



Green Bond Framework **2022**



KOMMUNEKREDIT
STEADY & STABLE



Steady and value creating

KommuneKredit plays an important role in helping Danish society grow and develop. KommuneKredit enables Danish municipalities and regions to achieve their ambitions to create the best conditions and most sustainable solutions by providing financing at the lowest possible cost.

Where we come in, for example, is when local communities establish new and modern facilities to support community activities or when regions install new kitchens in hospitals. Or when municipalities lease cargo bicycles that allow day care providers to transport the children more easily, build modern, subsidised housing for the elderly to improve their quality of life, or build roadside ducts to protect urban areas

against cloudbursts. Another example is providing financing for Danish waterworks when they roll out new technology to ensure that we can safely continue to drink our tap water.

Regardless of the size of a project or where in Denmark it takes place, we offer financing at the lowest possible cost and on equal terms for everyone. In this way, we not only create equal opportunities across Denmark – we also create cohesion and a platform allowing municipalities and regions and, ultimately, our citizens to get as much growth and development for their money as possible.

We fund our loans by issuing bonds to investors worldwide. KommuneKredit is an association, and our members – all

municipalities and regions in Denmark – are jointly and severally liable for our liabilities. This approach allows us to borrow funds at a very low rate of interest. As our administrative expenses are quite low – and we do not have to make a profit on our lending and leasing operations or pay dividends to our owners – our members are guaranteed the lowest possible interest on their loans.

On the basis of strong financial capabilities and a profound respect for the responsibility that comes with being the credit provider for municipalities and regions, we thus create a secure and stable link between global funding and local lending – both now and in the future.



Mission

KommuneKredit shall contribute to financial latitude in Danish municipalities and regions by providing funding and financial advice at the lowest possible cost.



Vision

We will always be the best funding choice for our customers, regardless of the given framework.

We will be modern, efficient and engaged, with a focus on high quality, steadiness and stability.

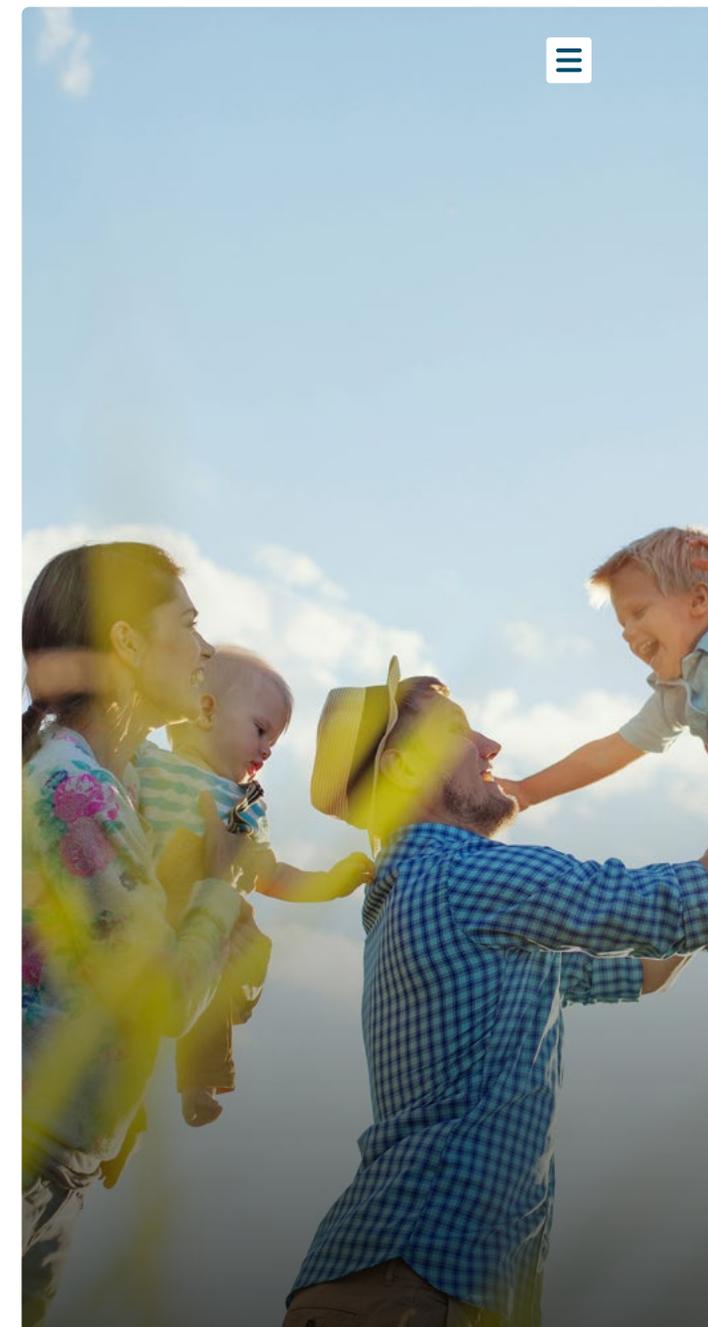
Read more about KommuneKredit on kommunekredit.com

Contents

1. Introduction	4
<ul style="list-style-type: none"> • The steady and stable loan provider to municipalities and regions • Supporting the green ambitions of local communities • Our Green Bond Framework 2022 	4 5 6
2. Use of Proceeds	7
3. Green Loan Categories	8
<ul style="list-style-type: none"> • Clean transportation • Green buildings • Sustainable water and wastewater management • Pollution prevention and control • Energy (Renewable energy and energy efficiency) • Climate change adaptation 	9 10 11 12 13 14
4. Green Loan Eligibility Criteria	15
5. Process for Project Evaluation and Selection	19
6. Management of Proceeds	20
7. Reporting	21
8. External Review	23
9. Disclaimer	23

Green Bond Framework 2022

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Green Bond Framework name	KommuneKredit Green Bond Framework 2022
Second opinion provider	CICERO Shades of Green



1. Introduction

The steady and stable loan provider to Municipalities and Regions

KommuneKredit provides lending and finance leases to Danish municipalities, regions, inter-municipal partnerships and to companies undertaking municipal or regional tasks.

We are governed by Act No. 383 dated 3 May 2006 on the Credit Institution for Local and Regional Authorities in Denmark (In Danish: “Lov om kreditforeningen af kommuner og regioner i Danmark”). Section 5 of the act stipulates that members of KommuneKredit are jointly and severally liable for all of KommuneKredit’s liabilities. Denmark’s 98 municipalities and 5 regions are all members. Thus, KommuneKredit has close ties to the Danish municipal and regional sectors.

KommuneKredit acknowledges that the financial sector plays an important role in the green transition of our societies, and we support the vision and goals of the United Nations 2030 Agenda for Sustainable Development and the Paris Agreement on

Climate Change. As the provider of nearly all local authority borrowing in Denmark, KommuneKredit plays a significant role in the local green transition of Denmark.

In order to support the high sustainability ambitions of its members, i.e., Danish municipalities and regional authorities, KommuneKredit issues green bonds to provide finance for local sustainable public purpose infrastructure. KommuneKredit issued its inaugural green bond in 2017.

With this Green Bond Framework (the “KommuneKredit Green Bond Framework 2022” or the “Framework”), KommuneKredit is dedicated to continuing to issue green bonds going forward, and we strive to continue promoting the development of the market and financing customer’s projects or investments that promote the transition of low-carbon and climate resilient growth.

Joint and several liability – an unconditional strength

All of Denmark’s municipalities and regions are members of KommuneKredit. They have joint and several liability for our obligations, and combined with our very secure business model this provides KommuneKredit with the highest possible credit rating – in line with that assigned to the Kingdom of Denmark.



Joint and several liability

KommuneKredit is an association. Our members – Denmark’s 98 municipalities and 5 regions – represent the entire Danish population and are jointly and severally liable for our liabilities.

Safe link

Acting as a safe link between global funding and local lending, KommuneKredit provides a financial foundation for developing the Danish welfare society.

Funding of lending

KommuneKredit funds its lending by issuing securities in the Danish and international capital markets.



Supporting the green ambitions of local communities

Our Strategy 2025 and our Sustainability Policy provide the foundation for KommuneKredit's sustainability approach.

