Framtiden i våre hender
January — 2023

From policy to practice — do banks deliver on their promises?

Av Lucy Brooks

Tittel: From Policy to Practice
Forfatter: Lucy Brooks
Utgivelse: January 2023
Utgiver: Framtiden i våre hender, Økernveien 94, 0579 Oslo
Ansvarlig redaktør: Anja Bakken Riise
Faglig kvalitetssikrer: Ingrid Kleiva Møller
Forsidemontasje: Stockphoto

Contents

Introduction

A just and swift transition is required globally to reach the climate targets. We need to dramatically reduce our climate impact, and at the same time halt biodiversity loss and widespread human rights violations in the global supply chains.

Banks are key enablers of the economic system. They are facilitators for encouraging, mobilising and allocating funds toward their most productive use. The financial industry is crucial to tackling the climate and biodiversity emergency and to ensuring human rights in supply chains are respected. Trillions of dollars in bank finance keeps the fossil fuel industry afloat, and even helps expand it. Banks continue to finance business sectors that have a negative impact on nature and other ecosystems. They channel money to sectors that can drive the exploitation of workers. Banks are crucial to whether we succeed in the transition to a fairer and more sustainable society. Banks can and must be a driver for predictable and responsible restructuring by turning capital flows away from harmful activity and towards sustainable investments that respect and protect human rights and the planet.

Every two years Future in our Hands (FIVH) publishes the Fair Finance Guide, which rates Norwegian banks' policies for social responsibility, ethics, and sustainability- what the banks promise regarding where they will direct financial capital. The Fair Finance Guide is based on a comprehensive review of the banks' guidelines, requirements, and policy documents. The higher the score, the better guidelines the banks have. The guide is part of an international initiative, Fair Finance International (FFI). FFI is an international civil society network of over 100 CSO partners and allies, coordinated by Oxfam Novib that seeks to strengthen the commitment of banks and other financial institutions to social, environmental, and human rights standards.

Year on year the banks' policies in the Norwegian Fair Finance Guide have improved. FIVH has also carried out case studies each year, which investigate the banks' actual investments and loans. These case studies have investigated capital streams to the fossil fuel industry, deforestation, the textile industry, and the construction industry where workers rights have been overlooked. Time and again, we have found that there is a wide gap between the banks' PROMISES (their policies), and their ACTIONS (what they finance and invest in).

This 2023 *"Policy to Practice"* report investigates the strategies and the processes that banks use to implement their policies. It assesses five selected Norwegian banks on a selection of practical actions, based on the best available science and standards on what is expected from responsible financial institutions. The methodology is intended as a tool for stakeholders to hold banks to account, and as a road map that can assist banks in developing their processes. The methodology was developed by FIVH and has not been carried out before. The work is financially supported by Finansmarkedsfondet.

Key findings in the report

→ Although Norwegian banks score highly on their policies, they perform more poorly on their implementation of these policies.

→ All the banks have developed processes toward achieving climate targets.

→ However, KLP, DNB and Nordea have no short-term plans to phase out investments and financing for the oil and gas industry, not even for new fuel development.

→ The banks' processes for human rights-related risks are the most underdeveloped of all the themes investigated.

→ None of the banks have processes that can be considered 'very good' for delivering human rights related promises.

→ None of the banks involved in investments abroad fully incorporate human rights expectations into contractual documents with companies operating in high human rights risk sectors or countries.

→ None of the banks describe a process for remediating impacts to which they have caused or contributed.

→ This report suggests two main reasons why a bank's investments and financing in the real world may contradict the bank's policy:

1. A lack of strategies and processes that are aligned with the policy, and which lead directly from the policy to the point at which investment- and financing decisions, or voting decisions, are made.
2. The bank's stated policies do not align its profit bottom line or core values.

Method and limitations

This report concerns the financial industry and what process and tools the financial institutions use to implement their policies, and how they can ensure that they fulfil their promises on ethics and sustainability. The report discusses opportunities for change, and highlights examples of best practice by financial institutions.

- The report does not aim to give a complete picture of the processes and implementation strategies that banks can use to implement policies. It gives an indication of the degree to which a selection of Norwegian banks applies a subset of 'best practice' processes.
- This survey is limited to five of the fourteen banks which are part of the Fair Finance Guide, specifically KLP, DNB, Nordea, SpareBank 1 Østlandet and Cultura Bank.
- The selected banks are included because they are a part of the biennial Fair Finance Guide survey, represent banks of different sizes and business models, and were enthusiastic about taking part. The selection of banks is not linked to their track-record of investments and aims simply to represent a selection of Norwegian banks.
- The five banks are assessed to represent how far Norwegian banks as a whole have come in implementation of processes. It is not primarily designed to point out winners and losers among these five banks.
- The survey investigates two financial areas, *asset management* (AM) and *corporate credits* (CC). These are defined in the same way as in the Fair Finance Guide. The areas of *project finance* and *own assets* are not investigated in this report. The following are investigated for each bank: KLP- AM only; DNB and Nordea- AM and CC; SpareBank 1 Østlandet and Cultura Bank- CC only. Although SpareBank 1 Østlandet also offers asset management to customers, this is externally managed by ODIN so was not included in this survey.
- The survey is limited to four themes: climate, nature, human rights, and the overarching theme governance.
- The number of questions in each theme are not equal, therefore the value of one question in e.g., the theme *climate* is not equivalent to one question in the theme *nature*.
- The selected banks were sent a list of around forty questions concerning their processes and implementation strategies within these four themes. Most of the questions concerned both asset management and corporate credits, while a few questions were relevant to just one of these.
- The questions were developed based on best practice recommendations from, among others, the World Benchmarking Alliance human rights benchmark, BankTrack benchmarks, ShareAction, the PRI, and the Sustainable Finance British standard PAS7340:2020.
- KLP, DNB, Nordea and SpareBank 1 Østlandet answered the survey in writing, followed by rounds of dialogue and sharing of internal bank documents as required. Cultura Bank answered the survey verbally. Further information for all banks was obtained from openly published documents such as annual- and sustainability reports.

