

Second-Party Opinion

Sydbank Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Sydbank Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy, Green Buildings and Clean Transportation – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9 and 11.



PROJECT EVALUATION AND SELECTION The Bank's Credit Committee will be responsible for the evaluation and selection of eligible projects in line with the Framework's eligibility criteria. The Committee consists of the Bank's Deputy Group Chief Executive, and the heads of Credits, Corporate Banking and Finance, and Corporate Credit Managers, among other representatives. Additionally, the internal control unit in the Credits Department will control the selection of eligible projects and ensure documentation in line with the Framework's eligibility criteria. The Committee is also responsible for mitigating environmental and social risks associated with the eligible assets and projects, and ensuring compliance with national and international legislation. Sustainalytics considers Sydbank's risk management systems to be adequate, and the project evaluation and selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Sydbank's Credit Committee will be responsible for the management and allocation of proceeds to eligible assets and projects in the Eligible Asset Portfolio. The Bank will track the allocation of proceeds per issuing entity using dedicated green registries. This is in line with market practice.



REPORTING The Bank commits to report on the allocation of proceeds and corresponding impacts in an allocation report and impact report, respectively, on an annual basis until full allocation of bond proceeds and will make the reports publicly available on the Bank's website. The allocation report will include: i) the total amount of proceeds allocated to eligible green projects per category; ii) the proportion of proceeds allocated to the refinancing of existing eligible green projects; and iii) unallocated proceeds. The impact report will include: i) annual energy production (in MWh); ii) GHG emissions avoided (in tonne/year); and iii) annual energy savings (in MWh). Sustainalytics views Sydbank's allocation and impact reporting as aligned with market practice.

Evaluation Date May 1, 2024

Issuer Location Aabenraa, Denmark

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Alignment with the EU Taxonomy

Sustainalytics has assessed the Framework for alignment with the EU Taxonomy's criteria for Substantial Contribution (SC) to its environmental objective and Minimum Safeguards. For more details, please see Section 1 and Appendix 1.

Introduction

Sydbank A/S (“Sydbank” or the “Bank”) is a full-service bank headquartered in Aabenraa, Denmark. Established in 1970, the Bank provides financial services to retail and corporate customers in Denmark and Germany, including lending, payment, securities trading, asset management, mortgage, investment and insurance. As of April 2024, Sydbank had 2,100 employees and operated through 57 branches in Denmark and 3 branches in Germany.¹

Sydbank developed the Sydbank Green Bond Framework dated May 2024 (the “Framework”), under which the Bank intends to issue green bonds and use the proceeds to finance or refinance, in whole or in part, existing or future projects in Denmark and Germany that are expected to deliver positive environmental impacts. The Framework defines eligibility criteria in three areas:

1. Renewable Energy
2. Green Buildings
3. Clean Transportation

Sydbank engaged Sustainalytics to review the Sydbank Green Bond Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).² The Framework will be published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- Alignment of the use of proceeds criteria with the Substantial Contribution (SC) criteria and alignment with the Minimum Safeguards of the EU Taxonomy;
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.16, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Sydbank’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Sydbank representatives have confirmed (1) they understand it is the sole responsibility of Sydbank to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Sydbank.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The

¹ Sydbank, “About Sydbank”, at: <https://www.sydbank.com/about-sydbank>

² The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-100621.pdf>

³ The Sydbank Green Bond Framework will be available on Sydbank’s website at: <https://www.sydbank.com/investor-relations/capital-debt>

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Sydbank has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Sydbank Green Bond Framework

Sustainalytics is of the opinion that the Sydbank Green Bond Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Green Buildings and Clean Transportation – are aligned with those recognized by the GBP.
 - Sydbank has defined a look-back period of 36 months for refinancing. Sustainalytics considers this as aligned with market practice.
 - In addition to the allocation of net proceeds to specific eligible projects or assets, Sydbank intends to use proceeds for general corporate purpose loans for pure play businesses that derive at least 90% of their revenue from activities identified in the eligible categories. Sustainalytics acknowledges that financing pure play companies through green bonds is a commonly accepted approach that is likely to generate positive impacts; however, project- and activity-based lending generally results in more direct environmental benefits and enhanced compliance with eligibility criteria.
 - The Framework excludes the following industries from financing under the Framework: fossil fuel, nuclear, defence, weapons, mining, alcohol, tobacco and gambling.
 - Under the Renewable Energy category, Sydbank may finance or refinance loans for the construction, development, acquisition, maintenance and operation of renewable energy projects in accordance with the following criteria:
 - Onshore and offshore wind energy.
 - Solar PVs and concentrated solar power (CSP). For CSP, Sydbank has confirmed that at least 85% of electricity generated is derived from solar energy sources.
 - Battery energy storage connected to renewable energy sources.
 - Bioenergy facilities dedicated to: i) the production of biogas from closed or decommissioned landfill gas capture; ii) waste-to-energy projects using municipal solid waste; iii) the production of biofuel and biogas from biomass; iv) electricity generation and combined heat and power (CHP) from biomass; and v) district heating distribution networks.
 - Sydbank has communicated to Sustainalytics that the landfill is non-operational with a high gas capture efficiency of at least 75%. Sydbank has also confirmed the exclusion of landfill gas capture for flaring. Sustainalytics notes that recovering methane produced from a closed landfill will not prolong the lifespan of the landfill and is a key strategy to reduce methane emissions from waste.
 - Sydbank has confirmed that the majority of recyclables from municipal solid waste are segregated before energy conversion in line with the Danish Ordinance on Waste.⁵ Sustainalytics recognizes that energy from waste could take out of circulation potentially recyclable materials and undermine the objectives of a zero-waste circular economy, i.e. waste prevention and

⁵ Government of Denmark, "Bekendtgørelse om affald", (2021), at: <https://www.retsinformation.dk/eli/ta/2021/2512>

recycling. Additionally, in order to have a low emissions intensity in such projects, the composition of residual waste, particularly fossil carbon content, is a crucial consideration. However, Sustainalytics also notes that, due to current constraints of recycling in many parts of the world, energy from waste can offer a better residual waste management option than landfills in many cases. Sustainalytics recommends Sydbank to promote the removal of increasing amounts of recyclables, especially plastics and metals, and the monitoring of thermal efficiency of the financed facilities.

