



**Exposing Scandinavian Bank
Finance for Fossil Fuels**

About this report

This report covers the role of Scandinavian banks in financing the fossil fuel industry. It is based on research conducted by Profundo, the Netherlands based research and advice consultancy, into the investment and credit flows of ten Scandinavian banks into fossil fuel companies over the period 2016-2020, as well as assessments conducted by BankTrack of the fossil fuel related policies of these ten banks.

This report is a joint publication of BankTrack, Profundo, Fair Finance Guide Norway (Etisk Bankguide), Fair Finance Guide Sweden (Sveriges Konsumenter), Oxfam IBIS (Denmark) and ActionAid Denmark.

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Summary of findings

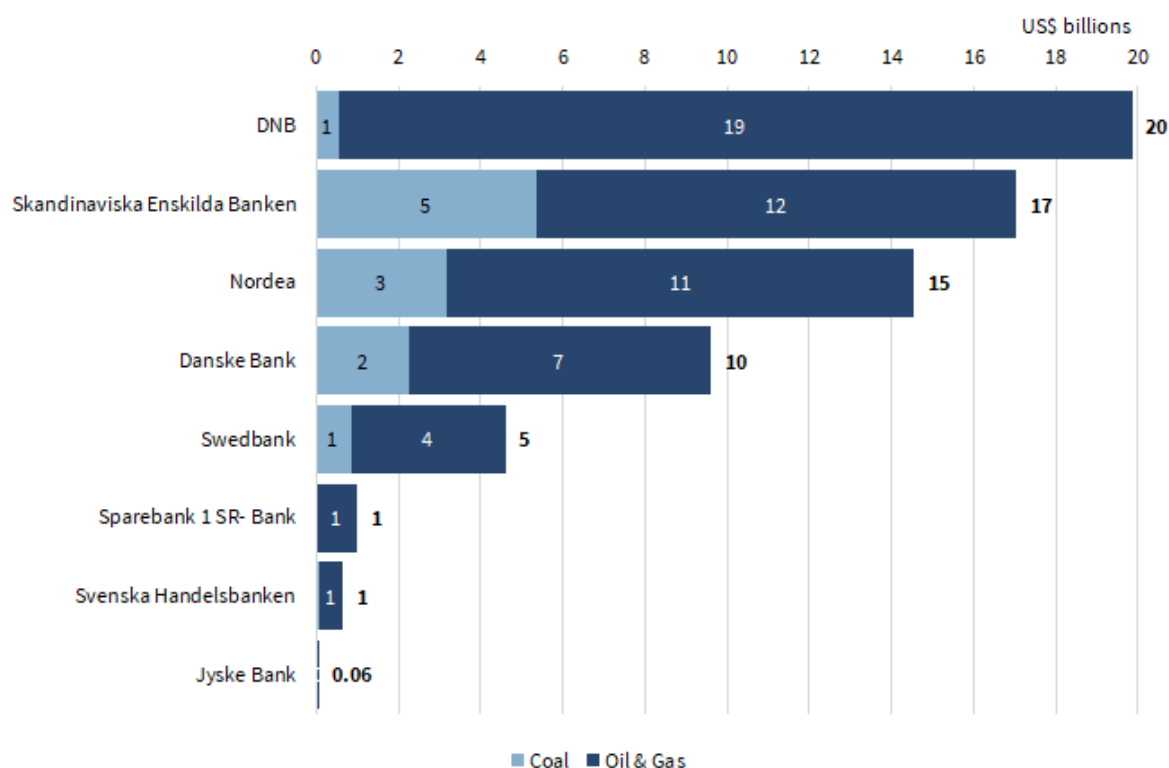
This report provides a comprehensive picture of the credit and investment relationships between ten Scandinavian financial institutions (“Scandinavian banks”) and companies engaged in fossil fuels – oil & gas, and coal, from January 2016 to June 2020, the period since the signing of the Paris Climate Agreement.

The report covers corporate loans, issuance underwriting services and project finance for January 2016 to June 2020. Shareholding data was analysed based on the filings for the three most recent financial quarters at the time of the research (Q4-2019, Q1-2020 and Q2-2020). This historical analysis was intended to evaluate the impact of Covid-19 and of the recent oil & gas price war on the portfolios of the selected banks.¹

1.1 Finance

Since the signing of the Paris Agreement in December 2015, Scandinavian banks have provided US\$ 67.3 billion in loans and underwriting to companies engaged in the fossil fuel sector. Of this sum, 18% (US\$ 12.2 billion) was provided to companies engaged in coal, and 82% (US\$ 55.1 billion) to companies engaged in the oil & gas sector.

Figure 1 Ranking of Scandinavian fossil fuel creditors (January 2016 – June 2020)



Source: Refinitiv (2020, June), *Bond issuances*; Refinitiv (2020, June), *Share issuances*; Refinitiv (2020, June), *Loans*; IJGlobal (2020, June), *Transaction search*.

1 Deloitte, "Understanding the sector impact of COVID-19", 1 April 2020, available at <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/COVID-19/COVID-19-Understand-sector-impact-oil-gas.pdf>, last viewed 21 January 2021.

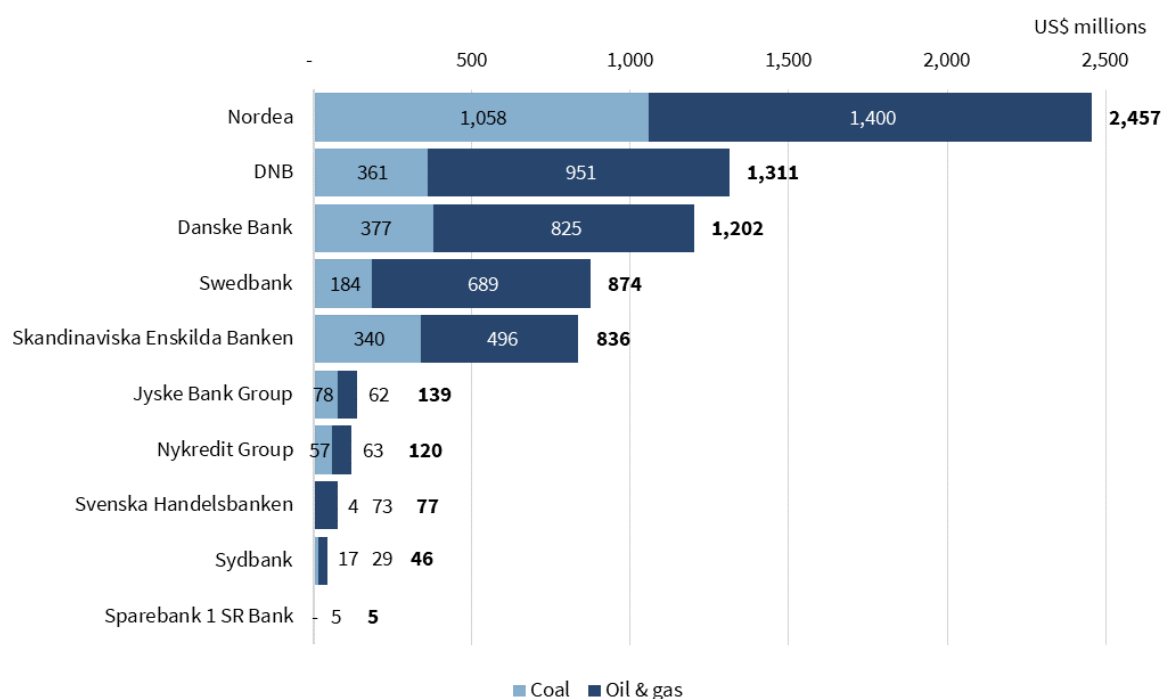
The largest fossil fuel creditor was DNB, which provided approximately US\$ 20 billion in loans and underwriting to companies engaged in the fossil fuel sector (see Figure 1). It was followed by Skandinaviska Enskilda Banken (SEB) (US\$ 17 billion) and Nordea (US\$ 15 billion).

1.2 Investments

As of the most recent filings on June 30th, 2020, Scandinavian banks held fossil fuel shares worth US\$ 7.1 billion. 35% (US\$ 2.5 billion) was attributable to coal, and 65% (4.6 billion) was attributable to oil & gas. The total value of their fossil fuel investments declined by 34% since Q4-2019, when the value of these investments was US\$ 10.6 billion.

Nordea had the highest value of fossil fuel attributable investments at the most recent filing date in Q2-2020 (see Figure 2). In total it held shares worth US\$ 2.5 billion, of which US\$ 1.1 billion was in coal and US\$ 1.4 billion in oil & gas. It was followed by DNB (US\$ 1.3 billion) and Danske Bank (US\$ 1.2 billion).

Figure 2 Investments per bank and fossil fuel category at most recent filing in Q2-2020



Source: Refinitiv (2020, August), *Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020.*

1.3 Fossil fuel finance policies

In addition to analysing the fossil fuel portfolios of the ten banks, this report also provides an assessment of the fossil fuel related policies of each bank. Specifically, we assessed whether the policies lead banks to stop financing the expansion of the fossil fuel industry, phase out existing financing and investments in the fossil fuel industry, and/or prevent such financing to occur in the future.

Our analysis shows that, although all banks explicitly acknowledge their responsibility to address the climate crisis, the extent to which banks have policies in place to not finance the fossil fuel industry differs greatly. No bank fully excludes such financing and significant gaps remain in the scope of each of the banks' policy frameworks.

The average total score for the ten banks analysed is only 17.15 out of a maximum score of 200, with nine out of ten banks scoring higher on coal than on oil & gas.

The bank with the highest score by a wide margin is SEB (75.5 points).² SEB is followed by SpareBank 1 SR-Bank (25 points), Svenska Handelsbanken (16.5 points) and Danske Bank (16 points). Jyske Bank, Nykredit and Sydbank all scored zero points, but it must be noted that Nykredit and Sydbank have no credit exposure to the fossil fuel industry, and Jyske Bank has limited exposure, meaning they may see no need to formulate such policies.

The table below summarizes our findings for each of the ten banks. It shows the points awarded for the commercial banking and investment policies of each bank on coal (out of 80 points) and oil & gas (out of 120 points). To provide further context, the table also shows the credit exposure to the fossil fuel sector for each bank. Amounts are in US\$ billion. For more details on the policy assessments see the specific sections in this report for each bank.

Table 1 Overview of commercial and investment banking policy assessments scores

Bank		Coal	Oil & gas	Total
		Max 80 points Amounts: US\$ bn	Max 120 points Amounts: US\$ bn	Max 200 points Amounts: US\$ bn
SEB	Policy score	37	38.5	75.5
	<i>Credit exposure</i>	5	12	17
SpareBank 1 SR-Bank	Policy score	22	3	25
	<i>Credit exposure</i>	0	1	1
Svenska Handelsbanken	Policy score	14	2.5	16.5
	<i>Credit exposure</i>	0	1	1
Danske Bank	Policy score	14	2	16
	<i>Credit exposure</i>	2	7	10
Nordea	Policy score	6	7.5	13.5
	<i>Credit exposure</i>	3	11	15
DNB	Policy score	10	2.5	12.5
	<i>Credit exposure</i>	1	19	20
Swedbank	Policy score	12	0.5	12.5
	<i>Credit exposure</i>	1	4	5
Jyske Bank	Policy score	0	0	0
	<i>Credit exposure</i>	0	0.06	0.06
Nykredit	Policy score	0	0	0
	<i>Credit exposure</i>	0	0	0
Sydbank	Policy score	0	0	0
	<i>Credit exposure</i>	0	0	0
Averages policy scores		11.5	5.65	17.15

In addition to the analysis above, we have assessed the policies governing the asset management portfolio of the ten banks. One important observation here is that exclusions for the fossil fuel industry often go further for asset management activities than for lending and underwriting. For example, Swedbank has limited restrictions in place in terms of its lending and underwriting for fossil fuels. However, the bank's asset management arm, Swedbank Robur, does not invest in fossil fuel companies unless these companies have clear transition goals in place.

² Please note the disclaimer about SEB's policy on page 52.

Furthermore, we have evaluated to what extent all banks have publicly committed to bring their financing in line with the goals of the Paris Climate Agreement. It is remarkable that all ten banks covered in this report have signed up to the Principles for Responsible Banking (PRBs), which requires them to “align their business strategy to be consistent with and contribute to ... society’s goals, as expressed in ... the Paris Climate Agreement.”

Despite signing on to the PRBs, none of the banks have yet adopted a group-wide commitment to achieve net-zero emissions in 2050. In contrast, the asset management arm of some of the banks have made such commitments. For example, Nordea Life & Pensions as well as Danica Pension have joined the Net-Zero Asset Owner Alliance, thereby committing to transition their investment portfolio to net-zero emissions by 2050.³ Furthermore, Swedbank Robur has committed to be aligned with the Paris 1.5°C goal by 2025.

Finally, it was found that until now only one of the ten banks has publicly reported on its financed emissions, even though this is an important tool for banks to assess where they can take most meaningful action, and an important way for customers and society at large to know whether banks are indeed reducing their climate impact. Only Jyske Bank has started to report on its financed emissions, while several banks are planning to start doing so in 2021.

3 UNEP-FI, “Alliance Members”, n.d., available at <https://www.unepfi.org/net-zero-alliance/alliance-members/>, last viewed 22 January 2021.

2. Introduction

Five years after the adoption of the Paris Climate Agreement, the severe risks posed by the climate crisis have only increased. Even though the Covid-19 pandemic led to a temporary decrease in CO₂ emissions, the world is still on track to an increase of over 3°C global warming by the end of the century. An average global temperature increase of 1.5°C would already have severe consequences for people and the planet - with the most severe impacts faced by already marginalized and vulnerable communities. For example, even at 1.5°C warming, the average length of droughts globally will increase to two months per year. The number of people exposed to water scarcity will grow by 271 million and the global population exposed to severe droughts by 132.5 million.⁴

By signing the Paris Climate Agreement, nearly all countries of the world agreed to limit global warming to “well-below” 2°C, aiming for 1.5°C. The Intergovernmental Panel on Climate Change (IPCC) has calculated that, in order to have a 50% chance of keeping global warming limited to 1.5°C, worldwide CO₂ emissions need to reach zero by 2050 at the latest. Moreover, because of the long-term and self-reinforcing mechanisms behind global warming, cutting emissions needs to start urgently, with global emissions decreasing by 50% of 2010 levels by 2030 at the latest.

To achieve this goal, parties to the agreement pledged to submit national action plans (called Nationally Determined Contributions, or NDCs) to reduce CO₂ emissions. Every five years, these plans need to be updated and made more ambitious, as a ratcheting method to increase emission cuts year over year. Unfortunately, all initial NDCs taken together are nowhere near sufficient to bring the world on a course for 1.5°C of global warming. In the meantime, only 61 out of 189 countries have met the 2020 deadline to submit more ambitious emission cut targets and even among those, many did not increase the ambition of their targets. A few countries have even backtracked on pledges made five years ago.⁵

The fossil fuel industry is a crucial part of the puzzle. Expected emissions from fossil fuel reserves already in production are estimated to already push the world beyond the 1.5°C threshold, clearly showing that phasing out fossil fuels is one of the most crucial steps needed to tackle the climate crisis. Even more urgent is the need to prevent the exploration of new fossil fuel reserves, as well as the expansion of infrastructure that will lock the world further into fossil fuel use. Recent research focusing on a selection of 12 fossil fuel expansion projects showed that those projects alone “would use up three-quarters of the total remaining carbon budget if we are to have a 66% probability of limiting global warming to 1.5° Celsius.”⁶

4 CarbonBrief, “The impacts of climate change at 1.5C, 2C and beyond”, 4 October 2018, available at <https://interactive.carbonbrief.org/impacts-climate-change-one-point-five-degrees-two-degrees/>, last viewed 19 January 2021.

5 CarbonBrief, “Analysis: Which countries met the UN’s 2020 deadline to raise ‘climate ambition’?”, 8 January 2021, available at <https://www.carbonbrief.org/analysis-which-countries-met-the-uns-2020-deadline-to-raise-climate-ambition>, last viewed 19 January 2021.

6 urgewald et al, “Five years lost: How Finance is Blowing the Paris Carbon Budget”, 10 December 2020, available at <https://urgewald.org/sites/default/files/media-files/FiveYearsLostReport.pdf>, last viewed 19 January 2021.

Despite these alarming figures, financial institutions globally continue to finance and invest in fossil fuel companies and projects. Since 2015, 35 banks alone provided US\$ 2.7 trillion in lending and underwriting to fossil fuel companies.⁷ They are keeping the fossil fuel industry alive when it should be phasing out, driving the world to a disaster scenario of over 3°C warming.

To prevent the global climate catastrophe from further unfolding, financing for the fossil fuel industry must end. This requires financial institutions to align their financing with the goals of the Paris Climate Agreement, including their finance for the fossil fuel industry. Concretely, each bank “must adopt a commitment by COP26 ... that the projects and companies it supports are aligned with 1.5°C” and “must have in place a process by COP26 to measure and disclose its climate impact”, and “must commit to phase out financed emissions in alignment with 1.5°C and ... develop a specific plan for establishing science-based targets.”⁸

To see whether Scandinavian financial institutions are helping or hurting global efforts to deal with the climate crisis, this report assesses the fossil fuel financing and fossil fuel policies of ten Scandinavian banks. It presents how much finance these banks have provided to the fossil fuel industry since the Paris Climate Agreement and sheds a light on the policies they have in place to restrict their financing for the fossil fuel industry.

The results of this analysis show that although each of the banks recognises the urgency of the climate crisis and the role of the financial industry in addressing it, most of them continue to finance coal, oil & gas companies and have no plan in place to phase out those relationships. This highlights the importance of significantly improving the policy frameworks of each of these banks, to start excluding all fossil fuel companies and projects, phase out existing financial relationships, and start financing a green recovery rather than climate chaos.

This report is organized as follows: after the summary and the introduction of the report, Chapter 3 describes the research methodology used; Chapter 4 presents the general findings of the research; Chapter 5 presents the research findings at bank level, looking in more detail at the fossil fuel financing and investments of the individual banks, as well as the policies they have in place. Finally, Chapter 6 draws some conclusions from the analysis and provides several recommendations.

7 RAN et al, “Banking on Climate Change”, 18 March 2020, available at <https://www.ran.org/bankingonclimatechange2020/>, last viewed 19 January 2021.

8 RAN et al, “Principles for Paris-aligned financial institutions”, 16 September 2020, available at https://www.banktrack.org/download/principles_for_parisaligned_financial_institutions_climate_impact_fossil_fuels_and_deforestation/ran_principles_for_parisaligned_financial_institutions.pdf, last viewed 19 January 2021.

3. Research methodology

3.1 Selection of financial institutions

This report covers the following ten banks, several of which operate in more than one Scandinavian country:

1. Danske Bank (Denmark)
2. DNB (Norway)
3. Jyske Bank Group (Denmark)
4. Nordea (Finland)
5. Nykredit Group (Denmark)
6. Skandinaviska Enskilda Banken (Sweden)
7. SpareBank 1 SR-Bank (Norway)
8. Svenska Handelsbanken (Sweden)
9. Swedbank (Sweden)
10. Sydbank (Denmark)

3.2 Financial research strategy

The objective of the research was to obtain a broad picture of trends in the financing of fossil fuels by Scandinavian banks – coal, oil & gas. To meet this objective, the research screened the financing provided by these banks to companies engaged in these sectors (see section 3.3). To effectively carry out the screening process, the research utilized two financial databases for their complementary content – Refinitiv for syndicated loans and underwriting and for shareholdings, and IJGlobal for project finance.

In Refinitiv, we retrieved syndicated loans and issuance underwriting services provided by the selected banks and their subsidiaries for the period January 2016 to June 2020. All deals were screened for the sector activity of the issuer/borrower (see 3.3) using the Thomson Reuters Business Classification (TRBC) system. Additionally, we screened issuers/borrowers against the Global Coal Exit List (GCEL) which provides key statistics on companies throughout the entire thermal coal value chain. GCEL is the most comprehensive database of companies engaged in the thermal coal value chain and is used by many investors seeking to transition their portfolios away from coal.⁹ All loans and issuance underwriting services to borrowers/issuers in the relevant sectors or featuring on the GCEL were included in the research.

