GREEN BOND IMPACT REPORT 2018

KOMMUNE KREDIT

STEADY & STABLE

INTRODUCTION

TOWARDS A GREENER DENMARK

KommuneKredit is pleased to present the first edition of its Green Bond Impact Report. We launched our inaugural green bond in June 2017. This made KommuneKredit the first Danish financial institution to issue green bonds in accordance with the International Capital Markets Association's (ICMA) Green Bond Principles (GBP).[1]

KOMMUNEKREDIT SUPPORTS LOCAL AND NATIONAL EFFORTS TO COMBAT CLIMATE CHANGE

KommuneKredit provides lending and finance leases to Danish municipalities, regions and other entities benefitting from a 100% local government guarantee. The municipalities and regions are responsible for most of the services offered by the Danish welfare society.

There is considerable interest in green investments in the local government sector. KommuneKredit strives to support this interest by issuing green bonds on a recurring basis. In 2018, the plan is to issue one or two green bonds.

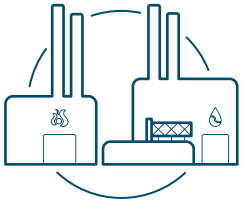
CENTRAL GOVERNMENT CLIMATE POLICY

The Danish Government has focused on climate change and mitigation of the expected consequences for many years. In June 2014, the Danish Climate Change Act was adopted by the Danish Parliament. The Climate Change Act establishes an overall strategic framework for national climate policy with the long-term objective of converting to a low-emission society by 2050.[2] As a financial partner for Danish local governments KommuneKredit supports our clients' efforts to implement the Climate Change Act in local communities.

KOMMUNEKREDIT SUPPORTS LOCAL SUSTAINABILITY EFFORTS

"At KommuneKredit we are pleased to support local governments in their efforts to build a more sustainable future. We are also proud of being the first Danish financial institution issuing Green Bonds."

Jens Lundager
CEO, KommuneKredit



ABOUT DANISH DISTRICT HEATING

In 2017 district heating supplied 1,672,000 Danish households with heating. This represents 64% of all households. 51% of district heating comes from renewable energy sources. Denmark's position is unique, in both international and European contexts, when it comes to district heating.[3]

ABOUT DANISH WATER MANAGEMENT

Danish drinking water is derived from ground water only.[4] A comparison of drinking water companies in high-income countries shows, according to a recent study, that Danish drinking water companies conduct high quality measuring and succeed in reducing loss of drinking water. Danish water companies rank the second highest among 12 high-income countries.[5]

The report, World Energy Outlook 2016, highlights the Danish water sector as being especially energy-efficient.[6]

LOCAL GOVERNMENT CLIMATE POLICY – LOCAL AGENDA 21

In Denmark, Local Agenda 21 has been implemented in the "Planning Act".[7] As of 2000 all local governments in Denmark are required to announce a strategy on climate and sustainability in the first half of each election period.[8]

Local Agenda 21 and The Danish Climate Change Act have led to the following ambitious strategies by the four largest Danish municipalities representing approximately one third of the population.

Number of citizens	Name of municipality	CO_2 neutral (year)
1,300,000	Copenhagen	2025
270,000	Aarhus	2030
177,000	Odense	2030
113,000	Aalborg	2050

As noted above all municipalities regardless of size, have similar climate and sustainability strategies.

GREEN BOND IMPACT HIGHLIGHTS

The inaugural green bond issue encompasses 119 projects related to water management and district heating and results in a CO_2-reduction of 119,134 tonnes annually.

ENDORSING TRANSPARENCY

KommuneKredit fully endorses the importance of the transparency of the environmental performance of green bond projects. Our aim is to continuously improve our reporting standards as we go forward with our green bonds.

NORDIC COOPERATION – POSITION PAPER ON GREEN BONDS IMPACT REPORTING

During 2016 and 2017, a group of Nordic public sector issuers developed a practical guide on green bond impact reporting. KommuneKredit participated as an observer with the intention to comply with the positions of the paper.[9] The guide was launched in October 2017.

