

Second-Party Opinion

Ringkjøbing Landbobank Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Ringkjøbing Landbobank 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, Clean Transportation and Sustainable Management of Living Natural Resources – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to deliver positive environmental impacts through investment in sustainable infrastructure and energy transition projects and advance the UN Sustainable Development Goals, specifically SDGs 7, 11, 12, 14 and 15.



PROJECT EVALUATION / SELECTION Ringkjøbing Landbobank's Green Bond Committee, chaired by the CEO or another member of the general management, will be responsible for evaluating and selecting eligible projects that are in line with the eligibility criteria. Ringkjøbing Landbobank has implemented a qualification process to identify potential environmental and social risks that is applicable to all allocation decisions. Sustainalytics considers this risk management system to be adequate and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Ringkjøbing Landbobank's Green Bond Committee will be responsible for the management of proceeds and will track the allocation of proceeds using a Green Bond Register, which it will review on a quarterly basis. Ringkjøbing Landbobank intends to allocate all proceeds at the time of issuance. However, in case of unallocated proceeds, such proceeds will be temporarily held in green bonds or cash. This is in line with market practice.



REPORTING Ringkjøbing Landbobank intends to report on the allocation of proceeds in its annual Green Bond Report, which will be published on its website. Allocation reporting will include details such as the proportion of allocated and unallocated net proceeds. In addition, Ringkjøbing Landbobank is committed to reporting on relevant impact metrics such as estimated avoided CO₂ emissions, number of certified green buildings in square metres, number of hectares of certified agricultural or forestry land and number of loans to certified fisheries. Sustainalytics views Ringkjøbing Landbobank's allocation and impact reporting commitments as aligned with market practice.

Evaluation Date	August 15, 2022
Issuer Location	Ringkjøbing, Denmark

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Introduction

Ringkjøbing Landbobank A/S (“Ringkjøbing Landbobank”, or the “Bank”) is a regional and niche bank, specialized in providing loans, guarantees, deposits and asset management through branches in Jutland and Zealand, Denmark. Headquartered in Ringkjøbing, the Bank had 626 full-time employees and serviced 206, 239 customers through a network of 22 branches as of December 2021.¹

The Bank has developed the Ringkjøbing Landbobank Green Bond Framework (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance or refinance, in whole or in part, existing and future projects that aim to create environmental benefits through the development of sustainable infrastructure and energy transition projects. The Framework defines eligibility criteria in four green categories:

1. Renewable Energy
2. Green Buildings
3. Clean Transportation
4. Sustainable Management of Living Natural Resources

The Bank engaged Sustainalytics to review the Ringkjøbing Landbobank Green Bond Framework, dated August 2022, 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 has been 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 the 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; and
- 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 1.11, 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 the Bank’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. The Bank’s representatives have confirmed that: (1) they understand it is the sole responsibility of the Bank to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information and (3) 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 the Bank.

¹Ringkjøbing Landbobank, “Sustainability and Social Responsibility”, (2021), at: https://www.landbobanken.dk/wps/wcm/connect/landbobanken/2d2bf1fd-8760-4d45-aa3a-5a37abc3304c/ESG-rapport+2021_EN.pdf?MOD=AJPERES&CVID=ntEvOpV

² The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

³ The Ringkjøbing Landbobank Green Bond Framework is available on Ringkjøbing Landbobank’s website at: https://www.landbobanken.dk/en/ir_english/thebank/policies#listings

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.

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 proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, the Bank is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond 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 the Bank has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Ringkjøbing Landbobank Green Bond Framework