The response for each question was scored between 0 and 1 (with 0.25 intervals) based on the Principle-based sustainability maturity matrix in the *Framework for embedding the principles of sustainable finance in financial services institutions* (PAS 7340:2020)

THE BANKS

While all the banks score well year-on-year in the Fair Finance Guide (with an average score of well over 75 %), they score on average 20 % less on the implementation of their promises, with scores ranging from 40 to 70 % (**Error! Reference source not found.**)

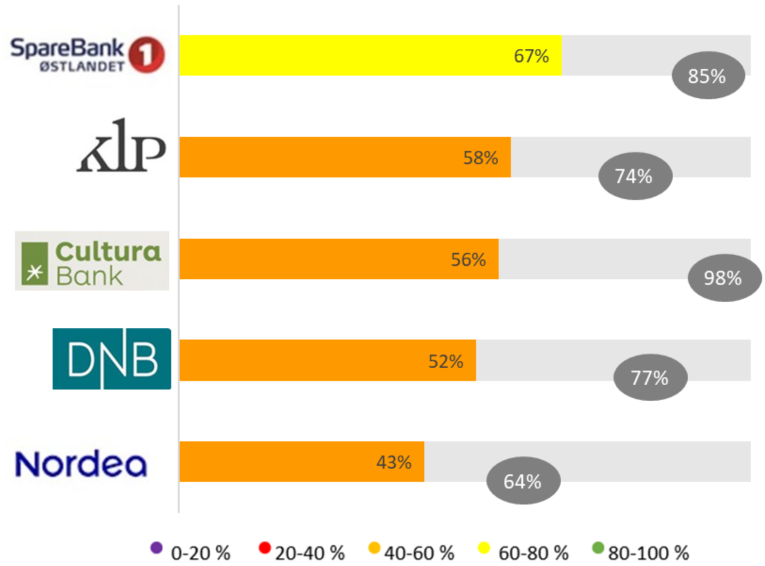

Figure 1 Bars showing total score for implementation, 2022. The score for the Fair Finance Guide 2023 is shown for reference as grey ovals. • 0-20 % •20-40 % •40-60 % • 60-80 % •80-100 %

Figure 2 illustrates the range of scores for the themes climate, governance, and human rights. The average score for climate implementation is around 50 %. The score for governance is slightly better (median 60 %). Implementation of human rights risk processes is low with a median of only 44 %.

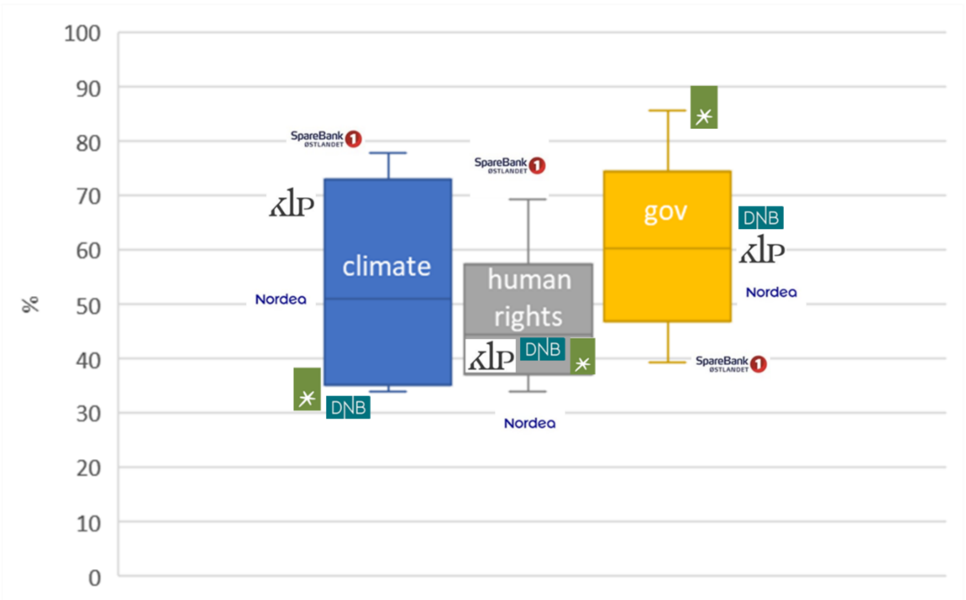

Figure 1. The percentage scores for the 5 banks for the themes climate, human rights and governance. Median (line); quartiles (box) and min.-max (whiskers).