GREENING AT KOMMUNEKREDIT

KommuneKredit continuously strives to reduce its own carbon footprint. Thus, over the years, various energy efficiency projects have been implemented with the aim to reduce the organization's energy consumption. KommuneKredit has entered into an agreement with its electricity provider to receive 367 MWh of electricity produced by wind power every year, which means that KommuneKredit reduces its CO_2-emissions by 74 tonnes annually. It is our firm belief that if all organizations do what they can, no matter how small the individual effort, it will have a significant sustainability impact at the aggregate level.

STRENGTHENED SUSTAINABILITY FOCUS

In 2017, KommuneKredit's management decided to increase focus on sustainability by making it a part of the long-term strategy of the organization. This work will, among other things, include a specification of KommuneKredit's ESG criteria.

GREEN BOND IMPACT

In total, KommuneKredit has disbursed DKK 5.16bn in green loans encompassing 119 projects. The loans vary greatly in size ranging from DKK 300,000 to DKK 450,000,000. The financed projects are spread throughout the entire country, spanning both smaller and larger urban areas. This reflects the fact that the members of KommuneKredit, all Danish local and regional authorities, are directly, jointly and severally liable for KommuneKredit's obligations enabling KommuneKredit to finance local infrastructure nationwide on equal terms.

The first green bond issue covers two project categories: District Heating and Water Management.

DISTRICT HEATING

The district heating category covers, for example, solar and biomass-fired CHP plants, heat pumps, geothermal mains, extension of district heating supply areas and pipe refurbishment. When aggregated, the available impact figures for the district heating projects amount to an annual CO_2-reduction of 119,134 tonnes. This equals the average annual CO_2-emission from energy consumption of approximately 17,000 Danes.[10] Please note however that the figures are subject to some lack of data, cf. the methodology box.

WATER MANAGEMENT

The water management category constitutes the vast bulk of the green loans (62% of the disbursed amounts) and covers, for example, wastewater treatment plants, water pipes, water tunnels and holding tanks. Separate impact data has not been collected for the water management projects. This follows from the fact that KommuneKredit's Green Bond Framework specifies that Danish water management projects per definition are Eligible Projects. However, as described on page 10, KommuneKredit's clients will be required to submit information about the expected environmental impact of all Potential Eligible Projects, including water management projects.

METHODOLOGY

The reported impacts are based on ex ante impact assessments provided by KommuneKredit's clients. KommuneKredit has not independently validated the provided data. To the extent possible, the reported impact concerns the share of the projects' total investment cost that KommuneKredit has financed. However, KommuneKredit's share of the investment has not systematically been registered. This implies that there may be instances, where KommuneKredit has financed part of an Eligible Project although the impact reported covers the whole project.

CO_2 impact data are calculated and generally available for the district heating category. However, KommuneKredit has only received impact data for 11 of the 16 district heating projects indicating a potentially larger CO_2-reduction than the reported figures.

Future reporting

Category specific data templates will be developed for all Eligible Project categories of the Green Bond Framework. Therefore, the data quality of future reporting will be strengthened. The templates aim to follow the guidelines of the Position Paper on Green Bonds Impact Reporting developed by a group of Nordic public sector issuers.