Sustainalytics is of the opinion that the Ringkjøbing Landbobank Green Bond Framework is credible and impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Bank's Green Bond Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Green Buildings, Clean Transportation and Sustainable Management of Living Natural Resources – are aligned with those recognized by the GBP. Sustainalytics expects the projects to create environmental benefits through investment in sustainable infrastructure and energy transition projects.
 - Ringkjøbing Landbobank communicated to Sustainalytics that financing or refinancing of projects under the Framework will mainly focus on projects in Denmark, with other allocations in the Faroe Islands, France, Germany, Poland, Sweden, and the UK.
 - The Bank has communicated to Sustainalytics that it will limit refinancing to capital expenditures and has therefore not established a look-back period for refinancing under the Framework. This is aligned with market practice.
 - Under the Renewable Energy category, Ringkjøbing Landbobank may finance or refinance loans for the development of renewable energy generation facilities including wind, solar photovoltaic and biogas production according to the following criteria:
 - Biogas production where the feedstock is derived from agricultural residues such as manure and offal from the meat-processing sector,⁵ in compliance with Denmark's Animal Welfare Act.⁶ While the use of livestock residue for biomass energy may improve the environmental performance of some agricultural operations, large- and medium-scale livestock farming has a significant carbon and water footprint that is not addressed using livestock by-products in energy generation. Furthermore, such farming techniques may contribute to land degradation, biodiversity loss and deforestation. Nevertheless, Sustainalytics considers the use of residues from day-to-day operations of existing facilities for energy generation to provide positive impacts in the short term.
 - Under the Green Buildings category, Ringkjøbing Landbobank may finance or refinance the construction, acquisition, refurbishment and operation of commercial or residential buildings that have achieved or are expected to achieve: (i) an Energy Performance Certificate rating of A or B for buildings located in Denmark, Germany and the UK, or (ii) the following minimum

⁵ The Bank confirmed that the feedstock may be supplemented with less than 1.5% of glycerin to increase efficiency.

⁶ Retsinformation, "Lov om dyrevelfærd (dyrevelfærdsloven)", ("Animal Welfare Act"), at: Dyrevelfærdsloven (retsinformation.dk)

- certification levels: LEED Gold⁷, BREEAM Excellent⁸, DGNB Gold⁹ or Nordic Swan Ecolabel¹⁰. Sustainalytics views these certifications to be credible and the levels selected as aligned with market practice.
- Under the Clean Transportation category, Ringkjøbing Landbobank may finance or refinance loans for private passenger battery electric vehicles and associated clean transportation infrastructure such as charging stations for personal use. These investments are in line with market practice.
 - Under the Sustainable Management of Living Natural Resources category, Ringkjøbing Landbobank may finance or refinance the acquisition, maintenance and management of projects related to agriculture¹¹, forestry, and fisheries. The Bank relies on recognized third-party certification systems for forestry (Forest Stewardship Council¹²) and fisheries (Marine Stewardship Council¹³), and limits financing to organic agriculture that is compliant with EU and Danish laws. Sustainalytics acknowledges that the certification schemes selected for forestry and fisheries projects are robust and credible and notes the Bank's reliance on the list of certified organic farms, according to Danish law, to determine eligible projects.¹⁴
 - In accordance with the exclusionary criteria set out in the Framework, proceeds will not be allocated to assets directly linked to weapons, defence, coal mining, tobacco, nuclear or fossil fuel energy operations. Sustainalytics views the Framework's inclusion of the exclusionary criteria positively.
 - **Project Evaluation and Selection:**
 - Ringkjøbing Landbobank has established the Green Bond Committee (the "Committee"), which will be responsible for evaluating and selecting eligible assets that are in line with the Framework's eligibility criteria. The Committee is chaired by the CEO or another member of general management and comprised of general management-level representation and the CFO, Head of Risk and Analysis and the Chief of Staff. Sustainalytics notes that all allocation decisions are made in consensus by the Committee.
 - Ringkjøbing Landbobank has implemented a qualification process to identify potential environmental and social risks associated with potential projects that is applicable to all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional details, see Section 2.
 - Based on the establishment of a formal committee for project selection and the presence of sound risk management systems, Sustainalytics considers this process to be in line with market practice.
 - **Management of Proceeds:**
 - Ringkjøbing Landbobank's Green Bond Committee will be responsible for the management and allocation of proceeds and will track allocations to eligible assets through a Green Bond Register. The Green Bond Register will be reviewed by the Committee on a quarterly basis.
 - Ringkjøbing Landbobank intends to allocate all proceeds to eligible assets at the time of issuance. However, in case of any unallocated proceeds, such proceeds will temporarily be invested in green bonds or cash.
 - Based on the use of a tracking system and disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
 - **Reporting:**

⁷ LEED certification is a globally recognized symbol of green buildings. More information can be accessed at: <https://www.usgbc.org/leed>

⁸ Standing for Building Research Establishment Assessment Method, BREEAM is a certification for a sustainable built environment. More information can be accessed at: <https://www.breeam.nl/>

⁹ DGNB is a German sustainable building certification that is adapted to the Austrian Society for Sustainable Real Estate Management (ÖGNI). More information can be accessed at: <https://www.dgnb.de/en/index.php>

¹⁰ The Nordic Swan Ecolabel is owned by the Swedish state company "Ecolabelling Sweden". More information can be accessed at: <https://www.nordic-ecolabel.org/>

¹¹ All livestock related assets will be excluded.

