

Kingdom of Denmark

Pre-Issuance Review – European Green Bond

The Kingdom of Denmark (Denmark) has published a factsheet to issue European green bonds (EuGBs) under Regulation (EU) 2023/2631. The use of proceeds (UoP) included in the factsheet are environmentally sustainable management of living natural resources and land use, aligned with the EU Taxonomy Regulation (EU) 2020/852. Transactions under the EuGB factsheet are also aligned with the green project categories and core pillars of the ICMA Green Bond Principles.

Alignment of Factsheet and Transactions



Alignment of factsheet with Regulation (EU) 2023/2631 and Regulation (EU) 2020/852^a

4.1 Electricity generation using solar PV technology
4.3 Electricity generation from wind power
4.9 Transmission and distribution of electricity
6.14 Infrastructure for rail transport
1.1 Afforestation
2.1 Restoration of wetlands



Alignment of transactions with ICMA Green Bond Principles^a

- Renewable energy
- Clean transportation
- Environmentally sustainable management of living natural resources and land use

^a ICMA Green Bond Principles June 2025

Key Debt Details

Instrument: Bond
Issuer Legal Name: Kingdom of Denmark
LEI: 549300PTO6LS1PTM6607
Date of Publication of European Green Bond Factsheet: 3 September 2025
Type^b: Green

^b As defined by issuer.

Relevant UN Sustainable Development Goals



European Green Bond Assessment



Date assigned	3 September 2025
European Green Bond Assessment	✓ Regulation (EU) 2023/2631 on European green bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds ✓ Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment

[European Green Bond Methodology](#)

Analysts

Saga Rad
Associate Director
+44 20 3530 1474
saga.rad@sustainablefitch.com

Lea Gamsjäger
Senior Analyst
+34 934 92 59 21
lea.gamsjager@sustainablefitch.com

Approver

Antoine Corbin
Senior Director
+44 20 3530 1339
antoine.corbin@sustainablefitch.com

Media Contact

Tahmina Pinnington-Mannan
+44 20 3530 1128
tahmina.pinnington-mannan@thefitchgroup.com



European Green Bond Assessment Summary

Factsheet sections	Alignment	Key Drivers
General Information		<ul style="list-style-type: none"> Denmark intends to issue EuGBs, aligned with Regulation (EU) 2023/2631, with the intention to finance fully taxonomy-aligned projects within three categories: renewable energy, clean transportation, and environmentally sustainable management of living natural resources and land use. We have conducted a pre-issuance external review of Denmark's EuGB factsheet, with a focus on assessing the alignment of the eligible economic activities with the requirements of the aforementioned regulation and the EU taxonomy. No conflicts of interest related to us providing the external review were identified. We have completed an ESG Framework Rating covering Denmark and its outstanding green bonds on an unsolicited basis. No solicited ratings product has been provided by us to Denmark.
Introductory Statement		<ul style="list-style-type: none"> We have assessed Denmark's EuGB factsheet, in line with Annex I to Regulation (EU) 2023/2631 of the European Parliament and of the Council. This review represents an independent opinion from us as an external reviewer, and is to be relied upon only to a limited degree.
Statement on the Alignment of UoP with Reg. (EU) 2020/852		<ul style="list-style-type: none"> We consider the UoP categories under this transaction to be aligned with Regulation (EU) 2020/852.
Sources, Assessment Methodologies and Key Assumptions		<ul style="list-style-type: none"> Denmark EuGB factsheet Annex I Selection and Evaluation of Eligible Green Expenditures and Management of Proceeds Annex II DNSH Alignment Annex III Minimum Safeguards Compliance Annex IV Projected Eligible Green Expenditures
Assessment and Opinion		<ul style="list-style-type: none"> The quality of information provided by the issuer is sufficient to perform the review. The issuer demonstrates alignment with Article 4 of Regulation (EU) 2023/2631, as it disclosed that the bond proceeds are intended to finance Denmark's taxonomy-aligned expenditures under the gradual approach. The option to use flexibility permitting partial non-alignment with the technical screening criteria, as set forth in Article 5 of Regulation (EU) 2023/2631, will not be exercised in the issuances covered by the EuGB factsheet. The issuer is a sovereign intending to allocate a portion of proceeds to tax relief under Article 4(3) of Regulation (EU) 2023/2631. The issuer will maintain a publicly available estimate of the expected volume of revenue loss associated with eligible tax relief. The provisions of Article 6 of Regulation (EU) 2023/2631 regarding the allocation of proceeds of financial assets are not applicable to this factsheet. The requirement to publish a capex plan, as referred to in Article 7 of Regulation (EU) 2023/2631, is not applicable to this factsheet. The issuer demonstrates alignment with Article 8 of Regulation (EU) 2023/2631, as it disclosed that the bond proceeds are expected to finance expenditures, which are aligned with the technical screening criteria and minimum safeguards of the EU taxonomy applicable at the time of issuance.

Green Bond Principles Alignment

Principles	Alignment	Key Drivers
ICMA Green Bond Principles		<ul style="list-style-type: none"> The EuGB factsheet also states that Denmark committed to align its Danish Government Bonds (DGB) EuGBs with the four core pillars of the ICMA Green Bond Principles. It thoroughly describes the eligible UoP categories, the process for evaluation and selection, the management of proceeds and reporting commitments in the factsheet. The economic activities included in the EuGB factsheet are aligned with eligible categories in the ICMA Green Bond Principles, including renewable energy, clean transportation, and environmentally sustainable management of living natural resources and land use.



Use of Proceeds Summary

Green	Description	ICMA category	EU compass sector and activity	NACE code
UoP 1	Renewable energy	Renewable energy	4.1 Electricity generation using solar PV technology 4.3 Electricity generation from wind power 4.9 Transmission and distribution of electricity	D35.11, D35.12, D35.13
UoP 2	Clean transportation	Clean transportation	6.14 Infrastructure for rail transport	F42.12, F42.13, H49.10, H49.2.0
UoP 3	Environmentally sustainable management of living natural resources and land use	Environmentally sustainable management of living natural resources and land use	1.1 Afforestation 2.1 Restoration of wetlands	A2

Source: Sustainable Fitch, EU Taxonomy Compass, Eurostat

Factsheet Highlights

Intended allocation approach:	Gradual approach
UoP intended for activities that are environmentally sustainable ^a	100% of the bond proceeds
Estimated expected volume of revenue loss associated with eligible tax relief	Estimates will be maintained on the website of the Ministry of Finance and the debt management office at Danmarks Nationalbank.

^a Under Article 3 of Regulation (EU) 2020/852.

UoP	UoP breakdown	Estimated expenditure 2024–2025
Renewable energy	Sovereign expenditure	44% of eligible green expenditure
Clean transportation	Sovereign expenditure	49% of eligible green expenditure
Environmentally sustainable management of living natural resources and land use	Sovereign expenditure	7% of eligible green expenditure

Source: Denmark EuGB factsheet 2025 (Annex IV)

Note: Percentages are based on 2024 expenditures

Denmark's EuGB factsheet will replace its 2021 green bond framework and will cover green bond issuances from 2025 onwards. The EuGB factsheet seeks to comply with the EuGB regulation. This involves fully aligning with the EU taxonomy technical screening criteria, which include substantial contribution criteria (SCC) and do no significant harm (DNSH) criteria, as well as the minimum safeguards at a sovereign level.

Denmark's sustainable finance strategy is underpinned by its ambitious climate goals, including a 70% reduction in GHG emissions by 2030. Denmark plans to allocate 100% of the proceeds from its DGB EuGBs to environmentally sustainable activities, aligning with the EU taxonomy's climate change mitigation objective. The proceeds will be used for refinancing eligible green expenditures from the previous budget year, ensuring full alignment with the EU taxonomy technical screening criteria.