Strategy 2025

Our Strategy 2025 sets the direction for KommuneKredit's continued transformation and approach to sustainability. Introduced in late 2020, our Strategy 2025 is set to future-proof KommuneKredit as a well-run, accessible and sustainable financial institution with public ownership that finances local government investments in infrastructure and sustainable transition at the lowest possible cost. One of the priorities in Strategy 2025 is the integration of sustainability into our business model, and we aim to anchor a strong environmental, social and governance (ESG) profile throughout the organisation. Our ambition is to support the green transition ambitions of our members by providing funding at the lowest possible cost.

Sustainability Policy

KommuneKredit's Sustainability Policy serves as a guideline for all our activities

and employees. The Policy comprises principles for how to incorporate social, environmental, and ethical considerations in our business. The principles relate to, for example, supporting local authorities in their sustainability work, minimizing our environmental impact, and conducting responsible corporate governance.

UN Sustainable Development Goals

In 2019, KommuneKredit conducted an analysis of the Sustainable Development Goals (SDGs) vis-a-vis the association's responsibility focus areas and sustainability goals. The analysis aimed to identify how KommuneKredit's sustainability efforts underpin the SDGs, including the level of impact on the SDGs ranging from high, medium to low impact. In 2020, we conducted a similar high-level mapping of the SDGs against our lending purposes, which demonstrated that our lending supports a variety of the SDGs. Our main contribution to the SDGs is through our lending activities, which is our core business.

National, regional and local sustainability ambitions in Denmark

The Danish Government has placed the green transition at the heart of its policy with, among other things, a national climate goal to reduce greenhouse gases by 70 pct. by 2030, relative to 1990 levels. With the adoption of a national Climate Act in December 2019, the target has become binding.

Local authorities in Denmark also have high climate ambitions. This is evident from the many climate actions and climate-friendly investments carried out at the local level. Local Government Denmark (LGDK), the association and interest organization of the 98 Danish municipalities, supports the visions of an emissions-free future and has launched a climate proposal comprising the Danish municipalities' joint suggestions on how to strengthen the framework for local climate action.

The regional authorities have also set very ambitious climate targets with an overarching goal of reducing CO₂ emissions by 75 pct. by 2030. According to Danish Regions (the interest organisation of the five

regions in Denmark), climate and energy considerations are a high priority for all the regions.

With the Danish climate initiative DK2020, which is a partnership between LGDK, Danish Regions and Realdania, 95 out of 98 Danish municipalities have committed to developing climate action plans in line with the objectives of the Paris Agreement. Herein, the municipalities have committed to indicate how they plan to adapt and improve resilience towards climate change based on expected climate scenarios in the short, medium and long-term using as a minimum the IPCC's (Intergovernmental Panel on Climate Change) medium scenario for emissions.

As KommuneKredit is the main provider of finance for local public purpose infrastructure in Denmark, the high sustainability ambitions of KommuneKredit's members imply a strong foundation for KommuneKredit's issuance of green bonds.



Our Green Bond Framework 2022

The green bond market has developed rapidly and continues to evolve with new standards and guidelines such as the International Capital Markets Association's (ICMA) Green Bond Principles (GBP) as updated in June 2021, the Regulation on a voluntary European Green Bond Standard (EU GBS) and the Taxonomy Regulation, which entered into force in July 2020 and established the basis for the EU taxonomy, including the definition of environmentally sustainable activities.

KommuneKredit acknowledges the importance of a uniform green bond standard and will be monitoring the development of the market closely. The aim of the Framework is to continue to mobilize debt capital to support local governments in

their sustainability efforts and contribute to reaching regional, national and global sustainability goals.

Green Bond Principles aligned framework

The Framework aligns with the four core components of ICMA GBP 2021, as verified by CICERO Shades of Green, including use of proceeds, process for project evaluation and selection, management of proceeds and reporting.

The Framework defines the loans eligible for financing with green bonds issued by KommuneKredit ("Green Bonds") and outlines the process used to identify, select and report on eligible loans and the set-up for managing the Green Bond proceeds.

EU Taxonomy Assessment

To accommodate and reflect emerging regulations, in particular regarding the EU Sustainable Finance Action Plan and the EU Taxonomy, KommuneKredit has engaged an independent technical consultant to help conduct an assessment of the loan categories and criteria against the Technical Screening Criteria and Do No Significant Harm criteria ('DNSH') as outlined by the EU taxonomy and as adopted by the Commission on 4 June 2021. The assessment was conducted on a general level to capture the laws and regulations our customers and projects financed by KommuneKredit are subject to.

The result of the independent technical consultant assessment revealed that our Green Loan categories to a large extent align with the Technical Screening Criteria of the EU taxonomy, and that Danish laws and regulations, on a general level, by and large align with the applicable DNSH criteria. However, some of the Green sub-loan categories are not reflected in the EU taxonomy and some loan categories have slight deviations. The EU taxonomy reflects the economic activities in the sectors that are most relevant for achieving climate neutrality

and delivering on climate change adaptation in a European context. Therefore, some of our Green sub-loan categories are not included or aligned with the EU taxonomy, although important in a Danish context. In addition, lack of data, discrepancy of indicators and/or specific contextual national conditions are among the reasons for deviations, cf. description of loan categories pages 15-18.

Sustainability is an inherent part of KommuneKredit's operations and business model. Given that all Green Loans will finance investment projects in Denmark only, they are all subject to comprehensive European and Danish national laws and regulations for working and social conditions, which is found compliant with the minimum social safeguards under the EU taxonomy.

As part of the second opinion, CICERO Shades of Green has conducted an assessment of the EU Taxonomy alignment of the green loan categories laid out in this framework.

2. Use of Proceeds

Customers

KommuneKredits group of Customers (“Customers”) is restricted to Danish regions, municipalities and entities guaranteed by regions or municipalities.

Allocation of net proceeds

An amount equal to the net proceeds of the Green Bonds will finance or refinance, through loans or finance leases, in whole or in part, investments undertaken by the Customer that promote the transition towards a low-carbon, climate resilient and environmentally sustainable society (“Green Loans”), in each case as determined by KommuneKredit in accordance with the Green Loan categories defined in this document. Green Loans will form a portfolio of assets (“Green Loan Portfolio”), used as the basis for Green Bond financing. The Green Loans are pre-financed by KommuneKredit until the total disbursed Green Loan volume is sufficient to justify a Green Bond issue.

All loans and finance leases agreements granted to a Customer as a Green Loan under this Framework will be in accordance with the executive orders regulating lending to Danish regions and municipalities as well as relevant national sector legislation pertaining to each Green Loan category.