- Life cycle emissions of facilities dedicated to the production of biofuel and biogas for CHP and heating and cooling will be at least 80% lower than the fossil fuel baseline and 65% lower for the production of biofuel and biogas used in transport, and bioliquids. The Danish regulatory framework ensures compliance with the EU Renewable Energy Directive II.⁶ Sydbank has confirmed to exclude the financing of CHP plants powered by coal, oil or natural gas.
- Life cycle emissions intensity of facilities dedicated to electricity generation and CHP will be at or below 100 gCO_{2e}/kWh. Sydbank has confirmed to exclude the financing of CHP plants powered by coal, oil or natural gas.
- Regarding biomass feedstock, the composition in Denmark primarily consists of residue and waste feedstock, next to non-waste feedstock. The Danish regulation on biomass limits the use of energy crops in the production of biogas, accounting for 9% between August 2023 and July 2024.⁷ Sydbank has confirmed that agricultural and forestry residue, such as wood pellets, are certified by FSC,⁸ PEFC⁹ or SBP.¹⁰ The use of sewage sludge is excluded from Danish biomass feedstock. Animal manure from industrial or intensive livestock operations are also excluded in compliance with the Danish Animal Welfare Act.¹¹ Furthermore, the Danish regulatory framework ensures that common environmental risks associated with feedstock production are properly mitigated. For example, biomass fuels cannot be produced based on input cultivated in areas with a high level of biodiversity.
- District heating systems using 95% renewable energy. Sydbank has confirmed the exclusion of financing waste heat from fossil fuel operations or natural gas.
- Pyrolysis plants dedicated to biomass feedstock preparation for biomass use in line with criteria outlined in the Framework. Sydbank has confirmed the exclusion of pyrolysis processes that involve tires and plastics.
 - Components dedicated to solar and wind energy technologies. Sydbank has confirmed to Sustainalytics that such expenditures will be wholly dedicated to the manufacturing of components for solar and wind energy technologies.
 - Sustainalytics considers this to be in line with market practice.
- Under the Green Buildings category, Sydbank may finance or refinance: i) the acquisition and development of new and existing residential and commercial buildings; ii) building renovations; and iii) refurbishment measures, according to the following criteria:
 - Buildings built on or after 31 December 2020 with a primary energy demand (PED) at least 10% lower than the PED resulting from the local nearly zero-energy building (NZEB) requirements.
 - Buildings built before 31 December 2020 that have obtained EPC A or are in the top 15% most energy-efficient buildings in the relevant area based on PED.

⁶ Government of Denmark, "Bekendtgørelse om bæredygtighed og besparelse af drivhusgasemissioner for biomassebrændsler og flydende biobrændsler til energiformål", (2023), at: <https://www.retsinformation.dk/eli/lta/2023/641>

⁷ Ibid.

⁸ FSC: <https://connect.fsc.org/certification/forest-management-certification>

⁹ PEFC: <https://pefc.org/discover-pefc/what-is-pefc>

¹⁰ SBP: <https://sbp-cert.org/getting-certified/about-certification/>

¹¹ Government of Denmark, "Bekendtgørelse af lov om dyrevelfærd (dyrevelfærdsloven)", (2024), at: <https://www.retsinformation.dk/eli/lta/2024/61>

- Buildings certified to DGNB Gold,¹² BREEAM Outstanding or Excellent¹³ or the Nordic Swan Ecolabel.¹⁴ Sustainalytics views these certification schemes to be robust and credible.
- Renovations that lead to a 30% improvement in energy consumption compared to pre-renovation levels. The Bank has confirmed to Sustainalytics that only renovation costs and not entire asset values will be financed as part of renovation activities.
- Refurbishment measures earmarked to energy improvements, such as the installation of: i) cavity walls; ii) roof and floor insulation with a low U-value; iii) electric heat pumps with refrigerants that have a global warming potential not exceeding 675 and absorption heat pumps driven by solar- or geothermal-heated water; iv) infrared panels powered by renewable energy sources; and v) energy-efficient windows with double, triple or HR++ glazing and doors with a U-value equal to or lower than 1.5. The Bank has communicated to Sustainalytics that in accordance with Danish Buildings Regulations, the building envelope for exterior walls will not exceed 0.3 in U-value and will not exceed 0.2 in U-value for attics and roof constructions.¹⁵ Sustainalytics also notes that heat pumps offer an energy-efficient heat transfer alternative to conventional systems. Nevertheless, Sustainalytics recommends Sydbank to promote robust refrigerant leak control, detection and monitoring, and ensure the recovery, reclamation, recycling or destruction of refrigerants at end of life.
- Sustainalytics considers this to be in line with market practice.
- Under the Clean Transportation category, Sydbank may finance or refinance passenger and freight transport that is not dedicated to the transport of fossil fuels as follows:
 - Passenger cars, motorbikes, light commercial vehicles and buses with: i) zero emissions; or ii) an emissions intensity at or below 50 gCO₂/pkm until 2025.
 - Freight vehicles with: i) zero emissions; or ii) an emissions intensity at or below 25 gCO₂/tkm.
 - Development, construction, acquisition, maintenance and operation of infrastructure that supports or enables zero emissions transportation, including charging points for electric vehicles. Sydbank has confirmed the exclusion of financing parking infrastructure and the construction or retrofit of road infrastructure.
 - Sustainalytics considers this to be in line with market practice.
- Project Evaluation and Selection:
 - The Bank's Credit Committee (the "Committee") will be responsible for the evaluation and selection of eligible projects in line with the Framework's eligibility criteria. The Committee comprises the Bank's Deputy Group Chief Executive, and the heads of Credits, Corporate Banking and Finance, and Corporate Credit Managers, among other representatives. Additionally, the internal control unit in the Credits Department will control the selection of eligible projects and ensure documentation in line with the Framework's eligibility criteria.
 - The Committee is also responsible for mitigating environmental and social risks associated with the eligible assets and projects, and ensuring compliance with national and international legislation. For additional details on risk management systems, please refer to Section 2.
 - Based on the delegation of responsibility and the presence of environmental and social risk management systems, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Sydbank's Credit Committee will be responsible for the management and allocation of proceeds to eligible assets and projects in the Eligible Asset Portfolio. The Bank will track the allocation of proceeds per issuing entity using dedicated green registries.
 - The Bank intends to fully allocate the net proceeds within 36 months upon issuance. Unallocated proceeds may be temporarily held or invested in cash, cash equivalents or ESG-oriented funds. Sydbank has confirmed the exclusion of funds linked to carbon-intensive assets or activities.
 - Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.

¹² DGNB: <https://www.dgnb.de/en/building-certification>

¹³ BREEAM: <https://bregroup.com/products/breeam/>

¹⁴ Nordic Swan Ecolabel: <https://www.nordic-swan-ecolabel.org/official-nordic-ecolabel/>

¹⁵ Government of Denmark, "Energiforbrug og klimapåvirkning", at: <https://byggningsreglementet.dk/Tekniske-bestemmelser/11/Krav>

- Reporting:
 - The Bank commits to report on the allocation of proceeds and corresponding impacts in an allocation report and impact report, respectively, on an annual basis until full allocation of bond proceeds and will make the reports publicly available on the Bank’s website.
 - The allocation report will include: i) the total amount of proceeds allocated to eligible green projects per category; ii) the proportion of proceeds allocated to the refinancing of existing eligible green projects; and iii) unallocated proceeds.
 - The impact report will include: i) annual energy production (in MWh); ii) GHG emissions avoided (in tonnes/year); and iii) annual energy savings (in MWh).
 - Based on the allocation and impact reporting commitments, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Sydbank Green Bond Framework aligns with the four core components of the GBP.

Alignment with the EU Taxonomy

Sustainalytics has assessed each of the Framework’s eligible use of proceeds criteria against the relevant criteria in the EU Taxonomy. For SC, please see Table 1. For Minimum Safeguards, please see below.

Table 1 provides an overview of the alignment of Sydbank’s Framework with the applicable SC criteria of the EU Taxonomy.