The DGB EuGBs will support various green projects, such as renewable energy initiatives, clean transportation and the sustainable management of natural resources. Funds will be directed towards electricity generation using solar PV and wind power, the electrification of rail infrastructure, and the restoration of wetlands and afforestation projects, among others. We expect these efforts to contribute significantly to Denmark's climate commitments and the broader European Green Deal.

Under the renewable energy UoP, funding will support the operation of electricity generation facilities using solar PV technology and wind power, such as subsidies for small-scale PV systems and onshore and offshore wind farms; tax exemptions for solar electricity; and on-lending to Energinet, the Danish national transmission system operator, for electricity transmission upgrades. The expenditure covers subsidies to households as well.

In the clean transportation UoP, the proceeds will finance rail infrastructure investments that include the construction, renovation and maintenance of electrified rail networks (such as the rail component of the Fehmarnbelt Fixed Link).

Finally, the funding for the environmentally sustainable management of living natural resources and land use UoP will be allocated to initiatives that promote afforestation, such as establishing forests on agricultural or municipal land; and projects converting low-lying agricultural lands into wetlands to restore natural hydrology, improve water quality and bolster biodiversity.

Denmark's approach includes a rigorous process for selecting and evaluating eligible green expenditures, managed by an inter-ministerial working group. This process ensures compliance with the EU taxonomy criteria across direct financing through subsidies, grants and tax exemptions, as well as on-lending. Denmark's commitment to transparency is reflected in its detailed reporting on the allocation and environmental impact of outstanding green bonds, available on the websites of the Ministry of Finance and Danmarks Nationalbank.

The issuance of DGB EuGBs is also aligned with the ICMA Green Bond Principles. Denmark's DGB EuGBs are issued as twin bonds, sharing the same financial characteristics as existing conventional bonds, thereby enhancing liquidity by allowing investors to switch DGB EuGBs for their conventional counterparts, although switching from conventional bonds to DGB EuGBs is not allowed.

Source: Sustainable Fitch, Denmark EuGB factsheet including supplementing annexes 2025

Entity Highlights

Denmark is a leading nation in sustainable finance that is committed to advancing environmental objectives through its strategic initiatives. Denmark has ambitious green targets, aiming for a 70% reduction in GHG emissions by 2030, guided by the Danish Climate Act adopted in 2020. This act mandates the government to present annual plans balancing cost-effectiveness, sustainable business growth and competitiveness.

The Ministry of Climate, Energy and Utilities reports annually on GHG emissions, with Statistics Denmark reporting a 51% reduction in 2023 from 1990 levels. Denmark is committed to the Paris Agreement and the UN's 2030 Agenda, making notable progress in achieving the UN Sustainable Development Goals, as highlighted in Denmark's voluntary national review.

The Danish Climate Act mandates regular updates to national climate targets, emphasising the balance between maintaining a welfare society and pursuing a green transition. Denmark has reached significant political agreements to meet climate targets since the adoption of the climate act, with broad parliamentary support. In 2022, a green tax reform introduced CO₂ taxes for the industrial sector, and in November 2024, the agreement on the implementation of a greener Denmark included CO₂e taxes for agriculture.

Denmark recognises the need for all sectors to contribute to the green transition and outlined climate initiatives in all major emission sectors in its updated national energy and climate plan from 2021 to 2030. These agreements include sector reviews to ensure implementation, consider technological advancements and assess the need for new initiatives.

Denmark's climate strategy involves various initiatives, including green tax reforms, energy-efficiency measures and investments in renewable energy. The country aims to achieve 100% renewable electricity consumption by 2028, although challenges remain, particularly in offshore wind energy development. Denmark's land use sector shifted from being an emissions source to a small sink, with efforts in nature restoration and reforestation.

Investments in renewable energy transformed Denmark's power and heating sector, with the aim of zero emissions. The transport and agricultural sectors are projected to be the largest emitters by 2030, making clean transportation initiatives crucial for Denmark's green transition.

The agreement on the implementation of a greener Denmark leads to significant land-use changes, establishing 250,000 hectares of forest and converting 140,000 hectares of carbon-rich soils from agriculture to wetlands, enhancing water quality, reducing climate impact, and improving biodiversity and drinking water protection. These initiatives are part of Denmark's EuGB factsheet.

The climate act underscores Denmark's commitment to global green transition leadership. Denmark aims to influence the international climate agenda by advocating ambitious EU climate policies and appointing a climate ambassador to enhance global climate ambition in implementing the Paris Agreement, despite contributing only 0.1% of global emissions.

Transitioning to a sustainable economy is crucial, requiring substantial investments to meet the Paris Agreement and the UN's 2030 Agenda goals. Financial markets are pivotal in directing capital towards sustainable investments. The EU is leading this transformation through regulations to "green" the economy, fundamentally altering financial market operations. Denmark will issue DGB EuGBs to support these developments.

Source: Sustainable Fitch, Denmark EuGB factsheet including supplementing annexes 2025, klimaprogram 2024, national energy and climate plan 2024, Denmark global climate impact report, Statistics Denmark



Relevant UN Sustainable Development Goals

- **2.4:** By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.



2

ZERO HUNGER

- **7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix.
- **7.a:** By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.



7

AFFORDABLE AND CLEAN
ENERGY

- **9.1:** Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
- **9.4:** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.



9

INDUSTRY, INNOVATION
AND INFRASTRUCTURE

- **11.2:** By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.



11

SUSTAINABLE CITIES AND
COMMUNITIES

- **12.2:** By 2030, achieve the sustainable management and efficient use of natural resources.



12

RESPONSIBLE
CONSUMPTION AND
PRODUCTION

- **13.3:** Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.



13

CLIMATE ACTION

- **14.1:** By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.
- **14.2:** By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.



14

LIFE BELOW WATER

- **15.7:** Take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand and supply of illegal wildlife products.
- **15.8:** By 2020, introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems and control or eradicate the priority species.
- **15.a:** Mobilise and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.



15

LIFE ON LAND

Source: Sustainable Fitch, UN

European Green Bond Assessment – Pre-Issuance Review

Introductory Statements | European Green Bond Assessment - Pre-Issuance Review

Sustainable Fitch has assessed the completed EuGB factsheet laid down in Annex I to Regulation (EU) 2023/2631 of the European Parliament and of the Council.

This review represents an independent opinion of the external reviewer and is to be relied upon only to a limited degree.

Alignment Statement

Sustainable Fitch considers transaction(s) under this factsheet to be aligned with Regulation (EU) 2023/2631 and the UoP are aligned with Regulation (EU) 2020/852.