We also retrieved shareholding data from Refinitiv, by creating an equity screener including companies engaged in coal mining, oil & gas, electric utilities, metals and mining, and multiline utilities. For the latter three sectors, companies were further screened against the GCEL.

Data on project finance were retrieved from IJGlobal. A transaction screen was carried out for financing provided by the selected banks in the period January 2016 to June 2020, to companies and projects related to coal mining, coal-fired power, and oil & gas.

9 urgewald, “Global Coal Exit List 2020”, available at <https://coalexit.org/>, last viewed June 2020.

A noteworthy limitation of the screening strategy using financial databases relates to the constrictions in the content of the databases themselves. While shareholding data are relatively complete, particularly for the selected banks, an important gap remains in the loan data. The financial databases record syndicated loans and issuance underwriting, but due to bank secrecy regulations bilateral lending between one company and one bank is missing. Such data can sometimes be obtained through company disclosures and company registries. However, this was beyond the scope of the current research as the analysis started from the level of the financial institution rather than the company level.

Consequently, the loan data is likely an underestimate of the actual lending figures for the fossil fuel industry. Moreover, the presented figures suggest a more important role of banks that are more active in syndicated lending and the provision of issuance underwriting services. Nevertheless, as the capital-intensive fossil fuel industries require larger – and thus syndicated – volumes of financing, such gaps in the lending data are likely to be limited.

3.3 Selection of sectors

The focus of the research was on coal mining, coal-fired power, and oil & gas. Screening was carried out in Refinitiv at the issuer/borrower level, using TRBC codes for the issuers/borrowers. Table 2 presents the TRBC industry groups and industries for coal and oil & gas included in the scope of the research. Companies engaged in electric utilities, metals and mining, and multiline utilities were further screened against the GCEL (see 3.2).

In IJGlobal, deals provided by the selected banks were screened for coal mining, coal-fired power, and oil & gas project financing.

Table 2 Selected TRBC sectors

Fossil fuel type	TRBC Industry Group	TRBC Industry
Coal	Coal	Coal
	Electric Utilities & IPPs	Electric Utilities
	Electric Utilities & IPPs	Independent Power Producers
	Electric Utilities & IPPs	Multiline Utilities
	Electric Utilities & IPPs	Construction & Engineering
	Metals & Mining	Iron & Steel
	Metals & Mining	Aluminium
	Metals & Mining	Specialty Mining & Metals
	Metals & Mining	Diversified Mining
	Multiline Utilities	Multiline Utilities
Oil & Gas	Oil & Gas	Oil & Gas Refining and Marketing
	Oil & Gas	Oil & Gas Exploration and Production
	Oil & Gas	Integrated Oil & Gas
	Oil & Gas Related Equipment and Services	Oil Related Services and Equipment
	Oil & Gas Related Equipment and Services	Oil & Gas Transportation Services
	Oil & Gas Related Equipment and Services	Oil & Gas Drilling

3.4 Types of finance

Banks can invest in companies through a number of different modalities. Banks can provide credit to a company. This includes providing loans and the underwriting of share and bond issuances. Banks can also investment in the bonds and shares issued by the company. Investments by the means of holding bonds of a company were not covered by this research, but shareholdings are. This section outlines the different types of financing.

3.4.1 Corporate loans

The easiest way to obtain debt is to borrow money. In most cases, money is borrowed from commercial banks. Loans can be either short-term or long-term in nature. Short-term loans (including trade credits, current accounts, leasing agreements, et cetera) have a maturity of less than a year. They are mostly used as working capital for day-to-day operations. Short-term debts are often provided by a single commercial bank, which does not ask for substantial guarantees from the company.

A long-term loan has a maturity of at least one year, but generally of three to ten years. Long-term corporate loans are especially useful to finance expansion plans, which only generate rewards after some period of time. The proceeds of corporate loans can be used for all activities of the company. Often long-term loans are extended by a loan syndicate, which is a group of banks brought together by one or more arranging banks. The loan syndicate will only undersign the loan agreement if the company can provide certain guarantees that interest and repayments on the loan will be fulfilled.

- **Project finance**

One specific form of corporate loan is project finance. This is a loan that is earmarked for a specific project.

- **General corporate purposes / working capital**

Often a company will receive a loan for general corporate purposes or for working capital. On occasion while the use of proceeds is reported as general corporate purposes, it is in fact earmarked for a certain project. This is difficult to ascertain.

3.4.2 Share issuances

Issuing shares on the stock exchange gives a company the opportunity to increase its equity by attracting a large number of new shareholders or increase the equity from its existing shareholders.

When a company offers its shares on the stock exchange for first time, this is called an Initial Public Offering (IPO). When a company's shares are already traded on the stock exchange, this is called a secondary offering of additional shares.

To arrange an IPO or a secondary offering, a company needs the assistance of one or more (investment) banks, which will promote the shares and find shareholders. The role of investment banks in this process therefore is very important.

The role of the investment bank is temporary. The investment bank purchases the shares initially and then promotes the shares and finds shareholders. When all issued shares that the financial institution has underwritten are sold, they are no longer included in the balance sheet or the portfolio of the financial institution. However, the assistance provided by banks to companies in share issuances is crucial. They provide the company with access to capital markets and provide a guarantee that shares will be bought at a pre-determined minimum price.

3.4.3 Bond issuances

Issuing bonds can best be described as cutting a large loan into small pieces and selling each piece separately. Bonds are issued on a large scale by governments, but also by corporations. Like shares, bonds are traded on the stock exchange. To issue bonds, a company needs the assistance of one or more (investment) banks which underwrite a certain amount of the bonds. Underwriting is in effect buying with the intention of selling to investors. Still, in case the investment bank fails to sell all bonds it has underwritten, it will end up owning the bonds.

3.4.4 (Managing) shareholdings

Banks can, through the funds they are managing, buy shares of a certain company, making them part-owners of the company. This gives the bank a direct influence on the company's strategy. The magnitude of this influence depends on the size of the shareholding.

As banks actively decide in which sectors and companies to invest, and are able to influence the company's business strategy, this research will investigate the shareholdings of banks of the selected companies. Shareholdings are only relevant for stock listed companies.

Shareholdings have a number of peculiarities that have implications for the research strategy. Firstly, shares can be bought and sold on the stock exchange from one moment to the next. Financial databases keep track of shareholdings through snapshots, or filings. This means that when a particular shareholding is recorded in the financial database, the actual holding, or a portion of it, might have been sold, or more shares purchased. Secondly, share prices vary from one moment to the next.

3.5 Estimating loans & underwriting services per bank

During the financial data collection process, this research utilized financial databases Refinitiv and IJGlobal. Financial databases often record loans and issuance underwriting when these are provided by a syndicate of banks. However, financial databases do not always report on the proportions of a given deal that can be attributed to the participants in deal. In such instances, this research calculated an estimated contribution based on the rules of thumb described below.

Individual bank contributions to syndicated loans and underwriting (bond & share issuance underwriting) were recorded to the largest extent possible where these details were included in financial database, or company or media publications. In many cases, the total value of a loan or issuance is known, as are the banks that participate in this loan or issuance. However, often the amount that each individual bank commits to the loan or issuance has to be estimated.

In the first instance, this research attempted to calculate each individual bank's commitment on the basis of the fee they received as a proportion of the total fees received by all banks. This proportion (e.g., Bank A received 10% of all fees) was then applied to the known total deal value (e.g., 10% x US\$ 10 million = US\$ 1 million for Bank A).

Where deal fee data was missing or incomplete, this research used the bookratio. The bookratio (see formula below) is used to determine the spread over bookrunners and other managers.

$$\text{Bookratio: } \frac{\text{number of participants} - \text{number of bookrunners}}{\text{number of bookrunners}}$$

Table 3 shows the commitment assigned to bookrunner groups with our estimation method. When the number of total participants in relation to the number of bookrunners increases, the share that is attributed to bookrunners decreases. This prevents very large differences in amounts attributed to bookrunners and other participants.

Table 3 Commitment to assigned bookrunner groups

Bookratio	Loans	Issuances
> 1/3	75%	75%
> 2/3	60%	75%
> 1.5	40%	75%
> 3.0	< 40%*	< 75%*

* In case of deals with a bookratio of more than 3.0, we use a formula which gradually lowers the commitment assigned to the bookrunners as the bookratio increases. The formula used for this:

$$\frac{1}{\frac{\sqrt{\text{bookratio}}}{1.443375673}}$$

The number in the denominator is used to let the formula start at 40% in case of a bookratio of 3.0. As the bookratio increases the formula will go down from 40%. In case of issuances the number in the denominator is 0.769800358.

3.6 Period covered in research

Corporate loans, issuance underwriting services and project finance was researched for the period January 2016 to June 2020. Shareholdings data was analysed based on the filings for the three most recent financial quarters at the time of the research (2019-Q4, 2020-Q1 and 2020-Q2). This historical analysis was intended to evaluate the impact of Covid-19 and of the recent oil & gas price war on the portfolios of the selected banks.

3.7 Policy assessment methodology

This report assesses three aspects of the fossil fuel policies and climate commitments of the banks covered in this report. First, we evaluated the bank's fossil fuel policies covering its financing activities (i.e., loans and underwriting). Second, we analysed policies covering asset management activities (share- and bond holdings). Finally, we have assessed to what extent a bank has committed to align its financing with the goals of the Paris Climate Agreement.

All assessments are based on policies that are available in the public domain, for example on the bank's website. As with the financial research (see above), the results of the policy assessments were shared with the banks for input and verification before publication. Where banks responded to confirm or correct the assessment, reference of this is made in the source information in the relevant bank's section below.

The banks covered in this report are also subject of policy assessments and engagement by the Fair Finance Guide (FFG).¹⁰ It is important to note that this research conducts policy assessments following a different methodology, as explained below. Therefore, there may be differences in the results of the assessments.

¹⁰ For more details about the methodology used by the Fair Finance Guide, please see "Fair Finance Guide International Methodology 2020", pages 40-49, available at <https://fairfinanceguide.org/media/496206/2020-ffi-methodology-clean-version-200827.pdf>.

3.7.1 Commercial and investment banking policies

The assessment of policies covering financing activities, namely loans and underwriting, was conducted using the methodology of the 2020 edition of the [Banking on Climate Change \(BOCC\) report](#), published in March 2020 by Rainforest Action Network, BankTrack, Indigenous Environmental Network, Oil Change International, Reclaim Finance and Sierra Club.¹¹

This methodology assesses whether the commercial banking and investment policies of a bank cover different types of fossil fuels, each divided into further subcategories:

- Coal, subdivided into:
 - Coal mining
 - Coal power
 - Other coal (notably infrastructure and services)
- Oil & gas, with subcategories:
 - Tar sands (also known as oil sands)
 - Arctic oil & gas
 - Offshore oil & gas
 - Fracked oil & gas
 - LNG
 - Other oil & gas (notably conventional oil & gas)

For each of the fossil fuel subcategories, the scope of the policy is then assessed in four ways:

1. Does the bank **restrict direct financing** for projects related to the relevant type of fossil fuel?
2. Does the bank **restrict financing for companies that expand** the relevant type of fossil fuel, for example by building new coal mines?
3. Does the bank commit to **phase out financing for companies** involved in the relevant type of fossil fuel?
4. Does the bank commit to **exclude from financing** companies involved in the relevant type of fossil fuel?

Banks can score points for each of these four categories, as per the table below. A breakdown of points earned for the different categories is provided in each bank's profile, as well as a description of the bank's financing policies.¹²

11 The 2021 edition of this report, including an updated assessment methodology, will be published in March 2021. This new methodology may lead to a different score for the ten banks in due time.

12 BankTrack can provide further details on the scoring criteria upon request.

Table 4 Maximum score per (sub)category

		Type of policy commitment				
Category	Subcategory	Exclusion of fossil fuel projects	Exclusion of expansion companies	Phase out of existing fossil fuel clients	Exclusion of fossil fuel companies	Total
Coal	Coal mining	6	8	8	10	32
	Coal power	6	8	8	10	32
	Other coal	3	4	4	5	16
Oil & gas	Tar sands	4	5	5	6	20
	Arctic oil & gas	4	5	5	6	20
	Offshore oil & gas	4	5	5	6	20
	Fracked oil & gas	4	5	5	6	20
	LNG	4	5	5	6	20
	Other oil & gas	4	5	5	6	20

3.7.2 Investment policies

It is important to note that the BOCC methodology only looks at bank finance activities (lending and underwriting), and not investments (asset management). For this report, we have also made a brief analysis of investment policies of each bank relevant for fossil fuels. Therefore, a short review of ‘other responsible investment policies’ is added to the bank level findings where relevant to the finance data presented. Banks were not awarded further points for these investment policies, only a narrative description is provided, with a focus on where investment policies are different from the banking policies assessed with the BOCC scoring system.

3.7.3 Paris alignment

Net-zero and Paris alignment commitments

To align their financing and investments with the goals of the Paris Climate Agreement, banks will eventually need to reduce their direct and indirect greenhouse gas emissions to net-zero. This report assesses whether the banks have made commitments to do so, focusing on their indirect, so-called financed emissions.

The Greenhouse Gas Protocol identifies 3 types of emissions. Scope 1 covers “direct emissions from owned or controlled sources”, Scope 2 refers to “indirect emissions from the generation of purchased energy consumed by the reporting company” and Scope 3 relates to “all other indirect emissions that occur in a company’s value chain.”¹³ Scope 3 also covers - but is much broader than - the most significant impact generated by banks, which occurs through their so-called financed-emissions. This covers emissions that are the result of their financing activities, including the fossil fuel industry.

13 Greenhouse Gas Protocol, "Corporate Value Chain (Scope 3) Accounting and Reporting Standard", n.d., page 5, available at https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporting-Standard_041613_2.pdf, last viewed 19 January 2021.

The research for this report therefore analysed whether banks have made a commitment to reduce their financed emissions to (net-) zero. Commitments to only reduce Scope 1 or 2 emissions, or Scope 3 other than financed emissions, are not taken into account.

To be aligned with the goals of the Paris Climate Agreement, banks should reduce financed emissions by 50% in 2030 latest and to net-zero in 2050 latest. In doing so, reducing the carbon intensity of financing and investments is not sufficient. Banks must commit to an absolute reduction of their financed emissions.

All banks should establish their own group-wide net-zero commitments. However, the report also indicates when a bank has joined a collective commitment to align their business activities with the Paris Climate Agreement, such as the [Principles for Responsible Banking](#), the [Collective Commitment to Climate Action](#) or the [Paris Pledge for Action](#).

Reporting on financed emissions

To be able to implement a net-zero commitment, it is necessary for a bank to measure and report on their financed emissions. This report therefore assessed whether banks have committed to do so, or perhaps have already done so. There are different frameworks and methodologies for measuring or estimating financed emissions, such as [the Partnership for Carbon Accounting Principles](#) (PCAF). In Denmark specifically, sector association [Finans Danmark](#) has developed a “common CO2 model”.¹⁴

Another relevant framework to account for emissions is the [Task Force for Climate Related Disclosure](#) (TCFD). The TCFD reporting framework has different requirements for different sectors. For banks in particular, reporting on financed emissions is not required. Although banks can choose to report on financed emissions, covered by Scope 3 category 15, in practice most banks focus on their Scope 1 and 2 emissions. The bank profiles in this report do not look at TCFD reporting by banks, unless they explicitly report on those Scope 3 category 15 financed emissions.

3.8 Verification of data

3.8.1 Financial data

The financial data gathered during the research was shared with the selected banks for verification and comment. Of the ten banks, only three verified part of the data:

- **Danske Bank**

Danske Bank responded that it cannot verify the data on loans due to bank confidentiality requirements. All share issuance data was confirmed as correct. Furthermore, all but five of the identified bond issuances were confirmed. The data presented in this report was adjusted accordingly.

Danske Bank further confirmed that all shareholding data was correct for the reporting quarters included in the research. Certain holdings included in the report are no longer held by the bank as of September 2020.

- **SpareBank 1 SR-Bank**

SpareBank 1 SR-Bank responded that it cannot comment on the identified loan data. Only one bond issuance was confirmed. The data in this report was adjusted accordingly.

¹⁴ Finance Denmark, “Framework for Financed Emissions Accounting”, November 2020, available at <https://finansdanmark.dk/media/47145/finance-denmark-co2-model.pdf>, last viewed 19 January 2021.

- **Svenska Handelsbanken**

Svenska Handelsbanken provided detailed comments on the shareholding data. The bank's feedback on the sector activities of the identified companies was used to realign the equity screener used for the analysis of all banks.

It further responded that some of the shareholdings are in funds managed by Optimix, a subsidiary in the Netherlands. Svenska Handelsbanken commented that Optimix does not apply the policy for shareholder engagement and responsible investments (only applicable to Handelsbanken Fonder). Some holdings in Norwegian funds were also reported to not apply exclusion criteria as stated in that policy.

All other banks did not verify the data. The banks that did not verify the data, generally referred to bank secrecy requirements. This was for example the response of Nordea. It should be noted, however, that bond issuance, share issuance, and shareholding data are all in the public domain. Bond and share issuances require the publication of issuance prospectuses, noting the names of the banks involved in the issuance underwriting. Shareholdings are in the public domain through fund filings which banks are obliged to publish. Bank secrecy regulations or client confidentiality requirements are therefore only applicable to the lending portfolios.

Several of the selected banks commented on their sustainability commitments and strategies. BankTrack has kept a log of these responses, which is available upon request.

The banks were also asked to share historical data of their fossil fuel exposure based on NACE codes that corresponded with the TRBC codes used for the finance screening process for the years ending 31 December 2015 and 31 December 2019. Only one bank – Nordea – provided its loan portfolio exposure accordingly. Danske Bank and SpareBank 1 SR-Bank provided the loan portfolio sector exposures as recorded in their annual reports. The details of these exposures are also noted in this report.

3.8.2 Policy assessments

The outcomes of the policy assessments were also shared with each of the ten banks for verification and comment. All ten banks covered in this report provided feedback, which is – where relevant – incorporated in the policy assessments as presented in this report.

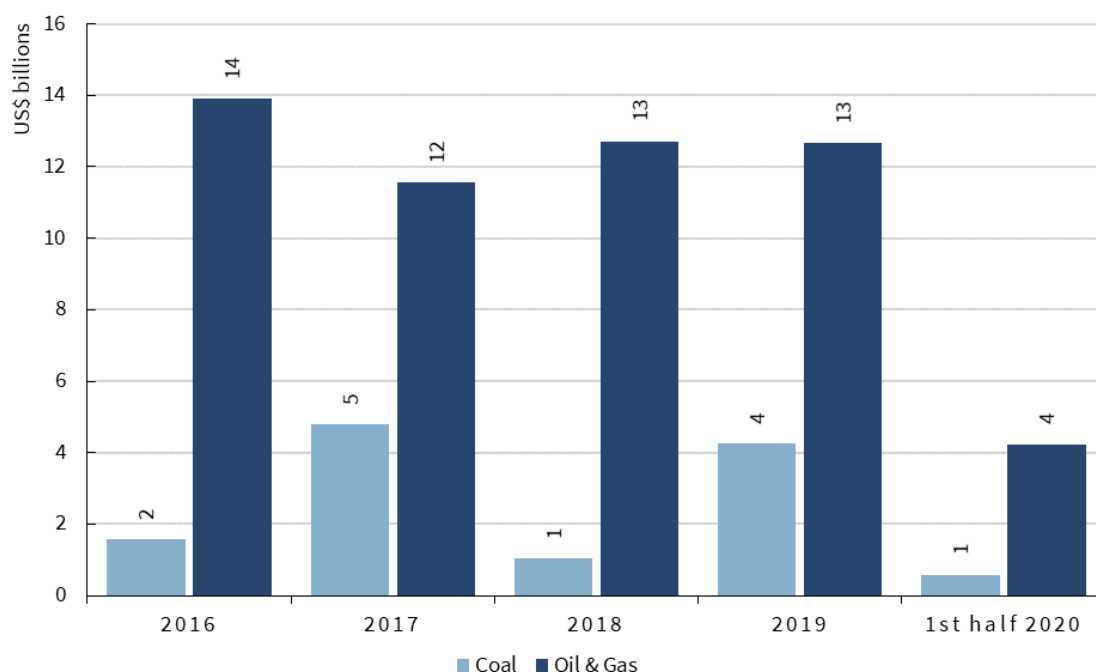
4. Research findings

Since the Paris Climate Agreement in December 2015, Scandinavian banks have provided at least US\$ 67.3 billion in loans and underwriting to the fossil fuel industry. At the most recent filing date in June 2020, these banks further held US\$ 7.1 billion in shares attributable to fossil fuel companies.