Financing and refinancing

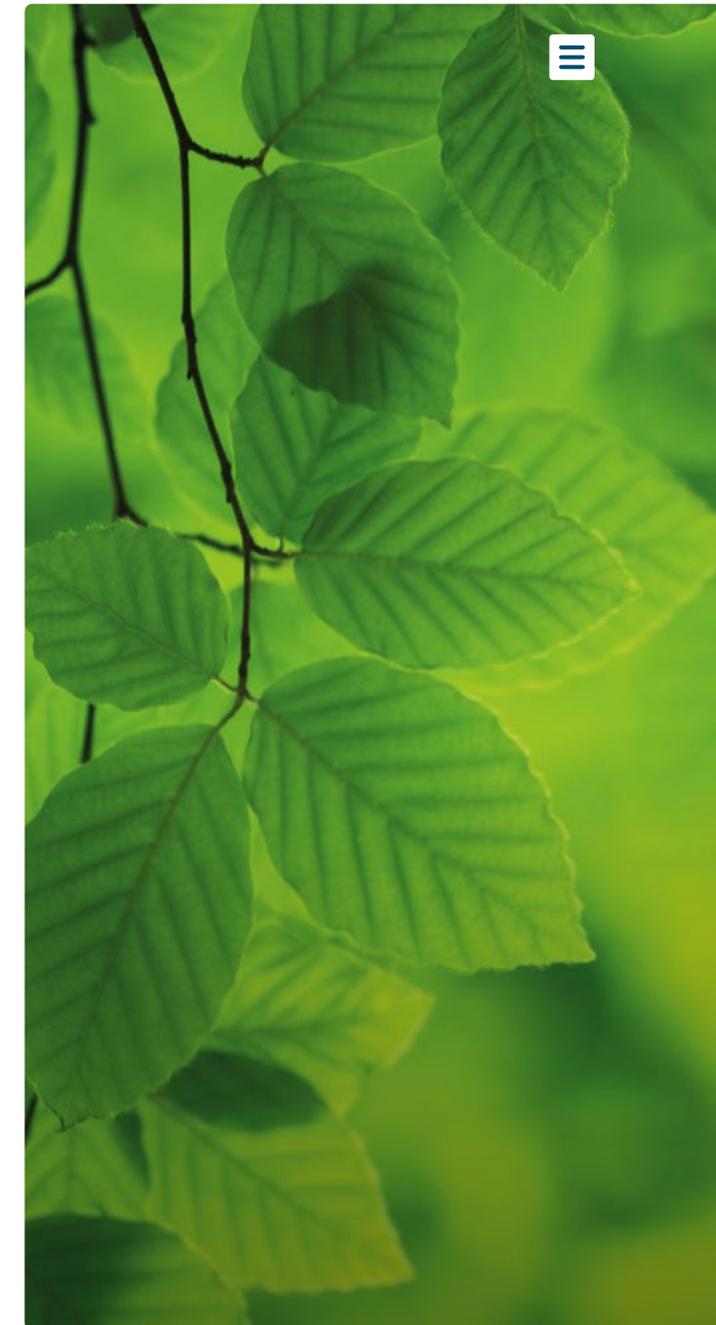
Green Bond net proceeds may be used for both existing and new Green Loans financed by KommuneKredit. New financing is defined as the committed volume of Green Loans during the reporting year. Refinancing is defined as the committed volume of Green Loans prior to the reporting year. Furthermore, KommuneKredit has the ambition to additionally report according to the definition in the latest version of the EU GBS¹. The distribution between new financing and refinancing, according to both approaches, will be reported in KommuneKredit’s annual Green

Bond Impact Report. This approach follows the recommendations for a complementary approach from the Nordic Position Paper.

Reporting on Sustainability Goals

As part of our sustainability reporting, it is specified how KommuneKredit’s activities relate to the UN Sustainable Development Goals (SDGs). Moreover, in this Framework, each Green Loan category has been mapped to the SDGs in accordance with the High-Level Mapping to the Sustainable Development Goals published by the ICMA in June 2020 and the SDG mapping in Nordic Public Sector Issuers Position Paper on Green Bond Impact Reporting.

¹ At the time of publication, the proposed European Green Bond Standard published by the European Commission (“European Green Bond Standard” or “EUGBS”) in July 2021, requests issuers to report on a) the share of financing (i.e. the allocated amount to projects financed after bond issuance) and b) the share of refinancing (i.e. the allocated amount to projects financed before bond issuance). According to this definition, all our loans will be classified as refinancing.



3. Green Loan Categories

This Green Bond Framework encompasses six Green Loan categories. An overview of KommuneKredit's Green Loan categories, including types of financing and a description of the local Danish context and sector characteristics is provided in the following pages. Specification of the Green Loan eligibility criteria for each Green Loan category and sub-category can be found on pages 15-18. The eligibility criteria are, as a starting point, based on the EU taxonomy Technical Screening Criteria as adopted by the Commission on 4 June 2021.

Contribution of Green Loans to UN Sustainable Development Goals

This Green Bond Framework encompasses six Green Loan categories. The table on the right provides an overview of the categories and links each category to the relevant SDGs.

Overview of the Green Loan categories and their relevant SDGs



Clean Transportation



Pollution Prevention and Control



Green Buildings



Energy

(Renewable Energy and Energy Efficiency)



Sustainable Water and Wastewater Management



Climate Change Adaptation





Clean transportation

Loans for investments in zero-emission transport assets, systems and infrastructure, which facilitates the electrification of infrastructure and associated subsystems, as well as a shift from private transport to increased use of public transport. The category includes land as well as water transport.

Types of financing include, but are not limited to:

- electric or hydrogen-powered road and public transport vehicles, e.g. light rail, electric buses and cars
- electric or hydrogen-powered vessels for sea and coastal passenger water transport, e.g. ferries
- electrified trackside infrastructure and associated subsystems
- infrastructure enabling low-carbon public, road and water transport, including electric charging and hydrogen fuelling infrastructure
- infrastructure enabling low-carbon water transport, e.g. shore side electricity.

The transport sector is one of the largest emitters of greenhouse gases in Denmark, with most of the sector's emissions being linked to road transport. In order to reach ambitious emission targets by 2030, reductions in the transport sector are essential. Therefore, major investments are needed in the electrification of cars, buses, trains and infrastructure in support of the transformation.

KommuneKredit supports a number of projects supporting the electrification of public transport in Denmark, including light rail solutions, electric buses replacing diesel city buses, new train carriages, modernization of tram tracks and electric ferries, as well as related infrastructure.

For major investments in infrastructure, the Danish Planning Act (Planloven) requires environmental assessments to be carried out and climate protection is moreover an integral part of the construction process. For other investments, Danish municipalities normally conduct a screening, which specifies whether an environmental assessment is required. In general, Danish environmental legislation is rather comprehensive, in part due to the ties to EU legislation and other international legislation in this field.

Eligibility criteria

Specification of green loan eligibility criteria can be found in the table on

[pages 15-18](#)





Green buildings

Loans for investments for construction and renovation purposes, acquisition and ownership of energy-efficient buildings, as well as renewable energy technologies and energy efficiency equipment.

Types of financing include, but are not restricted to:

- construction of new buildings
- renovation of existing buildings
- ESCO projects
- acquisition and ownership of buildings
- installation, maintenance and repair of energy efficiency equipment and renewable energy technologies.

In Denmark, properties account for a large part of the national energy consumption and CO₂ emissions. Investing in low-carbon and energy-efficient buildings plays a key role in the clean energy transition and in the realisation of Denmark's target to achieve 70 pct. GHG emissions reduction by 2030.

Buildings make a significant contribution to society's climate impact, especially in the production of building materials and in energy consumption for operations. Denmark is considered one of the most energy-efficient countries in the world, in large part due to its widespread use of district heating, and has one of the highest shares of private households connected to district heating in the EU. However, there are still optimization opportunities in the overall building design and in cold bridges, installations and constructions. In recent years, voluntary certification schemes, in particular DGNB and The Nordic Swan Ecolabel certification, have gained more traction, and most recently, Life Cycle Analysis has become more prevalent.

KommuneKredit finances a number of projects to reduce the total energy consumption of public purpose infrastructure through renovation of the existing building stock and construction of low energy buildings (for example, within the areas of administration, leisure and health)

as well as installation, maintenance and repair of energy efficiency equipment and renewable energy technologies. This includes ESCO projects, in which an Energy Service Company (ESCO) provides energy saving solutions to Customers.



Eligibility criteria

Specification of green loan eligibility criteria can be found in the table on

➔ pages 15-18





Sustainable water and wastewater management

Loans for investments in and ongoing optimization of facilities for collection, treatment, supply, purification and/or utilization of water and wastewater of different quality and origin to improve water loss management, reduce energy consumption, GHG emissions, improve health measures or secure and optimize water supply in Denmark.