¹² Forest Stewardship Council confirms that forests are managed to ensure ecological and social benefits. More information is available at: <https://fsc.org/en>

¹³ Marine Stewardship Council ensures effective management of exploited marine populations. More information is available at: <https://www.msc.org/>

¹⁴ Danish Ministry of food, agriculture and fisheries, "Certified farms", (2022), at: <https://lbst.dk/tvaergaaende/oekologi/jordbrugsbedrifter/certificerede-bedrifter/>

- Ringkjøbing Landbobank intends to report on the allocation and impact of proceeds in its annual Green Bond Report. The report will be published on the Bank's website within one year of issuance.
- Allocation reporting will include the net proceeds allocated within each green bond category, net proceeds unallocated and where appropriate, examples of green bond assets that have been financed or refinanced.
- In addition, Ringkjøbing Landbobank is committed to reporting on relevant impact metrics such as estimated avoided CO₂ emissions, number of certified green buildings in square metres, number of hectares of certified agricultural or forestry land and the number of loans to certified fisheries.
- Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Ringkjøbing Landbobank Green Bond Framework aligns with the four core components of the GBP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of the Bank

Contribution of framework to Ringkjøbing Landbobank's sustainability strategy

Sustainalytics is of the opinion that Ringkjøbing Landbobank demonstrates a commitment to sustainability by enabling investments that support the transition towards a sustainable economy. This includes granting loans for projects related to renewable energy production, sustainable vehicles, energy efficiency, green buildings and advising on sustainable investment products.¹⁵

The Bank has provided loans for onshore wind turbines in Denmark and other European countries as of 1995 and has since expanded the loan offering to include the financing of solar energy and biogas plants. In 2021, loans for renewable energy (wind, solar and biogas) accounted for 6.5% of the Bank's portfolio. Ringkjøbing Landbobank's efforts to reduce the carbon footprint of its investment products are largely driven by its stake in BankInvest.¹⁶ The Bank, through BankInvest, offers three sustainable Nordic Swan Ecolabelled funds that totaled DKK 18 billion (USD 2.53 billion) at the end of 2021. The Bank also trains its investment advisers in sustainability, including the EU-wide rules on transparency to prevent greenwashing in investments.¹⁷ Ringkjøbing Landbobank also participates in national and international initiatives related to environmental and social sustainability, such as Finance Denmark and its 20 recommendations for accelerating sustainable finance¹⁸ and the UN Global Compact principles which are reflective of the Bank's commitment to supporting projects that enable the transition to a low-carbon, climate-resilient economy required to limit global warming.¹⁹

The Bank started measuring its scope 1 and 2 emissions in 2019, and shortly after in 2020, became carbon-neutral by purchasing certified carbon credits. The Bank purchased certified climate credits in South Pole's Kariba project in northern Zimbabwe in 2021 and Gold Standard certified climate credits in 2020 to offset its operational emissions. Ringkjøbing Landbobank intends to publish its portfolio-level carbon emissions from the Bank's loans in its ESG Report, from 2022 onward.

Sustainalytics is of the opinion that the Ringkjøbing Landbobank's Framework is aligned with the Bank's overall sustainability initiatives and will further the Bank's action on its key environmental priorities. Nevertheless, Sustainalytics encourages the Bank to establish and communicate timebound quantitative targets and transparently report on its progress in achieving such targets.

¹⁵ Ringkjøbing Landbobank, "Sustainability and Social Responsibility – ESG Report 2021", (2022), at: https://www.landbobanken.dk/wps/wcm/connect/landbobanken/2d2bf1fd-8760-4d45-aa3a-5a37abc3304c/ESG-rapport+2021_EN.pdf?MOD=AJPERES&CVID=ntEvOpV

¹⁶ Ringkjøbing Landbobank owns 22% of BankInvest, an asset manager in the Nordic region. More information available at: <https://bankinvest.dk/baeredygtighed/vores-fonde/>

¹⁷ The entire section has been referenced from Landbobank's Sustainability and Social Responsibility – ESG Report, 2021.