ELIGIBLE PROJECTS AS OF 1 JUNE 2017

WATER MANAGEMENT	Loans disbursed in DKK	Loans disbursed in EUR*
Water tunnel, water pipes, pumping stations	227,844,000	30,629,545
Water pipes	223,700,000	30,072,459
Wastewater treatment plant	219,240,000	29,472,892
Wastewater treatment plant	215,087,262	28,914,631
Holding tank	160,000,000	21,509,135
Waterworks and water pipes	140,441,000	18,879,777
Wastewater treatment plant	109,454,000	14,714,130
Water tunnel, water pipes and holding tanks	92,709,000	12,463,065
Waterworks, water pipes and holding tanks	92,000,000	12,367,752
Water supply, water pipes and wastewater treatment	78,289,000	10,524,554
Wastewater treatment plant	65,000,000	8,738,086
Wastewater treatment plant	61,000,000	8,200,358
Holding tank	57,000,000	7,662,629
Wastewater treatment plant and waste pipes	50,000,000	6,721,605
Waterworks	45,000,000	6,049,444
Wastewater treatment plant	45,000,000	6,049,444
Wastewater treatment plant	42,512,000	5,714,977
Wastewater treatment plant	41,500,000	5,578,932
Waterworks and wastewater treatment	40,730,000	5,475,419
Waterworks, water pipes and holding tanks	39,000,000	5,242,852
Waterworks	36,000,000	4,839,555
Wastewater treatment plant	35,000,000	4,705,123
Water pipes	33,690,798	4,529,124
Waterworks and wastewater treatment	33,380,000	4,487,343
Wastewater treatment plant	33,315,313	4,478,647
Water pipes, pumps and holding tanks	32,000,000	4,301,827
Wastewater treatment plant	31,794,000	4,274,134
Wastewater treatment plant	30,000,000	4,032,963
Water pipes	29,600,000	3,979,190
Waterworks and water pipes	29,453,000	3,959,428
Wastewater treatment plant	29,000,000	3,898,531
Waterworks and water pipes	29,000,000	3,898,531
Wastewater treatment plant	28,440,257	3,823,283
Waterworks, water pipes and holding tanks	26,700,000	3,589,337
Wastewater treatment plant	26,000,000	3,495,234
Water tunnel, water pipes and pumps	24,631,000	3,311,197
Wastewater treatment plant	24,000,000	3,226,370
Water pipes	23,500,000	3,159,154
Waterworks and water pipes	22,450,000	3,018,000
Water pipes	22,200,000	2,984,392
Waterworks, water pipes and holding tanks	22,000,000	2,957,506
Wastewater treatment plant	20,000,000	2,688,642
Waterworks and water pipes	20,000,000	2,688,642
Wastewater treatment	19,813,000	2,663,503
Wastewater treatment	15,832,095	2,128,342
Water pipes	15,500,000	2,083,697
Water pipes	14,754,238	1,983,443
Water pipes	14,565,547	1,958,077
Water pipes	14,202,000	1,909,205
Water pipes	14,000,000	1,882,049
Wastewater treatment	14,000,000	1,882,049
Waterworks	14,000,000	1,882,049

WATER MANAGEMENT	Loans disbursed in DKK	Loans disbursed in EUR*
Water pipes	13,673,432	1,838,148
Wastewater treatment and waste pipes	13,350,000	1,794,668
Wastewater treatment and waste pipes	13,350,000	1,794,668
Water pipes and pumps	13,100,000	1,761,060
Climate change project	13,000,000	1,747,617
Waterworks and water pipes	12,500,000	1,680,401
Waterworks and water pipes	12,500,000	1,680,401
Wastewater treatment and waste pipes	12,000,000	1,613,185
Water pipes	12,000,000	1,613,185
Waterworks	11,743,000	1,578,636
Water pipes	11,565,000	1,554,707
Sewerage and wastewater treatment plant	11,500,000	1,545,969
Sewerage	11,300,000	1,519,083
Wastewater treatment plant	10,800,000	1,451,867
Wastewater treatment plant	10,700,000	1,438,423
Wastewater treatment plant	10,500,000	1,411,537
Wastewater treatment	10,001,083	1,344,467
Wastewater treatment	10,000,000	1,344,321
Wastewater treatment	10,000,000	1,344,321
Wastewater treatment plant	10,000,000	1,344,321
Wastewater treatment plant	10,000,000	1,344,321
Sewerage	10,000,000	1,344,321
Holding tank	10,000,000	1,344,321
Holding tank	10,000,000	1,344,321
Wastewater treatment plant	10,000,000	1,344,321
Wastewater treatment	9,400,000	1,263,662
Water pipes	7,759,000	1,043,059
Water pipes	7,549,000	1,014,828
Wastewater treatment plant	7,500,000	1,008,241
Water pipes and pumps	7,200,000	967,911
Wastewater treatment plant	6,300,000	846,922
Water supply	6,200,000	833,479
Water pipes	5,977,000	803,501
Waterworks and water pipes	5,818,923	782,250
Water supply	5,500,000	739,377
Waterworks	5,100,000	685,604
Waterworks	5,000,000	672,160
Water pipes and pumps	4,588,000	616,774
Water pipes	4,500,000	604,944
Water pipes	4,435,000	596,206
Wastewater treatment plant	4,000,000	537,728
Water pipes	3,869,000	520,118
Water pipes	3,429,000	460,968
Waterworks	3,300,000	443,626
Water pipes	2,300,000	309,194
Holding tank	2,161,000	290,508
Water pipes	1,686,000	226,653
Water pipes	1,400,000	188,205
Waterworks	650,000	87,381
Water pipes	453,413	60,953
Water pipes	300,000	40,330
Total water management	**3,224,285,361**	**433,447,425**

