



MINISTRY OF FINANCE

Annex I

Selection and evaluation of Eligible Green Expenditures and Management of Proceeds

September 2025

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Eligible Green Expenditures are selected in coherence with the overall climate strategy and sustainability priorities of the Danish government, as outlined in the Climate Programme, and they are expected to contribute to achieving Denmark's ambitious climate commitments under the Climate Act. The proceeds from European Green Bond issuances are managed in line with the regular treasury policy. An amount equal to the proceeds is allocated to refinance Eligible Green Expenditures from the previous budget year.

1.1 Governance

European Green Bonds issued by the Kingdom of Denmark ("DGB EuGB") are governed by the European Green Bond Factsheet (the "Factsheet"), which has been established by the Ministry of Finance on behalf of the government and with the participation of relevant ministries and other relevant agencies and public entities. An Inter-Ministerial Working Group ("IMWG") oversees this process, having been formed to ensure coordinated decision-making across departments. The roles and responsibilities of the IMWG members are outlined in *Table 1*. The overall responsibility of the IMWG members is to:

1. Establish and implement the Factsheet.
2. Ensure that adequate processes are in place for selecting and evaluating Taxonomy aligned Eligible Green Expenditures as well as reporting on allocated proceeds.
3. Identify and assess Eligible Green Expenditures in accordance with the relevant EU Taxonomy criteria, including the Do No Significant Harm ("DNSH") and Minimum Safeguards ("MS") criteria, as well as reviewing and monitoring the continuous compliance of allocated Eligible Green Expenditures.
4. Monitoring of Eligible Green Expenditures throughout the life of the DGB EuGBs including monitoring ESG risks or controversies associated with the expenditures.

5. Manage and provide a final list of Eligible Green Expenditures to the Debt Management Office (“DMO”) at Danmarks Nationalbank to fund.
6. Prepare the allocation and impact reports and coordinate input from relevant experts within the ministries, agencies, and other public entities.

Table 1
Structure of the IMWG

Role	Authority(ies)	Responsibilities
Project coordinator and member	Ministry of Finance	The Ministry of Finance is the project coordinator and bears the overall responsibility for the development and management of the Factsheet as well as reporting on green bond issuance pursuant to the Factsheet.
Members	Ministry of Transport Ministry of Climate, Energy and Utilities Ministry of Taxation Ministry of Green Transition	The ministries with identified Eligible Green Expenditures form part of the IMWG as members. They are responsible for providing technical support for the identification and assessment of Eligible Green Expenditures and for providing input for the annual reporting.
Observer	The Debt Management Office at Danmarks Nationalbank	The DMO at Danmarks Nationalbank issues green bonds on behalf of the Ministry of Finance. In addition, the DMO acts as an observer to the processes outlined in the Factsheet and may provide input to the work conducted by the IMWG, e.g. to the selection of Eligible Green Expenditures as well as in general to the establishment and content of the Factsheet.

In addition, relevant experts from ministries, agencies, and other public entities that are not currently part of the IMWG are also consulted when needed. This includes, among others, representatives from the Ministry of Industry, Business and Financial Affairs and the Ministry of Environment, who contribute with insight, e.g. in connection with the assessment and selection of Eligible Green Expenditures and regulation related to the European Green Bond Standard as well as the EU Taxonomy.

The composition of the IMWG may change over time according to the structure of the Kingdom of Denmark’s European Green Bond programme, e.g. in case that new expenditure items are included, associated with ministries that do not currently form part of the working group.

1.2 Criteria for selecting Eligible Green Expenditures

The selection of Eligible Green Expenditures is based on the criteria set out in the Factsheet, and it is managed by the Ministry of Finance in their role as project coordinator, with support from the respective ministries in the IMWG and other experts.

To ensure a transparent methodology for assessing and selecting Eligible Green Expenditures, the following set of criteria have been defined. The members of the IMWG are responsible for assessing these:

1. Eligible Green Expenditures are evaluated in accordance with the criteria in the EU Taxonomy applicable at the time of the assessment. Eligible Green Expenditures must be assessed to comply with the applicable Technical Screening Criteria (“TSC”). Further, Eligible Green Expenditures should be assessed to comply with the DNSH criteria. Such assessment is carried out by relevant experts within the ministries associated with the respective expenditures. Eligible Green Expenditures that are only considered partially aligned with the DNSH criteria will not be included.

Further, all the Eligible Green Expenditures will adhere to minimum social safeguards, see also the Factsheet for more information.

2. The Eligible Green Expenditures must have a concrete and direct link to the stated objective. Operational expenditures and other intangible expenditures will be deemed relevant, only if they are inseparable to tangible assets or otherwise deemed relevant by their very nature.
3. Expenditures will only be financed, when there is no risk of ‘double-counting’ their allocation, e.g. if these are included in another green financing instrument. Hence, expenditures will be reviewed in detail, and the Ministry of Finance will ensure coordination related to ‘double-counting’ with and between relevant agencies and institutions. In addition, expenditures that are being financed by dedicated funding are deducted from the Eligible Green Expenditures. This includes expenditures from Denmark’s Recovery and Resilience Plan.