¹⁸ Finance Denmark, "Forum for Sustainable Finance 20 Recommendations to Finance Denmark", at: <https://financedenmark.dk/news/2019/forum-for-sustainable-finance-20-recommendations-to-finance-denmark/>

¹⁹ UN Global Compact, "UNGC Communication on Progress", at: <https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/464036>

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the use of proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have a positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes, such as those related to occupational health and safety, biodiversity loss, waste and effluents generated from large infrastructure projects and negative community relations. While Ringkjøbing Landbobank has limited involvement in the development of specific projects that will be financed under the Framework, it is exposed to environmental and social risks associated with the loans that it may finance. Sustainalytics is of the opinion that the Bank is able to manage or mitigate potential risks through its implementation of the following:

- Ringkjøbing Landbobank has confirmed to Sustainalytics that it has an Internal Credit Policy in place that stipulates that all customers, both corporate and private, must undergo screening prior to being granted new credit facilities. The screening seeks to identify ESG-related risks including occupational health and safety, biodiversity loss, waste and effluents that may be generated from large infrastructure projects and negative community relations. If such risks are identified during the screening, the Bank discusses with the customer and includes the risks in the customer's credit assessment.
- Ringkjøbing Landbobank has implemented an overarching Responsible Purchasing Policy, which is applicable to the Bank's suppliers and partners.²⁰ The policy defines the Bank's approach to the management of human rights and working conditions, the environment and climate, corruption and unacceptable conduct. The policy further states that suppliers must comply with applicable national laws.
- Regarding occupational health and safety, the Bank's Responsible Purchasing Policy states that suppliers must comply with the UN's Human Rights Principles. Furthermore, the policy stipulates that suppliers must provide a safe and healthy work environment and ensure that employees are provided with suitable protective equipment and the training required to safely carry out their work.²¹
- Ringkjøbing Landbobank has implemented a code of conduct, which guides the Bank on its conduct in relation to stakeholders such as customers, suppliers and authorities.²² This includes guidance on topics such as personal conduct, conflicts of interest, data protection, insider trading and whistleblowing. The code of conduct is applicable to all departments and branches and all employees.
- Since 2021, Ringkjøbing Landbobank has endorsed the 10 principles of the UN Global Compact, through which it seeks to align its strategies and operations with sustainable and socially responsible policies in the area of human rights, labour, the environment and anti-corruption.²³
- Ringkjøbing Landbobank intends to finance projects that will be located in Denmark (including the Faroe Islands), France, Germany, Poland, Sweden and the UK. These countries are recognized as Designated Countries under the Equator Principles, ensuring the presence of robust environmental and social governance, legislation and institutional capacity to mitigate the environmental and social risks associated with projects intended to be financed under the Framework.²⁴

Based on these policies, standards and assessments, Sustainalytics is of the opinion that the Bank 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 four use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

²⁰ Ringkjøbing Landbobank, "Responsible purchasing policy", 2021, at: <https://www.landbobanken.dk/wps/wcm/connect/landbobanken/e9f02a6e-b386-41c7-a33b-21b7cf3ec853/2021+2+Politik+for+ansvarligt+indk%C3%B8b+endelig.pdf?MOD=AJPERES&CVID=nUvaFrM>

²¹ Ringkjøbing Landbobank, "Responsible purchasing policy", 2021, at: <https://www.landbobanken.dk/wps/wcm/connect/landbobanken/e9f02a6e-b386-41c7-a33b-21b7cf3ec853/2021+2+Politik+for+ansvarligt+indk%C3%B8b+endelig.pdf?MOD=AJPERES&CVID=nUvaFrM>

²² Ringkjøbing Landbobank, "Code of conduct for Ringkjøbing Landbobank", (2021), at: <https://www.landbobanken.dk/wps/wcm/connect/landbobanken/bd2b06e5-ea00-4cea-976f-742c4a9cb849/2021+2+Code+of+Conduct+endelig.pdf?MOD=AJPERES&CVID=nTmREcL>