DISTRICT HEATING	Annual reduction of CO_2 (tonnes)	Loans disbursed in DKK	Loans disbursed in EUR*
District heating – conversion from steam to water	N/A**	450,000,000	60,494,441
Extension of supply area	N/A**	305,000,000	41,001,788
Biomass-fired CHP plant	73,846	300,000,000	40,329,627
District heating – conversion from steam to water	N/A**	200,000,000	26,886,418
Chip-fired CHP plant based on ORC proces (Organic Rankine Cycle)	30,000	138,840,000	18,664,552
Extension of supply area	3,500	105,000,000	14,115,370
Extension of supply area	900	98,475,000	13,238,200
Conversion from natural gas to district heating	3,917	95,000,000	12,771,049
Extension of supply area	3,181	50,000,000	6,721,605
Geothermal, mains, heat pump and straw shredder	571	50,000,000	6,721,605
Conversion from natural gas to district heating	N/A**	43,350,000	5,827,631
Utilization of surplus heat and extension of supply area	N/A**	30,000,000	4,032,963
Solar heating plant, district heating connector and pipe refurbishment	23	28,115,000	3,779,558
Extension of supply area	730	15,600,000	2,097,141
Extension of supply area and pipe refurbishment	31	15,000,000	2,016,481
Utilization of surplus heat	2,435	12,000,000	1,613,185
Total district heating		**1,936,380,000**	**260,311,614**

* FX-rate: 7.4387 EUR/DKK as of 1 June 2017

** These Eligible Projects are related to an annual investment budget and therefore impact numbers are not available on a project basis.

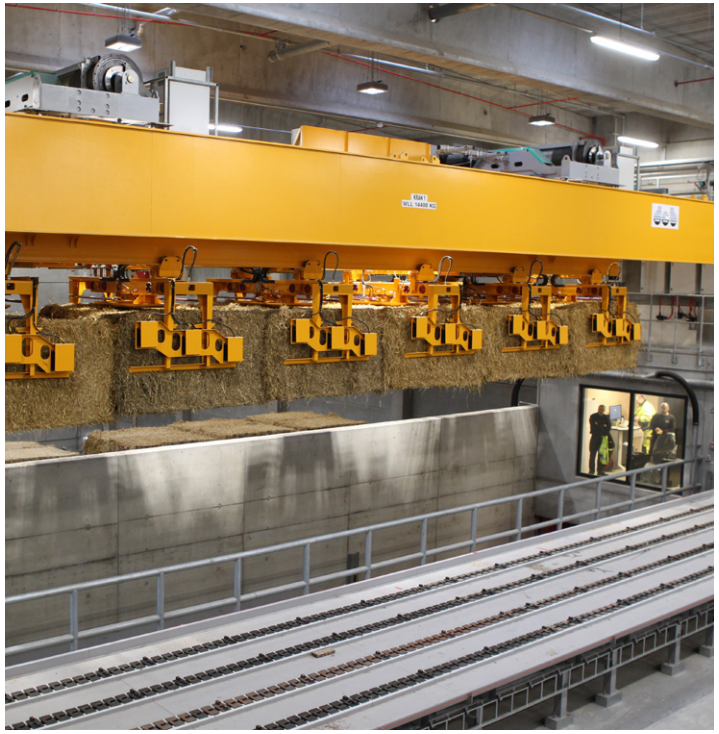
CO_2-REDUCTION ANNUALLY

119,134 TONNES

TOTAL GREEN LOANS DISBURSED

DKK 5,160,665,361

EUR 693,759,039



GREEN RECONVERSION FROM FOSSIL FUELS TO BIOFUELS LEADS TO MASSIVE CO_2-REDUCTIONS IN DENMARK'S SECOND LARGEST CITY, AARHUS

Since June 2017, Aarhus has been able to supply its consumers with renewable energy from the biomass-fired CHP plant (combined heat and power plant).

The biomass-fired CHP plant is using straw and is CO_2-neutral. It replaces a coal-fired oven line. The total project has led to an annual CO_2-reduction of 320,000 tonnes. The new biomass-fired CHP plant constitutes the largest Danish conversion to green energy so far.