4.1 Credit

Since the signing of the Paris Agreement in December 2015, Scandinavian banks have provided US\$ 67.3 billion in loans and underwriting to companies engaged in the fossil fuels sector. Of this total, 18% (US\$ 12.2 billion) was provided to companies engaged in coal, and 82% (US\$ 55.1 billion) was provided to companies engaged in the oil & gas sector.

Figure 3 Annual trends of Scandinavian fossil fuel credit (January 2016 – June 2020)

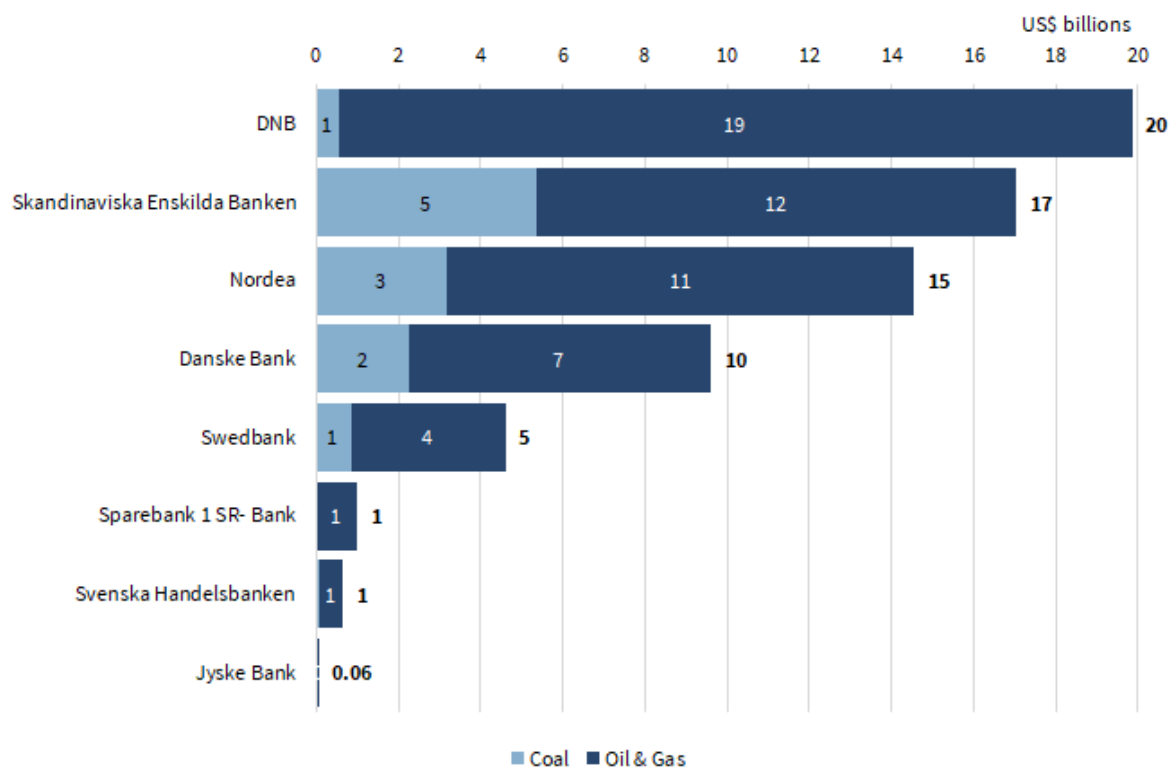


Source: Refinitiv (2020, June), *Bond issuances*; Refinitiv (2020, June), *Share issuances*; Refinitiv (2020, June), *Loans*; IJGlobal (2020, June), *Transaction search*.

Figure 3 shows that financial flows to oil & gas have remained generally stable over the research period, but financing to coal has fluctuated significantly. This is mainly driven by financing provided to the Finnish state-owned energy company Fortum, which is engaged in the fossil fuel sector through its subsidiary Uniper. The large volumes of financing shown in the figure were in fact used for the acquisition of Uniper.

Of the banks studied, the largest creditor to the fossil fuel industry was DNB, which provided approximately US\$ 20 billion in loans and underwriting to companies engaged in the sector (see Figure 4). DNB was followed by Skandinaviska Enskilda Banken (SEB) (US\$ 17 billion) and Nordea (US\$ 15 billion).

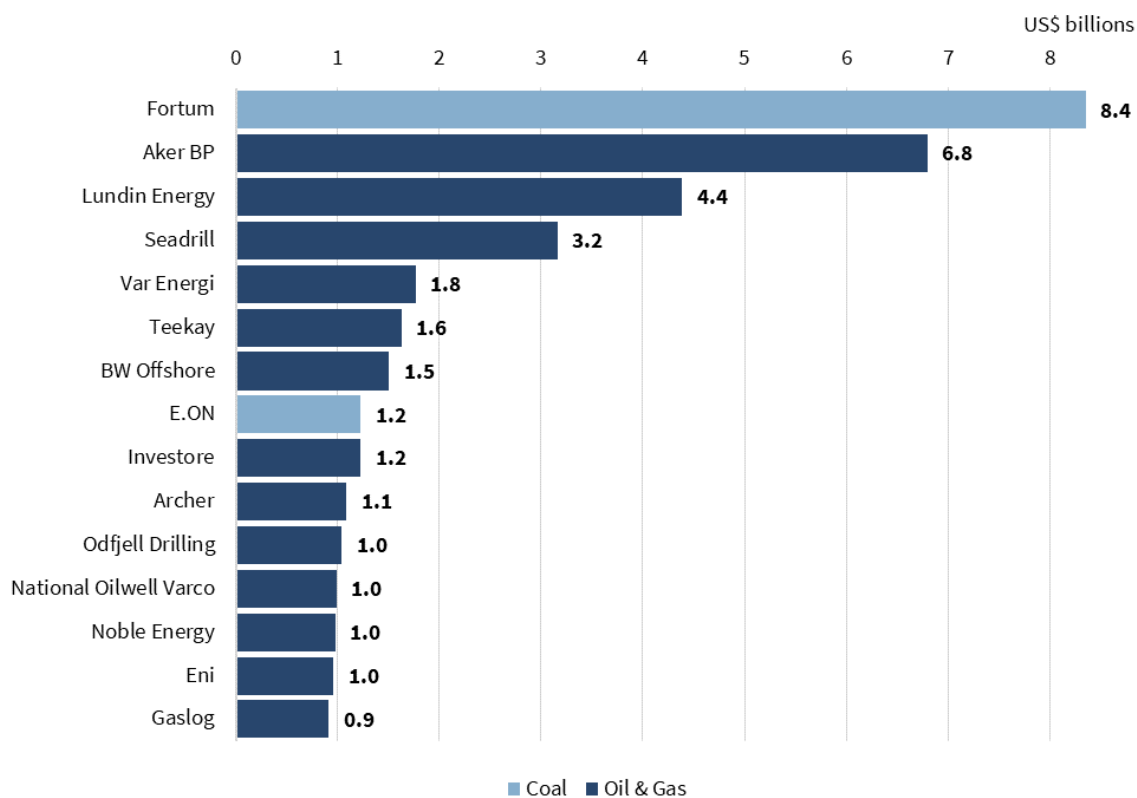
Figure 4 Ranking of Scandinavian fossil fuel creditors (January 2016 – June 2020)



Source: Refinitiv (2020, June), *Bond issuances*; Refinitiv (2020, June), *Share issuances*; Refinitiv (2020, June), *Loans*; IJGlobal (2020, June), *Transaction search*.

The top-15 clients received US\$ 36 billion in loans and underwriting services from the selected banks. This value accounts for 54% of all fossil fuel credit identified in this research. Figure 5 shows that the largest client was Fortum, which received US\$ 8.4 billion in loans and underwriting from Scandinavian banks. It was followed by Aker BP (US\$ 6.8 billion) and Lundin Energy (US\$ 4.4 billion).

Figure 5 Top-15 Scandinavian fossil fuel credit clients (January 2016 – June 2020)



Source: Refinitiv (2020, June), *Bond issuances*; Refinitiv (2020, June), *Share issuances*; Refinitiv (2020, June), *Loans*; IJGlobal (2020, June), *Transaction search*.

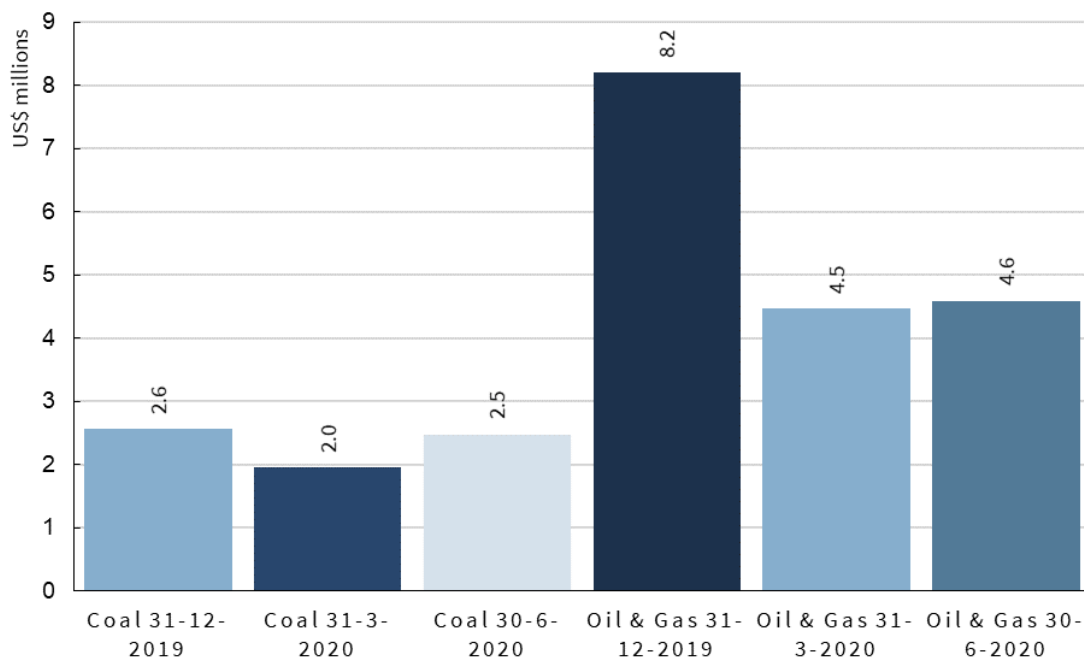
4.2 Investments

As of the most recent filings on June 30th, 2020, Scandinavian banks held fossil fuel shares worth US\$ 7.1 billion. Of this sum, 35% (US\$ 2.5 billion) was attributable to coal, and 65% (4.6 billion) to oil & gas. The value of fossil fuel investments declined from Q4-2019 when the total value of these investments was US\$ 10.6 billion. This decline is largely a result of the drop in share values in the fossil fuel sectors, particularly in oil & gas. This in turn was caused by the impact of Covid-19 and the recent oil & gas price war.¹⁵ This partly explains the increase in the coal share of investments from 24% in Q4-2019 to 35% in Q2-2020.

Figure 6 presents a more detailed view of the fluctuations in investment values attributable to coal and oil & gas for the three periods Q4-2019 to Q2-2020. It shows that the decline in the value share attributable to coal was less pronounced than for the oil & gas values, and that the recovery was more rapid.

15 Deloitte, "Understanding the sector impact of COVID-10", April 2020, available at <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/COVID-19/COVID-19-Understand-sector-impact-oil-gas.pdf>, last viewed 21 January 2021

Figure 6 Quarterly analysis of Scandinavian fossil fuel investments (Q4-2019 – Q2-2020, most recent filings)

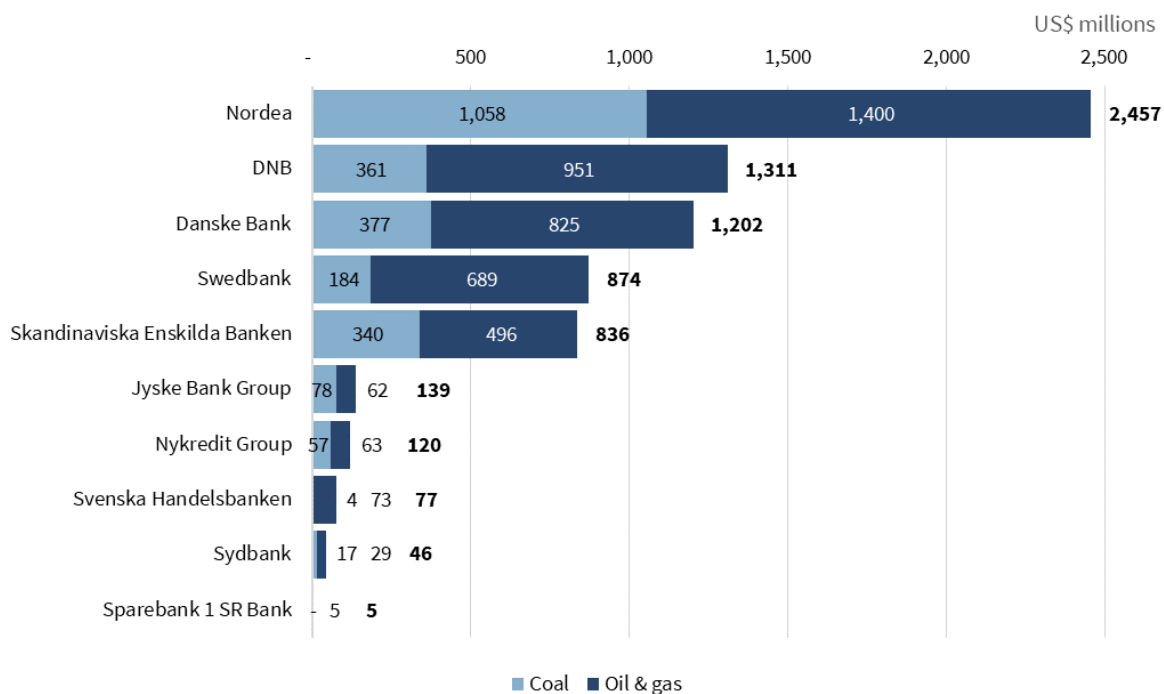


Source: Refinitiv (2020, August), *Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020.*

Nordea had the highest value of fossil fuel attributable investments at the most recent filing date in Q2-2020 (see Figure 7). In total, it held shares worth US\$ 2.5 billion, of which US\$ 1.1 billion was in coal and US\$ 1.4 billion in oil & gas. It was followed by DNB (US\$ 1.3 billion) and Danske Bank (US\$ 1.2 billion).

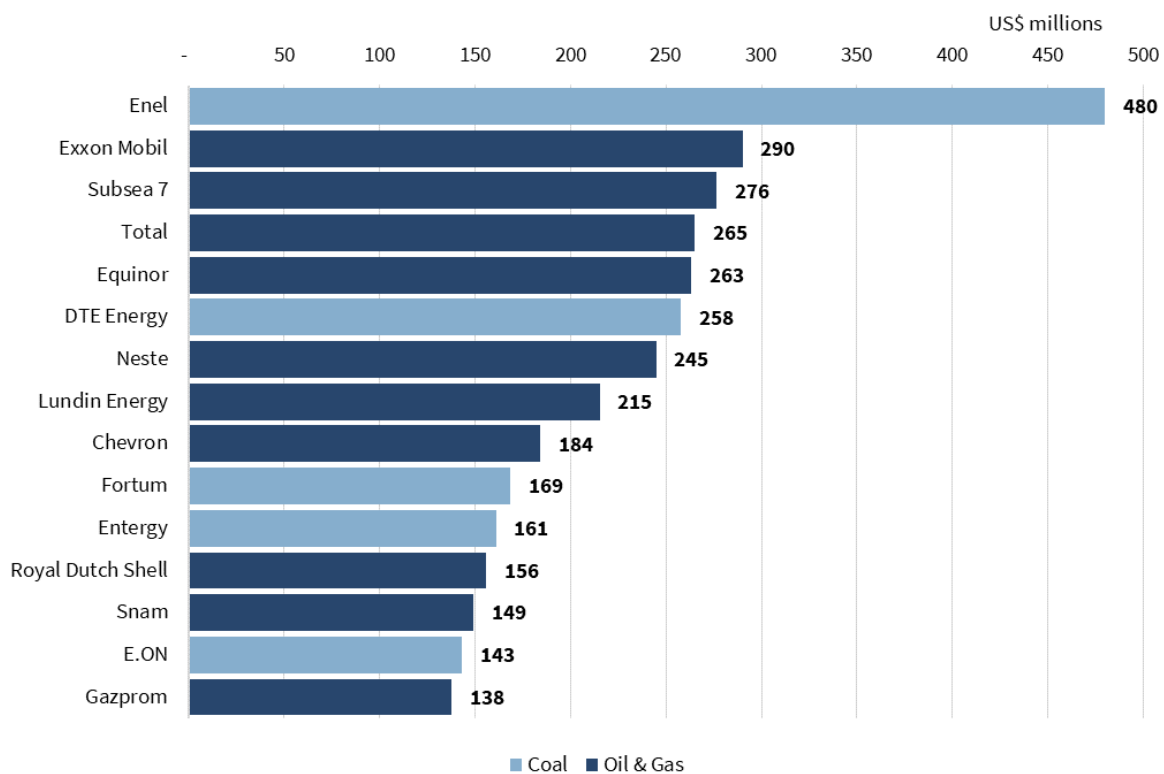
Figure 8 shows that the largest fossil fuel investee of Scandinavian banks is Enel. The selected Scandinavian banks held US\$ 480 million in Enel shares at the most recent filing date in Q2-2020. Enel was followed by Exxon Mobil (US\$ 290 million) and Subsea 7 (US\$ 276 million).

Figure 7 Investments per bank and fossil fuel category at most recent filing in Q2-2020



Source: Refinitiv (2020, August), Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020.

Figure 8 Top-15 Scandinavian fossil fuel investee companies at most recent filing in Q2-2020



Source: Refinitiv (2020, August), Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020.

4.3 Policy assessments

When comparing the fossil fuel policies of the ten Scandinavian banks, what stands out is that nine out of ten banks do not score more than 25 points out of 200. Only SEB scores more points, namely 75.5 points out of 200.¹⁶

This is a disappointing outcome, especially when taking into account that all of the banks have signed up to the Principles for Responsible Banking, thereby publicly acknowledging that they need to align their business activities with the goals of the Paris Agreement.

Another clear commonality is that banks tend to have stronger policies on coal than on oil & gas, which generally matches with the level of financing provided to both subsectors. 82% of the credit provided to fossil fuel companies is to oil & gas companies. The average score for coal policies is 11.5 (out of 80 points), and for oil & gas only 5.65 (out of 120 points). Only Nordea and SEB score slightly higher on oil & gas policy compared to coal.

Within the coal category, most of the banks exclude coal mining and coal power projects and companies to some degree. Most notably, SEB scores a total of 37 points out of 80, reflecting the most stringent exclusions in place for coal compared to the other banks. Interestingly, only one out of ten banks got points for excluding coal infrastructure projects, showing that more awareness of the importance of such projects is necessary among banks. Nine out of ten banks also have no policy in place to phase out financing for coal mining, coal power or infrastructure companies. Only SEB has a phase-out commitment in place for both coal mining and coal power companies.