²³ Ringkjøbing Landbobank, "ESG report", (2021), at: https://www.landbobanken.dk/wps/wcm/connect/landbobanken/3b9d2989-84f7-4948-89be-3a1e641f58e7/ESG-rapport+2021_DK.pdf?MOD=AJPERES&CVID=nWW.1A2

²⁴ Equator Principle, "Designated and Non-Designated Countries", at: <https://equator-principles.com/about-the-equator-principles/designated-countries/>

Importance of financing renewable energy projects

The International Energy Agency (IEA) estimates that annual global energy demand will increase by 9% between 2019 and 2030, despite the recent decline in demand from COVID-19 related economic contractions.²⁵ According to the IEA, the Energy sector accounts for 75% of global GHG emissions.²⁶ Although renewable energy experienced strong growth worldwide in 2019, accounting for almost 25% of global electricity generation, the rate of deployment must be ramped up to meet the Paris Agreement climate goals.²⁷ This requires the share of low-carbon energy sources to increase to 65-70% of worldwide primary energy demand by 2050.²⁸ The road to achieving net zero by 2050 requires an annual addition of 630 GW of solar photovoltaics.²⁹ Growing renewable energy capacity will also require more system flexibility, supported by an increase in energy storage capabilities.³⁰

In Europe, the energy sector accounts for 75% of the EU's GHG emissions.³¹ In order to reduce GHG emissions, the European Green Deal set a 2050 target for climate neutrality, requiring a 55% emissions reduction and a 32% share of renewable energy by 2030.³² The share of renewable energy in Europe in 2019 was 34.6%,³³ but it is required to increase to 38-40% by 2030 in order to meet the 55% emissions reduction target.³⁴ Therefore, increasing the share of renewable energy generation has the potential to significantly contribute to meeting Europe's climate goals.

Denmark has committed to becoming fossil free by 2050, through energy and climate measures, such as promoting the use of renewable energy sources and energy efficient technologies.³⁵ As of 2018, the energy and transportation sectors are the two primary drivers of carbon emissions, accounting for approximately 20% and 25%, respectively, of Denmark's total CO₂ emissions.³⁶ The country aims to reduce the Energy and Transport sectors' GHG emissions to 5% and 32%, relative to 1990 levels, of the respective total emissions in 2030.³⁶ In order to achieve this, Denmark is dedicated to increasing the share of renewable energy to 55%, with a focus on wind, biofuels and solar energy in its total energy use, and phasing out coal in the energy supply by 2030.³⁷ In the long term, the country aims to derive all electricity, heating, industry and transport energy from renewable sources.³⁸

Given the importance of facilitating renewable energy use in reducing Denmark's dependency on fossil fuels, Sustainalytics is of the opinion that Ringkjøbing Landbobank's investments in renewable energy projects can play an important role in contributing to Denmark's carbon reduction goals.

Impact of financing green buildings in Denmark

Buildings accounted for 36% of global energy demand and 37% of energy-related CO₂ emissions in 2020.³⁹ Energy-related CO₂ emissions from buildings have risen largely due to the growth in energy demand for heating and cooling, with a rise in air-conditioner ownership and extreme weather events. According to the IEA, all new

²⁵ International Energy Agency (IEA), "World Energy Outlook 2020", at: <https://www.iea.org/reports/world-energy-outlook-2020>

²⁶ International Energy Agency (IEA), "Net Zero by 2050 - A Roadmap for the Global Energy Sector", 2021, at: <https://www.iea.org/events/net-zero-by-2050-a-roadmap-for-the-global-energy-system>

²⁷ IEA, Global Energy Supply 2020, at: <https://www.iea.org/reports/global-energy-review-2020/renewables>

²⁸ IRENA, Global Renewables Outlook, 2020, at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2020/Apr/IRENA_Global_Renewables_Outlook_2020.pdf

²⁹ International Energy Agency (IEA), "Net Zero by 2050 - A Roadmap for the Global Energy Sector", 2021, at: <https://www.iea.org/events/net-zero-by-2050-a-roadmap-for-the-global-energy-system>

³⁰ IRENA, "Power system flexibility for the energy transition", (2018), at: <https://www.irena.org/publications/2018/Nov/Power-system-flexibility-for-the-energy-transition>