Alignment with EU Taxonomy - Summary of criteria applied within the EU

UoP	E/ T	Technical Screening Criteria												MS	Full Alignment
		SCC						DNSH							
		EO1	EO2	EO3	EO4	EO5	EO6	EO1	EO2	EO3	EO4	EO5	EO6		
Renewable energy	E	✓	—	—	—	—	—	—	✓	✓	✓	✓	✓	✓	✓
Clean transportation	E, T	✓	—	—	—	—	—	—	✓	✓	✓	✓	✓	✓	✓
Environmentally sustainable management of living natural resources and land use	—	✓	—	—	—	—	—	—	✓	✓	✓	✓	✓	✓	✓
Overall UoP alignment															✓
EU Taxonomy Aligned Amount (%)															100%

Key

✓ Meeting the requirement(s) in full ("fully aligned")
 ✗ Not meeting the requirement(s) ("not aligned")
 — Not applicable

UoP Use of Proceeds
Alloc Allocation
E Enabling, as per EU Taxonomy Compass
T Transitional, as per EU Taxonomy Compass
SCC Substantial Contribution Criteria
DNSH Do No Significant Harm Criteria
MS Minimum Safeguards

Source: Sustainable Fitch, Denmark EuGB factsheet, Annex II DNSH alignment, Annex III minimum safeguards compliance



EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

Use of Proceeds	Renewable energy	
Contribution to EU Environmental Objectives (EOs)	EO1	
Applicable Economic Activity	<ul style="list-style-type: none">• 4.1 Electricity generation using solar PV technology• 4.3 Electricity generation from wind power• 4.9 Transmission and distribution of electricity	
Substantial Contribution Criteria (SCC)	Yes.	
	<p>Overall, the economic activities included in the renewable energy UoP align with the SCC for EO1.</p> <p>Expenditures under activities 4.1 and 4.3 will finance:</p> <ul style="list-style-type: none">• subsidies to producers of electricity from solar PV technology in the form of a premium on top of the market price;• tax exemptions for electricity consumptions from solar where the generated electricity is for own consumption; and• subsidies for electricity generation from small wind turbines used in residential applications, and for onshore and offshore wind power in the form of a premium on top of the market price. <p>Subsidies for electricity generation using wind power-related subsidies cover both small-scale wind turbines used in residential environments and large-scale onshore and offshore infrastructure.</p> <p>EuGB Regulation 2023/2631 specifies that sovereigns may allocate proceeds of its EuGBs to tax reliefs and subsidies for activities that align with the taxonomy criteria. The SCC for solar PV and wind power projects are applicable to these activities.</p> <p>Solar PV projects and wind power projects substantially contribute to climate change mitigation under activities 4.1 and 4.3 without additional thresholds. We therefore consider financing subsidies and tax exemptions for solar PV and subsidies for wind-related electricity generation to align with the SCC.</p> <p>Expenditures under activity 4.9 are specified to include on-lending to Energinet, the Danish national transmission system operator, for investments in the Danish electricity transmission infrastructure. Investments in electricity transmission infrastructure contribute to climate change mitigation under activity 4.9 if it complies with one of the specified SCC.</p> <p>The SCC require that the transmission infrastructure is the interconnected European system, ie the interconnected control areas of member states, Norway, Switzerland and the UK, and its subordinated systems. Otherwise, the SCC require that either more than 67% of newly connected capacity in the system is below the GHG emissions threshold of 100gCO₂/kWh, or that the average system grid emissions factor is below the threshold value of 100gCO₂e/kWh measured on a life-cycle basis, over a rolling five-year period.</p> <p>Moreover, infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more GHG intensive than 100gCO₂e/kWh measured on a life-cycle basis is not compliant.</p> <p>Expenditures are limited to on-lending to Energinet, which provides good level of assurance that expenditures are limited to finance transmission infrastructure that is part of the European interconnected system.</p> <p>Energinet also operates natural gas transmission infrastructure; however, Denmark confirmed that Energinet does not establish direct connections to power plants that are more GHG-intensive than 100gCO₂e/kWh measured on a life-cycle basis. The direct connections between the power generation plants and the substations are constructed, owned and operated by the owner of the power generation plants. Therefore, we see no risk of capex financing for connections to power plants above the GHG intensity threshold, despite Energinet operating such facilities.</p> <p>Therefore, on-lending to Energinet for its investments in electricity transmission infrastructure aligns with the SCC.</p>	
Do No Significant Harm (DNSH)	EO1	n.a.
	EO2	Yes.



EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

The DNSH criteria for climate change adaptation are applicable to all three activities.

The EU taxonomy requires a robust climate risk and vulnerability assessment to comply with the criteria. The issuer demonstrated its approach to climate risk assessment through the Danish Meteorological Institute's (DMI) Klimaatlas, which informs the Danish Ministry of Climate, Energy and Utilities' assessment of climate risks.

In line with the taxonomy's criteria, the issuer screens for physical climate risks in Denmark, which is particularly vulnerable to sea-level rise and groundwater rise due to its flat topography and extensive coastline. The screening identifies risks including precipitation, water levels, storm floods, temperature, wind, solar radiation, evaporation, fire hazard and drought. These align with several of the climate-related hazards listed in Appendix A of the DNSH criteria for climate change adaptation.

The taxonomy stipulates that climate projections and impact assessments should be based on best practices and consider various future scenarios. The issuer met this criterion by assessing the representative concentration pathways (RCP) and shared socioeconomic pathways (SSP) scenarios, which are frameworks used in climate modelling to project future climate conditions based on varying levels of GHG concentrations and socioeconomic factors. The issuer includes SSP 1-2.6, SSP 2-4.5 and SSP 5-8.5, which directly aligns with the taxonomy's requirement to use state-of-the-art climate projections across the existing range of future scenarios.

Additionally, Denmark's 2023 national climate adaptation plan commits DKK1.4 billion to address rising water levels and protect infrastructure. Climate adaptation responsibilities are shared between government, municipalities, wastewater companies and landowners. Denmark pioneered nationwide municipal climate planning aligned with the Paris Agreement, with 96 of the 98 municipalities completing their plans by 2024. Offshore wind farms receive production licences for 25 to 30 years with extension possibilities.

For wind power specifically, the issuer acknowledged that more extreme weather with stronger winds may lead to a need to secure facilities against changing weather conditions. However, the issuer assessed the consequences to be limited as wind turbines are secured against high wind speeds and will shut down during storms and high wind speeds. For solar PV systems, the issuer similarly acknowledged that extreme weather may lead to a need to secure facilities, but it assessed the consequences to be limited for PV panels in Denmark.

The issuer also addressed the vulnerability of the power supply network by ensuring it is largely made up of underground cables, which demonstrates implementation of adaptation solutions to reduce identified physical climate risks. Energinet is a "Level 5" company, a classification within the Danish energy sector's regulatory framework, indicating that Energinet must adhere to the strictest requirements for resilience and preparedness due to its critical supply role. This means it must comply with stringent requirements under Danish legislation and EU directives to enhance cybersecurity resilience and preparedness in the energy sector, as well as addressing various risk and vulnerability scenarios including extreme weather events.

We therefore consider expenditures under activities 4.1, 4.3 and 4.9 to be aligned with the DNSH criteria.

EO3 Yes.

The DNSH criteria for water are applicable to activity 4.3 in terms of offshore assets, and not applicable to activities 4.1 and 4.9.

The DNSH criteria for offshore wind farms require that the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC. The issuer complies with this requirement by ensuring appropriate measures are taken to prevent or mitigate impacts in relation to descriptor 11 (noise/energy) of the directive.

The Danish Environmental Assessment Act implements the environmental impact assessment (EIA) and strategic environmental assessment (SEA) directives. Projects in annexes 1 or 2 require an EIA or screening before starting. Development consent must outline measures to mitigate environmental impacts.

Directive 2011/92/EU was implemented through Act 425/2016, with the latest version being Act 1976/2021. Separate legislation exists for major infrastructure and livestock projects.

Wind farm tender projects in Denmark require a SEA and EIA to be completed and approved before bidding.

We therefore consider expenditures under activity 4.3 to be aligned with the DNSH criteria.

EO4 Yes.

The DNSH criteria for circular economy are applicable to all three activities.



