



MINISTRY OF FINANCE

Kingdom of Denmark Green Bond Framework

December 2021



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Ministry of Finance
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1. Introduction

The history of the Danish transition to a green economy originates all the way back to the oil crisis in the 1970s, where Denmark started to focus on renewable energy forms to create a greener future. Denmark was the first country in the world to use offshore wind energy with our first offshore wind farm in Vindeby in 1991 and, since then, the development has seen strong growth. Today, 62 per cent of Denmark's electricity comes from renewable energy, and we have plans of building the world's first energy islands that will multiply Denmark's total offshore capacity by the early 2030s.

1.1 A global leader in climate action, building on decades of experience

Denmark has substantial green ambitions and strives to be a frontrunner, when it comes to mitigating climate change and implementing the necessary transition of our society. At the centre of the green ambitions is the passing of the Climate Act¹ in 2019, according to which Denmark must reduce our greenhouse gas emissions by 70 per cent by 2030 compared to 1990 levels. In addition, the Climate Act also commits Denmark to achieve climate neutrality by 2050 at the latest, taking into account the Paris Agreement target of limiting the global temperature rise to 1.5 degrees Celsius. The realisation of Denmark's climate targets must be as cost effective as possible, taking into account the long-term green transition, sustainable business development and Danish competitiveness, sound public finances and employment, and that Danish business must be developed rather than diminished.

The Climate Act gives Denmark a fixed year wheel for Danish climate policy that obliges the incumbent government at any time to work to meet the Climate Act targets. As part of the Climate Act, each year in September, the Danish government has to present a plan for how it will reach the target in 2030. If the government is not able to describe how it will reach the target, it is obligated to take further action. The first plan was presented in the Climate Programme 2020, and in September 2021, an updated plan was presented. In addition, the Danish Energy Agency is required to prepare a status report and projection of the Danish greenhouse gas emissions annually. According to the latest projection from 2021², total greenhouse gas emissions were reduced by 40 per cent in 2019 compared to 1990 levels.

Denmark is further committed to the Paris Agreement on climate change, as well as the United Nations (UN) 2030 agenda for sustainable development. Globally, Denmark is at the forefront in the fulfilment of the UN Sustainable Development Goals (SDGs) and has, in addition to an action plan for the UN's SDGs, put forward its second voluntary national review³ on the fulfilment of the UN SDGs.

1.2 Denmark's national climate policy

It is the goal of the Danish government to show that it is possible to turn high ambitions into concrete action, and, furthermore, to show that it is possible to create a greener society, while at the same time achieving economic growth and supporting welfare.

With the Climate Programme 2021⁴, the Danish government is accelerating climate efforts on the road to the 70 per cent emission reduction target, by setting a deadline that all relevant political decisions must be made by 2025, at the latest, in order to reach the climate target in 2030. This deadline is supported by a concrete policy roadmap consisting of 24 initiatives, which forms part of the government's climate programme. Recognising that all sectors must contribute to the transition of the economy, the overall roadmap contains a plan for each sector until 2025.

The Danish government and a parliamentary majority have already adopted a number of agreements for key sectors in recent years. This includes the energy sector, which has historically accounted for a large part of Denmark's CO₂e emissions. However, Denmark's significant investments in, and financial support for, renewable energy, have led to a significant decrease in the emissions from this sector since 1990. As a result, Denmark is a global leader within wind energy today, with production exceeding that of any other OECD country. With the Climate Agreement for Energy and Industry etc.⁵ from 2020, a broad majority of the Danish Parliament has decided to initiate the construction of two energy islands. The energy islands will serve as a hub for electricity generation from surrounding off-shore wind farms that will be connected and distribute power between Denmark and neighbouring countries.

Another sector that plays a key role with respect to reaching Denmark's climate targets for 2030 is the transport sector. In 2019, the emissions from the transport sector amounted to 13.5 million tonnes of CO₂, corresponding to 29 per cent of Denmark's total emissions. As a result, the government and a parliamentary majority have adopted a number of agreements that contribute to the green transformation of the transport sector. This includes the Climate Agreement for Green Conversion of Road Transport⁶ (2020), which includes a change in taxation for the transport sector aimed at increasing the incentive for buying and using zero- and low emission vehicles. The agreement is expected to lead to 775.000 zero- and low-emission passenger cars and vans in the Danish vehicle fleet by 2030. In addition, the Infrastructure Agreement 2035⁷ (2021) entails continued investments

in the electrification of the rail infrastructure and the introduction of battery trains with the aim to make the entire state train traffic carbon neutral.