Table 1: Summary of Alignment of Framework Criteria with the EU Taxonomy

EU Taxonomy Activities corresponding to Framework Criteria	Alignment with Technical Screening Criteria		Alignment per EU Environmental Objective					
	SC	DN ^{SH}	Mitigation	Adaptation	Water	Circular Economy	Pollution	Eco-systems
Electricity generation using solar photovoltaic technology	■	*	■					
Electricity generation using concentrated solar power (CSP) technology	■	*	■					
Electricity generation from wind power	■	*	■					
Storage of electricity	■	*	■					
Electricity generation from bioenergy	■	*	■					
Manufacture of biogas or biofuels for use in transport and of bioliquids.	■	*	■					
District heating and cooling distribution	■	*	■					
Installation and operation of electric heat pumps	■	*	■					
Cogeneration of heat and cool and power from bioenergy	■	*	■					
Construction of new buildings	□	*	□					
Renovation of existing buildings	■	*	■					
Installation, maintenance and repair of energy efficiency equipment	■	*	■					

Installation, maintenance and repair of renewable energy technologies	■	*	■					
Acquisition and ownership of buildings	□	*	□					
Urban and suburban transport, road passenger transport	■	*	■					
Transport by motorbikes, passenger cars and light commercial vehicles	■	*	■					
Freight transport services by road	■	*	■					
Infrastructure enabling low-carbon road transport and public transport	■	*	■					

Legend	
Aligned	■
Partially aligned	□
Not aligned	☒
Not applicable	—
Not assessed	*
Grey shading indicates the primary EU Environmental Objective	

Alignment with the EU Taxonomy's Minimum Safeguards

The EU Taxonomy recommends that companies have policies aligned with international and regional guidelines and regulations pertaining to human rights, labour rights, and combatting bribery and corruption. Specifically, activities should be carried out in alignment with the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. Additionally, companies should be in compliance with the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

Based on a consideration of the policies and management systems applicable to the Framework's criteria and the regulatory context in which financing will occur, Sustainalytics is of the opinion that the EU Taxonomy's Minimum Safeguards requirements will be met.

Human and Labour Rights

Sydbank has implemented the following policies and procedures regarding human and labour rights:

- Sydbank's ESG and Sustainability Policy follows the UN Principles for Responsible Investment, the UN Global Compact's pillar on human and labour rights, the UN Principles for Responsible Banking, the OECD Guidelines for Multinational Enterprises and the ILO conventions on the dignity of workers.¹⁶
- Sydbank has developed a Responsible Investment and Active Ownership Policy, which requires the Bank's consideration of ESG risks as part of its investment decisions, including the violation of human rights.¹⁷
- The Bank's Credit Policy excludes financing to companies that do not adhere to the Universal Declaration of Human Rights or the UN Convention on the Rights of the Child.¹⁸ Additionally, Sydbank's Code of Conduct, which is applicable to its employees, customers and business partners, sets standards with regard to respecting fundamental human rights; preventing discrimination, harassment, forced labour and child labour; and ensuring freedom of association.¹⁹ Sydbank also has a whistleblower process in place for employees, customers and other stakeholders to report on breaches of human and labour rights or corresponding laws.²⁰

¹⁶ Sydbank, "ESG and Sustainability Policy", (2023), at: https://www.sydbank.com/api/file/0eibtvm/esg-and-sustainability-policy_1.pdf

¹⁷ Sydbank, "Responsible investment and active ownership policy", (2023), at: https://www.sydbank.com/api/file/njukxjn/responsible-investment-and-active-ownership-policy_1.pdf

¹⁸ Sydbank, "Annual Report", (2023), at: <https://ipaper.ipapercms.dk/Sydbank/regnskaber-2023/2023-annual-report/>

¹⁹ Sydbank, "Code of Conduct", (2023), at: https://www.sydbank.com/api/file/ycxjwp3v/code-of-conduct_1.pdf

²⁰ Sydbank, "The Whistleblower System of the Bank", at: <https://whistleblowersoftware.com/secure/98cfbaaf-4a54-4c7d-9e5b-4bf7ad64367d>

- Sydbank has confirmed the Bank's compliance with the Danish Working Environment Act²¹ and the German act on the implementation of measures to protect workers²² and safeguard human and labour rights.

Based on the work of its research services and its ESG Risk Rating assessment, Sustainalytics evaluated the performance of Sydbank in the area of human and labour rights, and has not detected involvement in any relevant controversies that would suggest that the above policies are not adequate in addressing key risks.

Sustainalytics is of the opinion that these measures appropriately safeguard minimum standards on human and labour rights in relation to the activities of the Framework.

Anti-bribery and anti-corruption

Sydbank has implemented the following anti-bribery and anti-corruption policies and procedures:

- Sydbank's Anti-Corruption and Bribery Policy applies to its employees, business partners and customers, and outlines measures to prevent corruption, bribery and the laundering of funds derived from acts of corruption or bribery.²³ Sydbank also does not accept any form of corruption or bribery in its engagement with public authorities. Furthermore, the Bank's Code of Conduct highlights its commitment towards preventing any form of corruption and bribery, specifically with regard to its business partners.²⁴ In addition, the Bank provides all its employees with mandatory training on corruption and bribery on a regular basis.²⁵
- The Bank has established a Policy for Prevention of Money Laundering, Terrorist Financing and Sanctions Breaches²⁶ in compliance with the Danish Money Laundering Act²⁷ and the German Money Laundering Act.²⁸ The policy outlines a risk management process to prevent money laundering and terrorist financing, and elaborates on the implementation of measures to prevent money laundering and terrorist financing at the business unit level, which is controlled by the Bank's Compliance Officer and Audit Department.
- Sydbank screens its corporate customers at the beginning of a new engagement in view of anti-money laundering and the company's control systems in place, among other aspects.²⁹
- The Bank's whistleblower scheme encourages its employees, customers and other stakeholders to report on any breaches related to corruption and violations of applicable laws and regulations, and the Bank's guidelines.³⁰

Based on the work of its research services and its ESG Risk Rating assessment, Sustainalytics evaluated the performance of Sydbank in relation to anti-bribery and anti-corruption matters and has not detected involvement in any relevant controversies that would suggest that the above policies are not adequate in addressing key risks.

Sustainalytics is of the opinion that these measures provide the minimum safeguards required for anti-bribery and anti-corruption matters in relation to the activities of the Framework.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Sydbank's policies, guidelines and commitments are sufficient to demonstrate that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

²¹ Government of Denmark, "Bekendtgørelse af lov om arbejdsmiljø", (2021), at: <https://www.retsinformation.dk/eli/lt/2021/2062>

²² Government of Germany, "Act on the Implementation of Measures of Occupational Safety and Health to Encourage Improvements in the Safety and Health Protection of Workers at Work (Arbeitsschutzgesetz, ArbSchG)", (2022), at: https://www.gesetze-im-internet.de/englisch_arbschg/index.html

²³ Sydbank, "Anti-corruption and bribery policy", (2023), at: https://www.sydbank.com/api/file/3ywdp1aw/anti-corruption-and-bribery-policy_1.pdf

²⁴ Sydbank, "Code of Conduct", (2023), at: https://www.sydbank.com/api/file/ycxjwp3v/code-of-conduct_1.pdf

²⁵ Sydbank, "Anti-corruption and bribery policy", (2023), at: https://www.sydbank.com/api/file/3ywdp1aw/anti-corruption-and-bribery-policy_1.pdf

²⁶ Sydbank, "Policy for prevention of money laundering, terrorist financing and sanction breaches", (2023), at:

https://www.sydbank.com/api/file/4mvfobv3/policy-for-prevention-of-money-laundering-terrorist-financing-and-sanctions-breaches_1.pdf

²⁷ Government of Denmark, "Bekendtgørelse af lov om forebyggende foranstaltninger mod hvidvask og finansiering af terrorisme (hvidvaskloven)", (2022), at: <https://www.retsinformation.dk/eli/lt/2022/316>

²⁸ Government of Germany, "Gesetz über das Aufspüren von Gewinnen aus schweren Straftaten (Geldwäschegesetz - GwG)", (2017), at: https://www.gesetze-im-internet.de/gwg_2017/GwG.pdf

²⁹ Sydbank has communicated this information directly to Sustainalytics for assessment on a confidential basis.