When presenting these findings, it is important to note that while Jyske Bank, Nykredit and Sydbank score low on their policies they also have a very low, or no, credit exposure to the fossil fuel sector. In other words, the low exposure may have led these banks to the conclusion that they do not need to develop elaborate policies for fossil fuel financing.

Digging further into oil & gas shows that among the especially high-risk types of oil & gas, tar sands and fracked oil & gas projects and companies are most often restricted to some degree. Only SEB restricts its finance to Arctic oil & gas projects. It is disappointing to see none of the banks explicitly restrict financing for LNG and infrastructure projects. Phase out plans are generally lacking here as well, with the exception of SEB which has committed to gradually phase out its support for oil & gas companies that lack a Paris-aligned transition plan.

The research also made a short assessment of the asset management policies of the banks. Here it is most striking that the asset management arms of the banks have often adopted stricter policies to govern their activities compared to its lending arm.

The same applies to the analysis of the “Paris-alignment” commitments of the banks: their asset management arms tend to disclose their financed emissions more often and generally have more concrete targets to reduce fossil fuels from their investments. At this moment, none of the banks covered in this report have a group-wide commitment to achieve net-zero emission targets by 2050, despite pledges by all of them, through the Principles of Responsible Banking, to align their business with the Paris Climate Agreement. Furthermore, only Jyske Bank has started to report on its Scope 3 financed emissions for its lending and investments, while the other nine banks do not currently calculate or publish their financed emissions.

16 Please note the disclaimer about SEB’s policy on page 52.

Table 5 General findings commercial and investment banking policy assessments

Bank		Coal	Oil & gas	Total
		Max 80 points Amounts: US\$ bn	Max 120 points Amounts: US\$ bn	Max 200 points Amounts: US\$ bn
SEB	Policy score	37	38.5	75.5
	<i>Credit exposure</i>	5	12	17
SpareBank 1 SR-Bank	Policy score	22	3	25
	<i>Credit exposure</i>	0	1	1
Svenska Handelsbanken	Policy score	14	2.5	16.5
	<i>Credit exposure</i>	0	1	1
Danske Bank	Policy score	14	2	16
	<i>Credit exposure</i>	2	7	10
Nordea	Policy score	6	7.5	13.5
	<i>Credit exposure</i>	3	11	15
DNB	Policy score	10	2.5	12.5
	<i>Credit exposure</i>	1	19	20
Swedbank	Policy score	12	0.5	12.5
	<i>Credit exposure</i>	1	4	5
Jyske Bank	Policy score	0	0	0
	<i>Credit exposure</i>	0	0.06	0.06
Nykredit	Policy score	0	0	0
	<i>Credit exposure</i>	0	0	0
Sydbank	Policy score	0	0	0
	<i>Credit exposure</i>	0	0	0
Averages policy scores		11.5	5.65	17.15

5. Findings per bank

5.1 Danske Bank

5.1.1 About Danske Bank

Danske Bank is a Danish bank, founded in 1871 as Den Danske Landmandsbank, Hypothek- og Vexelbank i København. Headquartered in Copenhagen, it is the largest bank in Denmark and a major retail bank in the northern European region with over 5 million retail customers.

Read more about Danske Bank [here](#).

5.1.2 Credit

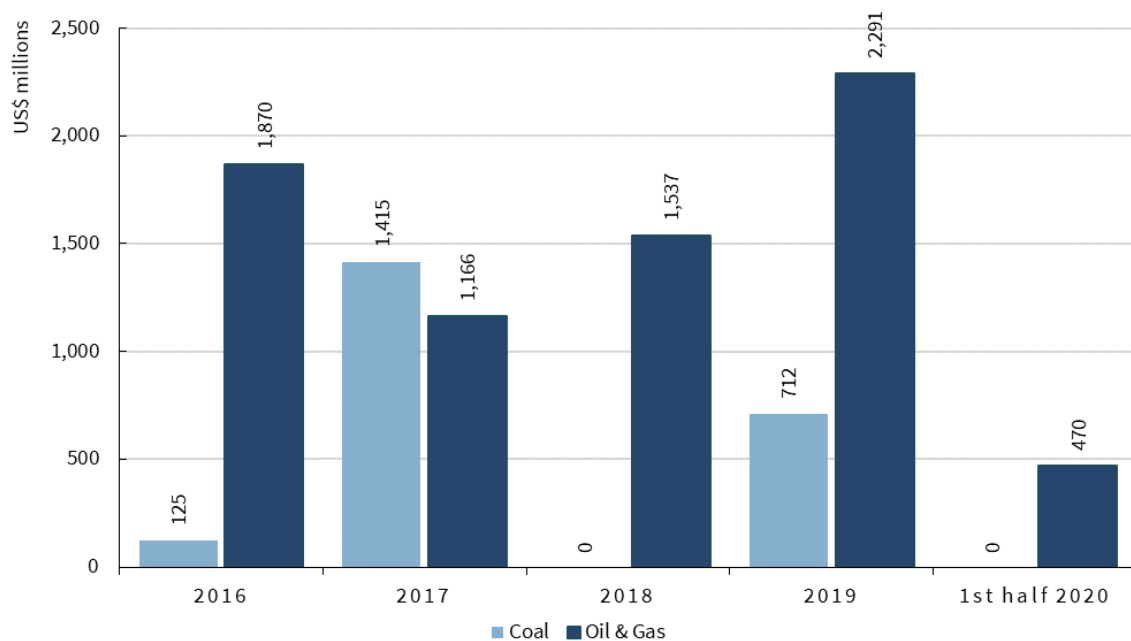
Since the Paris Agreement was signed in December 2015, Danske Bank provided US\$ 9.6 billion in loans and underwriting services to companies engaged in fossil fuels. Approximately a quarter of this (US\$ 2.3 billion) was provided to companies engaged in coal, and the remaining three quarters (US\$ 7.3 billion) to companies in the oil & gas sector.

Figure 9 shows the annual trends in Danske Bank's loans and issuance underwriting services to companies engaged in fossil fuels. It shows that credit to oil & gas has fluctuated between January 2016 and June 2020. There does not appear to be a clearly observable downward trend. In fact, given the 2019 figures, there may be an upward trajectory.

Financing attributable to coal has also fluctuated. In 2018 and in the observed period in 2020, there was no financing attributable to coal. This might indicate an overall downward trend in Danske Bank's coal financing.

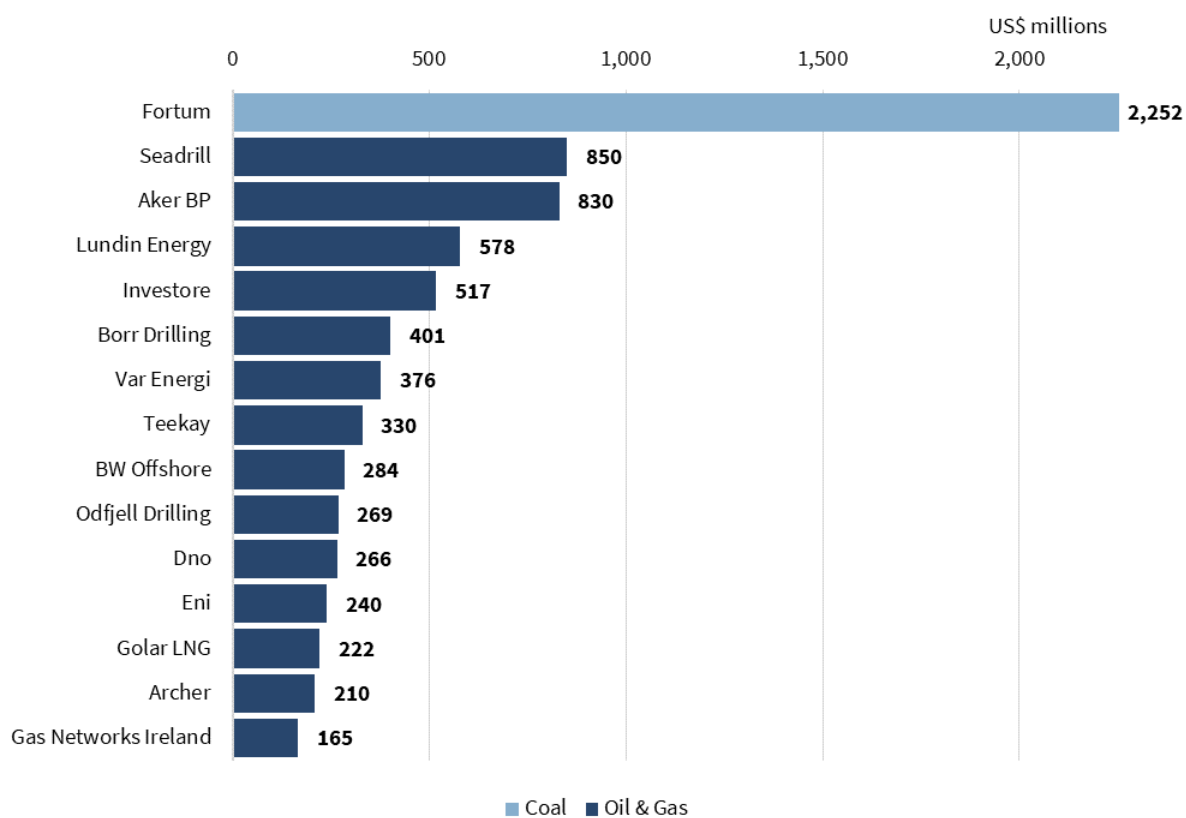
Danske Bank's top-15 fossil fuel credit clients account for 81% (US\$ 7.8 billion) of the identified credit to fossil fuel companies in the period of study (see Figure 10). The bank's largest fossil fuel client was Fortum (US\$ 2.3 billion). It was followed by Seadrill (US\$ 850 million) and Aker BP (US\$ 830 million).

Figure 9 Annual trends of Danske Bank fossil fuel credit (January 2016 – June 2020)



Source: Refinitiv (2020, June), *Bond issuances*; Refinitiv (2020, June), *Share issuances*; Refinitiv (2020, June), *Loans*; IJGlobal (2020, June), *Transaction search*.

Figure 10 Top-15 Danske Bank fossil fuel credit clients (January 2016 – June 2020)



Source: Refinitiv (2020, June), *Bond issuances*; Refinitiv (2020, June), *Share issuances*; Refinitiv (2020, June), *Loans*; IJGlobal (2020, June), *Transaction search*.

Danske Bank provided its credit exposure by industry for the period Q1-2018 to Q4-2019. From its reporting, it is not possible to draw out the coal mining or coal-fired power financing. Credit to oil & gas is in the same category as shipping. Danske Bank stated that it could not go further back or provide a detailed breakdown using NACE codes as this would violate bank secrecy. From Table 6 it appears that exposure to oil & gas has fluctuated around US\$ 9 billion but seems to have declined in Q4-2019. It is not clear if this trend has continued further.

Table 6 Danske Bank credit exposure by industry (Q1-2018 – Q4-2019, US\$ millions)

Sector	Q4-2019	Q3-2019	Q2-2019	Q1-2019	Q4-2018	Q3-2018	Q2-2018	Q1-2018
Shipping, oil & gas	8,532	9,187	9,227	9,192	9,933	9,625	9,505	9,849

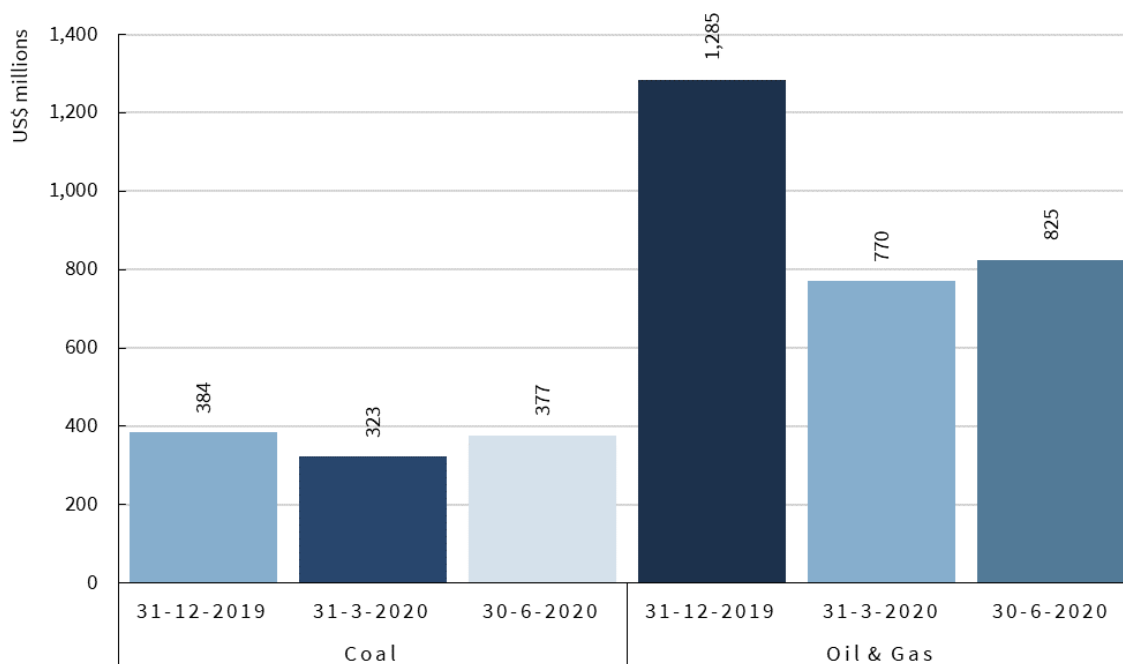
Source: Danske Bank (2020, February), *Fact Book Q4 2019*, p. 13.

5.1.3 Investment

As of the most recent filings in Q2-2020, Danske Bank held shares worth US\$ 1.2 billion in companies engaged in fossil fuels. 31% of this (US\$ 377 million) was attributable to coal, and 69% (US\$ 825 million) attributable to oil & gas. These values and proportions had changed significantly since Q4-2019. In that quarter, total fossil fuel investments stood at US\$ 1.7 billion, with coal accounting for 23% (US\$ 384 million) and oil & gas accounting for 77% (US\$ 1.3 billion).

Figure 11 shows investment value changes for the period Q4-2019 to Q2-2020. It shows that, in line with the general trend (see section 4.2), the value of Danske Bank’s investments in coal declined less and recovered faster than its investments in oil & gas.

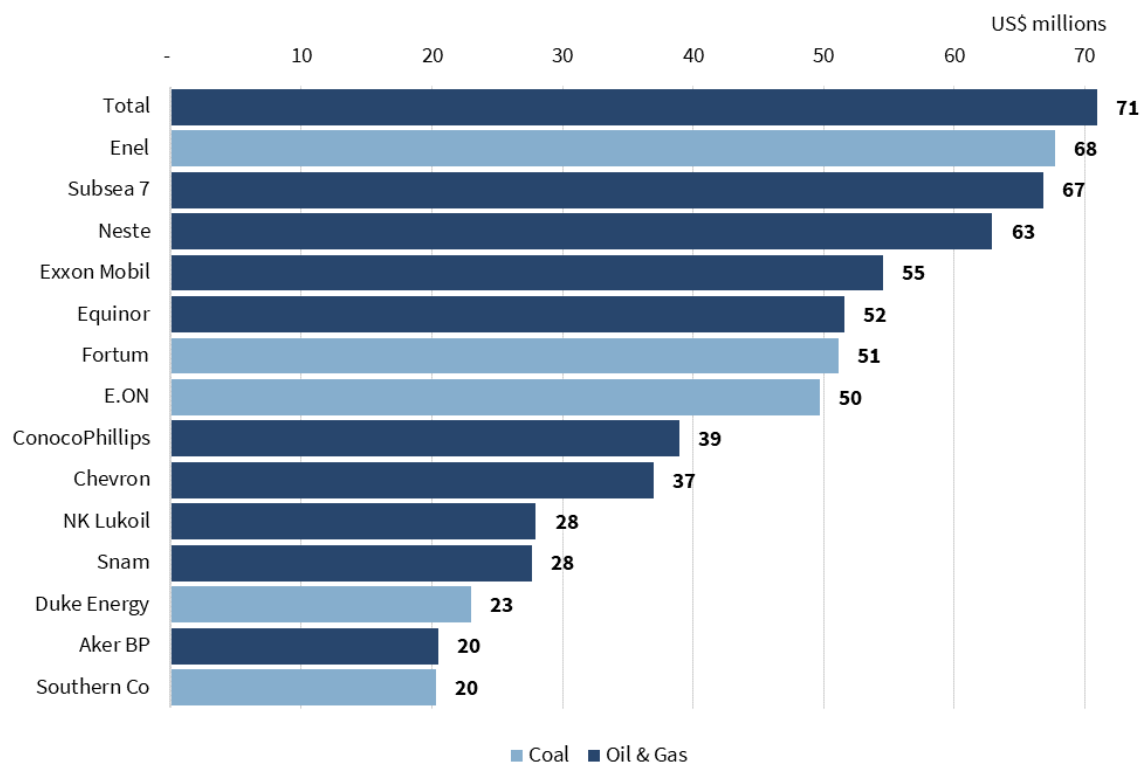
Figure 11 Danske Bank investments in coal and oil & gas (2019-Q4 to 2020-Q2, most recent filings)



Source: Refinitiv (2020, August), *Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020*.

Danske Bank’s top-15 fossil fuel investees in Q2-2020 accounted for 56% (US\$ 670 million) of the identified fossil fuel investment portfolio (see Figure 12). The largest among these investments was Total (US\$ 71 million). It was followed by Enel (US\$ 68 million) and Subsea 7 (US\$ 67 million).

Figure 12 Top-15 Danske Bank investments (2020-Q2, most recent filings)



Source: Refinitiv (2020, August), *Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020.*

5.1.4 Policy assessment

See the latest assessment of the policies of Danske Bank [here](#).

Fossil fuel finance policies

Danske Bank has the following restrictions in place for the coal sector: the bank does not finance coal mining projects and will also not provide new loans to companies involved in thermal coal mining and utilities over a 30% revenue threshold.¹⁷

Danske Bank has the following restrictions in place for the oil & gas sector: it partly restricts finance for tar sands companies, applying a 30% revenue threshold.¹⁸

It has no other restrictions in place. Danske Bank has indicated it is working to update its fossil fuel policies in the first half of 2021.¹⁹

It is important to consider the findings of this assessment in relation to the bank’s exposure to fossil fuels. Danske Bank still has significant exposure to coal and oil & gas, showing the need for the adoption of a more comprehensive policy to exclude and phase out all fossil fuel financing.

17 Danske Bank, ‘Fossil fuels – position statement’, September 2019, page 4, available at <https://danskebank.com/-/media/danske-bank-com/file-cloud/2017/5/danske-bank-position-statement-fossil-fuels.pdf>, last viewed on 19 January 2021.