These are merely examples of some of the major policy agreements that have been adopted in recent years by the Danish government within key sectors. Within the coming years, the government will continue to make decisions necessary for the transition of the economy. Further, no later than 2025, the government will have presented 24 initiatives that ensure that all sector plans are revisited. As such, Denmark can also follow the new paths that emerge as the technologies mature and the world develops.

However, to ensure the fulfilment of Denmark's climate objectives, there is also a need for cross-cutting efforts across the sectors. These include massive research and investment efforts. To this end, the government launched a green research strategy⁸ in 2020 that supports a stronger and accelerated green research effort. The green research strategy entails four research missions that can contribute to promoting new solutions to reduce emissions and fulfil the target of the Climate Act.

One of the four missions is aimed at the development of Power-to-X (PtX) technologies for storing and converting green power into green fuels, also known as electro-fuels for heavy-duty vehicles, shipping, and aviation. PtX technologies can contribute to reducing greenhouse gas emissions within the sectors that are currently the most challenged, when it comes to succeeding with a transition such as the heavy-duty transport, shipping, aviation, and different industrial sectors that cannot achieve a transition through direct electrification. Another mission is related to Carbon Capture Utilisation and Storage (CCUS), which is expected to contribute to achieving reductions in greenhouse gas emissions in the future. CCUS can be used to bring down fossil emissions and create negative emissions. The technology can help to reduce emissions within the sectors, where this is currently difficult or impossible.

Finally, the government recognises that the business community plays an important role in succeeding with the transition. Therefore, the government has established Climate Partnerships in cooperation with leading stakeholders from the Danish business community. The objective of the Climate Partnerships is to let leading stakeholders across different sectors in Denmark contribute and play an active role in finding ways to achieve the 70 per cent emission target. There are 14 public-private partnerships in total, each representing a different industry.

1.3 Seeking to make an imprint on the international climate agenda

The Climate Act is one of the most ambitious climate laws in the world. It also reflects Denmark's aspiration to lead the way to a green transition by example and

inspire others around the world to follow. The climate challenges are a global problem, and Denmark's greenhouse gas emissions amount to only 0.1 per cent of global emissions. In addition to the Climate Act, which drives Denmark's national climate policy, the government has therefore also taken several steps to strengthen the global Danish leadership within the green transition in an effort to make an imprint on the international climate agenda.

In the European Union, Denmark continues to promote an ambitious climate law, higher climate targets, and a ban on petrol and diesel vehicles. Further, the government appointed Denmark's first climate ambassador in 2019. The role of the climate ambassador is to make sure that Denmark continues to make an imprint on the international climate agenda. The climate ambassador will participate in international climate negotiations and work for the Danish effort to increase the global climate level ambition in the implementation of the Paris Agreement.

1.4 Sustainable finance as a conduit for change

The sustainable transition of the economy is one of the most important and urgent agendas. Financing the transition to a sustainable economy and reaching the objectives set out in the Paris Agreement and the United Nations 2030 Agenda for Sustainable Development, calls for significant investments.

The financial markets have an essential role in reaching these objectives by steering capital towards sustainable investments. In that regard, the increased emphasis on sustainable finance among policymakers, regulators, and investors represent a fundamental change in how financial markets operate. The European Union is emerging as a global leader driving real change towards achieving the goals of the Paris Agreement through ambitious regulation of the financial sector in order to green the economy.

Better regulation ensures transparency in financial markets, so investors can have confidence that their investments are as green, as they claim to be. This in turn deepens and expands the market and appetite for green investments by a wide range of investors.

The Danish government will issue green bonds in order to contribute to these developments.



2. The Green Bond Framework

This Green Bond Framework is aligned with the 2021 version of the Green Bond Principles (GBP)⁹, as published by the International Capital Market Association (ICMA). The Danish government recognises the importance of a common definition of sustainable economic activities that enhances transparency, thereby supporting the continued development of the green bond market. Consequently, eligible green expenditures under this framework are evaluated according to, and to the extent possible, aligned with the criteria in the EU classification system for sustainable economic activities (the “EU Taxonomy”) as adopted by the Commission on June 4, 2021 in the Delegated Act for climate change mitigation and climate change adaptation activities. Further, this framework has sought to align with key elements of the proposed regulation on a European Green Bond Standard (EU GBS)¹⁰ on 6 July 2021 including the bond-related, reporting, and external verification requirements.