Types of financing include, but are not restricted to:

- new systems, renewals and related infrastructure for water collection, treatment and supply
- measures to reduce water hardness and avoidance of limescale deposits
- new plants or renewal of existing plants for wastewater treatment
- new infrastructure or renewal of existing infrastructure for wastewater collection (sewer networks) and treatment
- climate adaptation measures such as local drainage systems and separating wastewater and surface runoff, e.g.

local rainwater harvesting and utilization systems

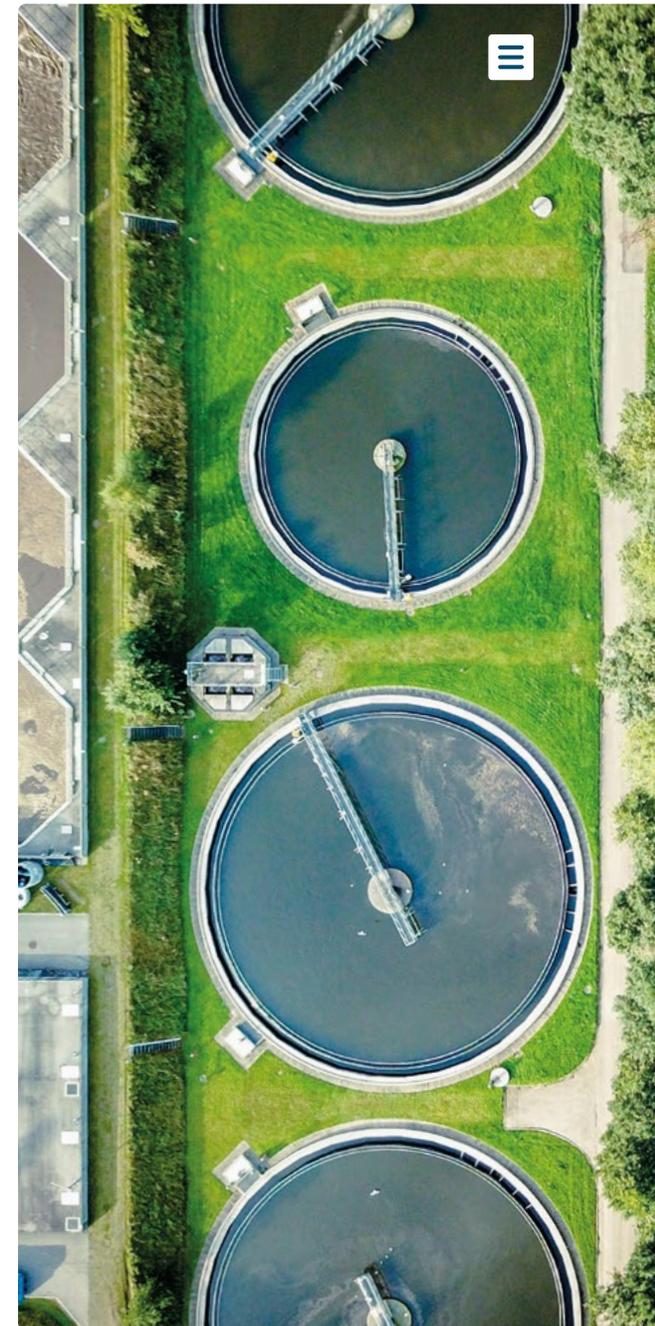
- land acquisition to protect groundwater wells from pollution
- new plants for sludge treatment for biogas production or renewal of existing plants.

Investments in water collection, treatment and supply systems contribute to energy and GHG emissions savings as well as securing and optimizing the water supply in Denmark. Securing the groundwater resource and preventing water loss is a targeted and continuous task for the water companies. The supply of drinking water in Denmark, in contrast to nearly all other countries, is based entirely on groundwater. Water treatment of groundwater usually undergoes simple water treatment consisting of oxygenation and filtration before being sent out to consumers as drinking water. In certain parts of Denmark, water treatment processes include water softening due to a high lime content. The Danish water sector is regulated through a comprehensive legal complex, all of which has references to the Danish Environmental Protection Act (Miljøbeskyttelsesloven)

and the Danish Water Sector Act (Vandsektorloven). Investments in wastewater and sludge treatment systems inherently result in climate mitigation effects and may contribute to both energy/GHG savings and renewable energy production by making use of by-products from the wastewater treatment process. Additionally, sustainable and efficient management of water and wastewater treatment has other positive environmental effects on water resources and pollution. The wastewater companies also work to install measures for climate adaptation. Through energy efficiency measures, energy production, efficient wastewater treatment and the establishment of forests to protect groundwater, Denmark's water sector as a whole is expected to absorb more greenhouse gases than it emits, thereby serving the government's ambition for the water sector to be climate neutral by 2030 at the latest.

Eligibility criteria

Specification of green loan eligibility criteria can be found in the table on [pages 15-18](#)





Pollution prevention and control

Loans for investments supporting the transition to a circular economy, waste management, reduction, sorting and recycling. The category also includes waste-to-energy following the principles of the waste hierarchy and potential investments in removal technologies, such as capture and integration of CO₂.

Types of financing include, but are not restricted to:

- measures contributing to waste prevention or greater reuse such as recycling stations
- collection that increases waste sorting at source such as source-segregated waste bins
- sorting to separate recyclables
- waste to energy - improvements of existing plants for waste incineration leading to more energy-efficient heat production
- capture of carbon dioxide and integration of captured CO₂.

Denmark has long been a pioneer in the implementation of the EU Waste Directive. It has been implemented in a number of

collection schemes for recyclable waste, a steadily increasing degree of utilization of energy by incineration of waste through establishing district heating systems and utilization of flue gas condensation, as well as a ban on landfilling of organic waste since 1999. In addition, taxes have been imposed on the incineration of fossil waste to minimize the climate impact of incineration. Denmark now faces a situation where waste for recycling must to a greater extent be sorted at household level. This is due to the EU's objectives and requirements for member states as well as national legislation for waste management plans and ambitions to reduce the climate impact and promote the circular economy and waste management to the general public. Combined, this has increased the demands on the municipalities for increased recycling.

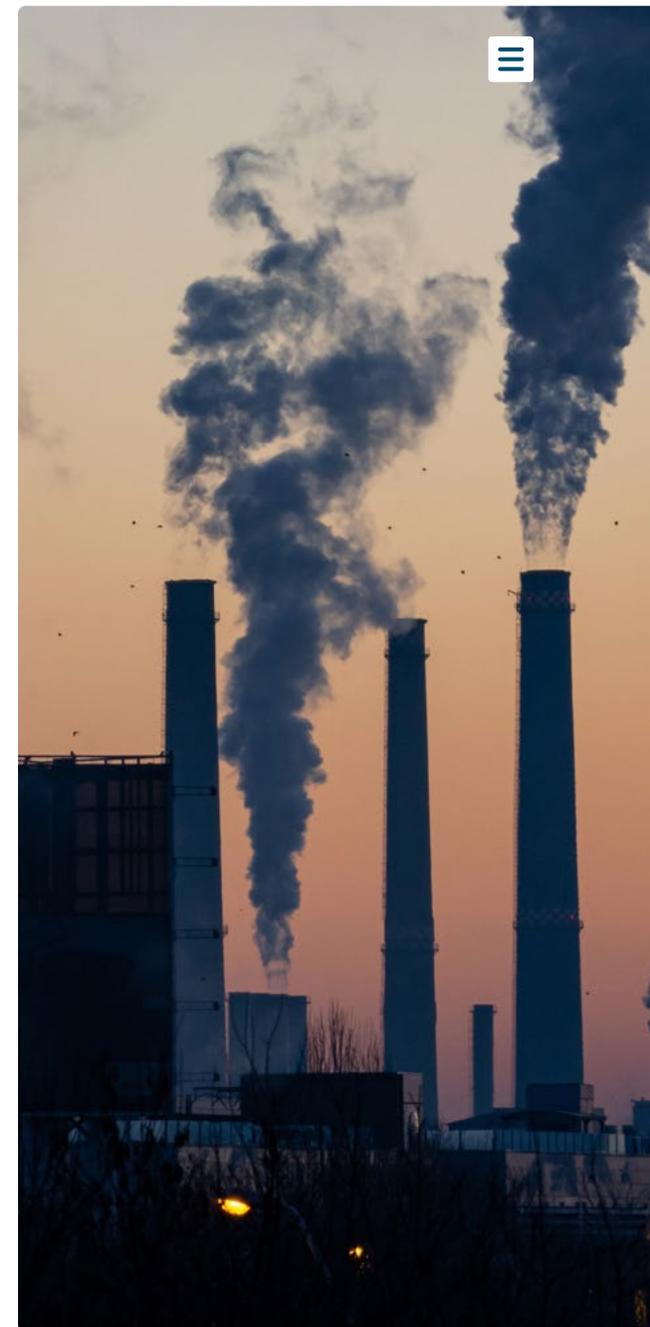
The Danish political parties have agreed on a climate plan for a green waste sector and circular economy. Moreover, the Danish Waste Association has drawn up a strategy to secure a climate neutral waste sector by 2030. The Danish waste sector is

primarily regulated by the Danish Statutory Order on Waste (Affaldsbekendtgørelsen) which is based on the EU Waste Directive. Furthermore, the directives concerning waste incineration plants and landfills have been implemented in separate executive orders. The Waste Directive establishes the "waste hierarchy", wherein waste prevention is preferred, followed by reuse, recycling, other recovery (incineration) and the lowest level of the hierarchy is disposal (landfill). This is the principle guiding the Danish waste sector. KommuneKredit provides finance for the waste management sector in Denmark, including investments that contribute to increased recycling, energy savings and reductions in CO₂e emissions. Additionally, to the extent Danish regulation allows it, KommuneKredit will provide finance for investments in removal technologies to capture carbon emissions that would otherwise be released into the atmosphere.