In addition, the plant is virtually wastewater-free as the flue gas condensate is converted to demineralized water, i.e. the flue gas condensate is cleaned to freshwater quality, and can thus be used in the boilers of the plant as well as in the district heating network. Overall, the project greatly contributes to the green transformation that is expected to make the City of Aarhus CO_2-neutral in 2030.

FACTS

TOTAL PROJECT INVESTMENT:
DKK 1,300,000,000

DISBURSED LOAN:
DKK 300,000,000

INPUT POWER: 110 MW

SMOKE GAS CONDENSATION EFFICIENCY: Over 103%

HEAT PRODUCTION:
600,000 MWh

FUEL: 230,000 tonnes of straw per year – supplied by local straw producers/farmers

FUEL: 48 straw bales per hour
The plant can incinerate up to 50% wood chips

WATERWORKS IN SVENDBORG

The new waterworks is named "Sørupværket" and is one step in the overall development of water management in Svendborg.

Sørupværket will be built in accordance with the most modern building regulations to strengthen the security of water supply. This is designed as a flexible framework for both current and future water process needs. For example, the water containers will be built above ground in stainless steel, and the plant is designed to meet high standards.

Through new process plants and stainless-steel containers, the waterworks will also ensure high levels of hygiene and drinking water quality.

Water is subject to strict hygienic requirements. For this reason, water is inspected in multiple ways to ensure a high quality.

FACTS

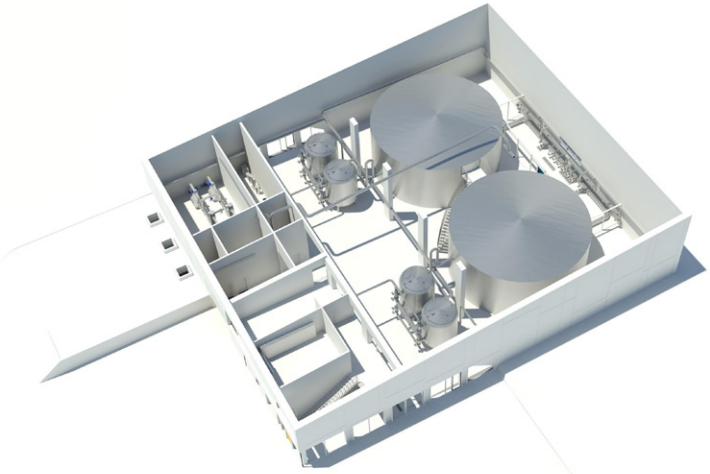
TOTAL PROJECT INVESTMENT:
DKK 42,000,000

DISBURSED LOAN:
DKK 36,000,000

SIZE: Two water tanks contain 750 m³ of water and measure 13 meters in diameter

WATER: Raw water is obtained from drillings in the local area

Children from local kindergarten turning the first sod.



CLIMATE AND WASTEWATER PROJECT IN ODENSE

The purpose of the project was overall to ensure a reduction in the frequency of floods in the area, as well as to reduce pollution of Odense River by reducing the frequency and volume of rain-based reloads from the drainage system.

The original drainage plant was old and worn out, as its capacity had been exceeded due to gradual urban growth and increasing rain intensity. The area contained several outdated constructions works, which were supposed to relieve Odense River of wastewater even during small rain events.

The project and its goals have now been met by the building of two large basin plants and by replacing pipes with new ones with a significantly larger capacity. Additionally, some pipes that already had the required capacity were refurbished by excavation-free methods.

In addition, 31 roadside beds have been created, which will handle the future rainwater that falls in the area.

FACTS

TOTAL PROJECT INVESTMENT:
DKK 320,000,000

DISBURSED LOAN IN 2016:
DKK 61,000,000

THE PROJECT:

- 8 km main pipes
- Replacement of 110 wells
- Replacement of 500 service lines to properties
- Replacement of 330 service lines for road wells
- 3,100 m³ basin “Munke Mose”
- 1,400 m³ basin “Tietgens Allé”
- Roadside beds instead of road grating

ROADSIDE BEDS

Roadside beds is an example of so-called "green infrastructure", which distinguishes itself by handling the rainwater close to where it falls, rather than discharging it into pipes. By not directing the rainwater into the drainage system, the amount of water that can cause pollution of the river or flooding of terrain or basements is reduced. In addition, the treatment plant is spared a large amount of water which would otherwise undergo the full purification process. Roadside beds can thus contribute on several fronts to more sustainable rainwater management.