This framework may be amended from time to time to reflect market developments, including changes to the EU Taxonomy and the ICMA GBP, as well as developments around the EU GBS, with the aim of adapting to, and aligning with, best market practices. Amendments will be subject to review by an external verifier, unless minor in nature. Updates to this framework are published on Danmarks Nationalbank’s website¹¹ under the government debt section and on the website of the Ministry of Finance.¹² The updated framework will replace the previous version, unless otherwise stated. Such changes will be communicated by Danmarks Nationalbank through the usual channels to market participants.

2.1 Use of proceeds

The Kingdom of Denmark intends to allocate an amount equivalent to the proceeds from issuance of Danish sovereign green bonds to central government expenditures that comply with the eligibility criteria outlined in section 2.2.2 of this framework (“eligible green expenditures”).






The scope of eligible green expenditures includes, but may not be limited to, subsidies, tax expenditures, operational expenditures and investment expenditures. To the extent possible, intangible expenditures, such as administrative costs, are only included, if they are deemed relevant and necessary for the realisation of tangible real assets. In order to ensure that eligible green expenditures are timely and relevant, only expenses from the year of issuance and the year immediately preceding the issuance will be considered.

Eligible green expenditures may include expenditures towards government agencies and institutions, which could potentially issue green bonds themselves. In these cases, expenditures will be reviewed in details, and the Ministry of Finance will ensure coordination with the agencies and institutions in question to avoid double-counting of eligible green expenditures, cf. section 2.2.2.

2.1.1 Eligible green expenditures

An overview of the eligible green expenditures can be found in Figure 1, which shows how the green expenditures relate to GBP categories as well as economic activities and environmental objectives under the EU Taxonomy. Furthermore, the categories have been mapped to the relevant UN Sustainable Development Goals (SDGs). A more detailed description of the eligible green expenditures with references to the associated appropriation account in the budget act can be found in Table 1 in Appendix 1 to this framework.

Figure 1
Overview of eligible green expenditures

ICMA Green Bond Principles category	Eligible green expenditures	Primary EU Environmental Objective	UN SDGs
Renewable Energy	<p><i>Description</i></p> <p>Expenditures are intended to support the production and development of renewable energy, thereby contributing to climate change mitigation. Expenditure types include subsidies and tax expenditures.</p> <p><i>Eligible green expenditures include, but may not be limited to:</i></p> <ul style="list-style-type: none"> • Subsidies for electricity generation using solar photovoltaic technology. • Subsidies for electricity generation from small wind turbines used in residential applications. • Subsidies for electricity generation using onshore and offshore wind power. • Taxation of electricity (Exemption for own consumption of electricity from solar energy) <p><i>EU Taxonomy sustainable economic activities include, but may not be limited to:</i></p> <p>4.1. Electricity generation using solar photovoltaic technology (NACE Code D35.11).</p> <p>4.3. Electricity generation from wind power (NACE Code D35.11).</p>	Climate Change Mitigation	 
Clean Transportation	<p><i>Description</i></p> <p>Expenditures are intended to support the development and maintenance of infrastructure needed for sustainable modes of personal and mass public transportation. Expenditure types include operating expenditures, capital expenditures, and tax expenditures.</p> <p><i>Eligible green expenditures include, but may not be limited to:</i></p> <ul style="list-style-type: none"> • Rail infrastructure operation, renovation, and maintenance. • Rail infrastructure investment projects (including electrification of the rail infrastructure). • Registration tax (Reduced registration tax for low emission and zero-emission vehicles) <p><i>EU Taxonomy sustainable economic activities include, but may not be limited to:</i></p> <p>6.5. Transport by motorbikes, passenger cars, and light commercial vehicles (NACE Code H49.3).</p> <p>6.14. Infrastructure for rail transport (NACE Code F42.12, F42.13, M71.12, M71.20, H49.10, H49.2.0, N77.3.9, H52.21, and F43.21).</p>	Climate Change Mitigation	  

2.1.2 Exclusions

The eligibility criteria outlined in this framework aims to support and enhance transparency, e.g. by ensuring that all eligible green expenditures are evaluated according to relevant objective criteria. Following this, economic activities that are not currently covered by the EU Taxonomy will not be considered.