Eligibility criteria

Specification of green loan eligibility criteria can be found in the table on

📍 pages 15-18





Energy (Renewable energy and energy efficiency)

Loans for investments in and ongoing maintenance of distribution infrastructure and new investments and maintenance of clean energy generation and associated technological solutions providing customers with district heating as well as products of renewable energy.

Types of financing include, but are not restricted to:

- district heating, e.g. distribution, pipelines and associated infrastructure as well as system modifications to lower temperature regimes or advanced pilot systems
- storage of thermal energy
- solar energy
- heat pumps including electric boilers
- geothermal energy
- bioenergy
- waste heat in the form of excess heat.

One of Denmark's 2030 goals, which will contribute significantly to the long-term goal of reaching net zero, is to achieve 55 pct. renewable energy. To date, decarbonisation efforts have involved replacing coal with biofuels in district heating and by adding significant capacity for renewable electricity generation.

District heating is a future-proof and flexible collective heat supply capable of utilizing a wealth of energy sources. In Denmark, both society and the environment benefit from district heating, which is distributed to 1.8 million households (approximately 64 pct. of all households) through more than 60,000 kilometres of district heating pipes.

Construction and modification of production facilities and distribution networks in the district heating area must be approved by the relevant municipal council, based on the socio-economic advantage of the project. This requires assessment, screening and most often an environmental assessment of the project.

Danish legislation and practice in the area of district heating is considered to comply with the EU taxonomy, especially for new construction of pipe networks and heat production plants. Within renewable energy, lifecycle analysis is performed on a voluntary basis. However, through a project proposal, the district heating company will always try to optimize the lifetime costs and environmental impact over a 20-year period (costs of establishment and operation and possible disposal) as it affects the socio-economics of the project and thus the authorities' decision on whether to approve of the project.

Through its financing, KommuneKredit supports the reduction of emissions from the district heating sector in Denmark, including, for example, financing projects replacing coal-fired plants with renewable sources such as biomass and investments in solar and geothermal heating systems.

Eligibility criteria

Specification of green loan eligibility criteria can be found in the table on

[pages 15-18](#)





Climate change adaptation

Loans for investments in projects that improve the resilience of local communities to current and expected future climate change, strengthen the resilience to climate-related hazards and natural disasters and reduce the negative impact and vulnerability of people, nature and/or assets.

Types of financing include, but are not restricted to:

- adaptation measures to strengthen an asset or activity to withstand identified physical climate risks over its lifetime, such as measures for reducing flood risk, e.g. rainwater drainage systems, and coastal protection e.g. drains, paving and elevated quaysides.

Regardless of the success in reducing GHG emissions, the impact of climate change will increase in the coming decades due to the delayed impacts of past and current emissions. Climate change adaptation is about identifying risks arising from changes

in temperature, wind, water and land, and taking measures to reduce those risks.

In Denmark, climate adaptation measures are widely related to water and flood risks. In 2013, all Danish municipalities committed to making plans for climate adaptation measures. With the Danish climate initiative DK2020, which is a partnership between Local Government Denmark, Danish Regions and Realdania, 95 of the 98 Danish municipalities have committed to developing climate action plans in line with the objectives of the Paris Agreement. In the DK2020 initiative, the municipalities committed to indicate how they plan to adapt and improve resilience towards climate change based on expected climate scenarios in the short, medium and long-term using as a minimum the IPCC's medium scenario for emissions.

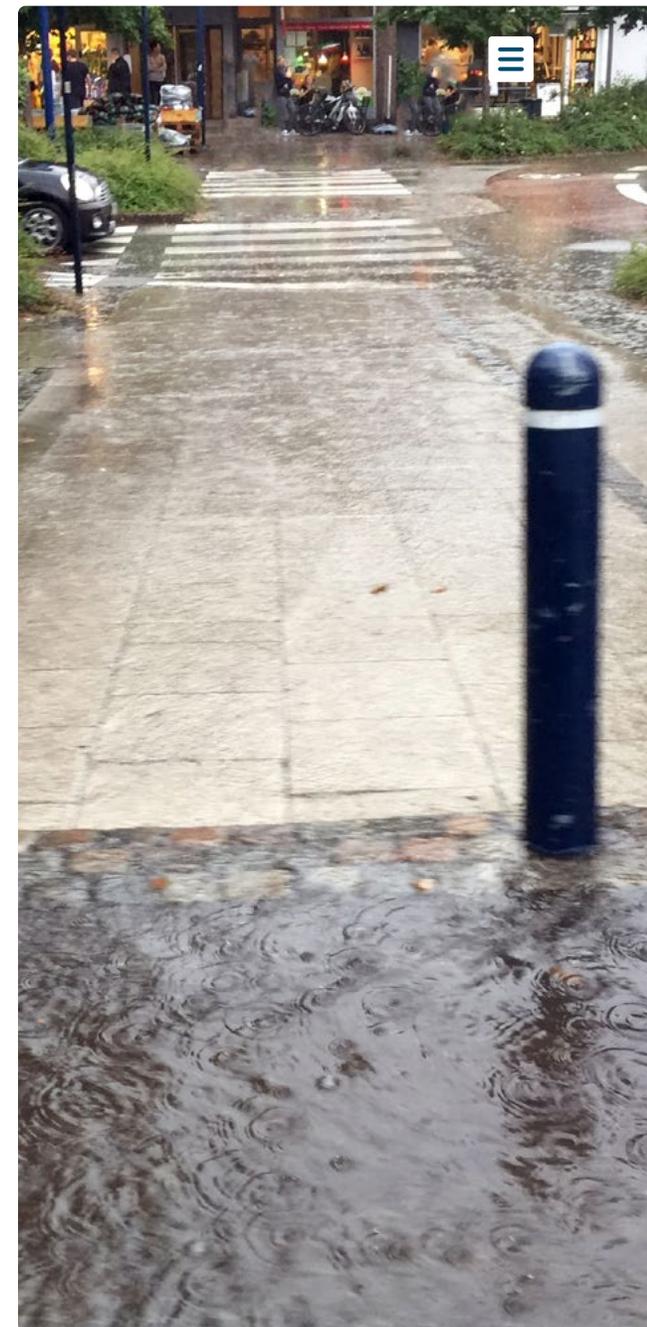
KommuneKredit plays an active role in supporting Customers' investments in adaptation measures and sustainable infrastructure that reduce the negative environmental impact and vulnerability of

people, nature and/or assets. This includes financing of initiatives aiming to climate-proof infrastructure and communities against the negative effects of climate change, including coastal and flooding protection projects such as the erection of dikes and sluices, roadside ducts to protect urban areas against cloudbursts, as well as coastal protection and projects aiming to manage large volumes of precipitation, and make use of it for other purposes (e.g., the watering of trees in urban areas).

Eligibility criteria

Specification of green loan eligibility criteria can be found in the table on

[pages 15-18](#)



4. Green Loan Eligibility Criteria

The Green Loan Eligibility criteria are the minimum requirements for a loan to be classified as a Green Loan under this framework. These are outlined for each Green Loan Category in the following pages.