³⁰ Sydbank, "Anti-corruption and bribery policy", (2023), at: https://www.sydbank.com/api/file/3ywdp1aw/anti-corruption-and-bribery-policy_1.pdf

Section 2: Sustainability Strategy of Sydbank

Contribution to Sydbank's sustainability strategy

Sustainalytics is of the opinion that Sydbank demonstrates a commitment to sustainability by focusing on the integration of ESG considerations into its finance and investment activities. Sydbank has established an ESG forum, which is responsible for advancing ESG efforts in the Bank's strategic focus areas. The forum consists of the Bank's CEO and group executive vice presidents from relevant divisions.³¹ As a member of Finance Denmark,³² a business association of banks and other financial institutions in Denmark, Sydbank participates in working groups relating to ESG issues, corresponding regulations and CO₂ footprint calculations.³³

With regard to responsible finance, Sydbank aims to increase lending to green activities under its Framework to DKK 10 billion (EUR 1.34 billion) between 2020 and 2027. Across its loan portfolios, Sydbank has set the following CO₂ emissions intensity reduction targets (measured in tCO₂e/DKKm) in five selected areas to be achieved by 2030 compared to 2021: i) 50% reduction in emissions intensity linked to electricity and heat production; ii) 30% reduction in emissions intensity linked to road transport; iii) 40-50% reduction in emissions intensity linked to agriculture; and iv) 65% reduction in emissions intensity linked to owner-occupied dwellings. In addition, the Bank commits to dedicating 55% of new private car loans for EVs by 2030. Sydbank also aims to reduce CO₂ emissions from investments by 25-35% and 50-70% by 2025 and 2030, respectively, compared to 2020. Between 2020 and 2023, Sydbank's lending for green purposes reached DKK 5 billion (EUR 670 million). As per the Bank's 2023 Impact and Allocation report, allocated proceeds linked to its green bond issuances in 2022 and 2023 resulted in 221,991 tCO₂e emissions avoided, 693,248 MWh renewable energy produced and 9,584 MWh energy savings.³⁴

Sustainalytics is of the opinion that the Sydbank Green Bond Framework is aligned with the Bank's overall sustainability commitment and initiatives, and will further Sydbank's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Sustainalytics acknowledges that Sydbank plays a limited role in the development or implementation of specific projects but notes that it is exposed to risks associated with companies or projects to which it provides lending and financial services. Some key environmental and social risks possibly associated with the eligible projects include issues related to: i) land use and biodiversity loss associated with large infrastructure projects; ii) emissions, effluents and waste; iii) occupational health and safety (OHS); and iv) business ethics.

Sustainalytics is of the opinion that Sydbank is able to manage or mitigate potential risks through implementation of the following:

- Under its Responsible Investment and Active Ownership Policy, Sydbank considers sustainability risks as part of its investment decisions and assigns ESG scores to portfolio companies according to their ability to address sustainability risks.³⁵ Sydbank also has a credit evaluation process in place that takes ESG risks into consideration.³⁶
- Following the UN Principles for Responsible Banking, Sydbank has identified biodiversity as a key impact area and commits to measuring portfolio-level impacts on biodiversity and collecting data accordingly.³⁷ Moreover, Sydbank expects its corporate customers to conduct an environmental impact assessment for large infrastructure projects in line with Directive 2014/52/EU.³⁸ Additionally,

³¹ Sydbank, "Annual Report", (2023), at: <https://ipaper.ipapercms.dk/Sydbank/regnskaber-2023/2023-annual-report/>

³² Finance Denmark, "About us", at: <https://finansdanmark.dk/en/about-us/>

³³ Sydbank, "Annual Report", (2023), at: <https://ipaper.ipapercms.dk/Sydbank/regnskaber-2023/2023-annual-report/>

³⁴ Ibid.

³⁵ Sydbank, "Responsible investment and active ownership policy", (2023), at: https://www.sydbank.com/api/file/njukxjn/responsible-investment-and-active-ownership-policy_1.pdf

³⁶ Sydbank's, "Credit Risk", (2023), at: https://www.sydbank.com/api/file/eeghjym/1-kreditrisiko-2023_uk_2702_low.pdf

³⁷ Sydbank, "UN Principles for Responsible Banking Reporting and Self-Assessment", (2023), at: <https://www.sydbank.com/api/file/fvkpnlzy/sydbank-unprb-reporting-and-self-assessment-march-2023.pdf>

³⁸ European Parliament, "Directive 2014/52/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment Text with EEA relevance – National transposition", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32014L0052>

Sydbank excludes financing to corporates that do not have necessary licences for activities that require publicly issued environmental permits.³⁹

- With regard to risks related to emissions, the Bank commits to reducing GHG emissions from its overall investment portfolios by identifying countries, industries and companies that are incompatible with the Bank's principles for responsible investment; applying exclusion-based investment strategies in this regard; and focusing on active ownership to mitigate risks related to GHG emissions.⁴⁰ Sydbank also calculates the CO₂e footprints of its lending and investment portfolios following Finance Denmark's CO₂ model for the financial sector.⁴¹ To tackle risks related to effluents and waste, Sydbank excludes financing to corporate customers that do not have measures in place to ensure safe handling of hazardous waste.⁴²
- Regarding risks related to OHS, the Bank's Code of Conduct outlines standards for a responsible work environment with regard to its employees, customers and business partners.⁴³ As per its Policy for Healthy Corporate Culture, Sydbank protects a healthy physical and psychosocial work environment and safeguards employees' well-being and security.⁴⁴
- With respect to business ethics, Sydbank's Code of Conduct guides the Bank's employees and business partners on ethical and respectful behaviour and responsibility.⁴⁵ Sydbank monitors companies included in its investment and lending portfolios on an ongoing basis with regard to violation of conventions and norms, and addresses the need for change in the companies' conducts where needed.⁴⁶

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Sydbank has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All use of proceeds categories align with those recognized by the GBP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Importance of financing renewable energy in Denmark

In the European Union, the supply of electricity, gas, steam and air conditioning accounted for 21% of the bloc's total GHG emissions in 2022.⁴⁷ As part of its target to achieve climate neutrality by 2050, the European Commission pledged to reduce GHG emissions by 55% by 2030 compared to 1990 levels.⁴⁸ As of 2022, a 32% reduction in GHG emissions relative to 1990 has been achieved.⁴⁹ In the same year, the EU introduced the REPowerEU Plan, under which it aims to reach a renewable energy share of 45% in its energy mix by 2030 by diversifying energy sources, reducing energy consumption and increasing renewable energy use.⁵⁰