18 Ibid.

19 Danske Bank, written response to BankTrack, dated 18 January 2021.

Table 7 Commercial and investment banking policy assessment scores Danske Bank

Fossil fuel category	Subcategory	Maximum score	Type of policy commitment				Total
			Exclusion fossil fuel projects	Exclusion expansion companies	Phase-out existing fossil fuel clients	Exclusion fossil fuel companies	
Coal	Coal mining	32	4			5	9
	Coal power	32				5	5
	Other coal	16					0
Oil & gas	Tar sands	20				2	2
	Arctic oil & gas	20					0
	Offshore oil & gas	20					0
	Fracked oil & gas	20					0
	LNG	20					0
	Other oil & gas	20					0
Total		200					16

Other responsible investment policies

Danske Bank applies the same restrictions to its asset management activities.²⁰

Paris alignment

Danske Bank does not have a group-wide commitment to achieve net-zero emissions by 2050. However, Danske Bank did commit to align its business activities with the Paris Agreement by signing on to the Principles for Responsible Banking and the Paris Pledge for Action.²¹

Danske Bank has not yet reported on its financed emissions. However, it has joined the Partnership for Carbon Accounting Principles in May 2020. PCAF is a financial sector initiative "to develop and implement a harmonized approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments". Danske Bank is working on using that methodology to disclose on financed emissions. A first report is expected in the first half of 2021.²²

For asset management some further commitments have been made. For example, Danica Pension has joined the UN-convened Net-Zero Asset Owner Alliance which commits to transitioning investment portfolios to net-zero emissions by 2050.²³

20 Ibid.
 21 UNEP-FI, "Signatories to the Principles for Responsible Banking", updated version 1 January 2021, available at https://www.unepfi.org/wordpress/wp-content/uploads/2020/12/Bank-Signatories_Jan-1.pdf, last viewed 18 January 2021; Paris Pledge for Action, "Who's joined?", n.d., available at <http://www.parispledgeforaction.org/whos-joined/>, last viewed 20 January 2021.
 22 Danske Bank, written response to BankTrack, dated 18 January 2021; PCAF, "About", n.d., available at <https://carbonaccountingfinancials.com/about>, last viewed 19 January 2021.
 23 UNEP-FI, "Alliance Members", n.d., available at <https://www.unepfi.org/net-zero-alliance/alliance-members/>, last viewed 22 January 2021.

5.2 DNB

5.2.1 About DNB

DNB, founded in 1822, is Norway's largest financial services group. The Group consists of brands such as DNB, Vital, Nordlandsbanken, Cresco, Postbanken, DnB NORD and Carlson. The group's activities are primarily focused on Norway. DNB is mainly active in providing finance for shipping, the energy sector and the fisheries and seafood industry.

Read more about DNB [here](#).

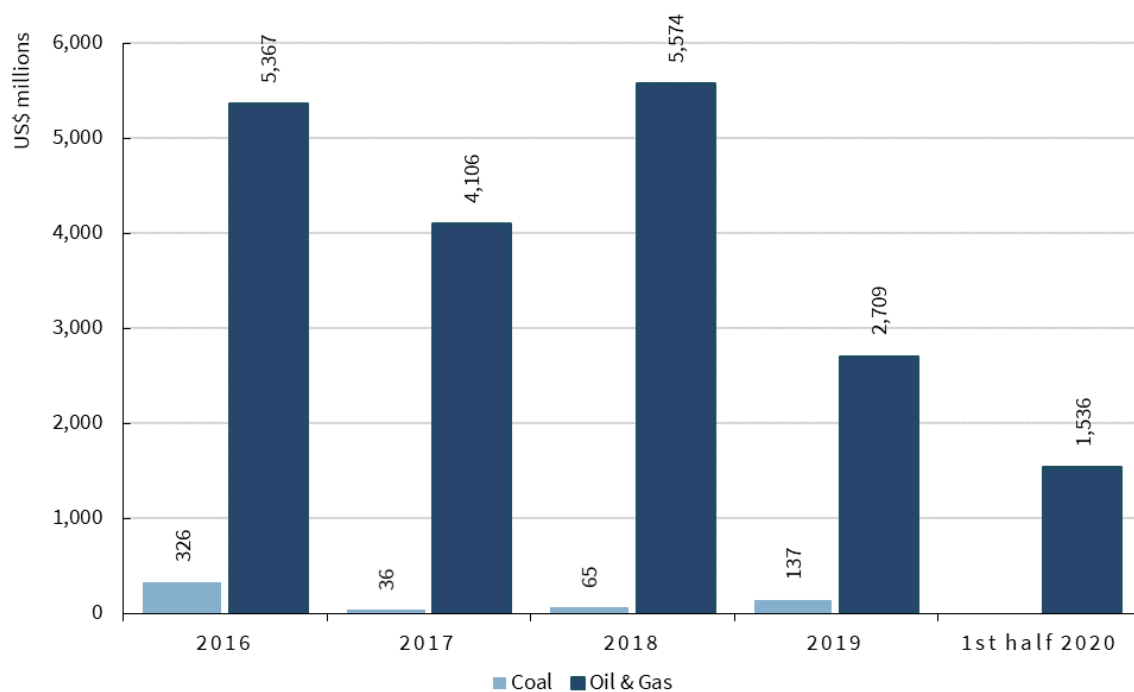
5.2.2 Credit

Since the Paris Agreement was signed in December 2015, DNB has provided US\$ 19.9 billion in loans and underwriting services attributable to companies engaged in fossil fuels. 3% (US\$ 564 million) was attributable to one coal company (NRG), and 97% (US\$ 19.3 billion) was attributable to oil & gas.

Figure 13 presents an overview of the annual trends of DNB's fossil fuel credit flows. It shows that there are significant fluctuations in oil & gas credit flows in the period of study, but that a clear downward trend cannot yet be observed. Credit flows to coal fluctuate less and may indicate an observable downward trajectory.

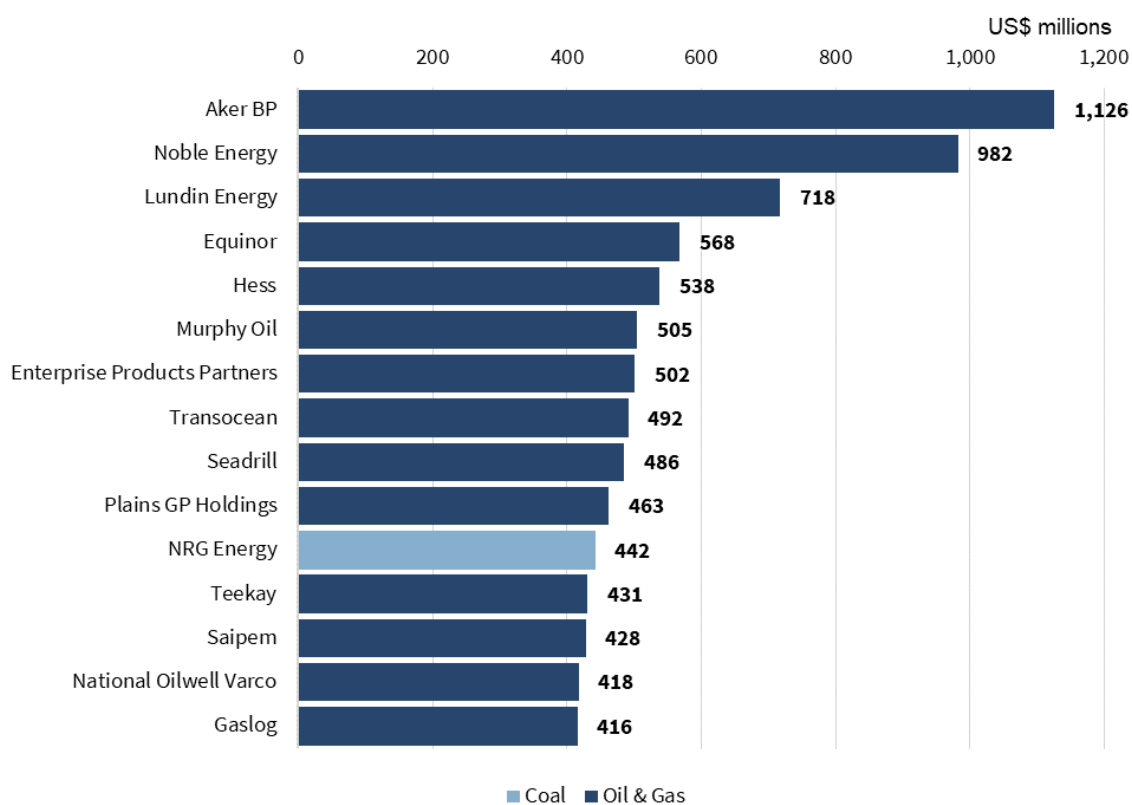
DNB's top-15 fossil fuel credit clients received US\$ 8.5 billion from DNB (see Figure 14). This accounts for just over 40% of DNB's identified fossil fuel credit flows. The largest client was Aker BP, which received US\$ 1.1 billion from DNB. It was followed by Noble Energy (US\$ 982 million) and Lundin Energy (US\$ million).

Figure 13 Annual trends of DNB fossil fuel credit (January 2016 – June 2020)



Source: Refinitiv (2020, June), *Bond issuances*; Refinitiv (2020, June), *Share issuances*; Refinitiv (2020, June), *Loans*; IJGlobal (2020, June), *Transaction search*.

Figure 14 Top-15 DNB fossil fuel credit clients (January 2016 – June 2020)



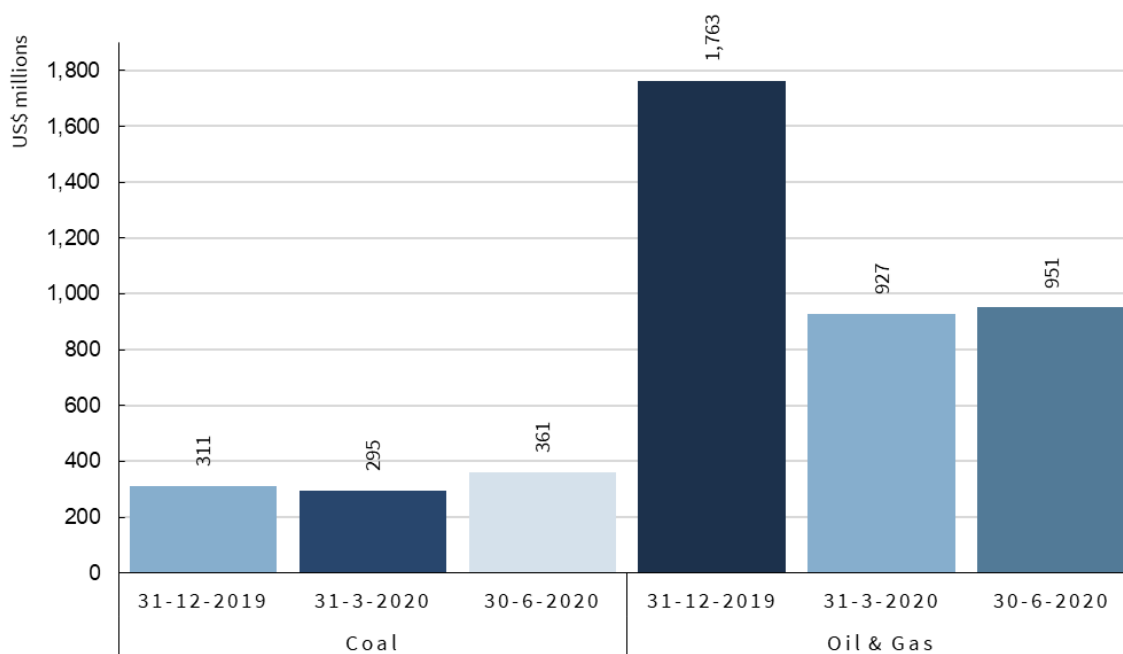
Source: Refinitiv (2020, June), *Bond issuances*; Refinitiv (2020, June), *Share issuances*; Refinitiv (2020, June), *Loans*; IJGlobal (2020, June), *Transaction search*.

5.2.3 Investment

As of the most recent filings in Q2-2020, DNB held US\$ 1.3 billion in shares of companies engaged in fossil fuels. This was down from US\$ 2.1 billion in Q4-2019. The proportion of investments attributable to coal increased from 15% (US\$ 311 million) in Q4-2019 to 28% (US\$ 361 million) in Q2-2020.

Figure 15 shows investment value changes for the period Q4-2019 to Q2-2020. It shows that DNB's investments in coal decreased between Q4-2019 and Q1-2020 but have since increased to a high in Q4-2020. Investments in the shares of companies engaged in oil & gas dropped sharply but have climbed back slightly by Q2-2020.

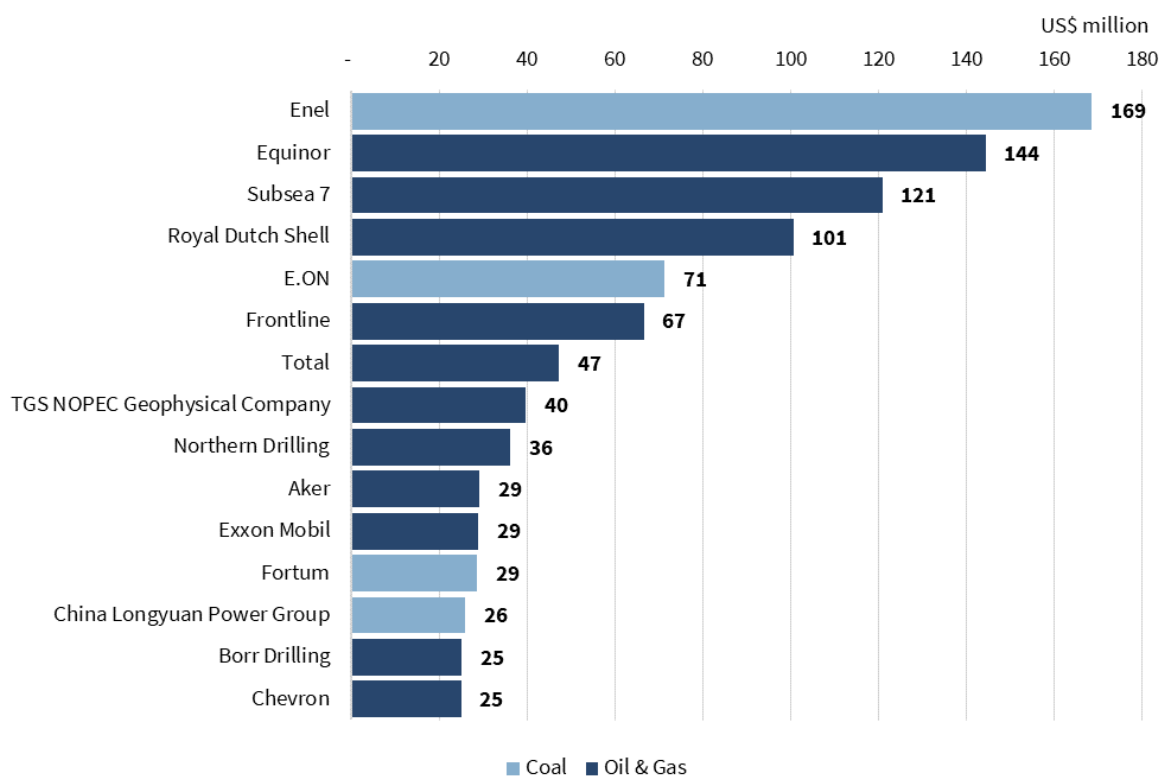
Figure 15 DNB investments in coal and oil & gas (2019-Q4 to 2020-Q2, most recent filings)



Source: Refinitiv (2020, August), *Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020.*

DNB's top-15 fossil fuel investees in Q2-2020 accounted for three quarters (US\$ 953 million) of the identified fossil fuel investment portfolio (see Figure 16). The largest investment was in Enel (US\$ 169 million). It was followed by Equinor (US\$ 144 million) and Subsea 7 (US\$ 121 million).

Figure 16 Top-15 DNB investments (2020-Q2, most recent filings)



Source: Refinitiv (2020, August), *Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020*.

5.2.4 Policy assessment

See the latest assessment of the policies of DNB [here](#).

Fossil fuel finance policies

DNB has the following restrictions in place for the coal sector: the bank does not finance mountaintop-removal coal mining projects.²⁴ DNB restricts its finance for new coal mining companies in general.²⁵ DNB also does not finance coal-fired power plants, and it conducts enhanced due diligence for companies “where more than 30% of total corporate revenues stems from coal-fired power”.²⁶

24 DNB, “CSR/environmental, social and corporate governance (ESG) sector guidance note –metals and mining”, December 2016, page 2, available at: https://www.dnb.no/portalfront/nedlast/no/om-oss/samfunnsansvar/2016/CSR-ESG-sector-guidance-note-metals_and_Mining.pdf, last viewed 9 December 2020.

25 DNB, “Corporate responsibility in DNB ASA’s credit activities”, 2019, page 3, available at https://www.dnb.no/portalfront/nedlast/en/about-us/corporate-responsibility/2019/190613_Standard_Corporate_responsibility_in_DNB_ASAs_credit_activities.pdf, last viewed 9 December 2020.

26 DNB, “CSR/ESG sector guidance - energy”, August 2016, page 3, available at <https://www.dnb.no/portalfront/nedlast/no/om-oss/samfunnsansvar/2016/CSR-ESG-sector-guidance-Energy.pdf.pdf>, last viewed 9 December 2020.

DNB has the following restrictions in place for the oil & gas sector: the bank partly restricts finance for tar sands projects: it does not finance upstream open pit mining in tar sands. DNB conducts enhanced due diligence for some tar sands companies, namely for new customers with more than 30% of their revenue coming from open pit mining in tar sands.²⁷ As a signatory to the Equator Principles DNB also commits to conduct enhanced due diligence for other oil & gas companies (i.e., conventional oil & gas companies and other unconventional oil & gas companies beyond the sectors covered by the methodology).²⁸

It has no other restrictions in place.

It is important to consider the findings of this assessment in relation to the bank's financial exposure to fossil fuels. DNB is among the banks with the highest credit and investment exposure to coal and oil & gas in this report, showing the need for the adoption of a much more comprehensive policy to exclude and phase out all fossil fuel financing.

Table 8 Commercial and investment banking policy assessment scores DNB

Fossil fuel category	Subcategory	Maximum score	Type of policy commitment				Total
			Exclusion of fossil fuel projects	Exclusion of expansion companies	Phase-out plan for existing financing of fossil fuel companies	Exclusion of fossil fuel companies	
Coal	Coal mining	32	0.5			3	3.5
	Coal power	32	6			0.5	6.5
	Other coal	16					0
Oil & gas	Tar sands	20	1.5			0.5	2
	Arctic oil & gas	20					0
	Offshore oil & gas	20					0
	Fracked oil & gas	20					0
	LNG	20					0
	Other oil & gas	20				0.5	0.5
	Total		200				

27 Ibid.

28 Equator Principles, "EP Association Members & Reporting", n.d., available at <https://equator-principles.com/members-reporting/>, last viewed 9 December 2020.

Other responsible investment policies

DNB applies different restrictions to its asset management activities. DNB asset management excludes companies from their investments if they themselves or through the entities they control derive 30% or more of their income from thermal coal, or base 30% or more of their operations on thermal coal. In terms of coal power, DNB states it *may* exclude companies that extract more than 20 million tonnes of thermal coal or with power generating capacity of more than 10 000 MW from the combustion of thermal coal.²⁹

Regarding the oil & gas sector, DNB asset management policies state that it will exclude companies from its investments if they themselves or through the entities they control derive 30% or more of their income from tar sands extraction.³⁰

Paris alignment

DNB does not have a group-wide commitment to achieve net-zero emissions by 2050. However, DNB did commit to align with the Paris Agreement by signing on to the Principles for Responsible Banking.³¹

DNB does not calculate or publish its financed emissions.

5.3 Jyske Bank Group

5.3.1 About Jyske Bank

Jyske Bank, the parent company of the Jyske Bank Group, is the third largest bank in Denmark and was founded in 1967. The bank's activities include retail banking, private banking, market and investment banking as well as asset management. Jyske Bank has 98 branches in Denmark and has international offices in Germany.

Read more about Jyske Bank [here](#).

5.3.2 Credit

Since the Paris Agreement was signed in December 2015, Jyske Bank Group provided at least US\$ 55 million in credit to fossil fuels. All the identified financing was provided to one company – United Shipping and Trading – in 2019.

5.3.3 Investment

As of the most recent filings in Q2-2020, Jyske Bank Group had investments of US\$ 139 million in companies attributable to fossil fuels. 56% (US\$ 78 million) of these investments were attributable to coal, and 44% (US\$ 62 million) were attributable to oil & gas. The proportions reflect a switch from the proportions in Q4-2019. In that quarter, investments in coal accounted for 45% (US\$ 99 million) of the total, and investments in oil & gas accounted for 55% (US\$ 123 million).

29 DNB Asset Management, "Annual Report 2019", n.d., page 10, available at https://www.dnb.no/portalfont/nedlast/en/about-us/DNB_AM_Annual_Report_2019.pdf, last viewed 9 December 2020.