EU Taxonomy Assessment


EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

	<p>The criteria require an assessment of availability and, where feasible, use of equipment and components of high durability and recyclability that are easy to dismantle and refurbish. For all three activities, the issuer confirmed that it assesses the availability of and, where feasible, adopts techniques that support reuse and use of secondary raw materials and reused components in products manufactured.</p> <p>For transmission and distribution of electricity specifically, the issuer has measures to manage and recycle waste at end-of-life, including through decommissioning contractual agreements with recycling service providers. These measures ensure that components and materials are segregated and treated to maximise recycling and reuse in accordance with the waste hierarchy, EU waste regulation principles, and applicable regulations.</p> <p>We therefore consider expenditures under activities 4.1, 4.3 and 4.9 to be aligned with the DNSH criteria.</p>
EO5	<p>Yes.</p> <p>The DNSH criteria for pollution prevention and control vary by activity type.</p> <p>There are no applicable pollution prevention criteria for activities 4.1 and 4.3.</p> <p>Activity 4.9 requires overhead high-voltage lines to follow the International Finance Corporation General Environmental, Health and Safety Guidelines during construction. The issuer confirmed that these principles are observed on Energinet's construction sites, which was validated through an external review of Energinet's health and safety policies meeting the International Finance Corporation performance standards.</p> <p>Activities must also respect applicable norms and regulations to limit impact of electromagnetic radiation on human health, including the Council recommendation on the limitation of exposure of the public to electromagnetic fields (0Hz to 300GHz) for activities carried out in the EU and the 1998 Guidelines of International Commission on Non-Ionizing Radiation Protection for activities carried out in third countries. Compliance can be confirmed since Denmark implemented Directive 2013/35/EU and the 1998 Guidelines of International Commission on Non-Ionizing Radiation Protection in the 2016 Executive Order on Exposure to Electromagnetic Fields at Work, which Energinet is obliged to observe.</p> <p>Activities should also not use polychlorinated biphenyls (PCBs), and the issuer confirmed that Energinet does not use PCBs in activities and that older PCB-containing assets have been replaced.</p> <p>We therefore consider expenditures under activity 4.9 to be aligned with the DNSH criteria.</p>
EO6	<p>Yes.</p> <p>The DNSH criteria for protection and restoration of biodiversity and ecosystems are applicable to all three activities.</p> <p>For the three activities, an EIA or screening must be completed in accordance with Directive 2011/92/EU (amended by Directive 2014/52/EU). The required mitigation and compensation measures for protecting the environment must be implemented where an EIA was carried out.</p> <p>Denmark implemented the EIA directive in its Danish Act of Environmental Assessment and its SEA Directive. It confirmed that ahead of relevant projects, a screening must be completed before work commences, which should describe measures to be taken to avoid, prevent or reduce any adverse effects on the environment, alongside relevant monitoring measures.</p> <p>Moreover, an appropriate assessment, where applicable, was conducted for sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and key biodiversity areas, as well as their protected areas); the necessary mitigation measures were implemented based on its conclusions.</p> <p>The issuer confirmed that the EU Birds and Habitats directive is implemented in Denmark and that its latest update of its biodiversity strategy considers the Natura 2000 to be fully implemented. A full EIA will be required if any expenditures are related to activities in areas that are especially environmentally vulnerable or contain special natural assets that need protection.</p> <p>Moreover, the issuer confirmed that Energinet complies with the relevant requirements for transmission and distribution, as it is also subject to the implemented directives described above. Energinet's projects are subject to EIAs approved by the Danish environmental agency. Conducting an EIA is part of Energinet's project approval process, and the EIAs are publicly available.</p> <p>There are additional criteria for offshore wind under activity 4.3, requiring that the activity does not hamper the achievement of good environmental status in Directive 2008/56/EC, and requiring that appropriate measures are taken to prevent or mitigate impacts in relation to descriptors 1 (biodiversity) and 6 (seabed integrity).</p>



EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

	<p>The EU EIA directive (Directive 2014/52/EU) is implemented in Denmark, and requires an EIA for wind farms, applicable to wind assets other than single turbines with a height less than 25m. The issuer confirmed that it completes an EIA of the designated area, export cable route and grid connection during the tendering process of a wind farm ahead of the bidding date.</p> <p>We therefore consider expenditures under activities 4.1, 4.3 and 4.9 to be aligned with the DNSH criteria.</p>
Minimum Safeguards (MS)	<p>Yes.</p> <p>The issuer follows a three-step process to demonstrate compliance with minimum safeguards on the sovereign level.</p> <p>At the general sovereign level, Denmark has ratified relevant human rights and business conventions, including the International Covenant on Civil and Political Rights; International Covenant on Economic, Social and Cultural Rights; and the eight fundamental International Labour Organization conventions. The latest universal periodic review identified no business or human rights issues for Denmark. Furthermore, Denmark scores highly on quantitative indicators from the World Bank, Freedom House and Transparency International regarding human rights adherence and a very low level of corruption.</p> <p>Regarding international guidelines for corporates, Denmark formally adheres to the OECD Guidelines for Multinational Enterprises through an established National Contact Point. Denmark also implemented a national action plan for the UN Guiding Principles on Business and Human Rights, demonstrating its commitment to these international frameworks.</p> <p>Denmark enacted the Financial Statements Act for expectations on corporates, which requires large companies to report on sustainability approaches. The country also established specific sustainability expectations for state-owned enterprises. Additionally, public procurement in Denmark includes sustainability requirements where suppliers must commit to following the OECD Guidelines and UN Guiding Principles.</p> <p>Denmark therefore complies with minimum safeguards through international commitments, quantitative performance indicators, and domestic implementation measures across government and business sectors.</p>
Full Alignment	

Use of Proceeds	Clean transportation
Contribution to EU Environmental Objectives (EOs)	EO1
Applicable Economic Activity	<ul style="list-style-type: none"> 6.14 Infrastructure for rail transport
Substantial Contribution Criteria (SCC)	<p>Yes.</p> <p>Overall, the economic activities included in the clean transportation UoP align with the SCC.</p> <p>Expenditures under activity 6.14 include:</p> <ul style="list-style-type: none"> rail infrastructure operation, renovation and maintenance of Banedanmark railways; rail infrastructure investment projects (including electrification of the rail infrastructure) of Banedanmark railways; and on-lending to Femern Landanlæg A/S for rail infrastructure in the Fehmarnbelt Fixed Link between Denmark and Germany. <p>Expenditures under activity 6.14 are not eligible if they are dedicated to the transport or storage of fossil fuels.</p> <p>The issuer confirmed that Banedanmark's infrastructure and the Fehmarnbelt Fixed Link are not dedicated to the transport or storage of fossil fuels. Some fossil fuels may be transported by freight through the network; however, transportation of fuels is regulated by national regulations and legislation, and the issuer confirmed that none of the investments will be specifically supporting the transport or storage of fossil fuels. We therefore consider the expenditures under activity 6.14 to comply with these criteria.</p> <p>Expenditures related to rail infrastructure operation, renovation and maintenance are eligible under activity 6.14 if they align with specific SCC. The SCC require either that there is a plan for electrification for the relevant line tracks and sidings, or that the infrastructure will be fit for use by zero-tailpipe CO₂ emissions trains within 10 years from the start of the activity.</p>



EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

		<p>At the analysis date, the state-operated railway system of Banedanmark supported a mix of electrified and diesel trains; however, Denmark committed to all state-operated Danish rail traffic being zero emissions by 2030, and therefore it plans to electrify line tracks of 80% of the state network, and ready the remaining 20% for battery train operations by 2030, which will be supported by expenditures under this UoP. The electrification rate of the rail network controlled by Banedanmark is 42%, with the overall Danish rail network at 38% in 2024, according to the most updated information from Statistics Denmark.</p> <p>Expenditures related to investment in electrification are eligible under activity 6.14 and is not subject to specific criteria if expenditures are specifically dedicated to electrified trackside infrastructure and associated subsystems. Otherwise, the expenditures would be subject to the SCC regarding the plans for electrification or being fit for use by zero-tailpipe-emissions trains within 10 years. Denmark complies with these criteria.</p> <p>Expenditures may also include additional rail-related infrastructure under activity 6.14, such as transshipment of freight or passengers from rail to rail or between modes; and terminal infrastructure and superstructures for loading, unloading and transshipment of goods.</p> <p>The issuer confirmed that Banedanmark's infrastructure includes transshipment infrastructure of both freight between modes, through connecting ports and roads on the Trans-European Transport Network core and comprehensive network (Hirtshals, Frederikshavn, Aalborg, Aarhus, Esbjerg and Copenhagen; and the railroad terminals in Taulov, Padborg and Høje Taastrup), and transfer of passenger from rail to rail or rail to other modes such as road transport and airports. These activities are not subject to specific SCC thresholds, and we therefore consider them aligned with the SCC.</p> <p>Expenditures related to on-lending to Femern Landanlæg A/S for the Fehmarnbelt Fixed Link rail infrastructure are eligible under activity 6.14 if it aligns with specific SCC. The Fehmarnbelt Fixed Link is an 18km undersea tunnel between Denmark and Germany and will accommodate both a motorway for road vehicles and a two-track electrified railway.</p> <p>The EuGB factsheet specifies that expenditures from any EuGB will be limited to finance the electrified rail and related infrastructure only. The Fehmarnbelt Fixed Link integrate the hinterland railway connection, which means the entire railway line in the Fehmarnbelt-corridor will be electrified once the project is completed. This therefore aligns with the SCC, as the electrified railway supports zero-tailpipe-CO₂-emissions trains. We therefore consider on-lending to Femern Landanlæg A/S for the purpose of financing rail infrastructure in the Fehmarnbelt Fixed Link to be aligned with the SCC.</p>
Do No Significant Harm (DNSH)	EO1	n.a.
	EO2	<p>Yes.</p> <p>The DNSH criteria for climate change adaptation are applicable to activity 6.14.</p> <p>The EU taxonomy requires a robust climate risk and vulnerability assessment to comply with the criteria. The issuer demonstrated its approach to climate risk assessment through the DMI's Klimaatlas, which informs the Danish Ministry of Climate, Energy and Utilities' assessment of climate risks.</p> <p>In line with the taxonomy's criteria, the issuer screens for physical climate risks in Denmark, which is particularly vulnerable to sea level rise and groundwater rise due to its flat topography and extensive coastline. The screening process identifies risks including precipitation, water levels, storm floods, temperature, wind, solar radiation, evaporation, fire hazard and drought. These align with several of the climate-related hazards listed in Appendix A of the DNSH criteria for climate change adaptation.</p> <p>The taxonomy stipulates that climate projections and EIAs should be based on best practices and consider various future scenarios. The issuer met this criterion by assessing multiple future RCP and SSP scenarios, including SSP 1-2.6, SSP 2-4.5 and SSP 5-8.5, which directly aligns with the taxonomy's requirement to use state-of-the-art climate projections across the existing range of future scenarios.</p> <p>Additionally, Denmark's 2023 national climate adaptation plan committed DKK1.4 billion to address rising water levels and protect infrastructure. Climate adaptation responsibilities are shared between government, municipalities, wastewater companies and landowners. Denmark pioneered nationwide municipal climate planning aligned with the Paris Agreement, with 96 of 98 municipalities completing plans by 2024.</p> <p>Banedanmark addresses activities including rail infrastructure operation, maintenance and renovation and rail infrastructure investment projects, and climate change adaptation through its climate adaptation strategy. This strategy aims to ensure the robustness, functionality and regularity of the railway while minimising effects on train operation.</p>



EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

	<p>The strategy specifically considers heavy and/or persistent rainfall, rain and storm surge, temperature fluctuations and extremes, storm and wind where Banedanmark identified the most material physical risks to include temperature (heat stress, heat wave), wind (changing wind patterns, storm), water (precipitation, sea level rise, drought, heavy precipitation, flood) and solid mass (coastal erosion, landslide).</p> <p>The issuer assesses these physical risks based on the specific location of the activity and anticipated likelihood of risks occurring, with potential physical risk impacts quantified in the context of historical costs. The design criteria are aligned with climate projections for activities with an expected lifespan of less than 10 years, while Banedanmark uses the RCP 8.5 projection scenario for longer-term activities because the railway network is critical infrastructure.</p> <p>The most relevant physical climate risks for activities including on-lending for the Fehmarnbelt Fixed Link were identified as sea level rise; coastal flooding and related risks, including erosion; and rainwater flooding-related risks.</p> <p>The assessment of climate change implications was carried out in connection with the EIA for the project, involving climate researchers from research institutes in the UK, Germany, Sweden and Denmark, based on Intergovernmental Panel on Climate Change scenarios. An additional high-level vulnerability assessment was conducted in 2023 by the project's technical advisor Rambøll-Arup-TEC.</p> <p>The Fehmarnbelt Fixed Link is protected against flooding both during the construction phase and when it opens, as this was included in the project design from the beginning. Solutions addressing the most significant physical climate risks include:</p> <ul style="list-style-type: none"> • appropriate structural design criteria based on a forecasted sea level rise of 1.5m over the project lifespan; • flood protection mounds and removable flood barriers at the tunnel portals; and • drainage systems within the tunnel portals to account for the risk of flooding due to extreme rainfall. <p>We therefore consider expenditures under activity 6.14 to be aligned with the DNSH criteria.</p>
EO3	<p>Yes.</p> <p>The criteria for activity 6.14 require that an EIA is conducted in accordance with Directive 2011/92/EU (EIA Directive), and that appropriate measures are implemented if drainage from the activity may constitute an environmental degradation risk to water quality.</p> <p>The issuer confirmed that EIAs are conducted for Banedanmark in accordance with the EIA directive, and the Nature Conservation Act preserves certain natural habitats. The Danish railway holds about 1,200km of water-bearing ditches that attract wildlife and help plants, amphibians and fish spread to other natural areas.</p> <p>An EIA was carried out for the Fehmarnbelt Fixed Link that covers the entire project, and appropriate measures were implemented as drainage from the activity may constitute an environmental degradation risk to water quality.</p> <p>We therefore consider expenditures under activity 6.14 to be aligned with the DNSH criteria.</p>
EO4	<p>Yes.</p> <p>The criteria for activity 6.14 require that measures are in place to manage waste in accordance with the waste hierarchy, that waste generated in connection with construction is minimised and that excess materials are recycled where possible.</p> <p>Measures are in place to manage waste in accordance with the waste hierarchy for both Banedanmark and the Fehmarnbelt Fixed Link. Waste generated in connection with the construction of the Fehmarnbelt Fixed Link is generally minimised, and there is no waste material in terms of concrete as any excess is recycled. In 2023, more than 86% of the total construction waste generated on the project was recycled.</p> <p>We therefore consider expenditures under activity 6.14 to be aligned with the DNSH criteria.</p>
EO5	<p>Yes.</p> <p>Specifically for activity 6.14, the criteria require mitigation measures for noise and vibration from use of the infrastructure, where appropriate, and to reduce noise, dust and pollutant emission during construction or maintenance works.</p> <p>Directive 2002/49/EC on noise is integrated into Danish law and the issuer further cites two methodologies to measure noise exposure. The CNOSSOS-EU method, which stands for Common Noise Assessment Methods in Europe, is a standardised approach developed by the EU for assessing environmental noise and NORD2000, an advanced calculation engine for noise calculation to estimate the affected population by the Danish company EMD.</p>



EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

The NORD2000 method estimates that 6,350 people are severely disturbed at a noise level above 53dB, and 3,800 have sleep disturbances at a night noise level above 45dB. The amount of people who were severely disturbed decreased by 75% compared to 2017 data, where 28,500 people were affected. This decrease is largely due to updated calculation data and quieter trains. No historic data is available for the comparison according to the CNOSSOS-EU method, but we view the measurement according to NORD2000 robust enough to evidence a reduction in noise levels through improved technology.