Further, expenditures directly related to fossil fuel energy are excluded. However, expenditures aimed at increasing the incentive for buying and using hybrid-vehicles are included. Even though hybrid-vehicles can run on fossil fuels, they are considered an important intermediate step in the transition to fully electric cars, while the charging infrastructure is developed. In addition, operating expenditures related to railway maintenance are included and could, in some instances, indirectly support diesel-based trains until the remaining railway tracks are either electrified, or diesel-based trains are replaced with battery trains. However, this is expected to be implemented by 2030, cf. Infrastructure Agreement 2035¹³. A non-exhaustive list of other exclusions includes expenditures related to the defence and weapons sector, gambling, alcoholic beverages, and tobacco.

Finally, eligible green expenditures that are included in the Kingdom of Denmark's Recovery and Resilience Plan, or expenditures that in any other way are being financed by dedicated funding, are excluded.

2.2 Selection and evaluation of eligible green expenditures

Eligible green expenditures are selected in coherence with the overall climate strategy and sustainability priorities of the Danish government, as outlined in the Climate Programme, and they are expected to contribute to achieving Denmark's ambitious climate commitments under the Climate Act.

2.2.1 Governance

Green bonds issued by the Kingdom of Denmark are governed by this Green Bond Framework, which has been established by the Ministry of Finance on behalf of the government and with participation of relevant ministries. To this end, an Inter-Ministerial Working Group (IMWG) has been established. The roles and responsibilities of this group are outlined in Figure 2. The overall responsibility of the members of the IMWG is to:

1. Establish and implement the Green Bond Framework.
2. Ensure that adequate processes are in place for selecting and evaluating eligible green expenditures as well as reporting on allocated proceeds.
3. Identify and assess eligible green expenditures in accordance with the selection criteria in this framework.
4. Provide a final list of eligible green expenditures to Danmarks Nationalbank.
5. Prepare the allocation and impact reports and coordinate input from relevant experts within the ministries.

Figure 2
Structure of the inter-ministerial working group

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

In addition, relevant experts from ministries that are not currently part of the IMWG are also consulted, when needed. This includes representatives from the Ministry of Industry, Business and Financial Affairs and the Ministry of Environment, who contribute with insight, e.g. in connection with the assessment and selection of eligible green expenditures and regulation related to the European Green Bond standard, as well as the EU taxonomy.

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

2.2.2 Criteria for selecting eligible green expenditures

The selection of eligible green expenditures is based on the criteria set out in this Green Bond Framework, and it is managed by the Ministry of Finance in their role as project coordinator, with support from the respective ministries in the IMWG and other experts.

To ensure a transparent methodology for assessing and selecting eligible green expenditures, the following set of criteria have been defined. The responsibility for assessing these will fall to the members of the IMWG:

1. Eligible green expenditures are evaluated according to the criteria in the latest applicable version of the EU taxonomy at the time of the assessment. Eligible green expenditures must be assessed to comply with the applicable Technical Screening Criteria (“TSC”). Further, eligible green expenditures should, to a reasonable extent, be assessed to comply with the Do No Significant Harm (“DNSH”) Criteria. Such assessment is carried out by relevant experts within the ministries associated with the respective expenditures, to the best of their abilities. Eligible green expenditures, which are only considered partially aligned with the DNSH criteria, may be included. Demonstrating full alignment with the DNSH criteria may be challenging or unfeasible for certain public expenditure programmes, such as subsidy programmes and tax relief schemes. In such cases, any gaps in relation to alignment with the EU Taxonomy, e.g. due to lack of information, are clearly highlighted in the Annex¹ to this framework.

Further, it is intended that all the eligible green expenditures will adhere to minimum social safeguards, e.g. the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The Danish government is committed to seeing that Danish business entities respect international human rights in their operations and in their business relationships, both at home and abroad. Denmark has adopted international guidelines within the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. While these guidelines are non-binding, Danish businesses are encouraged to respect them.²

2. The eligible green expenditures must have a concrete and direct link to the stated objective. Operational expenditures and other intangible expenditures will be deemed relevant, only if they are inseparable to tangible assets or otherwise deemed relevant by their very nature.
3. Expenditures will only be included, when there is no risk of 'double-counting' by being eligible for inclusion in another financing instrument. Hence, expenditures towards government agencies, companies, and institutions, which could potentially issue green bonds themselves, will be reviewed in detail, and

¹ A complementary Annex to this framework on EU Taxonomy alignment for the eligible green expenditures has been prepared. The Annex presents detailed assessments of the eligible green expenditures included under this framework with respect to the applicable Technical Screening Criteria and the Do No Significant Harm Criteria in the EU Taxonomy.