KEY FACTS OF KOMMUNEKREDIT GREEN BONDS

In a first stage, the reporting on the inaugural green bond follows a non-dynamic method. However, the composition of the portfolio of assets financed by green bonds does change on a regular basis through addition or removal of green eligible assets. Therefore, while KommuneKredit reports on the green bond loan portfolio as of 1 June 2017, it has been decided to report on a dynamic portfolio basis in the future.

On 1 June 2017 KommuneKredit had an outstanding Green Bond Portfolio of DKK 3.72bn and an outstanding Green Loan Portfolio of DKK 5.16bn. This means that 72% of the Eligible Projects were financed with proceeds from the inaugural green bond. The bond proceeds were allocated as 100% new financing.

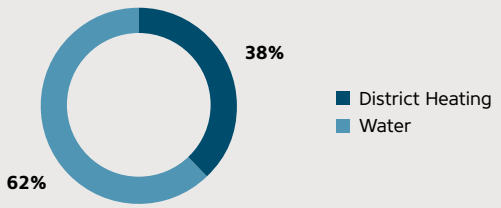
KommuneKredit's inaugural Green Bond was oversubscribed three times with an order book of over EUR 1.4bn. Over 50 investors participated to the transaction.

As of 31 December 2017, the KommuneKredit Green Bond Committee has approved new green loans for an amount of DKK 2.83bn.

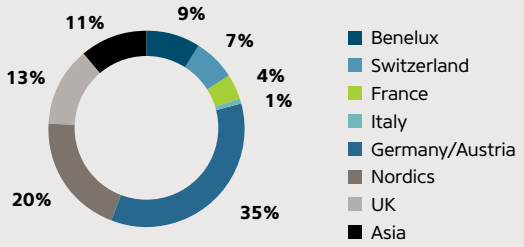
INAUGURAL GREEN BOND CHARACTERISTICS

ISIN	XS1622415674
SIZE	EUR 500m
ISSUE DATE	1 June 2017
MATURITY DATE	18 May 2027
COUPON	0.75%

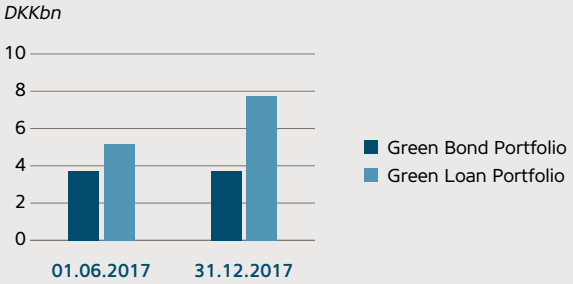
AMOUNT DISBURSED BY CATEGORY



INVESTOR DISTRIBUTION BY GEOGRAPHY



DISBURSED LOANS AND OUTSTANDING BONDS



GREEN BOND FRAMEWORK

THE FOUR PILLARS OF KOMMUNEKREDIT'S GREEN BOND FRAMEWORK

USE OF PROCEEDS	■ Water Management ■ District Heating ■ Energy Efficiency ■ Clean Public Transportation
EVALUATION	■ Clear evaluation and selection procedures in place ■ Strong Green Bond Committee governance, including two external members with relevant expert knowledge of the lending sectors proposed within this Green Bond Framework, e.g. the water management sector, the district heating sector etc.
FUNDS TRACKING	■ Use of proceeds are tracked via an internal loan management system, including front and back office and document file systems
REPORTING	KommuneKredit will provide an annual investor letter (Green Bond Impact Report) to investors, including: ■ A list of projects financed and the percentage distribution to each eligible category ■ A selection of cases/project examples ■ A summary of KommuneKredit's Green Bond development

ASSURANCE STATEMENT

KommuneKredit's Chief Financial and Risk Officer is assigned the task of giving an assurance to the investors on the management of KommuneKredit's green bonds according to the Green Bond Framework. The assurance is provided on the investor letter (Green Bond Impact Report), use of proceeds, distribution between re-financing and new financing, internal tracking and management of funds.