Green Loan Category	Eligibility Criteria	
 Clean transportation ²	Road and public transport	Urban and suburban transport vehicles for passengers and road passengers as well as passenger cars and light commercial vehicles with zero direct (tailpipe) CO ₂ emissions.
	Infrastructure for road and public transport	Infrastructure required for zero tailpipe CO ₂ operation of zero emission road transport and operating urban transport.
	Water transport	Sea and coastal passenger water vessels with zero direct (tailpipe) CO ₂ emissions.
	Infrastructure for water transport	Infrastructure required for zero tailpipe CO ₂ operation of vessels or the port's own operations.
	Infrastructure for rail transport	Electrified trackside infrastructure and associated subsystems.
 Green buildings ³	Construction of new buildings	New buildings ⁴ (built in or after 2021) that are: <ol style="list-style-type: none"> i. classified as low-energy buildings which are designed to achieve a net primary energy demand that is at least 10 pct. lower than the level required by the Danish building regulation (BR18) ii. required to have or designed and intended to receive a certification in any of the following building certification schemes at the defined threshold level or better: DGNB “Gold”, The Nordic Swan Ecolabel certification, BREEAM “Very Good”, LEED “Good”.
	Renovation of existing buildings	Renovation of existing buildings that: <ol style="list-style-type: none"> i. meet the energy performance requirements in the applicable national and regional building regulations for major renovations ii. lead to an overall reduction of primary energy demand per square metre and year (kWh/m²/year) by at least 30 pct. compared to the pre-investment decision.

² The infrastructure is not dedicated to the transport of fossil fuels.

³ Direct fossil fuel heating is excluded (with the exemption of back-up generators).

⁴ As of 2023, a life-cycle assessment (LCA) requirement will be introduced for all new construction. For new construction of more than 1000 m², a requirement for a CO₂ threshold is introduced correspondingly to 12 kg CO₂ eq / m² / year.



Green Loan Category

Eligibility Criteria



Green buildings ⁵

Installation, maintenance and repair of energy-efficient equipment

Energy-efficient equipment in one of the following individual measures:

- i. Addition of insulation to existing envelope components, such as external walls (including green walls), roofs (including green roofs), lofts, basements and ground floors (including measures to ensure air-tightness, measures to reduce the effects of thermal bridges and scaffolding) and products for the application of insulation to the building envelope (including mechanical fixings and adhesive).
- ii. Replacement of existing windows with new energy-efficient windows.
- iii. Replacement of existing external doors with new energy-efficient doors.
- iv. Installation and replacement of energy efficient light sources.
- v. Installation, replacement, maintenance and repair of heating, ventilation and air-conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies.

Installation, maintenance and repair of renewable energy technologies

Renewable energy technologies in one of the following individual measures, if installed on-site as technical building systems:

- i. Installation, replacement, maintenance and repair of heating, ventilation and air-conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies.
- ii. Solar hot water panels and the ancillary technical equipment.
- iii. Heat pumps and the ancillary technical equipment.
- iv. Solar transpired collectors and the ancillary technical equipment.
- v. Thermal or electric energy storage units and the ancillary technical equipment.
- vi. High efficiency micro CHP (combined heat and power) plant.
- vii. Heat exchanger/recovery systems.

ESCO projects/
Energy Performance
Contracts

Energy efficient projects where:

- i. the whole initiative constitutes an ESCO project
- ii. the initiative is part of an ESCO project.

Acquisition and ownership of buildings

Existing buildings (for buildings built before 2021) with dedicated energy management systems in place, proven by meeting one of the following criteria:

- i. Buildings with an Energy Performance Certificate (EPC) with energy class A.
- ii. Buildings otherwise determined to belong in the top 15 pct. of the national or regional building stock through e.g. a specialist study.

⁵ Direct fossil fuel heating is excluded (with the exemption of back-up generators).



Green Loan Category		Eligibility Criteria
 <p data-bbox="163 340 325 452">Sustainable water and wastewater management</p>	Water collection, water treatment and water supply systems	<p data-bbox="727 251 2200 305">Water collection, treatment and supply systems, as well as renewals that reduce energy consumption or environmental impacts or improves water quality. This also includes measures to reduce water hardness and to avoid limescale deposits.</p> <p data-bbox="727 330 2200 385">Facilities and technologies designed to treat, distribute and conserve water, such as water purification processes, improved drinking water quality, improved reliable fresh water supply, water loss prevention and increased water use efficiency.</p> <p data-bbox="727 410 1478 437">Land procurement for protection of groundwater wells from pollution.</p>
	Wastewater collection and treatment	<p data-bbox="727 456 2200 511">Facilities, systems and technologies designed for wastewater collection (sewer network) and treatment, including capacity expansion and upgrades reducing energy consumption.</p> <p data-bbox="727 536 1271 563">Local rainwater harvesting and utilization systems.</p>
	Biogas	<p data-bbox="727 594 2138 621">Anaerobic digestion of sewage sludge treatment, resulting in the production and utilization of biogas, meeting the following criteria:</p> <ul style="list-style-type: none"> <li data-bbox="727 632 1815 659">i. A monitoring and contingency plan is in place in order to minimise methane leakage at the facility. <li data-bbox="727 670 2224 725">ii. The produced biogas is used directly for the generation of electricity or heat, or upgraded to bio-methane for injection in the natural gas grid, or used as vehicle fuel.
 <p data-bbox="163 850 301 935">Polution prevention and control</p>	Waste management	<p data-bbox="727 758 2200 813">All separately collected and transported non-hazardous waste is segregated at source and intended for preparation for reuse or recycling operations.</p> <p data-bbox="727 838 2200 893">Recycling facilities, including prevention, collection, treatment and processing of all types of waste, for the purpose of re-using and minimizing the amount of waste sent to landfill, returning valuable raw materials to the market.</p>
	Waste-to-energy	<p data-bbox="727 916 2200 971">Improvements of existing waste-based energy facilities, where waste incineration follows a waste hierarchy to ensure that as much of the waste as possible is reused and recycled before being converted to energy, which is then used for district heating.</p>
	Carbon capture	<p data-bbox="727 991 1415 1019">Carbon capture facilities and integration of captured CO₂, where:</p> <ul style="list-style-type: none"> <li data-bbox="727 1030 1415 1057">i. appropriate leakage detection systems are implemented and <li data-bbox="727 1068 1343 1096">ii. a monitoring plan for the injection facilities is in place.



Green Loan Category	Eligibility Criteria	
 <p data-bbox="163 340 380 454">Energy (Renewable energy and Energy efficiency)</p>	District heating distribution	District heating distribution, pipelines and associated infrastructure for energy-efficient distribution of district heating, demonstrated through compliance with the EU Energy Efficiency Directive ⁶ . System modifications to lower temperature regimes or advanced pilot systems (such as control and energy management systems and Internet of Things) are eligible without a specific threshold.
	Heat pumps	Electric heat pumps that (i) meet energy-efficiency requirements in the EU Eco-design Framework Directive and is (ii) below the refrigerant threshold (GWP) of 675.
	Storage of thermal energy	Facilities storing thermal energy.
	Solar energy	Solar energy technologies, such as Photovoltaic systems (PV) and Concentrated Solar Power (CSP). Facilities producing heat from solar thermal heating technology.
	Geothermal energy	Geothermal energy-generation facilities and geothermal heating systems that operate at lifecycle emissions lower than 100gCO ₂ e/kWh.
	Bioenergy ⁷	Facilities producing heat from biomass, biogas or bio-liquids provided that the greenhouse gas emission savings from the use of biomass are at least 80 pct. according to the GHG emission saving methodology and relative fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001. Agricultural biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 2 to 5, of Directive (EU) 2018/2001. Forest biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 6 and 7 of that Directive.
	Waste heat	Facilities that produce heat using waste heat, such as excess energy from data centres.
 <p data-bbox="163 948 346 1001">Climate change adaptation</p>	Adaptation measures	Investments to strengthen an asset or activity to withstand identified physical climate risks over its lifetime, such as adaptation measures aimed at reducing flood risks, e.g., rainwater drainage systems, lake and stream management, coastal protection such as drains, paving and elevated quayside.

⁶ Compliance means that the system uses at least 50 pct. renewable energy or 50 pct. waste heat or 75 pct. cogenerated heat or 50 pct. of a combination of such energy and heat.

⁷ Use of fossil fuel (gas, oil, coal) is limited to start-up, peak load or in case of break down.