² The National OECD Contact Point in Denmark (NCP Denmark), also known as the Mediation and Complaints-Handling Institution for Responsible Business Conduct, was established by Act no. 546 of 18 June 2012 to raise awareness of the OECD Guidelines and to handle complaints regarding non-observance of the OECD Guidelines. Since 2009 and pursuant to the Financial Statements Act Section 99 a, large Danish companies have had an obligation to report on corporate social responsibility (CSR). Companies that are covered by the statutory requirement must publish a brief description of their business model, CSR policies on human and social rights, environmental and climate impact, and corruption. Moreover, the companies must account and report on i.a. how CSR-policies are implemented, applied due diligence processes, the company's management of risks, non-financial key performance indicators, and assessment of achievement of results.

the Ministry of Finance will ensure coordination with the agencies and institutions. In addition, expenditures that are being financed by dedicated funding, including expenditures from Denmark's Recovery and Resilience Plan, are excluded from the eligible green expenditures.

2.2.3 Selection process of eligible green expenditures

The members of the IMWG are responsible for identifying, assessing, and selecting eligible green expenditures, and the Ministry of Finance will oversee this process in their capacity as coordinator. The eligible green expenditures are linked to an appropriation account in the central government annual Budget Act, with the exception of tax expenditures. Through these accounts, each sub-category of eligible green expenditures can be tracked and managed consistently over time. The process for selecting eligible green expenditures is outlined below:

1. Assessment and confirmation of current eligible green expenditures

The Ministry of Finance will once a year review the identified appropriation accounts linked to the current eligible expenditures and collect the amounts corresponding to these accounts.

The members of the IMWG will be asked to review and, to the best of their abilities, assess whether these expenditures still comply with the eligibility criteria outlined in this framework. Such an assessment may only be relevant, if either the nature of the expenditure items has changed, or if there have been any changes to the eligibility criteria, e.g. due to updates to the EU Taxonomy criteria.

2. Initial screening for new potential eligible green expenditures

Once every year, the Ministry of Finance will, in addition, initiate a process to identify new potential eligible green expenditures. The members of the IMWG may suggest additional appropriation accounts for review that are deemed relevant. Based on the input from the IMWG members, the Ministry of Finance will collect and prepare an initial list of potential eligible green expenditures. Ministries, that currently do not form part of the IMWG, may also be consulted in order to identify new eligible expenditures.

3. Assessment and selection of new eligible green expenditures

Members of the IMWG, associated with the respective potential eligible green expenditures, are responsible for performing a detailed selection in order to determine, if they comply with the outlined selection criteria, cf. section 2.2.2. Based on the findings of this evaluation process, the Ministry of Finance will select new eligible green expenditures in consultation with the remaining members of the IMWG. New expenditures will be subject to review by an external verifier.

4. Eligible green expenditures for green bond issuance

Upon signing of the annual Budget Act, the Ministry of Finance will inform Danmarks Nationalbank of the amount of eligible green expenditures in the coming year. Further, the Ministry of Finance will keep track of how proceeds from the green bond issues are allocated in each year and inform Danmarks Nationalbank about any remaining eligible green expenditures that would be eligible to be financed by issuance of green bonds in the subsequent year in accordance with the eligibility criteria in this framework, cf. Section 2.1.

Following this confirmation, Danmarks Nationalbank is authorised to issue green bonds up to an amount corresponding to the amount of identified eligible green expenditures in the year of issuance and any remaining eligible green expenditures from the year immediately preceding the issuance.

2.3 Management of proceeds

The Ministry of Finance authorises Danmarks Nationalbank to issue green bonds on behalf of the Kingdom of Denmark. Proceeds from issuance of green bonds form part of the overall funding of the Kingdom of Denmark. They are managed in line with the regular treasury policy, i.e. proceeds are transferred to the central government's account at Danmarks Nationalbank, where they are held until expenses are incurred.