CICERO'S SECOND OPINION

CICERO, an independent institute for interdisciplinary climate research, has provided a Second Opinion on the Green Bond Framework.[11] This Second Opinion is available on KommuneKredit's web page.[12]

In the opinion, CICERO emphasizes the strong Danish legislation on environmental issues and the expertise on environmental and climate change offered by the KommuneKredit Green Bond Committee. CICERO also highlights the need for maximum transparency and good reporting from KommuneKredit, pointing, among other things, to the rather general descriptions of energy efficiency projects as an example of a weakness.

FUTURE DATA COLLECTION

As of today, all of KommuneKredit's clients are required to submit information about expected positive environmental effects of the potential Eligible Project to be financed. When KommuneKredit issued its inaugural green bond we had not yet established an information scheme. As of 1 November 2017 we implemented a template regarding district heating and as of 1 May 2018 regarding water management. Specific templates will also be developed regarding energy efficiency and clean public transportation. The templates will, to the extent possible, follow the recommendations of the Nordic Position Paper on Green Bonds Impact Reporting. This addresses some of the issues raised in the Second Opinion enabling us to produce impact reports containing more data in the future.

ELIGIBLE PROJECTS

THE TABLE BELOW LISTS THE ELIGIBLE CATEGORIES ACCORDING TO THE GREEN BOND FRAMEWORK

Eligible Category	**Description** (examples of Eligible Projects)
WATER MANAGEMENT	New investments in and ongoing maintenance of water collection, treatment, recycling, cleaning, reuse, technologies and related infrastructure.
DISTRICT HEATING	New investments in and ongoing maintenance of distribution infrastructure and new investments and maintenance of non-fossil energy generation[13] and associated technological solutions providing clients with district heating leading to a reduction in CO_2-emissions.
ENERGY EFFICIENCY	New investments in and ongoing maintenance of existing buildings leading to more energy efficient buildings. New investments or ongoing maintenance of public street lighting leading to a more energy efficient system.
CLEAN PUBLIC TRANSPORTATION	New investments in and ongoing maintenance of low-energy or low-emission transportation assets, systems, infrastructure, components and services that facilitate modal shifts from private transportation to increased use of public transportation such as trains, underground trams and buses to the extent that these lead to a reduction in CO_2-emissions.[14]

EVALUATION AND SELECTION PROCEDURE

KommuneKredit has identified the following four categories of projects that are eligible for financing from the proceeds of KommuneKredit's green bonds: Water Management, District Heating, Energy Efficiency and Clean Public Transportation (referred to as Eligible Categories). Projects that fall under the Eligible Categories and finance investments that promote the transition of low-carbon and climate resilient growth are labelled Eligible Projects.

KommuneKredit's selection procedure is described in the diagram below. For further information please see the Green Bond Framework.

1. The Lending Department reviews the application for a loan and categorises it as a **Potential Eligible Project**
2. The Lending Department performs the review of the Potential Eligible Project. If it is in accordance with the Criteria for Eligible Projects, it is categorised as a **Preliminary Eligible Project**
3. The Preliminary Eligible Project is then verified and approved by the Green Bond Committee. If approved, the Preliminary Eligible Project is then classified as an **Eligible Project**

Hans-Martin Friis Møller
CEO of Kalundborg Utility

Carl Hellmers
CEO of Fredericia District Heating

GREEN BOND COMMITTEE

The Green Bond Committee consists of four members of which two are external members. The two external members are experts within the fields of environment, climate changes and/or climate adaptation. The purpose of the Green Bond Committee is to uphold the governance of the Green Bond Framework and to approve or reject Preliminary Eligible Projects. Approval of a Preliminary Eligible Project requires a consensus approval.

The members are: Carl Hellmers (CEO of Fredericia District Heating), Hans-Martin Friis Møller (CEO of Kalundborg Utility), Eske Hansen (Head of Funding and Treasury, KommuneKredit) and Tabita Falk Thorsen (Vice President, Lending, KommuneKredit). In addition to the four voting members the committee consist of two non-voting members: Guri Weihe (alternate member of the committee) and Lasse Vest (the secretary of the committee).