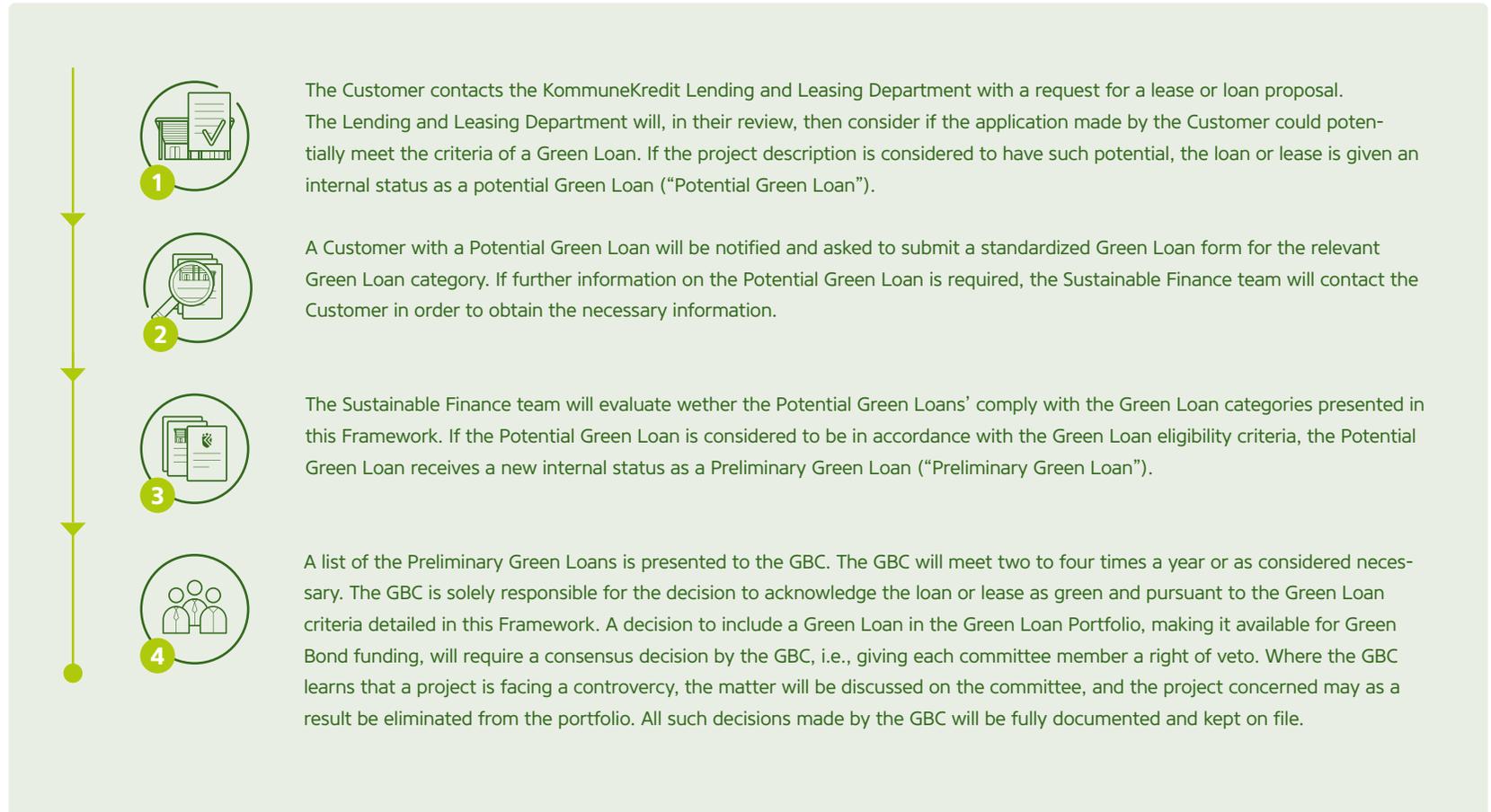
5. Process for Project Evaluation and Selection

KommuneKredit Green Bond Committee

KommuneKredit's Green Bond Committee (GBC) consists of at least four members of whom two are external members and two are internal KommuneKredit members. The purpose of the GBC is to uphold the governance of the KommuneKredit Green Bond Framework 2022 and approve or reject the Preliminary Green Loans presented to them.

External members of the GBC are appointed by KommuneKredits Management Board. The external members appointed to the GBC must be employed in, or in a sector relevant to, the Danish local government sector and should have expert knowledge of the sectors proposed to be eligible for lending under the Green Bond Framework, including extensive knowledge of the environment and/or climate change and/or climate adaptation. One of the internal members will be appointed by KommuneKredit's Management Board while the other internal member will be from KommuneKredit's Treasury and Sustainability Department and appointed by the Head of the Department.

The process of evaluating and selecting eligible Green Loans comprises the following steps:



6. Management of Proceeds

An amount equal to the Green Bond net proceeds will be credited to a separate portfolio (“Green Bond Portfolio”), allowing KommuneKredit to track the Green Bond net proceeds. The Green Bond Portfolio will be used to finance Green Loans.

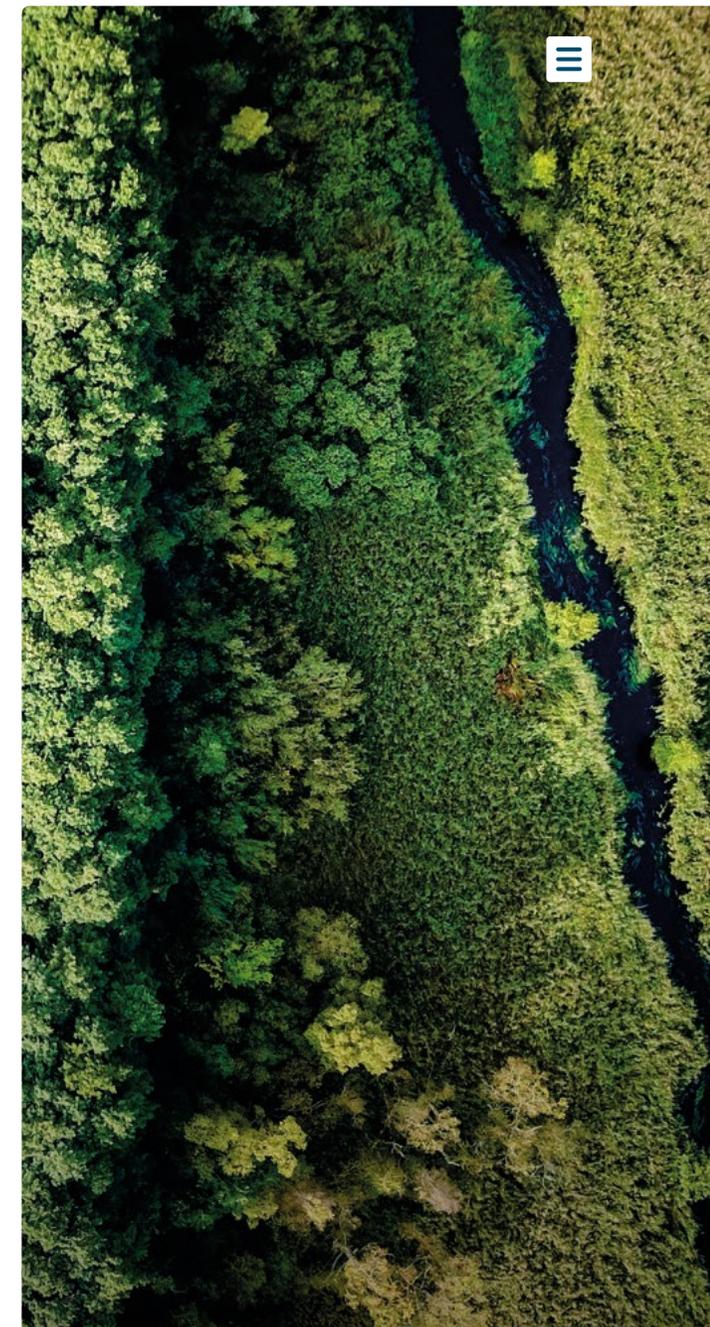
The outstanding notional of KommuneKredit’s Green Loans is tracked under the Green Loan Portfolio.