Nordea

Nordea scores under 50 % overall for implementing its promises. In the last year it has made progress in defining goals and processes for climate action. However, despite the International Energy Agency (IEA) warning that *there is no room for new oil and gas if Net-zero is to be delivered*, Nordea continues to finance and invest in fossil fuels. It has no plans to phase out investments for new and existing oil and gas production in Norway or globally. In 2022 Nordea announced a limited target to exit the offshore sector by 2025 (defined as companies within the oil and gas industry engaged in drilling for hydrocarbons under the ocean). Nordea uses a science-based approach to determine its net zero targets, but has not committed to having the targets independently validated.

Nordea has committed to the high-level Finance for Biodiversity pledge. However, it has work to do on developing processes for identifying the main nature- and biodiversity-related impacts of its financing activities. It should also consider disclosing investment and financing criteria it has towards preventing, halting, and reversing the degradation of ecosystems. We recommend that Nordea require companies to which it provides financial services to have a strategy addressing the companies' nature- and biodiversity-related impacts.

Along with 4/5 of the banks surveyed, Nordea scores less than 50 % for implementation of best-practice for human rights- related risks. A positive note is that Nordea actively uses the Corporate Human Rights Benchmark (CHRB) to identify companies to engage with on human rights issues, which is to be commended. The CHRB measures the human rights performance of the world's largest publicly listed companies in sectors with high human rights risk. However, the threshold Nordea uses is very low, and we recommend that companies scoring zero in the CHRB are entirely excluded from investments. Nordea's whistle-blower function 'Raise your Concern (RYC)' explicitly includes human rights breaches and affected communities, which is good practice. The bank does not describe how it processes grievances relating those affected by human- and labour-rights breaches in companies that Nordea finances or invests in. We recommend that Nordea is more transparent about the effectiveness of the grievance mechanism.

Nordea has improved its voting activity over the last two years. In 2020, Nordea Asset Management voted for less than half of environmental and social shareholder proposals. In 2021 they voted in favour of over three quarters. Nordea publishes an up-to-date voting dashboard on its website. Even better would be to announce in advance how they intend to vote in upcoming AGMs.

DNB

DNB scores relatively well for the themes nature and governance, but scores rather low for implementation of climate promises. DNB continues to finance and invest in fossil fuels. It has no plans to phase out investments for new and existing oil and gas production in Norway or globally. DNB uses a science-based approach to determine its net zero targets, but has not committed to having the targets independently validated.

DNB has made a start on identifying high-risk sectors for nature- and biodiversity- related impacts of its financing activities, and in disclosing biodiversity-related investment and financing criteria.

DNB scores less than 50 % for human rights-related risk, along with 4/5 of the banks surveyed. A positive development is that DNB publishes an ESG report every quarter, describing company engagements on themes including climate, human rights, and biodiversity. The report includes company names, the topics under discussion, the aims and further action required. All exclusions and re-inclusions in the last quarter are discussed. This is good practice and is a start in increasing the bank's transparency on human rights risks.

DNB publishes an up-to-date voting dashboard on its website. Even better would be to announce in advance how it intends to vote in upcoming AGMs. DNB's voting guidelines only partially reflect their responsible investment and sustainability promises, and we recommend that DNB ensures that voting principles are fully in-line with their stated goals.

KLP

In recent years KLP has focussed om implementation of climate policies and is one of the banks that scores highest in this area, but KLP continues to invest in fossil fuels. It has no plans to phase out investments for new and existing oil and gas production in Norway or globally. On the positive side, KLP uses a science-based approach to determine its net zero targets. KLP is one of the only banks surveyed that takes a precautionary approach to calculating the Paris Alignment of investments, i.e., if KLP does not yet have the necessary data on an investment, it is automatically scored as having zero Paris alignment. This is an important principle in KLP's framework: all relevant investments must be included in the climate target, and not be excluded because of difficulties obtaining data. We recommend that other banks use this precautionary approach to increase the speed and quality of data gathering on companies' Paris alignment.

KLP has made a start on identifying high-risk activities for nature- and biodiversity- related impacts of its investment activities, and in disclosing biodiversity-related investment and financing criteria.

KLP scores less than 50 % for human rights-related risk processes, along with 4/5 of the banks surveyed. A positive development is that in cases of documented high-risk the burden of proof for exclusions lies with the investee company. The relevant company must be able to assure KLP that its guidelines and controls ensure that the risk is reduced to an acceptable level. This can be considered best practice- previously the burden of proof for exclusions lay with the bank, meaning lack of information could lead to the high-risk company remaining included in the portfolio.

KLP publishes an up-to-date voting dashboard on its website. We recommend that they also announce in advance how they intend to vote in upcoming AGMs.

SpareBank 1 Østlandet

Of the five banks assessed, SpareBank 1 Østlandet comes out on top for implementation of their promises for the themes climate, nature, and human rights, and is the top scoring bank overall. SpareBank 1 Østlandet completely excludes loans to companies producing oil or gas. SpareBank 1 Østlandet is a front runner among the five banks assessed when it comes to nature and biodiversity issues. It is proactive in using framework tools to identify nature and biodiversity impacts and has made a start on aligning in anticipation of the Task Force on Nature-related Financial Disclosure (TNFD) framework for disclosure and reporting.

SpareBank 1 Østlandet already eliminates a considerable proportion of human- and labour- rights risks by only lending within Norway, but in addition it has strong risk assessment processes within the country. They conduct due diligence on the majority of loanee companies and have risk assessment indicators for workers' rights in the agriculture and real estate development sectors. They have an effective process for dialogue with - and exclusion of - loanees due to workers' rights violations and have reported on the results of these processes.