CONCLUDING REMARKS

KommuneKredit's inaugural green bond issue encompasses 119 district heating and water management projects constituting a green loan portfolio of DKK 5.16bn. The majority by 62% of the projects are water management projects others concern district heating. The projects vary greatly in size and are dispersed across rural and urban areas nationwide. As a common denominator, all of the projects serve a public purpose.

When aggregated, the available impact figures for the district heating projects amount to an annual CO_2-reduction of 119,134 tonnes. This equals the average annual CO_2-emission (from energy consumption) of approximately 17,000 Danes. As described in the methodology section, the result is subject to some lack of data for certain projects. KommuneKredit is working with its clients and upgrading its internal processes to be able to provide an even more exhaustive reporting for future green bonds.

In line with KommuneKredit's Green Bond Framework, separate impact data has not been collected for the water management projects at this stage, the underlying rationale being that the Danish water companies which happen to be top-ranking in an international comparison.

This first Green Bond Impact Report concerns 119 projects. However, as of the date when this report was published the Green Bond Committee has approved more than 100 additional projects that will be financed by a part of future green bond issues. We thus have a promising project pipeline indicating a regular presence in the green bond market in the future. In 2018, the plan is to issue one or two green bonds. Moreover, we expect that all four Eligible Categories will be represented in future green bond issues.

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NOTES

1 GBP are voluntary process guidelines that clarify the approach for issuance of a Green Bond. GBP endorse transparency and disclosure and promote integrity in the development of the Green Bond market. For more information about GBP, visit https://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-social-and-sustainability-bonds/green-bond-principles-gbp/.

2 http://en.efkm.dk/climate-and-weather/the-climate-initiative-in-denmark/

3 http://www.danskfjernvarme.dk/english

4 http://www.e-pages.dk/danva/215/

5 http://www.leakssuite.com/ili-overviews-by-country/

6 https://www.iea.org/newsroom/news/2016/november/world-energy-outlook-2016.html

7 Agenda 21, the Rio Declaration on Environment and Development, and the Statement of principles for the Sustainable Management of Forests were adopted by more than 178 Governments at the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro in June 1992, see https://sustainabledevelopment.un.org/outcomedocuments/agenda21

8 The Planning Act, §33a+b: https://www.retsinformation.dk/eli/lta/2018/50#id98f6752a-cd9b-4240-97fe-02681cd442db

9 For further information, see https://www.kommunekredit.dk/en/green-bonds/

10 According to the Danish Energy Agency, the average CO_2-emission from energy consumption is 7 tonnes pr. capita: https://ens.dk/service/statistik-data-noegletal-og-kort/noegletal-og-internationale-indberetninger

11 For more information, see: https://www.cicero.uio.no/en

12 https://www.kommunekredit.dk/en/green-bonds/second-opinion/

13 With the exception that in cases of emergency, the district heating may be restarted by generators, which use fossil fuel.

14 KommuneKredit and the Green Bond Committee will carefully consider the net environmental benefits and encourage projects, which lead to a significant reduction in CO_2-emissions.

FURTHER INFORMATION

About KommuneKredit:
https://www.kommunekredit.dk/en/

KommuneKredit's Green Bond Framework:
https://www.kommunekredit.dk/en/green-bonds/green-bond-framework/

CICERO's Second Opinion:
https://www.kommunekredit.dk/en/green-bonds/second-opinion/

KommuneKredit's Green Bond Committee:
https://www.kommunekredit.dk/en/green-bonds/green-bond-committee/

KommuneKredits annual report 2017:
https://www.kommunekredit.dk/en/reports-and-accounts/

The Danish Ministry for Economic Affairs and the interior (supervisory body of KommuneKredit):
https://english.oim.dk/

Information about the Danish Law on Climate:
http://en.efkm.dk/climate-and-weather/the-climate-initiative-in-denmark/

The Danish Climate Act (Danish only):
https://www.retsinformation.dk/forms/r0710.aspx?id=163875

Green Bond Principles, International Capital Market Association:
https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/

Nordic Public Sector Issuers:
Position Paper on Green Bonds Impact Reporting https://www.kommunekredit.dk/en/green-bonds/

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FRONTPAGE PICTURE: A sustainable urban environment in the centre of Copenhagen KommuneKredit Green Bond funding contributes to climate proofing of Sankt Annæ Square.
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