³¹ IRENA, "Power system flexibility for the energy transition", (2018), at: <https://www.irena.org/publications/2018/Nov/Power-system-flexibility-for-the-energy-transition>

³² European Commission, "Renewable Energy Directive", at: https://ec.europa.eu/energy/topics/renewable-energy/renewable-energy-directive/overview_en

³³ European Commission, "The European Green Deal sets out how to make Europe the first climate-neutral continent by 2050, boosting the economy, improving people's health and quality of life, caring for nature, and leaving no one behind", at: https://ec.europa.eu/commission/presscorner/detail/en/ip_19_6691

³⁴ Climate Action Tracker, "EU", 2020, at: <https://climateactiontracker.org/countries/eu/>

³⁵ European Commission, "Renewable Energy Directive - European Commission", 2021, at: https://ec.europa.eu/info/sites/default/files/amendment-renewable-energy-directive-2030-climate-target-with-annexes_en.pdf

³⁶ IEA, "Denmark Energy Strategy 2050", at: <https://www.iea.org/policies/5122-energy-strategy-2050v>

³⁷ Danish Energy Agency, "Denmark's Climate and Energy Outlook 2020", (2020), at:

https://ens.dk/sites/ens.dk/files/Basisfremskrivning/deco_2020_27082020.pdf

³⁸ Ibid.

³⁹ MarketWatch, "Denmark Renewable Energy Market Size Outlook, Share and Growth Stance Forecast 2022-2031", (2022), at:

<https://www.marketwatch.com/press-release/denmark-renewable-energy-market-size-outlook-share-and-growth-stance-forecast-2022-2031-2022-04-26>

³⁹ Global Alliance for Building and Construction, "2021 Global Status Report for Building and Construction", (2021), at: https://globalabc.org/sites/default/files/2021-10/GABC_Buildings-GSR-2021_BOOK.pdf

buildings and 20% of the existing building stock would need to be zero-carbon ready by 2030 to help limit global warming to 1.5°C or below, in line with the Paris Agreement.⁴⁰

Denmark's climate policy embraces the EU's Climate Target Plan 2030 and is committed to reducing 70% of GHG emissions, compared to 1990s levels, by 2030.⁴¹ Under the Climate Target Plan 2030, the EU aims to decrease its GHG emissions by 55% below 1990 levels by 2030 and achieve climate neutrality by 2050.⁴² To achieve these goals by 2030, the EU requires the emissions from its building stock to be reduced by 60% compared to 2015 levels. Therefore, investment in green buildings and building renovation to improve energy performance is expected to play a major role in decarbonizing the sector. The Danish government has implemented requirements to enhance energy efficiency, such as more efficient heating systems in existing buildings as well as increasing the share of renewable energy sources in both new and existing buildings.⁴³ To achieve the 2030 and 2050 goals, increased investments are required to enable energy-efficient and less carbon-intensive buildings.

Based on the above, Sustainalytics is of the opinion that Ringkjøbing Landbobank's financing of green buildings has the potential to reduce the environmental footprint of the building sector and to also support Denmark in achieving its GHG emissions reduction targets.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set 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 Ringkjøbing Landbobank Green Bond Framework are expected to advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 3020, increase substantially the share of renewable energy in the global energy mix
Green Buildings	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated, and sustainable
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030 provide access to safe, affordable, accessible, and sustainable transport systems
Sustainable Management of Living Natural Resources	12. Responsible Consumption and Production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources.
	14. Life Below Water	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
	15. Life on Land	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally 15.b Mobilize significantly resources from all sources and at all levels to finance sustainable forest management, and provide adequate incentives to developing countries to advance

⁴⁰ International Energy Agency, "Tracking Buildings 2021", (2021), at: <https://www.iea.org/reports/tracking-buildings-2021>

⁴¹ Ministry of Foreign Affairs of Denmark, "A Green and Sustainable World", (2020), at: file:///C:/Users/yliu/OneDrive%20-%20MORNINGSTAR%20INC/Desktop/SCS_Projects_Analyst_Work%20Folder/2022%20Project/May/Sydbank/A_Green_and_Sustainable_World.pdf