In 2021, Denmark emitted 6.7 Mt of CO₂ from electricity and heat production, accounting for 24.4% of the country's entire GHG emissions.⁵¹ The country aims to reduce its GHG emissions by 70% by 2030 relative to 1990.⁵² To achieve this target, Denmark is dedicated to reducing fossil fuel consumption for electricity and

³⁹ Sydbank, "Annual Report", (2023), at: <https://ipaper.ipapercms.dk/Sydbank/regnskaber-2023/2023-annual-report/>

⁴⁰ Sydbank, "Responsible investment and active ownership policy", (2023), at: https://www.sydbank.com/api/file/njukxjn/responsible-investment-and-active-ownership-policy_1.pdf

⁴¹ Finance Denmark, "Framework for Financed Emissions Accounting", (2022), at: https://finansdanmark.dk/media/cdxcfgny/framework-for-financed-emissions-accounting_2022.pdf

⁴² Sydbank, "Annual Report", (2023), at: <https://ipaper.ipapercms.dk/Sydbank/regnskaber-2023/2023-annual-report/>

⁴³ Sydbank, "Code of Conduct", (2023), at: https://www.sydbank.com/api/file/ycxjwp3v/code-of-conduct_1.pdf

⁴⁴ Sydbank, "Policy for healthy corporate culture", (2024), at: <https://www.sydbank.com/api/file/0j0pb45j/policy-for-healthy-corporate-culture.pdf>

⁴⁵ Sydbank, "Code of Conduct", (2023), at: https://www.sydbank.com/api/file/ycxjwp3v/code-of-conduct_1.pdf

⁴⁶ Sydbank, "Responsible investment and active ownership policy", (2023), at: https://www.sydbank.com/api/file/njukxjn/responsible-investment-and-active-ownership-policy_1.pdf

⁴⁷ Eurostat, "EU economy emissions in 2022: down 22% since 2008", (2023), at: <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20231221-3>

⁴⁸ European Commission, "2030 climate targets" at: https://climate.ec.europa.eu/eu-action/climate-strategies-targets/2030-climate-targets_en

⁴⁹ European Commission, "EU Climate Action Progress Report 2022", (2022), at:

[https://www.europarl.europa.eu/RegData/docs_autres_institutions/commission_europeenne/com/2022/0514/COM_COM\(2022\)0514_EN.pdf](https://www.europarl.europa.eu/RegData/docs_autres_institutions/commission_europeenne/com/2022/0514/COM_COM(2022)0514_EN.pdf)

⁵⁰ European Commission, "REPowerEU", at: https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/repower-eu-affordable-secure-and-sustainable-energy-europe_en

⁵¹ IEA, "Denmark", (2023), at <https://www.iea.org/countries/denmark/emissions>

⁵² Barker, A. et al. (2022), "Towards net zero emissions in Denmark", OECD, at: https://www.oecd-ilibrary.org/economics/towards-net-zero-emissions-in-denmark_5b40df8f-en

heating by 99% in 2030.⁵³ In line with its Energy Strategy, Denmark commits to phasing out fossil fuels by 2050 by focusing on increased energy efficiency and using wind energy, biomass and biogas for electricity production and heating.⁵⁴ Regarding biomass, the Danish government aims to increase the share of biomass in the country's energy mix from 12% in 2024 to 20% by 2030.⁵⁵ To meet this target, Denmark's CHP plants, which currently provide heat to two-thirds of households and a significant portion of electricity, will need to gradually replace the use of coal with biomass.⁵⁶

In this context, Sustainalytics is of the opinion that Sydbank's investments in renewable energy projects have the potential to reduce the environmental footprint of Denmark's energy sector and contribute to Denmark's climate-related goals and targets to phase out fossil fuels.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The bonds issued under the Sydbank Green Bond Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Green Buildings	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	9. Industry, Innovation, and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible, and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

Conclusion

Sydbank has developed the Sydbank Green Bond Framework, under which it intends to issue green bonds and use the proceeds to finance or refinance, in whole or in part, existing or future projects in Denmark and Germany that are expected to deliver positive environmental impacts.

The Sydbank Green Bond Framework outlines a process for the tracking, allocation and management of proceeds and includes commitments for reporting on allocation and impacts. Sustainalytics considers that the Sydbank Green Bond Framework is aligned with the overall sustainability strategy of Sydbank, and that the use of proceeds will contribute to the advancement of UN Sustainable Development Goals 7, 9 and 11. Additionally, Sustainalytics is of the opinion that Sydbank has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Sustainalytics has assessed the Sydbank Green Bond Framework for alignment with the Substantial Contribution criteria of the EU Taxonomy. Sustainalytics mapped the criteria defined in the Framework's three

⁵³ Danish Energy Agency, "Denmark's Climate Status and Outlook 2023", (2023), at: https://ens.dk/sites/ens.dk/files/Basisfremskrivning/kf23_hovedrapport_v3_eng.pdf

⁵⁴ IEA, "Denmark: Energy Strategy 2050", (2021), at: <https://www.iea.org/policies/5122-energy-strategy-2050>

⁵⁵ International Trade Administration, "Denmark – Country Commercial Guide", (2024), at: <https://www.trade.gov/country-commercial-guides/denmark-renewable-energy-products>

⁵⁶ Ibid.

use of proceeds categories to 18 activities in the EU Taxonomy. Sustainalytics is of the opinion that 16 activities align and 2 activities partially align with the applicable SC criteria in the EU Taxonomy. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards. The Framework's activities were not assessed for their alignment with the Do No Significant Harm criteria of the EU Taxonomy in this report.

Based on the above, Sustainalytics is confident that Sydbank is well positioned to issue green bonds and that the Sydbank Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

Appendices

Appendix 1: Approach to Assessing Alignment with the EU Taxonomy

Sustainalytics has assessed each of the eligible green use of proceeds criteria in the Framework against the criteria for the relevant activity in the EU Taxonomy. This appendix describes Sustainalytics’ process and presents the outcome of its assessment of alignment with the Taxonomy’s applicable technical screening criteria for substantial contribution (SC) to an environmental objective of the EU Taxonomy. Sustainalytics’ assessment involves two steps:

1. Mapping Framework Criteria to Activities in the EU Taxonomy

The initial step in Sustainalytics’ assessment process involves mapping each criterion in the Framework to a relevant and applicable activity in the EU Taxonomy. Note that each Framework criterion may be relevant and applicable to more than one activity in the EU Taxonomy and vice versa. Sustainalytics recognizes that some Framework criteria relate to projects that do not map well to a specific activity in the EU Taxonomy. In such cases, Sustainalytics has mapped to the activity that is most relevant with respect to the primary environmental objective established in the EU Taxonomy.

In some cases, the Framework criteria cannot be mapped to an activity in the EU Taxonomy, as some activities are not yet covered by the EU Taxonomy. In other cases, some categories which are traditionally included in green bonds and loans may not be associated with a specific EU Taxonomy activity. While recognizing that financing projects in these areas may still have environmental benefits, Sustainalytics has not assessed these criteria for alignment.

Table 2 below displays the outcome of Sustainalytics’ mapping process for this report.