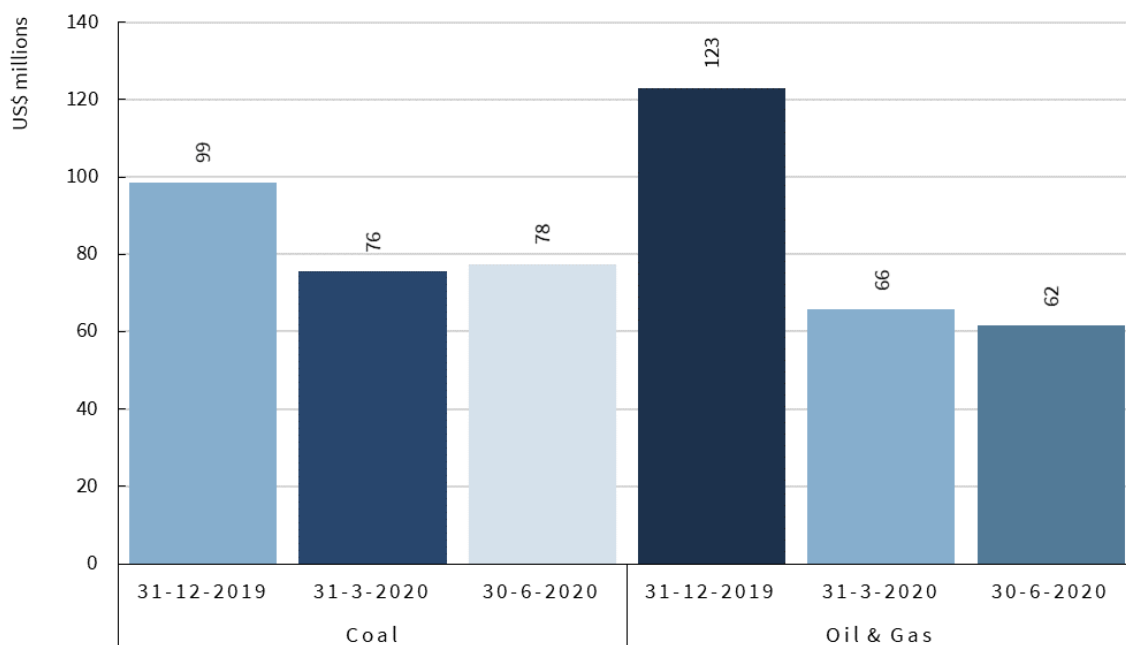
30 Ibid.

31 UNEP-FI, "Signatories to the Principles for Responsible Banking", updated version 1 January 2021, available at https://www.unepfi.org/wordpress/wp-content/uploads/2020/12/Bank-Signatories_Jan-1.pdf, last viewed 18 January 2021.

Figure 17 illustrates investment value changes for the period Q4-2019 to Q2-2020. It shows that while investments in both coal and oil & gas declined sharply since Q4-2019, the value of investments in coal have gradually increased again and the value of investments in oil & gas have continued to decline.

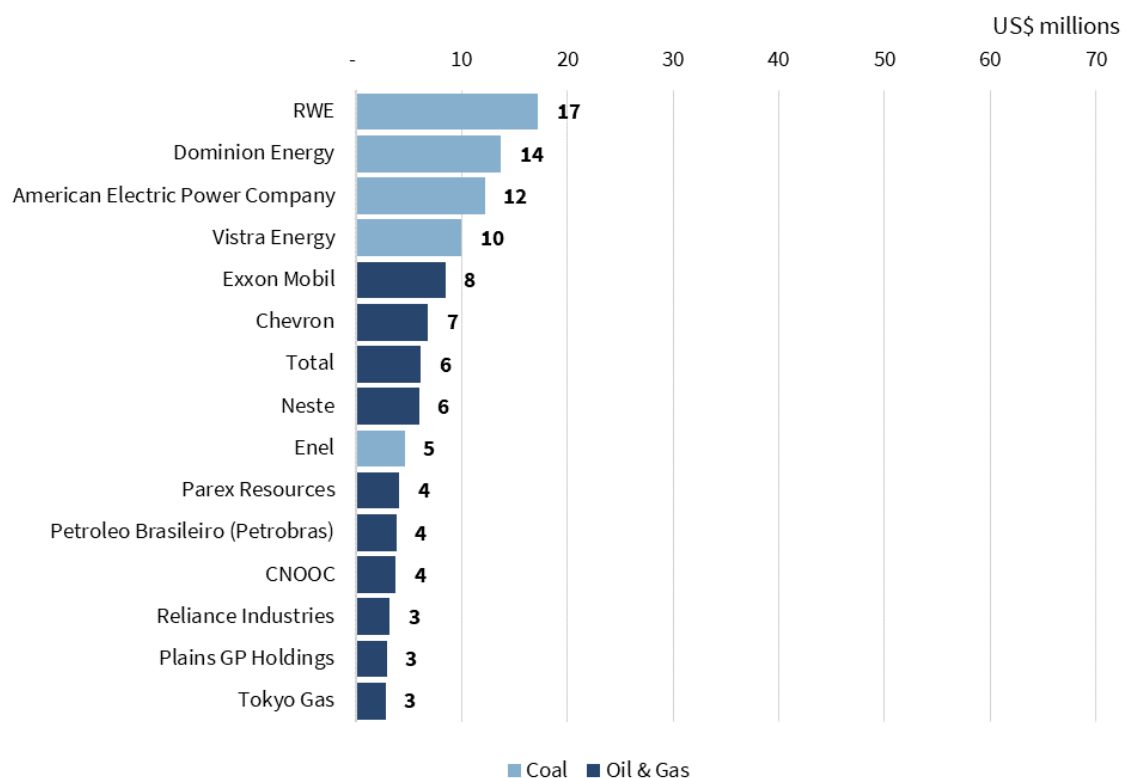
Jyske Bank Group’s top-15 fossil fuel investees accounted for three quarters (US\$ 106 million) of the identified fossil fuel investments (see Figure 18). The largest investment was in RWE (US\$ 17 million). It was followed by Dominion Energy (US\$ 14 million) and American Electric Power (US\$ 12 million).

Figure 17 Jyske Bank Group investments in coal and oil & gas (2019-Q4 to 2020-Q2, most recent filings)



Source: Refinitiv (2020, August), *Shareholdings*: 31-12-2019, 31-03-2020, 30-09-2020.

Figure 18 Top-15 Jyske Bank Group investments (2020-Q2, most recent filings)



Source: Refinitiv (2020, August), *Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020*.

5.3.4 Policy assessment

See the latest assessment of the policies of Jyske Bank [here](#).

Fossil fuel finance policies

Jyske Bank does not have any publicly available policies in place to limit or exclude financing of fossil fuel projects and companies.³²

It is important to consider the findings of this assessment in relation to the bank’s financial exposure to fossil fuels, as Jyske Bank has relatively low credit and investment exposure to coal and oil & gas. Even so, to prevent such exposure from occurring in the future, it is important that the bank adopts a formal position and corresponding policy on fossil fuel financing and investments.

32 Jyske Bank, written response to BankTrack, dated 12 January 2021.

Table 9 Commercial and investment banking policy assessment scores Jyske Bank

Fossil fuel category	Subcategory	Maximum score	Type of policy commitment				Total
			Exclusion of fossil fuel projects	Exclusion of expansion companies	Phase-out plan for existing financing of fossil fuel companies	Exclusion of fossil fuel companies	
Coal	Coal mining	32					0
	Coal power	32					0
	Other coal	16					0
Oil & gas	Tar sands	20					0
	Arctic oil & gas	20					0
	Offshore oil & gas	20					0
	Fracked oil & gas	20					0
	LNG	20					0
	Other oil & gas	20					0
Total		200					0

Other responsible investment policies

Jyske Bank's asset management arm has a policy that places some restrictions on investments in the fossil fuel sector. Namely, its Socially Responsible Investment funds filter out companies which extract, develop or refine fossil fuels (coal, oil & gas).³³

Paris alignment

Jyske Bank does not have a group-wide commitment to achieve net-zero emissions by 2050. However, Jyske Bank did commit to align with the Paris Agreement by signing on to the Principles for Responsible Banking.³⁴

Jyske Bank has reported on its financed emissions for loans and investments, using Finance Denmark "common CO2 model" as a methodology.³⁵

- 33 Jyske Bank, "2019 Corporate Social Responsibility Report", n.d., page 27 available at: https://investor.jyskebank.com/wps/wcm/connect/jbc/d52085e0-cb89-4ef5-bafa-fda7032a5144/CSR_Rapport_2019_final-UK.pdf?MOD=AJPERES&CVID=n5Un.gh, last viewed 9 December 2020.
- 34 UNEP-FI, "Signatories to the Principles for Responsible Banking", updated version 1 January 2021, available at https://www.unepfi.org/wordpress/wp-content/uploads/2020/12/Bank-Signatories_Jan-1.pdf, last viewed 18 January 2021.
- 35 Jyske Bank, "PRB impact analysis", December 2020, available at <https://investor.jyskebank.com/wps/wcm/connect/jbc/6a86d357-34b3-4f84-87a0-5a5d0198265f/impact-analyse-december-2020-en.pdf?MOD=AJPERES&CVID=nqalmFy>, last viewed 19 January 2021.

5.4 Nordea

5.4.1 About Nordea

The Nordea Group was established in 2000 but derives its origin from banks and insurance companies from the Nordic region from the early 19th century. Since December 2001 the entire group is operating under the Nordea brand. Nordea is the largest financial services group in the Nordic and Baltic Sea region. Nordea has around 11 million customers, approximately 1,400 branch offices in nine home markets and a netbanking position with 5.2 million e-customers.

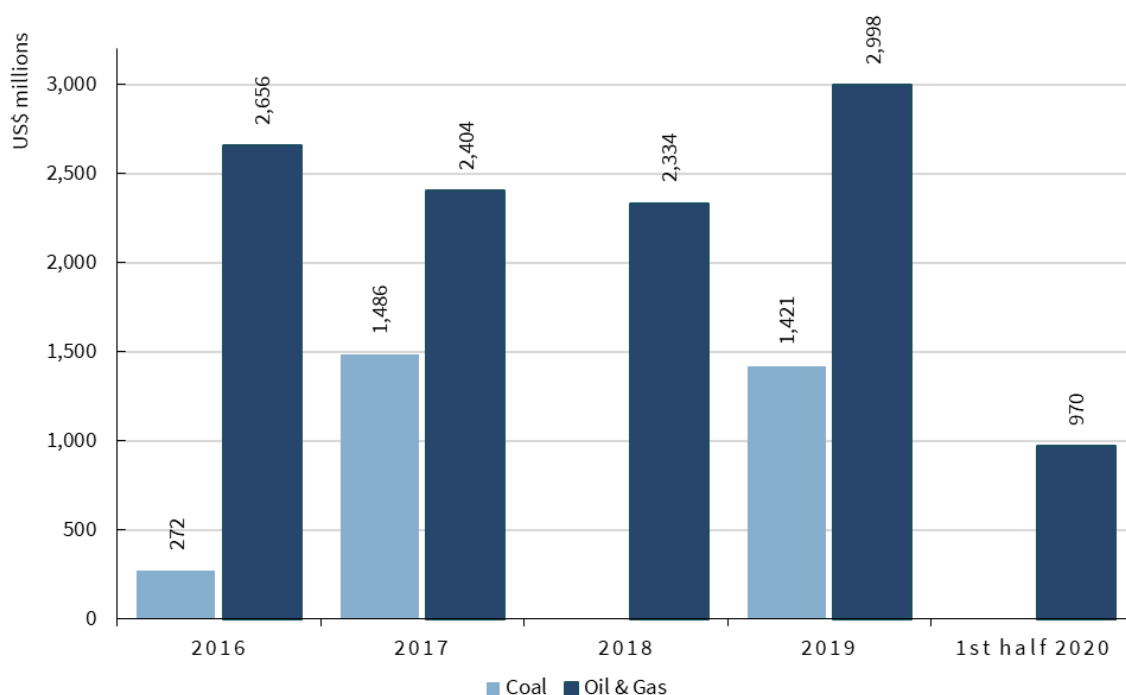
Read more about Nordea [here](#).

5.4.2 Credit

Since the Paris Agreement was signed in December 2015, Nordea provided US\$ 14.5 billion in loans and underwriting services to companies engaged in fossil fuels. Approximately one fifth of this credit (US\$ 3.2 billion) was attributable to coal, and 80% (US\$ 11.4 billion) to oil & gas.

Figure 19 shows the annual trends in Nordea's loans and issuance underwriting services to companies engaged in fossil fuels. It shows credit flows to oil & gas have fluctuated between US\$ 2.3 billion and US\$ 3.0 billion, and do not show a clear downward trajectory or phasing out. Credit flows to coal also fluctuate, with no credit in 2018 or yet in 2020. The spikes in 2017 and 2018 are driven by credit provided to Fortum in particular.

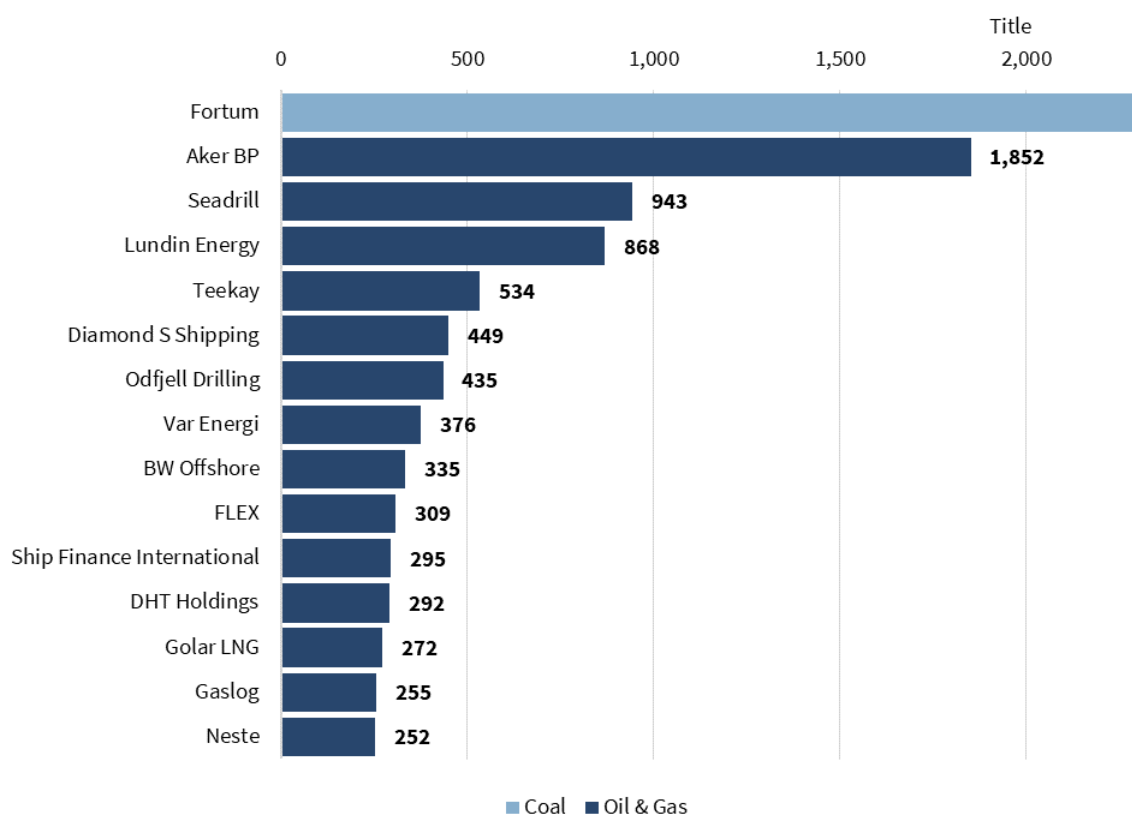
Figure 19 Annual trends of Nordea fossil fuel credit (January 2016 – June 2020)



Source: Refinitiv (2020, June), *Bond issuances*; Refinitiv (2020, June), *Share issuances*; Refinitiv (2020, June), *Loans*; IJGlobal (2020, June), *Transaction search*.

Nordea's top-15 fossil fuel credit clients accounted for just under three quarters (US\$ 10.4 billion) of the identified fossil fuel credit flows in the period January 2016 to June 2020 (see Figure 20). Its largest client was Fortum (US\$ 3.0 billion). This was followed by Aker BP (US\$ 1.9 billion) and Seadrill (US\$ 943 million).

Figure 20 Top-15 Nordea fossil fuel credit clients (January 2016 – June 2020)



Source: Refinitiv (2020, June), *Bond issuances*; Refinitiv (2020, June), *Share issuances*; Refinitiv (2020, June), *Loans*; IJGlobal (2020, June), *Transaction search*.

Nordea shared data on its fossil fuel exposure per relevant NACE code, as requested. The data show that Nordea has no exposure to coal mining activities. Moreover, it shows a decrease of approximately US\$ 4.2 billion in exposure to oil & gas related segments. Curiously, this is not reflected in the syndicated financing figures obtained during the research. Nordea rejected the opportunity to verify the syndicated financing data, referring to bank secrecy restrictions. Therefore, it is unclear why the data provided by Nordea shows a decrease in exposure to the oil & gas sector, and the data obtained during the research did not. Potential reasons for the difference could be that bilateral lending to the sector has decreased; overall exposure has decreased due to earlier long-term loans reaching maturity, while since 2016 actual contributions to the sector have remained relatively stable; or changes in definitions of sectors have taken place.

Table 10 Nordea credit exposure per relevant fossil fuel NACE code (2015 & 2019, US\$ mln)

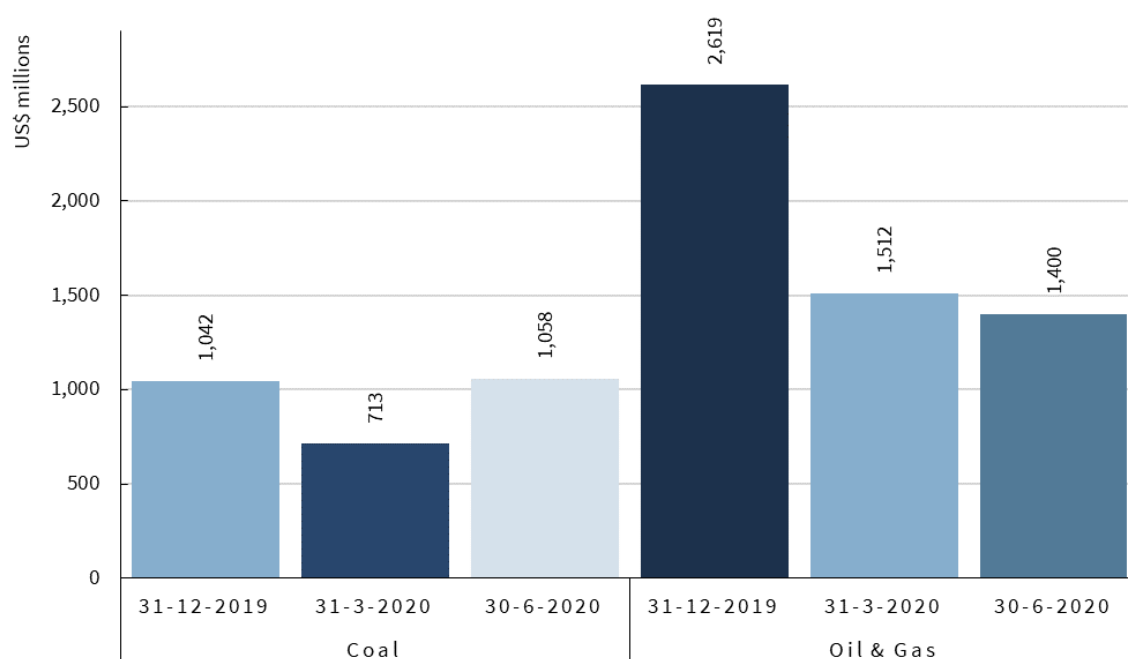
NACE code	NACE description	2015	2019	Change
05.10	Mining of hard coal	0	0	0
05.20	Mining of lignite	0	0	0
06.20	Extraction of natural gas	374	210	-165
09.10	Support activities for petroleum and natural gas extraction	2,793	1,237	-1,555
09.90	Support activities for other mining and other quarrying	11	38	27
16.29	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	51	4	-47
19.20	Manufacture of refined petroleum products	688	395	-293
28.92	Manufacture of machinery for mining, quarrying and construction	1,626	811	-814
35.22	Distribution of gaseous fuels through mains	788	410	-378
46.71	Wholesale of solid, liquid and gaseous fuels and related products	2,022	1,259	-763
47.11	Retail sale in non-specialised stores with food, beverages or tobacco predominating	1,053	726	-327
47.30	Retails sale of automotive fuel in specialised stores	117	34	-84
47.99	Other retail sale not in stores, stalls or markets	23	16	-7
49.50	Transport via pipeline	46	306	260
52.10	Warehousing and storage	205	113	-93
Total		9,799	5,559	-4,240

Source: Nordea communication with BankTrack 1 April 2020.