The bank has sustainability dialogues with loanee companies even where the loan amount is small, and all directors have concrete sustainability goals.

Cultura Bank

Cultura Bank follows and implements the principles of value-based, positive-impact finance for all its lending activities. While generating a reasonable profit is an essential requirement, it is not the main objective, and as well as avoiding doing harm it actively uses financing to promote positive environmental and social business in the real economy within Norway. Cultura Bank publishes the name and profile of every corporate client with full transparency. Despite Cultura Bank's positive-impact focus, it scores substantially lower on the implementation of its promises, than it does in the Fair Finance Guide, because it does not fully describe its internal decision-making processes.

Cultura Bank has effective procedures for identifying and disclosing risks to nature and biodiversity. It has the most stringent exclusion and inclusion criteria for loans involving nature-based risks, for example requiring organic certification from companies involved in food production.

Cultura Bank completely excludes loans to companies producing fossil fuels. It reduces its risk of human- and labour- rights abuses through only financing companies in Norway.

We recommend that Cultura Bank improves its documentation of its assessment processes, to ensure that even if the bank becomes larger, it can maintain its positive impact. We recommend that Cultura Bank further develops its risk assessment process for human- and labour- rights risk that exist in certain sectors in Norway.

THEMES

Climate

The International Energy Agency (IEA) has made it clear that there is no room for new oil and gas if we are to deliver Net-zero emissions. A responsible bank takes this seriously and has processes that ensure no new fossil fuels are financed.

A bank serious about working toward Net zero has set ambitious short-, medium- and long-term transition targets in line with the 1.5°C objective for its financing and investment portfolios. The bank uses a science-based approach to determine its targets. A responsible bank takes a precautionary approach to calculating the Paris Alignment of its investments. If sufficient data is not available, the investment is considered non-aligned. A solid commitment means phasing out finance for and investments in fossil fuels. The bank is transparent and reports openly against external climate benchmarks and discloses the companies that have proper phase-out plans who are thus eligible for financing and investments.

Only two of the banks surveyed, Cultura Bank and SpareBank 1 Østlandet, completely exclude loans to companies producing fossil fuels. KLP, DNB, and Nordea have no near-term plans to phase out investments and financing for the oil and gas industry, not even for new fuel developments. These three banks are wilfully ignoring the large consensus across all published studies that developing new oil and gas fields is incompatible with the 1.5°C target.

Four of the banks have a Science-based approach to reducing emissions in their portfolios, with the fifth bank, Cultura Bank, working toward a science-based approach in the coming year.

One bank, KLP, uses a precautionary approach to calculate the Paris Alignment of investments. If KLP does not have sufficient data on an investment, the Paris Alignment of the investment is automatically set at 0 percent. This strengthens the quality and scope of emissions data collection and is considered best practice.

Of the three banks assessed for investments, KLP has the most detailed and comprehensive processes to achieve net zero emissions, while SpareBank 1 Østlandet comes out on top of the 4 banks assessed for loans.

Nature

Many banks worldwide continue to finance habitat destruction and biodiversity loss by supporting high impact sectors such as soy and palm oil; metals and mining; and the forest biomass industry.

A responsible bank will have acknowledged the severity of the biodiversity crisis and acknowledged their responsibility to ensure that the activities they finance do not lead to further ecosystem destruction and biodiversity loss. This starts with identifying the nature- and biodiversity- related impacts of its financing activities, and disclosing criteria it has towards preventing, halting, and reversing the degradation of ecosystems. The bank will report openly and regularly against nature and biodiversity benchmarks.

Several key biodiversity and nature reporting frameworks will be launched in 2023 and will enable financial institutions to quickly mobilise on addressing and reporting on biodiversity risks. These include the GRI Biodiversity Standard and the Task Force on Nature-related Financial Disclosures framework (TNFD). Forward-thinking banks have been proactive in capturing data on nature-related risk and have started building the structure to support it.

SpareBank 1 Østlandet and Cultura Bank are the banks in this survey with the most comprehensive processes for identifying and disclosing risks to nature and biodiversity. In addition, SpareBank 1 Østlandet has begun to describe how it will manage these risks in anticipation of the TNFD framework.

Cultura Bank has the most stringent exclusion and inclusion criteria for loans involving nature-based risks, for example requiring organic certification from companies involved in food production.

Human Rights

A bank serious about implementing the UN Guiding Principles and respecting human- and labour-rights will report on how it manages and remedies adverse impacts. It provides examples of impacts identified through due diligence, and its response to these. The bank has developed effective grievance mechanisms to allow affected individuals to seek remedy for the most severe impacts linked to their finance.

All the banks surveyed in the Norwegian Fair Finance Guide score very highly year after year for their human- and labour rights policies. However Fair Finance case studies investigating capital streams to the textile industry and the construction industry in 2020 and 2022 have revealed that money is still channelled to sectors and companies that drive the exploitation of workers. The case studies illustrate that sometimes good policies do not necessarily lead to good investments and financing decisions. Table 1 below compares the overall score for human- and labour rights *policies* in the Fair Finance Guide 2020 with the score for processes we expect from financial institutions. All the banks score over 80 % for human rights policies, but none demonstrate very good implementation of recommended best practice for human rights risk. SpareBank 1 Østlandet has good implementation, while Cultura Bank, DNB, and KLP are rated as ‘OK’ and Nordea as ‘poor’. Note this is not a representation of the banks’ actual investment and financing holdings, but represents to what extent the bank fulfils our expectations on human rights best practice.