Danmarks Nationalbank may only issue green bonds corresponding to the amount of identified eligible green expenditures, less a safety margin that takes into account the uncertainty about the incurrence of expenses within the current year. The Ministry of Finance will determine the size of this buffer and inform Danmarks Nationalbank. Proceeds are continuously monitored by Danmarks Nationalbank within the existing debt management setup and mapped up against the amount of eligible green expenditures to ensure that proceeds do not exceed the amount of eligible green expenditures. An amount equal to the proceeds from green bond issues will be linked to eligible green expenditures, once the national financial annual report is published, and the central government's realised expenses are known. The Ministry of Finance will determine how proceeds from issuance of the green bonds are allocated towards eligible green expenditures. The allocation of proceeds forms the basis for the allocation and impact reports.

2.4 Reporting

The Danish central government is committed to ensuring full transparency around the issuance of green bonds and will provide investors with reporting on the allocation and expected impact. To the extent possible, these reports will be drawn up using the templates published in the proposal for an EU GBS. The format of these reports may be updated over time to align with changes in reporting

standards. Allocation reports will be updated annually, until full allocation of proceeds. To the extent relevant and feasible, impact reports will also be updated annually, until full allocation of proceeds.

The allocation and impact reports will be published on the website of Danmarks Nationalbank in a section titled 'Green bonds' under government debt and on the website of the Ministry of Finance.

2.4.1 Allocation reporting

The allocation report will seek to demonstrate that the proceeds have been allocated in accordance with the present Green Bond Framework's (GBF) criteria for eligible green expenditures. To the extent feasible, the report will include the following information:

- General information about the issuance
- A list of allocated proceeds, including a break-down by type of expenditure
- Amount of total identified eligible green expenditures and unallocated proceeds
- The environmental objectives referred to in this GBF at expenditure level
- The application date of the delegated acts that were used to determine alignment with the EU Taxonomy

2.4.2 Impact reporting

The impact report will outline the environmental impact of the use of the bond proceeds. To the extent feasible, the report will include the following information:

- General information about the issuance
- An outline of the environmental objectives targeted with the eligible green expenditures
- Detailed descriptions of selected allocated eligible green expenditures
- An estimation of positive and adverse environmental impacts of the issuance in aggregated form
- Output and environmental impact metrics at expenditure level
- An outline of the methodology and assumptions used to evaluate the impacts of the expenditure

Anticipated output and environmental impact indicators for each of the green expenditure categories are listed in Table 2 in Appendix 2. The list is indicative and may not be exhaustive. As such, the impact report may include other and/or additional metrics.

2.4.3 External review

To underpin the Danish government's commitment to ensure full transparency, external reviewers have been contracted to provide a pre-issuance review of the Green Bond Framework and post-issuance reviews of allocation reports.

Cicero Shades of Green has been engaged to act as an external reviewer and provide a Second-Party Opinion to this Green Bond Framework. The Second-Party Opinion is publicly available on the Ministry of Finance's website as well as on Danmarks Nationalbank's website. A third-party audit of the allocation report will also be made available on the website of the Ministry of Finance and of Danmarks Nationalbank together with the allocation report.

The Danish government will monitor the developments of the EU GBS on an ongoing basis, including the possible requirements for external reviewers. To the extent relevant, the Ministry of Finance may seek to complement or update the Second-Party Opinion to this framework.



3. Disclaimer

While the Kingdom of Denmark intends to allocate an amount equal to the proceeds from the green bonds issued in accordance with this framework to eligible green expenditures, no assurance can be given that such eligible green expenditures will be available or capable of being implemented or completed in the manner anticipated and, accordingly, that the Kingdom of Denmark will be able to use the proceeds for such eligible green expenditures as intended. In addition, there can be no assurance that eligible green expenditures are incurred as expected, achieve the environmental impacts or outcomes originally expected or anticipated, or that reports on uses of proceeds and environmental impacts are provided to investors as laid out in this framework, including, but not limited to, in the event of lack of reliable information and/or data.

Any such failure or other failure to adhere to this framework cannot give rise to any claim of whatsoever nature, whether contractual or non-contractual, against the Kingdom of Denmark.

Further, the Kingdom of Denmark makes no representation or warranty that green bonds issued in accordance with this framework, and the use of proceeds for such green bonds, will satisfy the expectation, requirements, or perception of any investor, as to what a “green bond” label entails.

