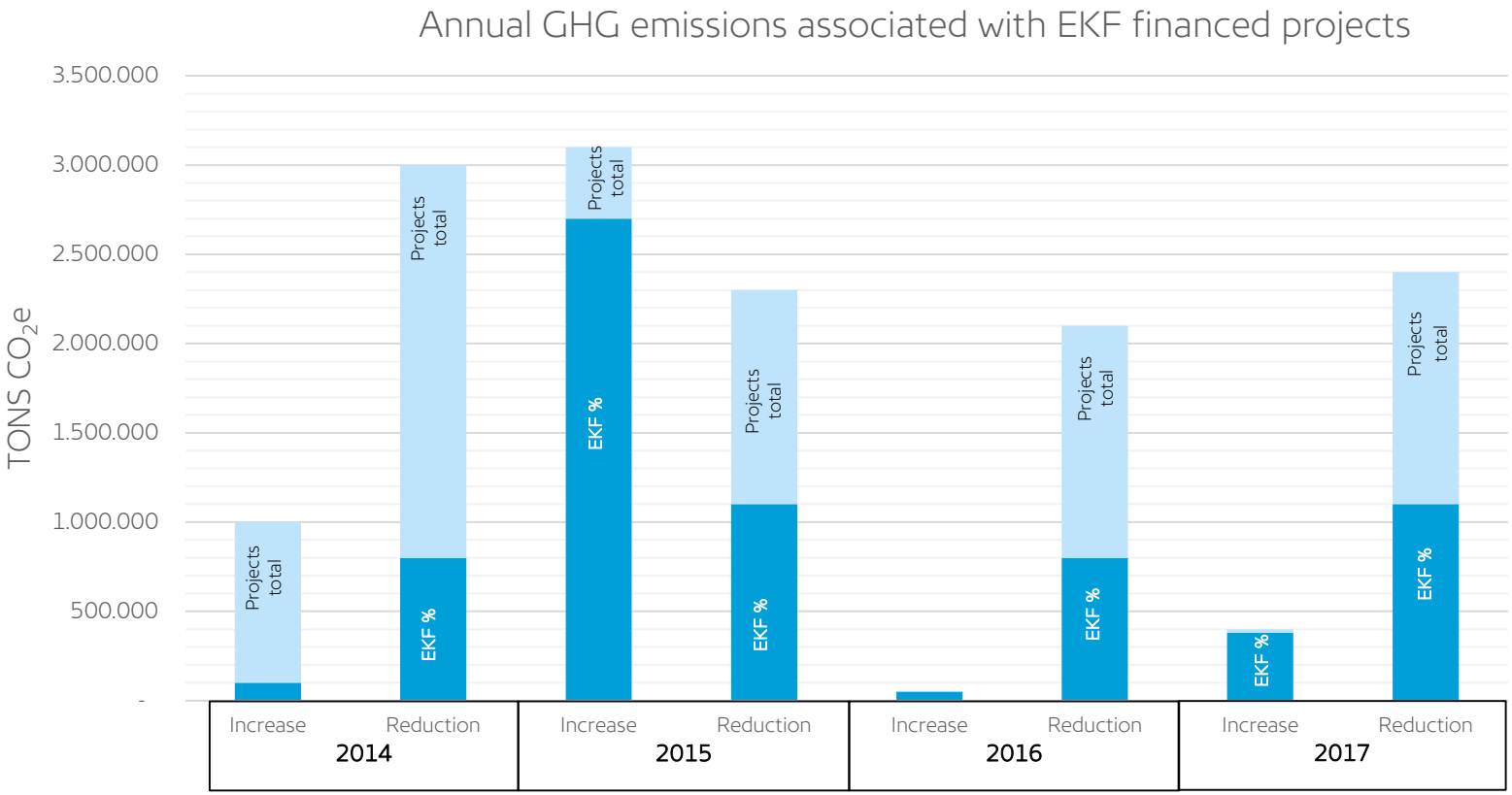
Climate Change / CO_2 Impacts

Annual GHG emissions associated with EKF financed projects	2017	2016	2015	2014
Total emissions in tonnes, one year	400,000	50,000	3,100,000	1,000,000
Total emissions in tonnes, one year, EKF share of project	380,000	50,000	2,700,000	100,000
Relative CO2e reduction in tonnes, one year	2,440,000	2,100,000	2,300,000	3,000,000
Relative CO2e reduction in tonnes, one year, EKF share of project	1,099,000	800,000	1,100,000	800,000
Value of relative reduction in EUR million	9	5	9	6
Value of relative reduction in EUR per million EUR EKF involvement	7800	3400	5600	3800
Relative reduction as % of Denmark's annual emissions	2.3%	1.5%	2.0%	1.5%

In 2017, one project, a power plant in Mali, contributed to the increase in GHG emissions. Ten renewable energy projects contributed to relative reduction in GHG emissions. The relative GHG reductions are more than double the increase in emissions. The net impact associated with EKF's involvement is pictured on the next slide.

External Environmental and Social Outcomes

Climate Change / CO_{2e} Impacts



External Environmental and Social Outcomes

Local Employment Impacts

Estimated local employment impact	2017	2016	2015	2014
Employment generated 1 year of construction, man-years, EKF proportion	1100	1000	Due to changed methodology in 2016, no comparison to these years is made	
Employment generated average annual during operation, man-years, EKF proportion	500	200		
Total employment generated	1600	1200		
Estimated value in EUR million	30	25		
Estimated value in EUR per 1,000 EUR of EKF involvement	28	17		

In 2017, employment impacts were estimated with contribution from all 16 A and B category projects.

Copenhagen Economics calculates EKF's impact in Denmark each year. In 2017, EKF helped create or retain 8,000 jobs in Denmark and ensured, directly and indirectly, contracts for 17 billion DKK for Danish exporters. Furthermore, EKF's work has in total contributed with enhanced GDP for 6 billion DKK.

External Environmental and Social Outcomes

Physical and/or Economic Displacement Impacts

Estimated physical and/or economic displacement of people in EKF projects	2017	2016*	2015	2014
Number of persons affected by resettlement and/or economic displacement	21,600	300	-	5,500

* 255 plots and 10 persons affected

In 2017, four projects had impacts resulting in physical and / or economic impacts. Most of the impacts in terms of persons affected (98%) are associated with a Railway project in Ethiopia. The numbers included here are for phase 2 of the project, which represents EKF's transaction in 2017. The project's overall impacts, including displacement in phase 1 of the project, where reported in EKF's CSR report for 2014.