5.4.3 Investment

As of the most recent filings in Q2-2020, Nordea held US\$ 2.5 billion in shares attributable to fossil fuels. 43% of these investments (US\$ 1.1 billion) were attributable to coal, and 57% (US\$ 1.4 billion) to oil & gas. In Q4-2019, coal accounted for 28% (US\$ 1.0 billion) of the US\$ 3.7 billion investments in fossil fuels, and oil & gas accounted for 72% (US\$ 2.6 billion).

Figure 21 Nordea investments in coal and oil & gas (2019-Q4 to 2020-Q2, most recent filings)

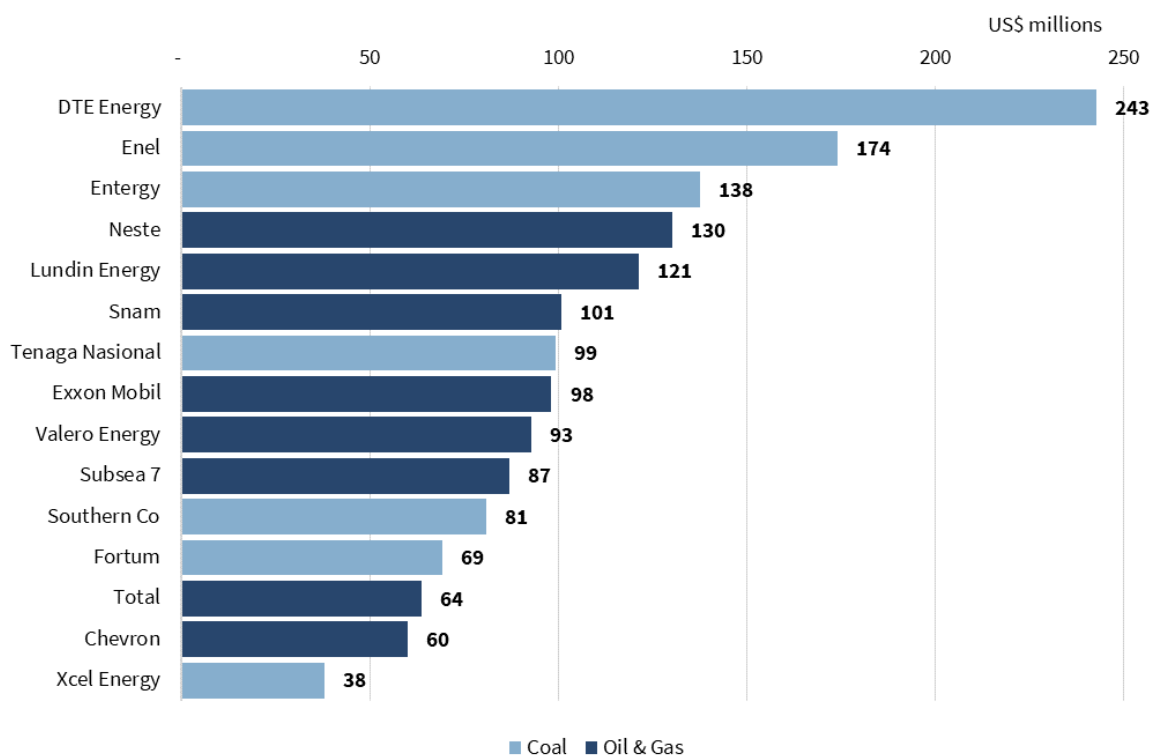


Source: Refinitiv (2020, August), *Shareholdings*: 31-12-2019, 31-03-2020, 30-09-2020.

Figure 21 shows investment value changes for the period Q4-2019 to Q2-2020. It shows that Nordea’s investments in coal declined between Q4-2019 and Q1-2020 but have since increased over the Q4-2019 value in Q2-2020. Nordea’s investments in coal have decreased sharply since Q4-2019 and have since not recovered.

Nordea’s top-15 fossil fuel investments at the most recent filing date in Q2-2020 accounted for 65% (US\$ 1.6 billion) of the identified fossil fuel portfolio (see Figure 22). The largest investment was in DTE Energy. Nordea held shares worth US\$ 243 million in the company. This was followed by Enel (US\$ 174 million) and Entergy (US\$ 138 million).

Figure 22 Top-15 Nordea investments (2020-Q2, most recent filings)



Source: Refinitiv (2020, August), *Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020.*

5.4.4 Policy assessment

See the latest assessment of the policies of Nordea [here](#).

Fossil fuel finance policies

Nordea has the following restrictions in place for the coal sector: it restricts finance for coal mining and power companies, excluding companies “predominantly dependent” on coal mining and power from new financing.³⁶

Nordea has the following restrictions in place for the oil & gas sector: the bank does not finance tar sands and fracked oil & gas projects.³⁷ Nordea partly restricts finance for tar sands and fracked oil & gas companies, only applying this restriction when this is a company’s “main business”. As a signatory to the Equator Principles, the bank commits to conduct enhanced due diligence for other oil & gas companies (i.e., conventional oil & gas companies and other unconventional oil & gas companies beyond the sectors covered by the methodology).³⁸

Nordea has no other restrictions in place.

It is important to consider the findings of this assessment in light of the bank’s financial exposure to fossil fuels. Nordea is among the banks with the highest exposure to coal, oil & gas in this report, showing the need for the adoption of a much more comprehensive policy to exclude and phase out all fossil fuel financing.

36 Nordea, “Nordea sector guideline for the fossil fuels industry”, September 2020, page 3, available at <https://www.nordea.com/Images/20-325845/nordea-sector-guideline-for-the-fossil-fuels-industry.pdf>, last viewed 9 December 2020.

37 Ibid.

38 Equator Principles, “EP Association Members & Reporting”, n.d., available at <https://equator-principles.com/members-reporting/>, last viewed 9 December 2020.

Table 11 Commercial and investment banking policy assessment scores Nordea

Fossil fuel category	Subcategory	Maximum score	Type of policy commitment				Total
			Exclusion of fossil fuel projects	Exclusion of expansion companies	Phase-out plan for existing financing of fossil fuel companies	Exclusion of fossil fuel companies	
Coal	Coal mining	32				3	3
	Coal power	32				3	3
	Other coal	16					0
Oil & gas	Tar sands	20	1.5			2	3.5
	Arctic oil & gas	20					0
	Offshore oil & gas	20					0
	Fracked oil & gas	20	1.5			2	3.5
	LNG	20					0
	Other oil & gas	20				0.5	0.5
Total		200					13.5

Other responsible investment policies

Nordea Asset Management offers fossil free funds that are “Paris-aligned” but does not apply those stringent criteria to its other investments.³⁹ Nordea does not invest in companies that derive more than 10% of their turnover from thermal coal mining or tar sands or more than 30% of their revenue from the “sales of coal products” and “which lack a meaningful opportunity to diversify away from coal”.⁴⁰

Paris alignment

Nordea does not have a group-wide commitment achieve net-zero emissions by 2050. However, Nordea did commit to align with the Paris Agreement by signing on to the Principles for Responsible Banking, the Collective Commitment to Climate Action and the Paris Pledge for Action.⁴¹

39 Nordea, “Fossil fuel policy for sustainable funds”, 19 November 2020, available at <https://www.nordea.com/Images/33-381562/NAM-fossil-fuel-policy.pdf>, last viewed 9 December 2020.

40 Nordea, “Nordea sector guideline for the fossil fuels industry”, September 2020, page 3, available at <https://www.nordea.com/Images/20-325845/nordea-sector-guideline-for-the-fossil-fuels-industry.pdf>, last viewed 9 December 2020; written response to BankTrack dated 25 January 2021.

41 UNEP-FI, “Signatories to the Principles for Responsible Banking”, updated version 1 January 2021, available at https://www.unepfi.org/wordpress/wp-content/uploads/2020/12/Bank-Signatories_Jan-1.pdf, last viewed 18 January 2021; UNEP-FI, “Climate Action Pledge”, available at <https://www.unepfi.org/banking/bankingprinciples/collective-commitment/>, last viewed 18 January 2021; Paris Pledge for Action, “Who’s joined?”, n.d., available at <http://www.parispledgeforaction.org/whos-joined/>, last viewed 20 January 2021.

Nordea has not yet reported on its financed emissions. However, it has joined the Partnership for Carbon Accounting Principles in December 2020. PCAF is a financial sector initiative “to develop and implement a harmonized approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments”. Nordea is in the process of applying this methodology and will start public reporting on the findings in 2021.⁴²

For asset management some further commitments have been made. For example, Nordea Life & Penson has joined the UN-convened Net-Zero Asset Owner Alliance which commits to transitioning investment portfolios to net-zero emissions by 2050.⁴³

5.5 Nykredit Group

5.5.1 About Nykredit

Nykredit is a large financial services provider in Denmark. Nykredit was created in 1985 when Forenede Kreditforeninger and Jyllands Kreditforening merged. Its subsidiary, Nykredit Realkredit, is the parent company of, amongst others, its banking arm: Nykredit Bank. The bank provides retail, private, corporate and investment banking products and services in both Denmark and internationally.

Read more about Nykredit [here](#).

5.5.2 Credit

This research did not identify any fossil fuel credit provided by Nykredit during the period January 2016 to June 2020.

5.5.3 Investment

As of the most recent filings in Q2-2020, Nykredit Group held US\$ 120 million in shares of companies engaged in fossil fuels. 47% of these investments (US\$ 57 million) were attributable to coal, and 53% (US\$ 63 million) were attributable to oil & gas. In Q4-2019, Nykredit Group held US\$ 123 million in shares attributable to fossil fuels. Of this, 39% (US\$ 47 million) was attributable to coal, and 61% (US\$ 76 million) was attributable to oil & gas.

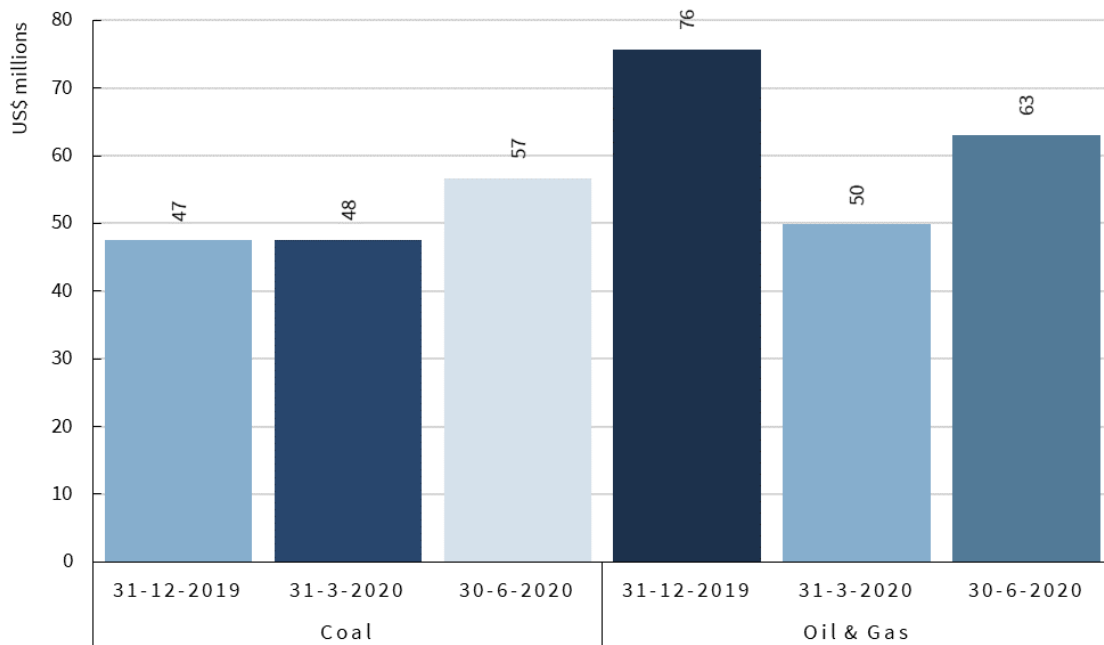
A closer look at the changes in the number of shares held by fossil fuel type shows that Nykredit significantly increased its investments in coal between Q4-2019 (6,975,877 coal shares) and Q2-2020 (8,314,645 coal shares). A similar trend was found in oil & gas shares. In Q4-2019 Nykredit held 4,048,265 oil & gas shares; in Q1-2020 this was 5,066,078 and decreased again slightly to 4,915,572 shares in Q2-2020. This development shows that Nykredit capitalized on the drop in share prices to invest more heavily in fossil fuels.

Figure 23 shows investment value changes for the period Q4-2019 to Q2-2020. It shows that, contrary to the general trend (see section 4.2), the value of Nykredit’s investments in coal increased between Q4-2019 and Q2-2020. This growth was mainly driven by its increased investment in the sector. Investments in oil & gas declined between Q4-2019 and Q1-2020 but have gradually recovered since.

42 Nordea, written response to BankTrack, dated 18 January 2021; PCAF, “About”, available at <https://carbonaccountingfinancials.com/about>, last viewed at 19 January 2021.

43 UNEP-FI, “Alliance Members”, n.d., available at <https://www.unepfi.org/net-zero-alliance/alliance-members/>, last viewed 22 January 2021; Nordea, written response to BankTrack, dated 18 January 2021.

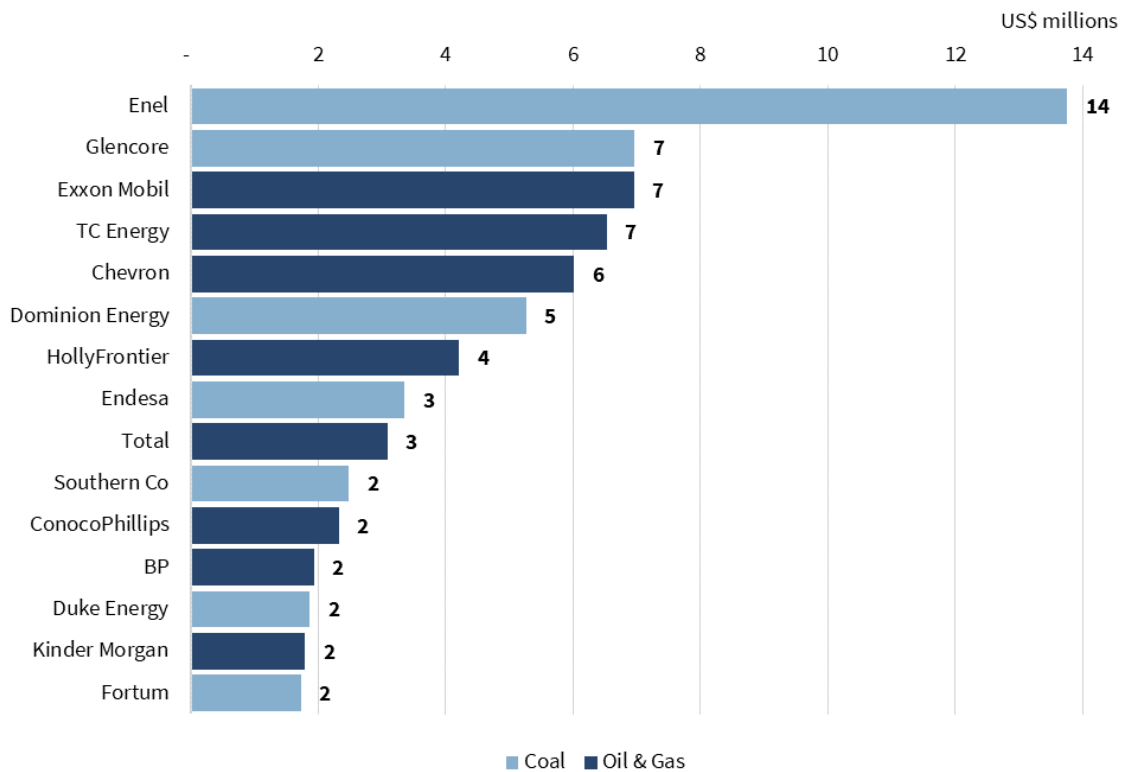
Figure 23 Nykredit investments in coal and oil & gas (2019-Q4 to 2020-Q2, most recent filings)



Source: Refinitiv (2020, August), *Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020.*

Nykredit Group’s top-15 fossil fuel investments accounted for 57% (US\$ 68 million) of the identified fossil fuel portfolio. The largest investment was in Enel (US\$ 14 million). It was followed by investments in Glencore and Exxon Mobil, both worth US\$ 7 million.

Figure 24 Top-15 Nykredit Group investments (2020-Q2, most recent filings)



Source: Refinitiv (2020, August), *Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020.*

5.5.4 Policy assessment

See the latest assessment of the policies of Nykredit [here](#).

Fossil fuel finance policies

Nykredit does not have any publicly available policies in place to limit or exclude financing of fossil fuel projects and companies.

It is important to consider the findings of this assessment in light of the bank's financial exposure to fossil fuel. Nykredit has no credit exposure to coal or oil & gas and has little investments in these industries. Even so, to prevent such exposure from occurring in the future, it is important that the bank adopts a formal position and corresponding policy on fossil fuel financing and investments.

Table 12 Commercial and investment banking policy assessment scores Nykredit

Fossil fuel category	Subcategory	Maximum score	Type of policy commitment				Total
			Exclusion of fossil fuel projects	Exclusion of expansion companies	Phase-out plan for existing financing of fossil fuel companies	Exclusion of fossil fuel companies	
Coal	Coal mining	32					0
	Coal power	32					0
	Other coal	16					0
Oil & gas	Tar sands	20					0
	Arctic oil & gas	20					0
	Offshore oil & gas	20					0
	Fracked oil & gas	20					0
	LNG	20					0
	Other oil & gas	20					0
Total		200					0

Other responsible investment policies

Nykredit's asset management arm has a policy in place that places some restrictions on investments in the fossil fuel sector. It excludes companies that produce coal and tar sands from all funds, and also does not invest in companies "whose production is contrary to the Paris Agreement and who do not have any plans for how to change their business model". It is not clear how this commitment will be implemented in practice. For some funds, all companies involved in fossil fuels are excluded.⁴⁴

Paris alignment

Nykredit does not have a group-wide commitment to achieve net-zero emissions by 2050. However, Nykredit did commit to align with the Paris Agreement by signing on to the Principles for Responsible Banking.⁴⁵

Nykredit does not calculate or publish its financed emissions.

5.6 Skandinaviska Enskilda Banken (SEB)

5.6.1 About SEB

Skandinaviska Enskilda Banken AB (SEB) is a Swedish bank, focussed on corporate and private banking. It describes itself as the leading corporate and investment bank in the Nordic countries, serving some four million customers. The bank was founded by and is controlled by the Swedish Wallenberg family through their investment company Investor AB. SEB offers a wide range of financial services in Sweden and the Baltic countries. In Denmark, Finland, Norway, Germany and United Kingdom the bank's operations focus on corporate and investment banking.