This framework is governed by Danish law and Danish jurisdiction.



4. References

¹ Climate Act

² Projection from 2021

³ Second voluntary national review

⁴ Climate Programme 2021

⁵ Climate Agreement for Energy and Industry etc.

⁶ Climate Agreement for Green Conversion of Road Transport

⁷ Infrastructure Agreement 2035

⁸ Green research strategy

⁹ 2021 version of the Green Bond Principles (GBP)

¹⁰ European Green Bond Standard (EU GBS) on 6 July 2021

¹¹ Danmarks Nationalbank's website

¹² Danish Ministry of Finance's website

¹³ Infrastructure Agreement 2035



Appendix 1

Table 1
Detailed overview of eligible green expenditures

Authority	Name	Expenditure category	Appropriation account ³	EU taxonomy economic activity	Primary EU environmental objective
Ministry of Climate, Energy and Utilities	Subsidies for renewable energy (PV systems and other small WE systems)	Renewable energy related subsidies	29.25.12.15	4.1	Climate Change Mitigation
	Disbursements for PSO-subsidies (Offshore wind)	PSO-subsidies	29.25.14.20.33	4.3	Climate Change Mitigation
	Disbursements for PSO-subsidies (Onshore wind)	PSO-subsidies	29.25.14.20.33	4.3	Climate Change Mitigation
	Subsidies for renewable energy (Household wind systems)	Renewable energy related subsidies	29.25.12.25	4.3	Climate Change Mitigation
Ministry of Transport	Rail infrastructure investment projects	Railroad investment projects	28.63.08	6.14	Climate Change Mitigation
	Banedanmark – Rail infrastructure renovation and maintenance	Railroad renovation and maintenance	28.63.05.10.22	6.14	Climate Change Mitigation
	Banedanmark – Rail infrastructure renovation and maintenance	Railroad renovation and maintenance	28.63.05.10.51	6.14	Climate Change Mitigation
	Banedanmark – Rail infrastructure renovation and maintenance	Railroad renovation and maintenance	28.63.05.20.51	6.14	Climate Change Mitigation
	Banedanmark – Rail infrastructure operation	Railroad operation	28.63.04	6.14	Climate Change Mitigation
Ministry of Taxation	Taxation of electricity (Exemption for own consumption of electricity from solar energy)	Tax expenditure	38.22.01.20*	4.1	Climate Change Mitigation
	Registration tax (Reduced registration tax for low-emission and zero-emission vehicles)	Tax expenditure	38.23.03.10*	6.5	Climate Change Mitigation

Source: Ministry of Finance

Note: Amounts for the eligible expenditures will become available on the [Danish Ministry of Finance](#) and [Danmarks Nationalbank](#) websites, respectively.

Note: * The two expenditures are calculated separately from the budget act and are based on estimates from the Ministry of Taxation.

³ Links to the respective appropriation accounts in the budget act for 2021. Budget acts and the national financial annual reports for other years can be found here: <https://oec.dk/oekonomi/offentlige-regnskaber/statsregnskabet/>. However, the exact appropriation accounts in the budget act and the national financial annual report for the included expenditures may change over time.

Appendix 2

Table 2
Indicative output and environmental impact metrics

Eligible green expenditure category	Expenditures	Output / Environmental impact indicators
Renewable energy	Subsidies for electricity generation using solar photovoltaic technology	• Annual energy production for the included activities (in GWh)
	Subsidies for electricity generation from small wind turbines used in residential applications	• Annual GHG/emissions reduced/avoided (in CO ₂ e)
	Subsidies for electricity generation using onshore and offshore wind power	
	Taxation of electricity (Exemption for own consumption of electricity from solar energy)	
Clean transportation	Rail infrastructure operation, renovation, and maintenance	<ul style="list-style-type: none"> • Accumulated amount of electrified rail infrastructure (kilometres) • Annual passenger-kilometres of rail transport • Annual tonne-kilometres of rail transport • Annual greenhouse gas emissions reduced/avoided (in CO₂e) from electrification of the rail infrastructure
	Rail infrastructure investment projects (including electrification of the rail infrastructure)	
	Registration tax (reduced registration tax for low emission and zero-emission vehicles)	<ul style="list-style-type: none"> • Annual number of zero and low-emission vehicles sold • Annual GHG/emissions reduced/avoided (in CO₂e) from sales of zero and low-emission vehicles

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