Measures to reduce noise, dust and emissions during the construction and maintenance are included in the EIA process.

For on-lending under activity 6.14, the issuer determined that there is no relevant population affected by the impact from noise and vibration. Reduction of impact from noise and vibration and dust, during the construction and maintenance of the Fehmarnbelt Fixed Link is covered by the EIA. Mitigation measures include a physical barrier around the production facility, reducing emissions during construction work.

Impact from noise and vibration only affects a small share of the population, so necessary mitigation measures were taken to reduce negative impacts during construction and maintenance of railway infrastructure in our view.

We therefore consider expenditures under activity 6.14 to be aligned with the DNSH criteria.

EO6 Yes.

The criteria for activity 6.14 require an EIA or screening to be completed in accordance with Directive 2011/92/EU (amended by Directive 2014/52/EU). The required mitigation and compensation measures for protecting the environment must be implemented where an EIA has been carried out.

Denmark implemented the EIA directive in its Danish Act of Environmental Assessment and its SEA Directive. It confirmed that ahead of relevant projects, a screening must be completed before work commences, which should describe measures to be taken to avoid, prevent or reduce adverse effects on the environment, alongside relevant monitoring measures.

Moreover, an appropriate assessment, where applicable, was conducted for sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and key biodiversity areas, as well as their protected areas); the necessary mitigation measures were implemented based on its conclusions.

The issuer confirmed that the EU Birds and Habitats directive is implemented in Denmark and further that Denmark's latest update of its biodiversity strategy considers the Natura 2000 to be fully implemented. A full EIA will be required if any expenditures are related to activities in areas that are especially environmentally vulnerable or contain special natural assets that need protection.

Specific to rail projects, the Danish railway supports biodiversity across 4,500 hectares, home to over 250 endangered species. Six key natural areas were prioritised for biodiversity efforts following a 2021 analysis, supported by a DKK150 million allocation from the "Infrastructure Agreement 2035". Banedanmark complies with the EIA directive for environmental assessments and adheres to the regulations in Natura 2000 areas under the Birds and Habitats Directives.

The Habitats Directive's Annex IV protects endangered species and habitats. Maintenance and construction activities consider wildlife breeding and mating seasons, with fauna passages built to mitigate railway barriers, as seen on the Copenhagen-Ringsted line. The Nature Conservation Act ensures affected natural habitats are preserved or replaced, and the Forest Act mandates compensation for impacted forest reserves.

For on-lending under activity 6.14, an EIA for the Fehmarnbelt project, conducted under Directive 2011/92/EU, evaluated impacts on Natura 2000 sites and protected species in Denmark and Germany. Mitigation and compensation measures are outlined in the project's implementation statement, with Sund & Bælt adopting a "building with nature" approach to enhance natural environments.


The project affects protected areas like Strandholm Lake and ponds on Lolland, with impacts mitigated by creating replacement habitats, including a new lake, marsh areas, ponds and fauna passages. Replacement nature aims to match the quality of protected habitats under the Nature Conservation Act, with continuous monitoring. In 2024, 40 hectares, including Lungholm Lake, were designated as protected nature. Additional initiatives include converting 42 hectares of agricultural land into wetlands and seeding 14 hectares with local plants to improve biodiversity and create a green corridor.

We consider measures sufficient to view expenditures under activity 6.14 as aligned with the DNSH criteria.



EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

Minimum Safeguards (MS)	<p>Yes.</p> <p>The issuer follows a three-step process to demonstrate compliance with minimum safeguards on the sovereign level.</p> <p>At the general sovereign level, Denmark ratified relevant human rights and business conventions including the International Covenant on Civil and Political Rights; International Covenant on Economic, Social and Cultural Rights; and the eight fundamental International Labour Organization conventions. The latest universal periodic review identified no business or human rights issues for Denmark. Furthermore, Denmark scores highly on quantitative indicators from the World Bank, Freedom House and Transparency International regarding human rights adherence and low corruption levels.</p> <p>Regarding international guidelines for corporates, Denmark formally adheres to the OECD Guidelines for Multinational Enterprises through an established National Contact Point. Denmark also implemented a national action plan for the UN Guiding Principles on Business and Human Rights, demonstrating its commitment to these international frameworks.</p> <p>Denmark enacted the Financial Statements Act for expectations on corporates, which requires large companies to report on sustainability approaches. The country also established specific sustainability expectations for state-owned enterprises. Additionally, public procurement in Denmark includes sustainability requirements where suppliers must commit to following the OECD Guidelines and UN Guiding Principles.</p> <p>Denmark therefore complies with minimum safeguards through international commitments, quantitative performance indicators, and domestic implementation measures across government and business sectors.</p>
Full Alignment	

Use of Proceeds	Environmentally sustainable management of living natural resources and land use
Contribution to EU Environmental Objectives (EOs)	EO1
Applicable Economic Activity	<ul style="list-style-type: none"> 1.1 Afforestation 2.1 Restoration of wetlands
Substantial Contribution Criteria (SCC)	<p>Yes.</p> <p>Overall, the economic activities included in the environmentally sustainable management of living natural resources and land use UoP demonstrate alignment with the SCC for EO1.</p> <p>It specifies expenditures under activity 1.1 "afforestation" include subsidies for projects involving the establishment of forests on privately owned agricultural land and projects involving the establishment of forests on areas owned by municipalities. The category will finance a new subsidy programme that is currently still under development but that will be governed by the Danish Forest Act.</p> <p>Expenditures relating to establishment of forests contribute to climate change mitigation under activity 1.1 if they align with specific SCC. The SCC require an afforestation plan and subsequent forest management plan, a climate benefit analysis, a guarantee of permanence and follow-up audits.</p> <p>The afforestation initiative aligns with the EU taxonomy's criteria for climate change mitigation by establishing forests through planting, deliberate seeding or natural regeneration on lands previously used for different purposes. This transformation adheres to the UN Food and Agriculture Organisation's definition of afforestation, ensuring that the land meets the forest definition per national or Food and Agriculture Organisation standards. The initiative is based on a new national subsidy programme starting in 2025, which aims to convert agricultural lands into forests with permanent conservation obligations, known as "fredskov" in Denmark. This includes the goal of establishing 250,000 hectares of new forest by 2045, as outlined in the 2024 Agreement on the Implementation of a Green Denmark.</p> <p>Projects under this programme must comply with environmental assessments and are prohibited from taking place on carbon-rich soils or in potential wetland areas, where land with high-carbon stock is not in scope for afforestation. The afforestation plan must be in place for at least five years and include detailed site preparation and management strategies to protect existing carbon stocks and ensure the long-term sustainability of the forest ecosystem. The issuer confirmed that the developer must</p>