2. Determining Alignment with EU Taxonomy Criteria

The second step in Sustainalytics’ process is to determine the alignment of each criterion with relevant criteria in the EU Taxonomy. Alignment with the SC criteria is usually based on the specific criteria contained in the issuer’s Framework, and may in many cases also be based on management systems and processes or regulatory compliance. To assess alignment with the EU Taxonomy’s Minimum Safeguards Sustainalytics has conducted an assessment of policies, management systems and processes applicable to the use of proceeds criteria, including the regulatory context in the geographical location of activities and projects. (See Section 1, above.)

Sustainalytics’ detailed assessment of alignment is provided in Appendix 2.

Table 2: Framework mapping table

Framework Category	Framework Criterion (Eligible Use of Proceeds)	EU Taxonomy Activity	Corresponding NACE Code	Environmental Objective	Refer to Table
Renewable Energy	Solar Energy	4.1 Electricity generation using solar photovoltaic technology	D35.11 and F42.22	Mitigation	Table 3
		4.2 Electricity generation using concentrated solar power (CSP) technology	D35.11 and F42.22		Table 4
	Wind Energy	4.3 Electricity generation from wind power	D35.11 and F42.22		Table 5
	Bioenergy	4.8 Electricity generation from bioenergy	D35.11		Table 6
	Energy Storage	4.10 Storage of electricity	-		Table 7
	Bioenergy	4.13 Manufacture of biogas or biofuels for use in transport and of bioliquids	D35.21		Table 8
		4.15 District heating and cooling distribution	D35.30		Table 9
		4.20 Cogeneration of heat and cool and power from bioenergy	D35.11 and D35.30		Table 10

Green Buildings	Construction of New Buildings	7.1 Construction of new buildings	F41.1 and F41.2	Mitigation	Table 11
	Renovation of Existing Buildings	7.2. Renovation of existing buildings	F41 and F43		Table 12
	Installation of Energy Efficiency Equipment and Renewable Energy Technologies	4.16 Installation and operation of electric heat pumps	D35.30 and F43.22		Table 13
		7.3. Installation, maintenance and repair of energy efficiency equipment	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22, C33.12		Table 14
		7.6 Installation, maintenance and repair of renewable energy technologies	F42, F43, M71, C16, C17, C22, C23, C25, C27 or C28		Table 15
Acquisition and Ownership of Buildings	7.7. Acquisition and ownership of buildings	L68	Table 16		
Clean Transportation	Road Passenger and Freight Transport	6.3 Urban and suburban transport, and road passenger transport	H49.31, H49.3.9, N77.39 and N77.11	Mitigation	Table 17
		6.5. Transport by motorbikes, passenger cars and light commercial vehicles	H49.32, H49.39 and N77.11		Table 18
		6.6. Freight transport services by road	H49.4.1, H53.10, H53.20 and N77.12		Table 19
	Transport Infrastructure	6.15. Infrastructure enabling low-carbon road transport and public transport	F42.11, F42.13, F71.1 and F71.20		Table 20

Appendix 2: Comprehensive EU Taxonomy Alignment Assessment

The tables below provide a detailed assessment of the alignment of the Framework criteria with the technical screening criteria for substantial contribution to an environmental objective for each relevant EU Taxonomy activity.

Table 3

Framework Activity assessed	The construction, development, acquisition, maintenance and operation of renewable energy projects, including solar and wind power	
EU Taxonomy Activity	4.1 Electricity generation using solar photovoltaic technology	
Corresponding NACE Code	D35.11 and F42.22	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	Aligned by default	Aligned

Table 4

Framework Activity assessed	The construction, development, acquisition, maintenance and operation of renewable energy projects, including solar and wind power	
EU Taxonomy Activity	4.2. Electricity generation using concentrated solar power (CSP) technology	
Corresponding NACE Code	D35.11 and F42.22	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	Aligned by default	Aligned

Table 5

Framework Activity assessed	The construction, development, acquisition, maintenance and operation of renewable energy projects, including solar and wind power	
EU Taxonomy Activity	4.3. Electricity generation from wind power	
Corresponding NACE Code	D35.11 and F42.22	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	Aligned by default	Aligned

Table 6

Framework Activity assessed	The construction, development, acquisition, maintenance and operation of biogas, biofuel, electricity, and combined heat and power (CHP) from biomass	
EU Taxonomy Activity	4.8. Electricity generation from bioenergy	
Corresponding NACE Code	D35.11	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	<ol style="list-style-type: none"> 1. Sydbank has confirmed that the financed activities will comply with the criteria in EU Directive 2018/2001 in accordance with Danish decree BEK no 641 of 27/05/2023.⁵⁷ 2. Sydbank has confirmed that the GHG emissions savings from the use of biomass will be at least 80% in relation to the GHG saving methodology, from 1 January 2026 for agricultural biomass and 1 January 2025 for forest biomass, in accordance with Danish decree BEK no 641 of 27/05/2023. 3. The Bank has confirmed that the production of digestate from anaerobic digestion of organic material will meet the criteria in section 5.6 and criteria 1 and 2 of section 5.7 in accordance with Danish decree BEK no 641 of 27/05/2023, which sets guidelines to minimize methane leakage. Sydbank has also confirmed that the produced biogas will be used for heat or electricity production or will be upgraded to bio-methane for injection into the natural gas grid. 4. Sydbank has confirmed conformance to the criteria specified under points (1) and (2) irrespective of the total rated thermal input and use of gaseous biomass fuels. 5. The Bank has confirmed that in case of installations with a total nominal thermal output of between 50 and 100 MW, the electricity must be produced using highly efficient cogeneration technology, or in the case of purely electricity-producing installations, comply with an energy efficiency level corresponding to the best available technology (BAT- AEELs) in accordance with Danish decree BEK no 641 of 27/05/2023. 6. Sydbank has confirmed that for electricity generation installations with a total rated thermal input above 100 MW, the Bank will confirm with one of the criteria as stated under points (a), (b) or (c) in accordance with Danish decree BEK no 641 of 27/05/2023. <p>Further, Sustainalytics notes that the EU Directives 2018/2001⁵⁸ and 2012/27/EU⁵⁹ have been transposed into national legislation in Denmark, where projects financed under this Framework will be located.</p> <p>Based on the above, Sustainalytics considers the activity to be aligned with the SC criteria of the EU Taxonomy.</p>	Aligned

⁵⁷ Government of Denmark, “Bekendtgørelse om bæredygtighed og besparelse af drivhusgasemissioner for biomassebrændsler og flydende biobrændsler til energiformål”, (2023), at: <https://www.retsinformation.dk/eli/lta/2023/641>

⁵⁸ European Parliament, “Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources – National transposition”, at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=uriserv:OJ.L_.2018.328.01.0082.01.ENG

⁵⁹ European Parliament, “Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC – National transposition”, at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32012L0027>

Table 7

Framework Activity assessed	Electrochemical energy storage	
EU Taxonomy Activity	4.10 Storage of electricity	
Corresponding NACE Code	-	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	Sydbank has confirmed that the financed activities will be limited to energy storage in the form of battery storage, solely dedicated to renewable energy sources. The energy storage will exclude chemical energy storage and other types of storage, such as hydrogen or ammonia. Sustainalytics considers the activity to be aligned with the SC criteria of the EU Taxonomy.	Aligned