	Human Rights PROMISES Fair Finance Guide score	Implementation of Human Rights best practice
Cultura Bank	●	✓
DNB	●	✓
KLP	●	✓
Nordea	●	✓
SpareBank1 Østlandet	●	✓

● Score >80 % for policies in the Fair Finance Guide

● Score 60 -80 % for policies in the Fair Finance Guide

✓ Very good implementation (>80 % of human rights elements)

✓ Good implementation (60 - 80 % of human rights elements)

✓ OK implementation (40 - 60 % of human rights elements)

✓ Poor implementation (20 - 40 % of human rights elements)

x Very poor implementation (0 - 20 % of human rights elements)

Table 1 Words are not enough: Banks promises vs. their processes.

There is a big disparity between the five assessed banks with respect to managing human rights risks. SpareBank 1 Østlandet already eliminates a substantial proportion of human- and labour-rights risks by only lending within Norway, but in addition it has strong risk assessment processes within the country. They conduct due diligence on the majority of loanee companies and have risk assessment indicators for workers' rights in the agriculture and real estate development sectors. They have an effective process for dialogue with -and exclusion of- loanees due to workers' rights violations and have reported on the results of these processes.

Three of the banks (SpareBank 1 Østlandet, Cultura Bank, and Nordea) have developed a grievance mechanism which explicitly includes human rights breaches and is open to communities or individuals affected by the bank's financing or investment activities.

None of the banks fully incorporate human rights expectations into contractual documents with companies operating in high human rights risk sectors or countries, and none of the banks describe a process for remediating impacts to which they have caused or contributed.

Only one bank, SpareBank 1 Østlandet, scores over 65 % for human rights risk processes in this survey. The other four banks score under 50 %.

Governance

A responsible bank has positive impact at the core of its business, not just as part of 'corporate social responsibility' or 'ESG' at its margins. It has a strategy and implementation driven by social and environmental priorities. A responsible bank has investment and lending criteria that truly reflects its promises and policies. It will openly describe the assessment criteria for decisions on new and existing investments and loans, as well as the criteria for exclusions. The bank describes a robust process for engagements to achieve its sustainability objectives, and the bank's voting guidelines truly reflect their responsible investment and sustainability goals.

One of the banks, Cultura Bank, follows and implements the principles of value-based, positive impact finance for all its lending activities. While generating a reasonable profit is an essential requirement, it is not the main objective, and as well as avoiding doing harm it actively uses financing to promote positive environmental and social business in the real economy within Norway. It publishes the name and profile of every corporate client with full transparency.

We commend all three banks involved in investments (KLP, DNB, and Nordea) for publishing up-to-date voting dashboards on their websites. However, none announce in advance how they intend to vote at upcoming AGMs, which is recommended by the Principles of Responsible Investment (PRI) , and is practiced by the Government Pension Fund Global (Norway's Oil Fund).

The responsible use of voting rights is an especially powerful tool to change companies for the better. It is one of the most significant opportunities for influence. A responsible bank will invest in companies that are not in conflict with their values (or their promises) and which deliver long-term value in harmony with society and the environment.

Do the banks use their voting power to effect change from within? All three banks involved in investments fell short here- the voting guidelines partially reflect the responsible investment goals or promises, but there were significant gaps.

4 — Recommendations

Based on the findings in the report, Future in our hands has the following recommendations to financial institutions:

→ Heed the warnings from the International Energy Agency (IEA) that there is no room for new oil and gas if we are to deliver Net zero. Do not invest in or finance new fossil fuels

→ Use a science-based approach to develop net zero targets, and get these targets independently validated as soon as possible

→ Use a precautionary approach when there is no data about a portfolio company's Paris alignment. That is, where there is no data, assume that the company is not Paris aligned

→ Tackle the twin crises of climate change and biodiversity loss together and with the same urgency

→ Report on how adverse human- and labour rights impacts are managed and remedied

→ Develop effective grievance mechanisms to allow affected individuals to seek remedy for the most severe impacts linked to their finance

→ Incorporate human rights expectations into contractual documents with companies operating in high human rights risk sectors or countries

→ Ensure that voting guidelines fully reflect and support the banks sustainability goals