EU Taxonomy Assessment

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		<p>provide detailed information about the proposed project in an environmental impact report; this includes environmental and social impact and risks.</p> <p>For the subsequent forest management plan, after project completion (defined as the date of final payment of the grant), projects must continue to fulfil the obligations described in § 13 of draft Executive Order of April 2025 and fulfil the obligations of the Danish Forest Act and other relevant regulation, eg the EU regulation on deforestation-free products and the Renewable Energy Directive.</p> <p>The climate benefit analysis for these projects follows the 2019 refinement to the 2006 Intergovernmental Panel on Climate Change guidelines, ensuring that the net balance of GHG emissions and removals is favourable compared to a business-as-usual baseline. This analysis is crucial for demonstrating the long-term climate benefits and compliance with Directive (EU) 2018/2001. The climate benefit analysis is also part of a scientific research project in collaboration with the University of Copenhagen.</p> <p>In terms of auditing, the Danish Agency for Green Transition and Aquatic Environment monitors project compliance with the parts of the project plan that apply to the subsidy scheme.</p> <p>It specifies expenditures under activity 2.1 “restoration of wetlands” include funding of projects to rewet carbon-rich lowland soils and stop agricultural use of the land. This is done, for example, by closing ditches, resulting in rewetting the land to restore the natural hydrology to the greatest extent possible.</p> <p>Expenditures relating to establishment of forests contributes to climate change mitigation under activity 2.1 if they align with specific SCC. The SCC require a restoration plan, a climate benefit analysis, a guarantee of permanence and follow-up audits. The Ministry of Green Transition confirmed that activities concerning the restoration of wetlands comply with these requirements.</p> <p>For the restoration plan, recipients must commit to a permanent reclassification of the area, which must remain grass or a natural area with natural water levels. A pre-study ensures that the restoration plan considers the local hydrological and pedological conditions such as soil conditions, hydrology, drainage and land use. The issuer developed a restoration plan that aligns with the Ramsar Convention’s principles and guidelines on wetland restoration. This plan ensures the area is classified and managed as a wetland, incorporating consideration of local hydrological and pedological conditions. The plan includes monitoring mechanisms to ensure the accuracy of the information and the effectiveness of restoration efforts. The issuer’s commitment to following the Ramsar Convention’s guidelines and to maintaining detailed monitoring demonstrates compliance with this criterion.</p> <p>The pre-study must also include a climate benefit analysis of the expected reduction of CO₂ emissions, as well as nitrogen and phosphorous emissions. The conversion projects aim to reduce CO₂ emissions, with the anticipated impact measured in tCO₂ per hectare during project pre-studies. Projects exceeding a cost-effectiveness threshold of DKK8,533 per tCO₂ reduced will be deemed not cost-effective. The issuer confirmed that this analysis is consistent with the 2019 refinement to the 2006 Intergovernmental Panel on Climate Change’s guidelines and includes carbon pools. The business-as-usual scenario is based on that recorded in public registries and MiljøGIS, a government platform providing nature and environmental data.</p> <p>For the guarantee of permanence, recipients must permanently reclassify project areas as low-lying regions that remain as grasslands or natural areas with natural water levels. They must ensure properties in these areas are updated in public registries to preserve natural hydrology. Once reclassified, these areas cannot be repurposed.</p> <p>During the audit phase, the Danish Agency for Green Transition and Aquatic Environment oversees compliance with the sections of the project plan related to the subsidy scheme. Meanwhile, the Danish Nature Agency ensures adherence to the aspects of the project plan concerning its climate low-lying projects. The Ministry of Green Transition confirmed that the audit will be conducted within the time frame of two years after initiating the activity. After completion, the activity is audited through surveillance of the areas.</p>
Do No Significant Harm (DNSH)	EO1	n.a.
	EO2	<p>Yes.</p> <p>Overall, the economic activities demonstrate alignment with the EU taxonomy DNSH criteria for EO2.</p> <p>The DNSH criteria for the climate change adaptation environmental objective are applicable to both activities 1.1 and 2.1.</p>



EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

	<p>The EU taxonomy requires a robust climate risk and vulnerability assessment to comply with the criteria. The issuer demonstrated its approach to climate risk assessment through the DMI's Klimaatlas, which informs the Danish Ministry of Climate, Energy and Utilities' assessment of climate risks.</p> <p>In line with the taxonomy's criteria, the issuer screens for physical climate risks in Denmark, which is particularly vulnerable to sea-level rises and groundwater rises due to its flat topography and extensive coastline. The screening identifies risks including precipitation, water levels, storm floods, temperature, wind, solar radiation, evaporation, fire hazards and drought. These align with several of the climate-related hazards listed in Appendix A of the DNSH criteria for climate change adaptation.</p> <p>The taxonomy stipulates that climate projections and impact assessments should be based on best practices and consider various future scenarios. The issuer met this criterion by assessing the RCP and SSP scenarios, which are frameworks used in climate modelling to project future climate conditions based on varying levels of GHG concentrations and socioeconomic factors. The issuer includes SSP 1-2.6, SSP 2-4.5 and SSP 5-8.5, which directly aligns with the taxonomy's requirement to use state-of-the-art climate projections across the existing range of future scenarios.</p> <p>Additionally, Denmark's 2023 national climate adaptation plan includes a commitment to use DKK1.4 billion to address rising water levels and protect infrastructure. Climate change adaptation responsibilities are shared between government, municipalities, wastewater companies and landowners. Denmark pioneered nationwide municipal climate planning aligned with the Paris Agreement, with 96 of the 98 municipalities completing their plans by 2024.</p> <p>For afforestation specifically, the Danish forest projection by Thomas Nord-Larsen, Prescott Huntley Brownell II and Vivian Kvist Johannsen (2025) includes a 50-year climate scenario for 250,000 hectares of new forests, using the EFISCEN framework developed by the University of Copenhagen. The Danish Planning Act assigns responsibility to municipalities for spatial planning to protect infrastructure from climate change, with government oversight to ensure alignment with national interests. Local plans must address mitigation measures for assets at risk of flooding or erosion. The Technical University of Denmark aids the government in evaluating the social and financial impacts of climate adaptation investments.</p> <p>We consider these measures sufficient to view expenditures under activities 1.1 and 2.1 as aligned with the DNSH criteria.</p>
EO3	<p>Yes.</p> <p>The DNSH criteria for activities 1.1 and 2.1 require that an EIA is conducted in accordance with Directive 2011/92/EU (EIA Directive), and that appropriate measures are implemented if drainage from the activity may post an environmental degradation risk to water quality.</p> <p>Developers must evaluate and report an afforestation project's direct and indirect impact on water to authorities as part of the EIA. The project's effect on water conditions is part of the selection criteria. Applicants also need permission to start the project, based on an environmental assessment or a screening decision indicating no significant environmental impact, as per the Environmental Assessment Act.</p> <p>The mandatory pre-studies for the restoration of wetlands must evaluate a project's impact on water levels and drainage, including drainage maps. The funding criteria consider the project's potential effects on aquatic environments, waterways and drinking water. Activities, except grazing, within five metres of open watercourses, lakes over 100sqm and coastlines must prevent erosion.</p> <p>The Minister of Environment created a six-year plan for each district to inform authorities and the public about strategies for enhancing the environmental status of water bodies and achieving desired outcomes. The Water Planning Act dictates the criteria for these management plans.</p> <p>We consider these measures sufficient to view expenditures under activities 1.1 and 2.1 as aligned with the DNSH criteria.</p>
EO4	<p>Yes.</p> <p>There are no DNSH criteria for this environmental objective for activity 1.1. The DNSH criteria for activity 2.1 require peat extraction to be minimised.</p> <p>The issuer confirmed that the project areas are not allowed to be used for crop cultivation, but harvesting of biomass grown on the land surface or similar activities (such as grazing) is permitted. Peat extraction and soil cultivation (such as ploughing) are prohibited.</p> <p>We consider the measures sufficient to view expenditures under activity 2.1 as aligned with the DNSH criteria.</p>
EO5	<p>Yes.</p>



EU Taxonomy Assessment

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The same DNSH criteria apply for activity 1.1 and 2.1. These criteria require that the use of pesticides is reduced by favouring non-chemical alternatives to pesticides, in accordance with Directive 2009/128/EC. The exception is in cases where pesticides are required to control outbreaks of pests and diseases. In addition, use of fertilisers should be minimised and use of manure should be excluded. Activities must also comply with Regulation (EU) 2019/1009 or with national rules on fertilisers or soil improvers for agricultural use.