1.3 Selection process of Eligible Green Expenditures

The IMWG is responsible for identifying, assessing, and selecting Eligible Green Expenditures, with the Ministry of Finance overseeing this process as coordinator. The Eligible Green Expenditures are linked to appropriation accounts in the central government annual Budget Act.

Financing related to on-lending to Energinet and Femern Landanlæg corresponds to the subsets of total on-lending-appropriation-accounts in the central government annual Budget Act that are identified as Eligible Green Expenditures.

Financing related to the tax expenditure is estimated by the Ministry of Taxation as the expected revenue loss on the identified tax revenue-appropriation-account in the central government annual Budget Act.

Thus, each Eligible Green Expenditure will be tracked and managed consistently over time by the IMWG, using either:

- input from Energinet and Femern Landanlæg (on-lending)
- ongoing estimates performed by the Ministry of Taxation (tax expenditure)
- the expenditure's corresponding appropriation account (all other expenditures)

1. Assessment and confirmation of current Eligible Green Expenditures

The Ministry of Finance will conduct an annual review of the identified appropriation accounts (including the estimated tax expenditure and reported subsets of total on-lending to Energinet and Femern Landanlæg) linked to the current Eligible Green Expenditures and collect the amounts corresponding to these accounts.

The members of the IMWG will be asked to review and assess whether these expenditures continue to meet the eligibility criteria outlined in the Factsheet. This assessment will only be relevant if either (i) the nature of the expenditure items has changed, or (ii) the eligibility criteria have been updated (e.g. following changes to the European Green Bond Standard). If the expenditures no longer meet the criteria, they will be excluded from allocation and not be considered as Eligible Green Expenditures in subsequent years. This will be reflected in the annual allocation report.

2. Screening for new potential Eligible Green Expenditures

The Ministry of Finance will from time to time initiate a process to identify new potential Eligible Green Expenditures. The members of the IMWG may propose additional expenditures for consideration, and based on this input, the Ministry of Finance will compile an initial list of potential Eligible Green Expenditures. Relevant ministries that are not currently represented in the IMWG may also be consulted during this process.

If the IMWG decides to select any of the proposed expenditures from the list for inclusion as Eligible Green Expenditures, the new expenditures will be incorporated into an updated version of the Factsheet that will be subject to review by an external reviewer.

3. Eligible Green Expenditures for DGB EuGB issuances

To the extent feasible, the Ministry of Finance will update and publish the *Annex IV: Projected Eligible Green Expenditures* following the passing of the Budget Act. After the signing of financial annual report, the Ministry of Finance will inform the DMO at Danmarks Nationalbank of the final amount of Eligible Green Expenditures from the year immediately preceding that are eligible for financing in the year of issuance.

The DMO at Danmarks Nationalbank will only issue DGB EuGBs for an amount less than the amount of identified Eligible Green Expenditures.

The Ministry of Finance will keep track of how proceeds from the DGB EuGBs issues are allocated in each year.

Table 2
Stylised timeline for issuance of DGB EuGBs

T-1	T	T+1
Expenditures: Eligible Green Expenditures are held by the government	Issuance: Issuance of DGB EuGB. An amount equal to the proceeds refines Eligible Green Expenditures in period T-1	Reporting: Allocation reports on Eligible Green Expenditures held in period T-1 are published

1.4 Management of proceeds

The Ministry of Finance authorises the DMO at Danmarks Nationalbank to issue DGB EuGBs on behalf of the Kingdom of Denmark. Proceeds from the issuance of DGB EuGBs form part of the overall funding of the Kingdom of Denmark. They are managed in line with the regular treasury policy, i.e. proceeds are transferred to the central government's account at Danmarks Nationalbank. In the year following the issuance year, and within the general deadline set in the Factsheet in accordance with European Green Bond Standard Regulation, the Ministry of Finance prepares and publishes an allocation report that allocates an amount equivalent to the proceeds from the issuances to Eligible Green Expenditures held in the year preceding the year of issuance.

The DMO at Danmarks Nationalbank will only issue DGB EuGBs for an amount less than the amount of identified Eligible Green Expenditures. The final expenditures will be known once the central government financial annual report is finalised, typically in March of the issuance year. Thus, the DMO at Danmarks Nationalbank will ensure that no more is issued than the Eligible Green Expenditures to be refinanced by the issuances.

An amount equal to the proceeds from DGB EuGB issues will be allocated to Eligible Green Expenditures, once the calendar year has ended. Funds raised through the DGB EuGBs are allocated according to the principle of nominal equivalence. The allocation of proceeds forms the basis for the allocation and impact reports.

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