→ Pre-declare voting intentions for shareholder resolutions

APPENDIX 1

			SCORING MATRIX. Criteria that the FI fulfills is marked in green.				
		Assessment question	**Full score**	**0.75**	**Half score**	**0.25**	**No score**
CLIMATE	1	Does the FI use a Science-based approach to determine its Net zero targets[1]? Please specify which Science-based approach is used.	A Science Based target is used (eg. Sectoral decarbonisation approach; Portfolio coverage approach; Temperature rating approach) for at least part of the Net Zero target calculations.				No, A Science Based approach is not used to determine any part of Net-zero targets (or the FI has no Net zero targets)
	2	What proportion (%) of the FI's a.) AUM (Assets under management)[2] b.) and credit portfolio) is covered by a Science-based approach to Net zero targets?	100%	70-99%	50-70%	30-49%	0-30%
	3	Has the FI's net zero target been validated by the SBTi[3] ?	Yes, listed on SBTi 'Companies taking action' dashboard as having their Science Based Target **validated**				No, not listed on SBTi 'Companies taking action' dashboard as having their Science Based Target validated
	4	If the FIs net zero target has not yet been validated by the SBTi, has the FI committed to having its net zero target validated by the SBTi?	Yes listed on SBTi 'Companies taking action' dashboard as committed				No, not listed on SBTi 'Companies taking action' dashboard as committed to a Science Based Target
	5	For the remaining part of the portfolio, which is not covered by a science-based approach to Net zero targets, does the FI apply an assumption-based approach (or does the FI simply not analyse that part of the portfolio)?	Yes, an Assumption-based, precautionary approach is used for the whole 'non-SBT' part of portfolio				No. The 'Non SBT' part of portfolio is simply not analysed; or a precautionary approach is not used where there is a lack of information.
	6	Does the FI use a 1.5°C pathway with no overshoot?	Yes (1.5*, no overshoot)			No (well-below 2C)	No (2C)
	7						
	8	Engagement: Has the FI analysed its full investment portfolio to identify which are the most important companies to engage with, i.e., to identify which company engagements would have the biggest impact on the FI portfolio's Net Zero /temperature score? Please specify whether this analysis is publicly available. (For investments only)	Yes, information publicly available		Yes, but not publicly available; Or Yes, an assessment is done of carbon intensive sectors or Paris Alignment of companies, but there is no evidence of this leading to an engagement strategy.		No/no information
	9	Does the FI monitor trends in investee companies' emission and climate profile after engagement, as part of assessing the effectiveness of the FI's climate engagement work (applicable to investments only)? Please specify whether this information is publicly available.	Yes, information publicly available		Yes, not publicly available		No/no information
	10	Is the FI's top management and board ultimately and explicitly accountable for achieving Net Zero targets?[5] If not, please specify who in the organisation is accountable for achieving Net Zero targets.	Yes (information is clearly stated publicly)				No/no information
	11	Does the FI report regularly against external benchmarks (e.g., CDP, GRI, SASB etc.)? Please state the benchmark and whether this goes beyond legally required reporting.	Yes (internationally and nationally recognised); goes beyond legally required.		Yes, only legally required.		No/no information
	12	Ambition: Does the FI have a policy (or stated ambition) on phasing out investments and financing for new and existing oil and/or gas production in Norway or globally[6]? Please provide details if so, such as timescale and exceptions.	Yes, all oil and gas already excluded both in Norway and abroad.	Yes; near-term plan.			No/no information
NATURE	1	Does the FI have a process for identifying the main nature- and biodiversity- related impacts of its financing activities? *Please describe briefly .*	Yes, a clear process is described. a) The financial institution discloses its process for identifying the nature- and biodiversity-related impacts of its financing activities. ANDb) The financial institution is committed		Yes, but the process is vague		No/no information
	2	Does the FI disclose investment and/ or financing criteria it has towards preventing, halting, and reversing the degradation of ecosystems? *Please provide link or document.*	Yes, the criteria are described clearly and are publicly available		No requirements, but the FI describes expectations to the companies		No/no information
	3	Does the FI require companies to which it provides financial services to have a strategy addressing the companies' nature- and biodiversity-related impacts? *Please describe briefly .*	Yes				No/no information
	4	Does the FI report regularly against external Nature/ Biodiversity benchmarks? *Please state the benchmark and whether this goes beyond legally required reporting.*	Yes (eg. to TNFD)				No/no information