⁴² Ministry of Foreign Affairs of Denmark, "A Green and Sustainable World", (2020), at: file:///C:/Users/yliu/OneDrive%20-%20MORNINGSTAR%20INC/Desktop/SCS_Projects_Analyst_Work%20Folder/2022%20Project/May/Sydbank/A_Green_and_Sustainable_World.pdf

⁴³ Ministry of the Interior and housing, "National Strategy for Sustainable Construction", (2021), at: https://im.dk/Media/637602217765946554/National_Strategy_for_Sustainable_Construktion.pdf

		sustainable forest management, including for conservation and reforestation
--	--	---

Conclusion

Ringkjøbing Landbobank has developed the Ringkjøbing Landbobank Green Bond Framework under which it may issue green bonds and use the proceeds to finance green projects related to renewable energy, green buildings, clean transportation, and sustainable use of natural resources. Sustainalytics considers that the projects funded by the green bond proceeds can create environmental benefits through the development of sustainable infrastructure and energy transition projects.

The Ringkjøbing Landbobank Green Bond Framework outlines a process to track, allocate and manage proceeds, and makes commitments for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the Bank and that the green use of proceeds categories will contribute to the advancement of UN Sustainable Development Goals 7, 11, 12, 14 and 15. Additionally, Sustainalytics is of the opinion that Ringkjøbing Landbobank has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

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

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Ringkjøbing Landbobank A/S
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Ringkjøbing Landbobank Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	August 15, 2022
Publication date of review publication:	
Original publication date [please fill this out for updates]:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Renewable Energy, Green Buildings, Clean Transportation and Sustainable Management of Living Natural Resources – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to deliver positive environmental impacts through investment in sustainable infrastructure and energy transition projects and advance the UN Sustainable Development Goals, specifically SDGs 7, 11, 12, 14 and 15.

Use of proceeds categories as per GBP:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

Ringkjøbing Landbobank's Green Bond Committee, chaired by the CEO or another member of the general management, will be responsible for evaluating and selecting eligible projects in line with the eligibility criteria. Ringkjøbing Landbobank has implemented a qualification process to identify potential environmental and social risks which is applicable to all allocation decisions. Sustainalytics considers this risk management system to be adequate and the project selection process to be in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
|---|---|

- | | |
|--|---|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Ringkjøbing Landbobank's Green Bond Committee will be responsible for the management of proceeds and will track the allocation of proceeds using a Green Bond Register, which it will review on a quarterly basis. Ringkjøbing Landbobank intends to allocate all proceeds at the time of issuance. However, in case of unallocated proceeds, such proceeds will be temporarily held in green bonds or cash. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (*if applicable*):

Ringkjøbing Landbobank intends to report on the allocation of proceeds in its annual Green Bond Report which will be published on its website. Allocation reporting will include details such as the proportion of allocated and unallocated net proceeds. In addition, Ringkjøbing Landbobank is committed to reporting on relevant impact metrics such as estimated avoided CO2 emissions, number of certified green buildings in m2, number of hectares of certified agricultural or forestry land and number of loans to certified fisheries. Sustainalytics

views Ringkjøbing Landbobank's allocation and impact reporting commitments as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
 On a project portfolio basis
- Linkage to individual bond(s)
 Other (*please specify*):

Information reported:

- Allocated amounts
 Green Bond financed share of total investment
- Other (*please specify*):
 Unallocated proceeds and where appropriate, examples of green bond assets financed or refinanced

Frequency:

- Annual
 Semi-annual
- Other (*please specify*):

Impact reporting:

- Project-by-project
 On a project portfolio basis
- Linkage to individual bond(s)
 Other (*please specify*):

Information reported (expected or ex-post):

- GHG Emissions / Savings
 Energy Savings
- Decrease in water use
 Other ESG indicators (*please specify*): Number of certified green buildings in meter square; Number of certified hectares for agriculture or forests; and Loans to fisheries with MSC certification

Frequency

- Annual
 Semi-annual
- Other (*please specify*):

Means of Disclosure

- Information published in financial report
 Information published in sustainability report

- Information published in ad hoc documents
- Other (please specify): Green Bond Report
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion)
- Certification
- Verification / Audit
- Rating
- Other (*please specify*):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second-Party Opinion:** An institution with environmental expertise, which is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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For more information, visit www.sustainalytics.com

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