The issuer confirmed that pesticides will not be used in afforestation projects and that fertiliser usage is limited to use only in the first year prior to planting, from the beginning of the year until 1 September. In addition, the issuer stated that damage to forests is governed by the national Environmental Damages Act. We consider this to be sufficient to comply with the criteria to minimise the use of pesticides and fertiliser.

The issuer confirmed that wetland restoration project areas may not be treated with pesticides, fungicides or insecticides, in line with the Stockholm Convention. In addition, soil improvers such as lime, or fertilisers will not be used, with the exception of manure left by grazing livestock.

Moreover, measures should be taken to avoid the use of active ingredients including those listed in:

- Annex I, part A, of Regulation (EU) 2019/1021;
- the Rotterdam Convention on the prior informed consent procedure for certain hazardous chemicals and pesticides in international trade;
- the Minamata Convention on Mercury;
- the Montreal Protocol on Substances that Deplete the Ozone Layer; and
- active ingredients listed as classification 1a ("extremely hazardous") or 1b ("highly hazardous") in the World Health Organization Recommended Classification of Pesticides by Hazard.

The EU implements several international conventions through specific regulations: the Rotterdam Convention via PIC Regulation (EU) No 649/2012, the Minamata Convention via Mercury Regulation (EU) 2017/852, and the Montreal Protocol via Regulations (EU) 2024/573 and 2024/590. These regulations apply directly as national law.

Project areas will be designated with permanent forest obligation ("fredskov") under the Danish Forest Act. Compliance with these regulations regarding pesticide approval and application is monitored by the Agency for Green Transition and Aquatic Environment and the Danish Environmental Protection Agency.

Regulation (EC) 1107/2009 applies for active ingredients classified as 1a or 1b, alongside the Danish statutory order BEK nr 1503 af 10/12/2024. Pesticide use for new ornamental greens or Christmas tree production in protected forest areas within Natura 2000 sites requires prior assessment by the Agency for Green Transition and Aquatic Environment. Project applicants must avoid pesticides and fertilizer use for five years after completion. Undisturbed forest areas will have a registered legal obligation prohibiting pesticide use, though measures against invasive species remain permitted within regulations.

Finally, pollution of water and soil should be prevented and cleaning up measures should be undertaken when pollution occurs. For activity 1.1, the issuer confirms that environmental damage to forests, including pollution, as well as the remediation measures, are governed by the Danish Environmental Damages Act. The issuer confirmed that each restoration project under activity 2.1 is assessed for pollution risks before initiation.

We consider the measures sufficient to view expenditures under activities 1.1 and 2.1 as aligned with the DNSH criteria.

EO6 Yes.

The same overall criteria apply for activities 1.1 and 2.1, which are that activities are carried out in accordance with conservation objectives of relevant areas and using practices that protect habitats. In addition, there should be no conversion of habitats that are sensitive to biodiversity loss or high conservation value, as well as no conversion of areas that are set aside for restoration of habitats by national law.


For activity 1.1, the issuer confirmed that any project areas will be areas that were used for commercial agricultural operations in the preceding calendar year. In addition, the project areas cannot be located on carbon-rich soils or on areas with a potential for wetlands, and the area must not already be forested. This safeguard limits the risk of conversion of land with high conservation value.

For activity 2.1, the issuer confirmed that once an area has been reclassified as wetland, there can be no conversion of the wetland to any other use, as per Danish national legislation.



EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

	<p>Specific criteria for activity 1.1 include that the afforestation plan and forest management plan referred to in the SCC include specific provisions for maintaining or possibly enhancing biodiversity in accordance with national provisions, such as ensuring good conservation status of habitat and species, and excluding the use of invasive or non-native species. The issuer confirms that the Minister of Environment prepares a Natura 2000 forest plan to set objectives for maintaining a good conservation status with regards to relevant species listed in the Council Directive 92/43/EEC (the Habitats Directive) and Annex I to (Directive 2009/147/EC (the Birds Directive) as well as the strategy for meeting the objectives.</p> <p>With regards to invasive species, the issuer specifies that afforestation projects will not use tree species that are listed in the national list and the EU List of Invasive Species, as per Executive Order No. 1285 of 12 November 2018 on the prevention and management of the introduction and spread of invasive alien species on the EU list, and on a national list with trade bans, or other such lists for invasive species. In addition, the issuer set specific criteria to regulate use of EU- and OECD-regulated tree species, such as complying with relevant certifications.</p> <p>Specific criteria for activity 1.2 include that the restoration plan and forest management plan referred to in the SCC include specific provisions for maintaining or possibly enhancing biodiversity in accordance with national provisions, such as ensuring good conservation status of habitat and species or excluding the use of invasive or non-native species. The issuer confirmed that a Natura 2000 plan covers setting objectives for maintaining good status related to relevant species, as well as the strategies for meeting the objectives.</p> <p>We consider the measures sufficient to view expenditures under activities 1.1 and 2.1 as aligned with the DNSH criteria.</p>
Minimum Safeguards (MS)	<p>Yes.</p> <p>The issuer follows a three-step process to demonstrate compliance with the minimum safeguards on the sovereign level.</p> <p>At the general sovereign level, Denmark ratified relevant human rights and business conventions including the International Covenant on Civil and Political Rights; International Covenant on Economic, Social and Cultural Rights; and the eight fundamental International Labour Organization conventions. The latest universal periodic review identified no business or human rights issues for Denmark. Furthermore, Denmark scores highly on quantitative indicators from the World Bank, Freedom House and Transparency International regarding human rights adherence and low corruption levels.</p> <p>Regarding international guidelines for corporates, Denmark formally adheres to the OECD Guidelines for Multinational Enterprises through an established National Contact Point. Denmark also implemented a national action plan for the UN Guiding Principles on Business and Human Rights, demonstrating its commitment to these international frameworks.</p> <p>Denmark enacted the Financial Statements Act for expectations on corporates, which requires large companies to report on sustainability approaches. The country also established specific sustainability expectations for state-owned enterprises. Additionally, public procurement in Denmark includes sustainability requirements where suppliers must commit to following the OECD Guidelines and UN Guiding Principles.</p> <p>Denmark therefore complies with the minimum safeguards through international commitments, quantitative performance indicators and domestic implementation measures across government and business sectors.</p>
Full Alignment	

Source: Sustainable Fitch, Denmark EuGB factsheet, Annex II DNSH alignment, Annex III minimum safeguards compliance



Appendix A: Other Services Sustainable Fitch has Provided to the Assessed Entity

European Green Bond Assessment

With this report, Sustainable Fitch is providing a European Green Bond Assessment to the assessed entity, as identified on page 1.

Sustainable Fitch has also provided the following services or products to the same entity:

- ESG Framework Rating dated 17 April 2025. Unsolicited.

Sustainable Fitch has not provided any other service or product.



SOLICITATION STATUS

The European Green Bond Assessment and Second-Party Opinion were solicited and assigned or maintained by Sustainable Fitch at the request of the entity.

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