Table 8

Framework Activity assessed	The construction, development, acquisition, maintenance and operation of biogas, biofuel, electricity, and combined heat and power (CHP) from biomass	
EU Taxonomy Activity	4.13. Manufacture of biogas and biofuels for use in transport and of bioliquids	
Corresponding NACE Code	D35.21	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	<ol style="list-style-type: none"> 1. Sydbank has confirmed the compliance of biomass with criteria outlined in Danish decree BEK no 641 of 27/05/2023.⁶⁰ Sydbank has also confirmed the exclusion of food and feed crops in alignment with Directive (EU) 2018/2001. 2. Sydbank has confirmed that the GHG savings from the financed activities will be at least 65% for the production facilities that became operational from 1 January 2021, in line with Danish decree BEK no 641 of 27/05/2023. 3. The Bank has confirmed compliance with the criteria in Section 5.6 and criteria 1 and 2 of Section 5.7 of the Annex, in accordance with Danish decree BEK no 641 of 27/05/2023. Sydbank has also communicated to Sustainalytics that the produced biogas will be used for heat or electricity production or will be upgraded to bio-methane for injection into the natural gas grid. 4. The Bank has confirmed that it excludes the financing of underground CO₂ storage systems under the Framework. <p>Sustainalytics notes that EU Directive 2018/2001⁶¹ has been transposed into national legislation in Denmark, where the Bank intends to implement the projects under this activity.</p> <p>Based on the above, Sustainalytics considers the activity to be aligned with the SC criteria of the EU Taxonomy.</p>	Aligned

⁶⁰ Government of Denmark, "Bekendtgørelse om bæredygtighed og besparelse af drivhusgasemissioner for biomassebrændsler og flydende biobrændsler til energiformål", (2023), at: <https://www.retsinformation.dk/eli/fta/2023/641>

⁶¹ European Parliament, "Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources – National transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=uriserv:OJ.L_.2018.328.01.0082.01.ENG

Table 9

Framework Activity assessed	Construction, refurbishment and operation of pipelines and associated infrastructure for the distribution of heating and cooling	
EU Taxonomy Activity	4.15. District heating and cooling distribution	
Corresponding NACE Code	D35.30	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	<ul style="list-style-type: none"> a) In accordance with requirement of Directive 2012/27/EU and Danish legislation BEK no 734 of 23/05/2022, Sydbank has confirmed that energy companies are required to publish a district heating declaration that includes information on the share of renewable energy, among other parameters. Sydbank also requires a share of renewable energy of at least 95%. b) Sydbank has confirmed compliance with the criteria linked to the refurbishment of pipelines and associated infrastructure, and the definition of efficient district heating or cooling in Directive 2012/27/EU. c) The Bank has confirmed that the activity will meet the requirements as specified under points (i) and (ii) of the SC requirements. <p>Sustainalytics notes that EU Directive 2012/27/EU⁶² has been transposed into national legislation in Denmark, where the Bank intends to implement the projects under this activity.</p> <p>Based on the above, Sustainalytics considers the activity to be aligned with the SC criteria of the EU Taxonomy.</p>	Aligned

Table 10

Framework Activity assessed	The construction, development, acquisition, maintenance and operation of biogas, biofuel, electricity, and combined heat and power (CHP) from biomass	
EU Taxonomy Activity	4.20. Cogeneration of heat and cool and power from bioenergy	
Corresponding NACE Code	D35.11 and D35.30	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	<ul style="list-style-type: none"> 1. Sydbank has confirmed that the financed activities will comply with this criterion as stated in EU Directive 2018/2001 in accordance with the Danish decree BEK no 641 of 27/05/2023.⁶³ 2. Sydbank has confirmed that the GHG emissions savings from the use of biomass will be at least 80% in relation to the GHG saving methodology, from 1 January 2026 for agricultural biomass and 1 January 2025 for forest biomass, in accordance with Danish decree BEK no 641 of 27/05/2023. 3. The Bank has confirmed that the production of digestate from anaerobic digestion of organic material will meet the criteria in section 5.6 and criteria 1 and 2 of section 5.7 in accordance with Danish decree BEK no 641 of 27/05/2023, the goal of which is to minimize methane leakage. Sydbank has also confirmed that the produced biogas will be used for heat or electricity production or will be upgraded to bio-methane for injection into the natural gas grid. 	Aligned

⁶² European Parliament, "Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC – National transposition", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32012L0027>

⁶³ Government of Denmark, "Bekendtgørelse om bæredygtighed og besparelse af drivhusgasemissioner for biomassebrændsler og flydende biobrændsler til energiformål", (2023), at: <https://www.retsinformation.dk/eli/lta/2023/641>

	<p>4. Sydbank has confirmed conformance to the criteria specified under points (1) and (2) irrespective of the total rated thermal input and use of gaseous biomass fuels.</p> <p>Sustainalytics notes that EU Directive 2018/2001⁶⁴ has been transposed into national legislation in Denmark, where the Bank intends to implement the projects under this activity.</p> <p>Based on the above, Sustainalytics considers the activity to be aligned with the SC criteria of the EU Taxonomy.</p>	
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Table 11

Framework Activity assessed	Construction of new buildings, including commercial and residential buildings in Denmark	
EU Taxonomy Activity	7.1 Construction of new buildings	
Corresponding NACE Code	F41.1 and F41.2	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	<ol style="list-style-type: none"> 1. Sydbank has confirmed to Sustainalytics that it will finance the construction of new buildings under the Framework, where the PED defining the energy performance of the buildings resulting from the construction is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The Bank has further confirmed to Sustainalytics that the energy performance of the buildings will be certified using an as-built energy performance certificate (EPC). 2. Sydbank has confirmed to Sustainalytics that in most relevant cases, the Bank will carry out tests to ensure the buildings comply with requirements regarding airtightness and thermal integrity for buildings larger than 5,000 m². However, the Bank was unable to confirm that all projects will meet these requirements. 3. Sydbank has communicated to Sustainalytics that it may finance the construction of buildings larger than 5000m². However, the Bank was unable to confirm compliance with the criteria pertaining to the calculation of life cycle global warming potential (GWP) of the buildings resulting from the construction and disclose the same to the investors and clients on demand. <p>Sustainalytics notes that Sydbank is unable to confirm compliance with criteria (2) and (3) and hence, may not completely fulfil SC criteria with respect to this EU Taxonomy activity. In this context, Sustainalytics has assessed this activity as partially aligned with the SC of the EU Taxonomy.</p>	Partially Aligned

⁶⁴ EUR-Lex, "Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources – National transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=uriserv:OJ.L_.2018.328.01.0082.01.ENG

Table 12

Framework Activity assessed	Renovation of existing buildings	
EU Taxonomy Activity	7.2. Renovation of existing buildings	
Corresponding NACE Code	F41 and F43	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	Sydbank has confirmed that renovations will lead to a minimum 30% reduction in PED. Hence, Sustainalytics has assessed this activity as aligned with the SC of the EU Taxonomy.	Aligned