			SCORING MATRIX. Criteria that the FI fulfills is marked in green.				
		Assessment question	**Full score**	**0.75**	**Half score**	**0.25**	**No score**
			HR elements 1-9 (exc. 8): Basic score 0.5 for FIs only operating in Norway, reducing HR risk.				*Element 11 n.a. for FI only operating in Norway.*
HUMAN RIGHTS	1	Before providing a loan or making an investment in a company, does the FI – as part of the screening process – check whether the company and their subsidiaries have recently (1-2 years) been directly or indirectly involved in human rights controversies? Please briefly describe the process and tools used.	Yes, screening process for human rights described and scope is wide.		Screening is carried out but scope is limited, ie a subset of companies are screened.		No/no information
	2	When providing a loan, does the FI incorporate human rights expectations into contractual documents with companies operating in sectors and/or in countries in which risk of human rights abuses are high (applicable to loans only)? Please describe briefly.	Yes, for all loans in high risk countries and sectors		Yes, but limited in scope eg. for a sub-set of loans or for a limited set of high risk sectors or countries.		No/no information
	3	Can the FI demonstrate that it has a process in place for assessing whether it has directly or indirectly caused or contributed to an adverse human rights impact through its existing investments and loans? Please describe briefly.	Yes, The bank has, and describes, a process in place for assessing whether it has caused or contributed to an adverse human rights impact through its loans and investments.		For example, the bank indicates that it assesses whether it has caused or contributed to an adverse impact as part of its human rights due diligence, without detailing the process.	The FI refers to the SFDR PAI and has begun defining this process	No/no information
	4	Does the process described in the question above include a description of decision-making criteria and lines of responsibility to mitigate or remediate negative impacts? If yes, is this process disclosed publicly?	Yes; both MITIGATION and REMEDIATION considered, and decision making criteria and lines of responsibility described; and disclosed publicly.		Some description of decision-making criteria and lines of responsibility for mitigation, but not for remediation.	Process for dialogue/ exclusion of customer briefly described but no mention of remediation	No/no information
	5	(Investments only) Where an unacceptable risk of contributing to violations is identified, does the burden of proof lie with the investee company to demonstrate that they have guidelines and controls to ensure sound and acceptable risk, i.e., to ensure the risk is mitigated? In the event where the investee company does not provide the necessary information, does the FI take a precautionary approach and exclude the company? (i.e., the burden of proof does not lie with the FI to justify an exclusion.)	Yes, the burden of proof lies with the company. Precautionary approach is taken if the company provides no or insufficient proof.				No/no information
	6	In the last 3 years, has the FI reported in detail how it has sought to address specific adverse human rights impacts? Do these reports describe concrete actions taken, and follow-up steps that the FI has required from clients or investee companies? Please describe briefly.	Yes;Yes. The bank reports on how it has sought to address specific severe human rights impacts, and the reporting is sufficient to evaluate the adequacy of its response (e.g. describing concrete actions taken, follow-up steps requested from clients and investee companies). This reporting is wide in scope: it includes more than one example over a large part of the FIs investment universe.		Yes; but action taken and follow-up steps not described, or Yes but the scope is small (limited to reporting on a few companies and applicable to only a small part of the FIs investment or credit universe)		No/no information
	7	Does the FI verify whether impacts are being addressed, by monitoring and tracking its own response to adverse human rights impacts? If yes, please describe briefly.	Yes; The bank describes a process for tracking the effectiveness of its response to adverse human rights impacts. It is applicable across the bank's entire business operations, including impacts linked to the bank's finance.				No/no information
	8	Does the FI's process for tracking effectiveness discussed above describe indicators and draw on feedback from internal and external sources? Please describe briefly.	Yes; This process details indicators and draws on feedback from internal and external sources, including affected stakeholders.				No/no information
	9	Has the FI established, provided, or facilitated access to a grievance mechanism (alone or with others, e.g., trade unions, multistakeholder initiatives, OECD national contact points etc.) for individuals and communities who may have been adversely impacted through the FIs investments and loans?	The bank operates or participates in a channel through which complaints or grievances can be raised to the bank, which is explicitly able to address human rights related issues, and which is open to all who may be adversely impacted by its operations, products and services.		The bank operates or participates in a channel through which human rights complaints or grievances can be raised to the bank by communities impacted by its finance, but it is restricted to certain sectors or business areas. Complaints mechanisms which are restricted to employees and/or customers do not receive a score.		No/no information
	10	Do the FIs grievance mechanisms meet the effectiveness criteria described in the UN Guiding principles[1]?	The bank operates or participates in a grievance mechanism (i.e. which meets the requirement for a full score in 10 above) and shows how this meets all effectiveness criteria in UN Guiding Principle 31		The bank has established a grievance mechanism (i.e. which meets the requirement for a full score in q. above) and shows how this meets at least two aspects of the effectiveness criteria		No/no information
	11	Does the FI report regularly against external Human and Labour rights benchmarks? Please state the benchmark and whether this goes beyond legally required reporting.	Yes				No/no information

			SCORING MATRIX. Criteria that the FI fulfills is marked in green.				
		Assessment question	**Full score**	**0.75**	**Half score**	**0.25**	**No score**
	1	Does the FI follow and implement principles of value-based[1], positive impact finance for the majority of its investments and/or lending? If yes, please describe briefly.	The FI has a Value-based FI has a social or environmental mission as the main objective, with strategy and implementation driven by social and environmental priorities. Such an FI would fulfill the majority of criteria to be classified as a value-based bank by for example the Global Alliance for Banking on values. https://www.gabv.org/transforming-finance/scorecard/. (NB. This does not automatically include include FIs classified as 'B-corporations)		The FI has a social or environmental mission as it's main objective, and is on the way to fulfilling the majority of criteria to be classified as a Value-based bank. (NB. This does not automatically include include FIs classified as 'B-corporations)		No
	2	Is the Financial Institution (FI) a member of the Global Alliance for Banking on Values[2] (GABV)?	yes listed as a member on GABV website				Not listed as a member on GABV website
	3		100%				
	4	Are remuneration and/or performance incentives of portfolio managers, executives and the CEO, or other personnel, linked to the achievement of sustainability targets (such as decarbonisation and alignment targets; positive social impact targets)[4]? If yes, please indicate what kind of responsible outcomes are included in the performance management criteria, (e.g., x tons avoided GHG emissions) and what proportion of the incentive structure is linked to sustainability themes across the FI.	Yes, for all high level staff at least. The kind of responsible outcomes are included in the performance management criteria, (e.g., x tons avoided GHG emissions) and what proportion of the incentive structure is linked to sustainability themes is described.	Yes, for all high level staff at least. There is no description given of the kind of responsible outcomes are included (e.g., x tons avoided GHG emissions) nor what proportion of the incentive structure is linked to sustainability themes.	Only for CEO or for a small scope of staff.		No
GOVERNANCE	5	Is the FI's top management and board accountable for ensuring the FI implements its responsible investment and/or lending policy (i.e., is this explicitly set out in internal or external documents)? If not, please indicate who (which function) in the organisation is accountable for implementation of the responsible investment and or lending policy.	Yes, explicitly stated in internal or external documents		Yes, not explicitly stated		No
	6						
	7	Has the FI defined and described sustainability impact thresholds for its chosen sustainability and responsible objectives in themes (other than Climate), using existing accepted frameworks where practicable (for example, thresholds linked the OECD labour standards)? Please give an example.	Yes, the FI has described Sustainability impact thresholds for at least 3 themes (other than climate)		The FI has defined Sustainability impact thresholds one theme (other than Climate)		No, thresholds are not defined for themes other than climate
	8	Has the FI defined and described the resulting scope of actions to avoid breaching sustainability impact thresholds, (which might differ according to the timeframes of the investment)?	Yes				no
	9	Does the FI publicly describe the assessment criteria for decisions on new and existing investments and /or loans, as well as the criteria for exclusions? Please provide link to relevant documents	Yes, assesment criteria are defined for 4 or more themes, including HR and nature.		Yes, the assessment criteria are described for 2 themes including HR.		No
	10	Does the FI disclose the escalation process that is applied in the event of a failure of the investee company to meet conditions with specific environmental, social and/or governance or sustainability targets/risks (applicable to investments only)? Please provide link to relevant documents	Yes, reasonable escalation process described				no
	11	Does the FI have a process for planned individual or collaborative, timebound engagement and for responding to issues with a sustainability or ESG component[5] (applicable to investments only)?	Yes, engagement process described, fulfiling the criteria described in footnote 14.		yes, basic engagement process described but no evidence that the process fulfills the minimum criteria described in footnote 14.		no