KommuneKredit intends to build up principal in the Green Loan Portfolio before a Green Bond is issued. However, if a Customer makes a large, unexpected redemption of a Green Loan, causing the Green Bond Portfolio temporarily to exceed the Green Loan Portfolio, the residual will temporarily be invested in accordance with KommuneKredit’s general investment policy. The ambition is to maintain an adequate outstanding notional of the Green Loan Portfolio that will more than match the outstanding notional of the Green Bond Portfolio even with a suitable buffer to absorb unexpected redemptions.

Green Bond net proceeds from Green Bonds issued under this Framework will only be allocated to Green Loans which are in alignment with the Green Loan criteria set out in this Framework and tracked under the Green Bond Portfolio as described above.

Temporary holdings are invested in liquid fixed-income securities issued by OECD Zone A country risk classified governments, states, regional governments, multilateral development banks, and financial institutions rated ‘AA-’ or higher, and will not be placed in entities with a business plan focused on fossil energy production, nuclear energy generation, research and/or development within weapons and defence, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

For the avoidance of doubt, green projects financed under our previous green bond framework will constitute a separate green loan portfolio (“Green Loan Portfolio 2017”). The Green Loan Portfolio 2017 is financed with a portfolio of green bonds issued under the previous green bond framework (“Green Bond Framework 2017”).



7. Reporting

To enable investors and other stakeholders to follow the development, to monitor the performance and to provide insights into prioritised areas of the Green Loans funded by Green Bonds, KommuneKredit commits to annually and until maturity of the Green Bonds issued to provide transparent reporting (“Green Bond Impact Report”).

The Green Bond Impact Report will be made available on our website and will include both allocation and impact reporting.

Allocation reporting

Allocation reporting will include the following information:

- A summary of KommuneKredit’s Green Bond developments.
- The outstanding amount of Green Bonds issued, presented per type of Green Loan category.
- The distribution between new financing and refinancing.
- The total aggregated proportion of Green Bond net proceeds used per Green Loan Category.

- Mapping of the contribution to the EU Environmental Objectives by loan categories.

Impact reporting

KommuneKredit’s impact reporting provides a list of Green Loans, including allocated amounts and brief project descriptions alongside a selection of project examples financed under this Framework. Reporting will also disclose the associated environmental impact of the Green Loans based on KommuneKredit’s share as well as which environmental objectives the Green Loans will support. As KommuneKredit can finance a large number of smaller Green Loans in the same Green Loan category, impact reporting will, to some extent, be aggregated. The impact assessment is provided with the reservation that not all related data can be obtained and moreover that the reported impact is the Customers’ ex ante estimate of impacts.

A portfolio approach is applied in the impact reporting. A dynamic portfolio path is applied where a breakdown of impact

attributable to each Green Bond using a simple pro-rata allocation is provided, meaning a proportionate allocation of impact per issuance to equal green bond volume.

The impact assessment will, where applicable, be based on the impact indicators presented in the table on the following page, based on the impact reporting principles of the Nordic Public Sector Issuers Position Paper on Green Bond Impact Reporting. To the extent feasible, the impact report will include a section on methodology, baselines and assumptions used in impact calculations.

KommuneKredit will publish a list of disbursed green loans, which will be available at kommunekredit.com

Green Loan Category Impact Indicators



Clean Transportation

- Annual GHG emissions reduced/avoided, from cars and other vehicles, due to the investment (by comparison to average emissions by km for alternative transportation), in tonnes of CO₂-equivalents.
- Number of km of new train lines, etc. created.
- Passenger-kilometres in new means of transportation.
- Estimated reduction in car use and car kilometres.
- Project's effect on increased resilience to climate change.
- Number of charging points installed or upgraded.



Green Buildings

- Avoided kWh/sq m², or in percentage terms (%) below national building standards.
- Annual energy avoided in MWh or GWh compared to the relevant building code (for new buildings).
- Annual energy reduced in MWh or GWh compared to the pre-investment situation (for refurbishments).
- Annual energy production on-site, in MWh or GWh.
- Annual GHG emissions reduced/avoided, in tonnes of CO₂-equivalents.



Sustainable Water and Wastewater Management

- Annual water savings, in m³.
- Annual volume of wastewater treated or avoided, in m³.
- Capacity of facilities being built, m³ per minute/hour/day/or year.
- Number of person equivalents (PE) of water or wastewater the plant processes, identifying any increase that can be attributed to the investment.

Green Loan Category Impact Indicators



Energy (Renewable Energy and Energy Efficiency)

- Capacity of renewable energy generation of plant, in kW.
- Annual renewable energy generation, in MWh.
- Annual GHG emissions reduced/avoided, in tonnes of CO₂-equivalent.
- Annual energy reduced/avoided in MWh or GWh (electricity) and MWh or GWh (other energy savings).



Pollution Prevention and Control

- Waste that is prevented, minimised, reused or recycled before and after the project in pct. of total waste and/or in absolute amount in tonnes p.a.
- Annual absolute (gross) amount of waste that is separated and/or collected, and treated (including composted) or disposed of (in tonnes p.a. and in pct. of total waste).
- Annual energy generation, in MWh or GWh.



Climate Change Adaptation

- Physical climate risk addressed and expected adaptation related outcome (quantified if possible).



8. External Review

Second Party opinion

CICERO Shades of Green has provided a second opinion on this Framework verifying its credibility, impact, and alignment with ICMA's Green Bond Principles 2021 including a voluntary assessment of the EU Taxonomy alignment.

Post-issuance review

KommuneKredit will on an annual basis, assign an independent external party to provide an annual statement that an amount equal to the Green Bond net proceeds has been allocated to loans in line with the Framework.

Publicly available documents

The Green Bond Framework and the second party opinion will be made available on KommuneKredit's website together with the independent external party annual statement and the annual Green Bond Impact Report once published.

Documents describing KommuneKredit's environmental and sustainability work as well as public policies and guidelines are available at kommunekredit.com

9. Disclaimer

This Green Bond Framework ("GBF") is intended to provide information on a non-exhaustive, general level on KommuneKredit's intention, from time to time, to issue Green Bonds. This GBF is not intended to be and should not be construed as providing legal or financial advice. Neither is it a promise as to the characteristics of an issuance nor is it a recommendation, invitation or offer to buy any securities issued by KommuneKredit.

All issuances made with reference to the GBF will be made as separate issuances under one of KommuneKredit's debt programmes (a "Debt Programme") (as amended, supplemented and/or updated from time to time) or as a stand-alone issuance. The terms and conditions of an issuance can be found in the specific documentation of the issuance and the agreements and documents forming part of KommuneKredit's Debt Programmes, as applicable. This GBF is not and should not be construed as a document that forms part of KommuneKredit's Debt Programmes. The GBF only provides information on how KommuneKredit will allocate a volume corresponding to the proceeds of an issuance (which may be converted to a different currency) to a number of loans granted by KommuneKredit to its Customers in accordance with the criteria set out in this GBF.

KommuneKredit strives to provide transparency on its use of proceeds and to ensure investors that proceeds from an issuance made with reference to this GBF will only be allocated to such

loans, which at the time of internal approval by the Green Bond Committee aligns with the eligibility criteria found in this GBF. Upon receiving a loan application, KommuneKredit gathers and reviews all information provided by the Customer but undertakes no responsibility or liability as to the accuracy of such information which may result in the granting of the loan. Accordingly, any mistake, error, omission or misrepresentation by a Customer regarding the information provided by it to KommuneKredit, which leads to the assessment that a loan meets the relevant criteria, cannot and will not constitute an event, which could lead to any default scenario, howsoever described, in KommuneKredit's Funding Programmes. KommuneKredit accepts no further responsibility or liability than what is described in KommuneKredit's Funding Programmes.

The eligibility criteria included in the GBF may, to a certain extent, be seen as forward looking, as regards certain categories. The criteria and the accompanying information provided should not be seen as promising or implying anything other than KommuneKredit's intention, from time to time, to issue Green Bonds with reference to this GBF. The GBF should also not be taken as a promise to KommuneKredit's Customers that a loan falling into one (or more) category(-ies) will be granted. Every loan application is subject to an individual assessment made by KommuneKredit of whether or not the project in question is considered public purpose and as such is eligible for financing from KommuneKredit.



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