Table 13

Framework Activity assessed	Lending for energy refurbishment and renovation of existing buildings to achieve energy improvements	
EU Taxonomy Activity	7.3 Installation, maintenance and repair of energy efficiency equipment	
Corresponding NACE Code	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22, C33.12	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	<p>Sydbank will finance the following energy efficiency equipment: i) cavity walls; ii) roof and floor insulation with low U value; iii) electric heat pumps with refrigerants that have a GWP not exceeding 675 and absorption heat pumps driven by solar or geothermal heated water; iv) infrared panels powered by renewable energy sources; and v) energy-efficient windows with double, triple or HR ++ glazing and doors with U value equal to or lower than 1.5.</p> <p>Sydbank has confirmed compliance with individual requirements set for individual components and systems in accordance with Directive 2010/31/EU and, where applicable, are rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369.⁶⁵</p> <p>Further, Sustainalytics notes that the EU Directive 2010/31/EU⁶⁶ has been transposed into national legislation in Denmark, where the Bank intends to implement the projects under this activity.</p> <p>Additionally, the Bank has confirmed compliance with the requirements laid down in Appendix E, as follows: 1) The flow rate will be recorded at the standard reference pressure 3-0/+0, 2 bar or 0, 1 -0/+0, 02 for products limited to low pressure; 2) The flow rate at the lower pressure 1, 5 -0/+ 0, 2 bar will be more than or equal to 60% of the maximum available flow rate; 3) For mixer showers, the reference temperature will be 38 ±1° C; and 4) The flow will be lower than 6 litre per minute, it complies with the rule set out in point (2), as stated above.</p> <p>Based on the above, Sustainalytics considers the activity to be aligned with the SC criteria of the EU Taxonomy.</p>	Aligned

⁶⁵ European Parliament, "Regulation (EU) 2017/1369 of the European Parliament and of the Council of 4 July 2017 setting a framework for energy labelling and repealing Directive 2010/30/EU", at: <https://eur-lex.europa.eu/eli/reg/2017/1369/oj>

⁶⁶ European Parliament, "Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings – National transposition", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32010L0031>

Table 14

Framework Activity assessed	Installation and operation of electric heat pumps	
EU Taxonomy Activity	4.16 Installation and operation of electric heat pumps	
Corresponding NACE Code	D35.30 and F43.22	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	<ol style="list-style-type: none"> 1. Sydbank has confirmed that electric heat pumps will have a GWP threshold that does not exceed 675. 2. Sydbank has confirmed compliance with the energy efficiency requirements in accordance with Danish decrees BEK no 1321 and LBK no. 2166 on environmentally friendly designs of energy-related products including electric heat pumps Sustainalytics notes that EU Directive 2009/125/EC⁶⁷ has been transposed into national legislation in Denmark, where the Bank intends to implement the projects under this activity. <p>Based on the above, Sustainalytics has assessed this activity as aligned with SC of EU Taxonomy.</p>	Aligned

Table 15

Framework Activity assessed	Lending for energy refurbishment and renovation of existing buildings to achieve energy improvements	
EU Taxonomy Activity	7.6 Installation, maintenance and repair of renewable energy technologies	
Corresponding NACE Code	F42, F43, M71, C16, C17, C22, C23, C25, C27 or C28	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	<p>Sydbank will finance the following renewable energy technologies: i) solar PVs; ii) electric heat pumps with refrigerants that have a GWP not exceeding 675 and absorption heat pumps driven by solar or geothermal heated water; and iii) infrared panels powered by renewable energy sources.</p> <p>Sydbank has confirmed that the technologies installed on-site will comply with the individual measures as outlined in the SC criteria of the EU Taxonomy.</p> <p>Based on the above, Sustainalytics has assessed this activity as aligned with SC of EU Taxonomy.</p>	Aligned

⁶⁷ European Parliament, "Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products – National transposition", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=CELEX:32009L0125>

Table 16

Framework Activity assessed	Acquisition of and ownership of buildings	
EU Taxonomy Activity	7.7. Acquisition and ownership of buildings	
Corresponding NACE Code	L68	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	<ol style="list-style-type: none"> 1. Sydbank has confirmed that for the acquisition of buildings built before 31 December 2020, the buildings will have an EPC label A or belong to the top 15% of the national or regional building stock expressed as operational PED. 2. Sydbank has confirmed that for the acquisition of buildings built after 31 December 2020, the buildings will have a PED at least 10% lower than the requirement for NZEB at the time of acquisition. However, for buildings larger than 5,000 m², the Bank was unable to confirm compliance with the requirements regarding airtightness and thermal integrity as specified in Section 7.1 of this Annex. 3. For the financing of large non-residential buildings, the Bank has confirmed that it will ensure the fulfilment of this criterion in accordance with the Danish building regulations,⁶⁸ which state that the building automation must be installed to control technical installations, when output is greater than 290 kW. <p>Sustainalytics notes that Sydbank was unable to confirm full adherence with criteria (2) of the SC criteria linked to this activity. Hence, Sustainalytics has assessed this activity as partially aligned with the SC of the EU Taxonomy.</p>	Partially Aligned

Table 17

Framework Activity assessed	The development, construction, acquisition, maintenance and operation of vehicles for zero direct emissions transportation of passengers and freight	
EU Taxonomy Activity	6.3 Urban and suburban transport, road passenger transport	
Corresponding NACE Code	H49.31, H49.3.9, N77.39 and N77.11	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	Financing under Sydbank’s Framework includes zero-emission urban and suburban transportation vehicles. Hence, Sustainalytics considers the activity to be aligned with the SC criteria under the EU Taxonomy.	Aligned

⁶⁸ Government of Denmark, “Energiforbrug og klimapåvirkning”, at: <https://bygningsreglementet.dk/Tekniske-bestemmelser/11/Krav>

Table 18

Framework Activity assessed	The development, construction, acquisition, maintenance and operation of vehicles for zero direct emissions transportation of passengers and freight	
EU Taxonomy Activity	6.5. Transport by motorbikes, passenger cars and light commercial vehicles	
Corresponding NACE Code	H49.32, H49.39 and N77.11	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	Financing under Sydbank’s Framework includes zero-emission motorbikes, passenger cars and light commercial vehicles. Thus, Sustainalytics considers the activity to be aligned with the SC criteria under the EU Taxonomy.	Aligned

Table 19

Framework Activity assessed	The development, construction, acquisition, maintenance and operation of vehicles for zero direct emissions transportation of passengers and freight	
EU Taxonomy Activity	6.6. Freight transport services by road	
Corresponding NACE Code	H49.4.1, H53.10, H53.20 and N77.12	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	Financing under Sydbank’s Framework includes zero-emission freight road transport vehicles. The Bank has confirmed that vehicles dedicated to the transport of fossil fuels will be excluded under the Framework. Hence, Sustainalytics considers the activity to be aligned with the SC criteria under the EU Taxonomy.	Aligned

Table 20

Framework Activity assessed	The development, construction, acquisition, maintenance and operation of infrastructure, such as BEV charging stations	
EU Taxonomy Activity	6.15. Infrastructure enabling low-carbon road transport and public transport	
Corresponding NACE Code	F42.11, F42.13, F71.1 and F71.20	
Applicable SC Criteria	Alignment Assessment	
Climate Change Mitigation	Financing under Sydbank’s Framework includes infrastructure dedicated to fully electric vehicles. The Bank has also confirmed that infrastructure dedicated to the use of fossil fuels will be excluded under the Framework. Hence, Sustainalytics considers the activity to be aligned with the SC criteria under the EU Taxonomy.	Aligned

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