			SCORING MATRIX. Criteria that the FI fulfills is marked in green.				
		Assessment question	Full score	0.75	Half score	0.25	No score
	12	Does the FI apply engagement for both passive and active funds[6] (applicable to investments only)?	Yes				no
	13	Does the FI have a mechanism to track the outcomes and progress of engagement against objectives (applicable to investments only)? Please briefly describe	Yes, process described				no
	14	Does the FI have written guidance on where it would be appropriate to withhold support from company directors seeking election in response to sustainability or ESG concerns or in pursuit of a board with suitable diversity and experience of ESG matters (applicable to investments only)? Please indicate whether e.g., this guidance is part of the voting policy or the general responsible Investment policy	Yes				no
GOVERNANCE	15	Does the FI actively use voting on AGMs as a mechanism to advance their RI/Sustainability goals (applicable to investments only)? Please provide a link to documentation. This question can also be interpreted as follows- Are the RI/sustainability goals SPECIFICALLY reflected in the voting guidelines?	Yes, The voting guidelines (or voting record) reflect the RI/sustainability goals to a great extent.		The voting guidelines (or voting record) partially reflect the RI/sustainability goals of the FI, but there are significant gaps.		no
	16	Does the FI monitor its voting decisions in the context of its chosen sustainability objectives, and disclose and explain where its own voting has run contrary to those objectives (applicable to investments only)? Please specify briefly how this monitoring is carried out, or refer to guidelines	Yes				no
	17	What proportion of investee company AGMs did the FI vote on in the last year (applicable to investments only)? Please answer in terms of a) number of companies and b) % share of AUM in the equity portfolio. Please specify what proportion was proxy voting (semi-automatic voting) and what proportion was "normal voting" i.e., where the FI themselves go through all items on AGMs.	voted at >50% of AGMs, majority normal voting	voted at >75%, majority proxy voting	voted at >25%, majority normal voting	Voted at >	voted at <25% of AGMs
	18	Have the FIs investment managers been proactive in filing and/or supporting shareholder resolutions on ESG topics at AGMs of the companies they are invested in, in the last year (applicable to investments only)? Please specify what topics were these resolutions in (e.g., labour rights, climate resolutions), and what companies these resolutions concerned	yes, have proactively initiated/submitted shareholder proposals.		Have not proactively initiated or submitted shareholder proposals, but have supported shareholder resolutions		no
	19	Does the FI announce in advance how they intend to vote at AGMs (applicable to investments only)?	yes				no

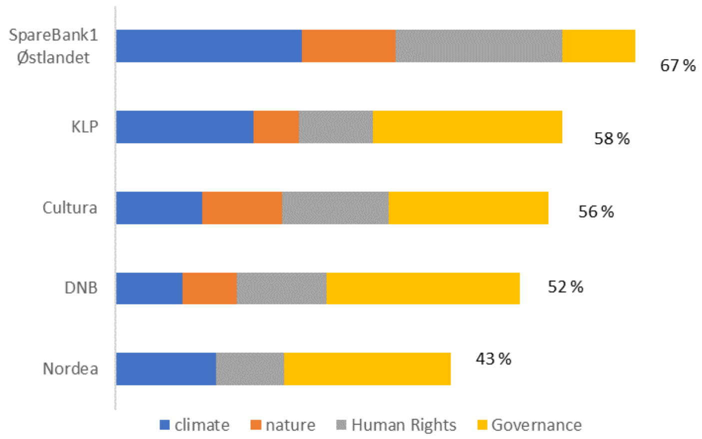

Figure 2 Contribution of theme score (climate, nature, human rights, and governance) to total percentage score for each bank.

Framtiden i våre hender
Økernveien 94, 0579 Oslo
(+47) 22 03 31 50 - post@framtiden.no
www.framtiden.no

Working for a socially just world, within planetary boundaries.

Future in our hands