Read more about SEB [here](#).

5.6.2 Credit

Since the Paris Agreement was signed in December 2015, SEB provided at least US\$ 17 billion in loans and underwriting services to the fossil fuel sector. Approximately one third of this (US\$ 5.3 billion) was attributable to coal, and the remaining US\$ 11.7 billion was attributable to the oil & gas sector.

Figure 25 shows the annual trends of SEB's fossil fuel credit flows. It shows that financing for oil & gas has generally fluctuated between US\$ 2.3 billion and US\$ 3 billion during the period of research. No real downward trend can be observed. Loans and underwriting attributable to coal have similarly fluctuated between January 2016 and June 2020. Again, no significant downward trend can be observed.

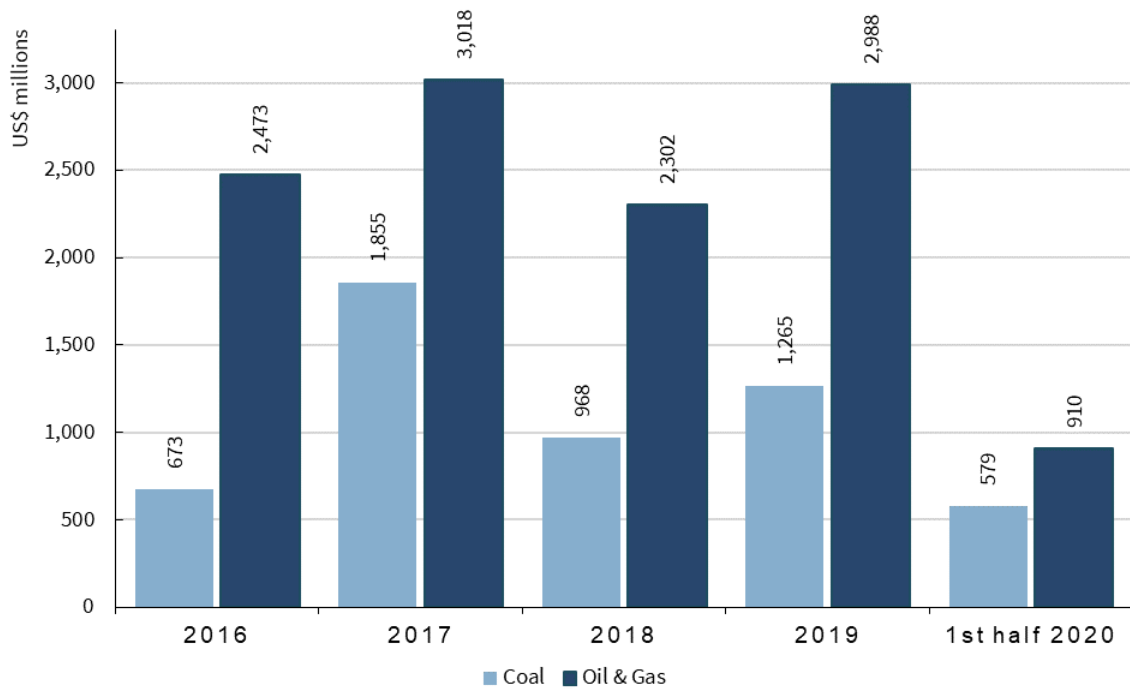
SEB's top-15 fossil fuel credit clients received US\$ 10.6 billion in loans and underwriting services in the period of research. These top-15 clients accounted for 62% of all identified fossil fuel credit provided by SEB.

44 Nykredit, "Corporate Responsibility Report 2019", February 2020, page 40, available at https://www.nykredit.com/siteassets/ir/files/corporate-responsibility/csr-reports/corporate_responsibility_report_q4_19_2020-02-05_en.pdf, last viewed 9 December 2020.

45 UNEP-FI, "Signatories to the Principles for Responsible Banking", updated version 1 January 2021, available at: https://www.unepfi.org/wordpress/wp-content/uploads/2020/12/Bank-Signatories_Jan-1.pdf, last viewed 18 January 2021.

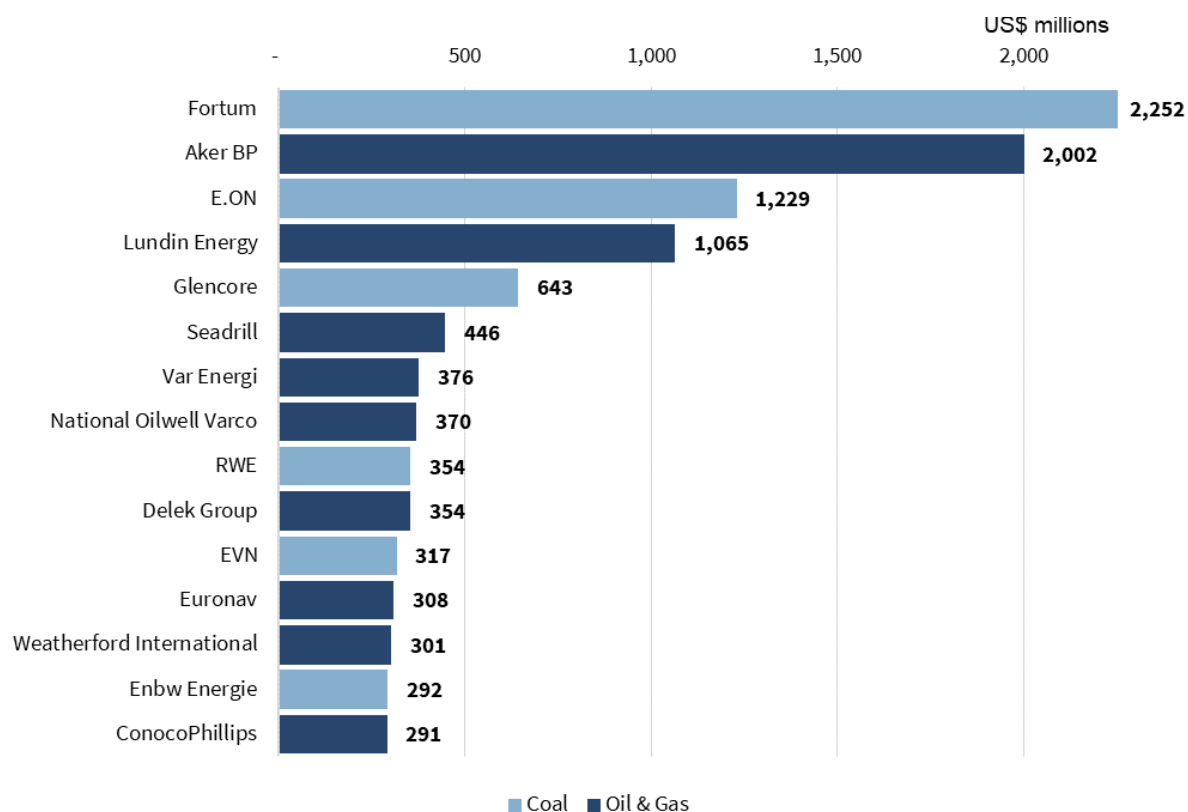
Figure 26 shows that Fortum was SEB's largest fossil fuel credit client. SEB provided US\$ 2.3 billion in loans and underwriting services to Fortum between January 2016 and June 2020. SEB's second and third largest fossil fuel clients were Aker BP (US\$ 2 billion) and E.ON (US\$ 1.2 billion).

Figure 25 Annual trends of Skandinaviska Enskilda Banken fossil fuel credit (January 2016 – June 2020)



Source: Refinitiv (2020, June), *Bond issuances*; Refinitiv (2020, June), *Share issuances*; Refinitiv (2020, June), *Loans*; IJGlobal (2020, June), *Transaction search*.

Figure 26 Top-15 Skandinaviska Enskilda Banken fossil fuel credit clients (January 2016 – June 2020)



Source: Refinitiv (2020, June), *Bond issuances*; Refinitiv (2020, June), *Share issuances*; Refinitiv (2020, June), *Loans*; IJGlobal (2020, June), *Transaction search*.

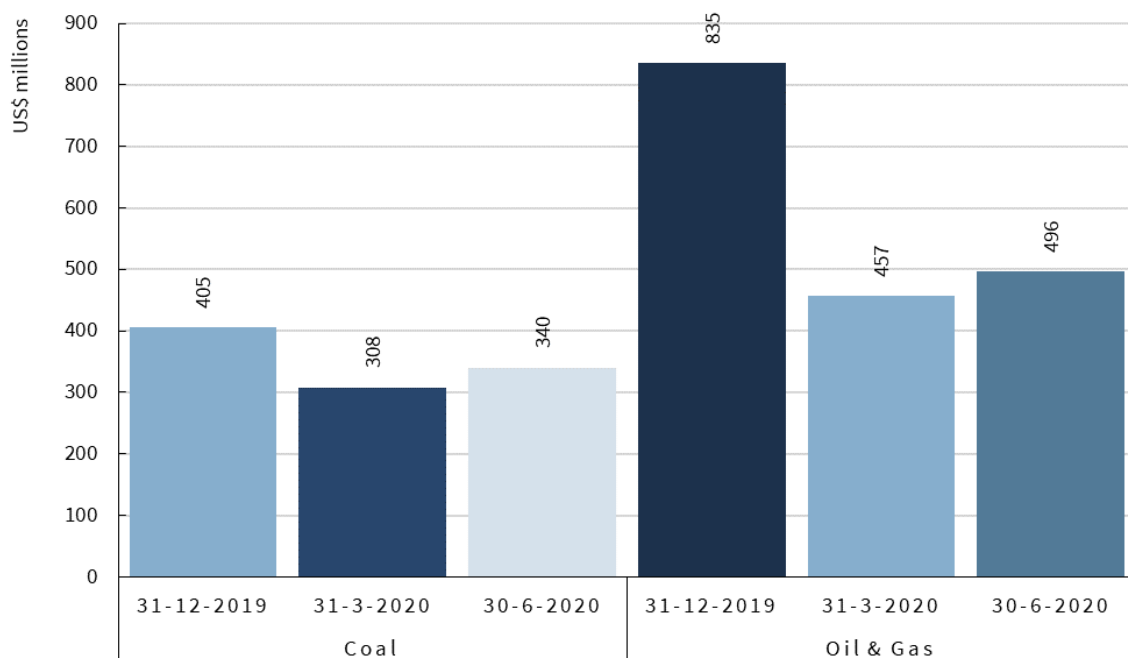
5.6.3 Investment

As of the most recent filings in Q2-2020, SEB held US\$ 860 million in shares attributable to fossil fuels. The value of these shares was down from US\$ 1.2 billion in Q4-2019. The changes in share price valuations meant that the coal proportion of investments increased from 33% in Q4-2019 to 41% (US\$ 340 million) in Q2-2020.

Figure 27 shows that, in line with the general trend (see section 4.2), the value of SEB’s investments in coal declined less, and recovered faster than SEB’s investments in oil & gas.

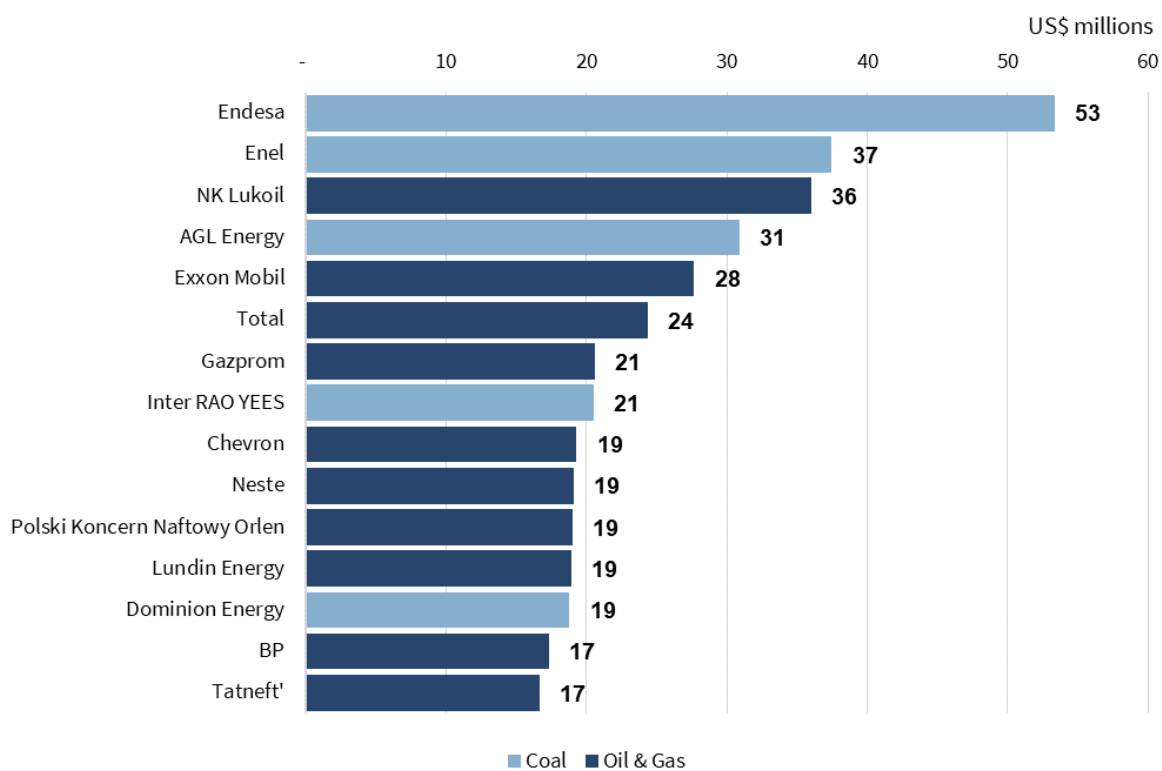
SEB’s top-15 fossil fuel investees accounted for 45% (US\$ 380 million) of the identified fossil fuel investment portfolio (see section Figure 28). The largest investee was Endesa (US\$ 53 million). It was followed by Enel (US\$ 37 million) and Lukoil (US\$ 36 million).

Figure 27 Skandinaviska Enskilda Banken investments in coal and oil & gas (2019-Q4 to 2020-Q2, most recent filings)



Source: Refinitiv (2020, August), Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020.

Figure 28 Top-15 Skandinaviska Enskilda Banken investments (2020-Q2, most recent filings)



Source: Refinitiv (2020, August), Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020.

5.6.4 Policy assessment

See the latest assessment of the policies of SEB [here](#).

Disclaimer

The findings in this report for SEB were based on its new “Sector Policy on Fossil Fuels” policy that was scheduled to be published on January 29, 2021 but was shared with BankTrack in advance. The policy as was shared with BankTrack in December 2020 has already been approved by the Group Executive Sustainability Committee, but publication - following board approval - has now been scheduled for February. The authors of this report rely on the fact that the policy document presented will not materially change before publication. Until publication of the new policy, interested parties can contact BankTrack or SEB to verify the contents of the policy.

Fossil fuel finance policies

SEB has the following restrictions in place for the coal sector: the bank does not finance coal mining projects. It also committed to phase out finance for companies that derive more than 5% of their revenue from thermal coal mining by 2025. Generally, the bank does not finance companies with more than 15% of their revenue derived from thermal coal mining.

SEB has also committed not to finance coal power projects. In addition, the bank has committed to phase-out finance for coal power companies: it will exit current business relationships with clients where 5% or more of the revenues is derived from coal-fired power generation by 2030. The bank does not finance companies with a share of revenues (more than 15%) deriving from coal-fired power generation.⁴⁶

It is important to note that SEB makes an exception to its phase-out and exclusion commitments for German companies. Germany has adopted national legislation which aims for a phase-out of coal by 2038.⁴⁷ SEB does not exclude companies that are covered by this legislation from financing.⁴⁸ This exception has significant consequences for the strength of the bank’s commitment. For example, it means that SEB can still finance German coal giants such as Uniper (largely owned by Fortum, SEB’s largest fossil fuel credit client) and RWE until 2038.

46 SEB, “Sector Policy on Fossil Fuels for the SEB Group”, to be published in February 2021 on <https://sebgroup.com/about-seb/sustainability/how-we-work/policies>, last viewed 21 January 2021.

47 Clean Energy Wire, “Spelling out the coal exit – Germany’s phase-out plan”, 3 July 2020, available at <https://www.cleanenergywire.org/factsheets/spelling-out-coal-phase-out-germanys-exit-law-draft>, last viewed 22 January 2021.

48 SEB, “Sector Policy on Fossil Fuels for the SEB Group”, to be published in February 2021 on <https://sebgroup.com/about-seb/sustainability/how-we-work/policies>, last viewed 21 January 2021; SEB, written response to BankTrack, dated 21 January 2021.

SEB has the following restrictions in place for the oil & gas sector: the bank does not finance tar sands projects, fracked oil & gas projects, and offshore related fossil projects (drilling rigs, seismic equipment and fossil extraction offshore support vessels). The bank has committed to phase out business relationships with companies that derive more than 5% of their revenue from tar sands or fracked oil & gas. In general, it will not enter into new business relationships with clients that derive more than 5% of their revenues from tar sands or fracked oil & gas. SEB also does not finance Arctic oil & gas projects. It does not enter into new business relationships with, provide financial services to, or invest in companies with a revenue share of more than 5% originating from oil & gas related activities in environmentally sensitive areas. For the Norwegian Continental Shelf, the bank only applies a threshold of 15% as “justified by the strict Norwegian environmental legislation and monitoring”. SEB also does not finance offshore related fossil projects where the revenue from these assets represents more than 5% of the owners’ revenue.⁴⁹

More generally speaking, SEB does not finance several ‘other’ types of oil & gas projects. For example, it does not finance seismic fossil exploration, new refineries for transportation fuel, new oil-fired power plants or new open cycle or combined cycle gas-fired power plants with CO2 emissions above 270 g/kWh. The bank has committed to gradually shift away from oil & gas companies that lack a Paris Agreement-aligned transition plan. Generally, the bank “caps its nominal credit exposure to the exploration, production and oilfield services sector with an annual reduction of exposure”. Furthermore, as a signatory to the Equator Principles, the bank commits to conduct enhanced due diligence for other oil & gas companies (i.e., conventional oil & gas companies and other unconventional oil & gas companies beyond the sectors covered by the methodology).⁵⁰

It has no restrictions in place for the LNG sector.⁵¹ It is important to consider the findings of this assessment in light of the bank’s financial exposure to fossil fuels. SEB was found to have significant financing and investment exposure to coal, oil & gas. However, these findings predate the adoption of SEB’s new policies on fossil fuels as described above. The adoption of the new and more comprehensive policy framework is an important step in reducing SEB’s exposure to the fossil fuel industry. However, it remains to be seen how the bank’s new policy will be implemented and whether it will indeed result in a decrease in the amount of financing SEB provides to the fossil fuel industry.

49 Ibid.

50 Equator Principles, “EP Association Members & Reporting”, n.d., available at <https://equator-principles.com/members-reporting/>, last viewed 9 December 2020.

51 SEB, “Sector Policy on Fossil Fuels for the SEB Group”, to be published in February 2021 on <https://sebgroup.com/about-seb/sustainability/how-we-work/policies>, last viewed 21 January 2021; SEB, written response to BankTrack, dated 21 January 2021.

Table 13 Commercial and investment banking policy assessment scores SEB

Fossil fuel category	Subcategory	Maximum score	Type of policy commitment				Total
			Exclusion of fossil fuel projects	Exclusion of expansion companies	Phase-out plan for existing financing of fossil fuel companies	Exclusion of fossil fuel companies	
Coal	Coal mining	32	6		6	5	17
	Coal power	32	6		6	5	17
	Other coal	16	3				3
Oil & gas	Tar sands	20	4		5	2	11
	Arctic oil & gas	20	4			5	9
	Offshore oil & gas	20	4				4
	Fracked oil & gas	20	4		5	2	11
	LNG	20					0
	Other oil & gas	20	1.5		1.5	0.5	3.5
Total		200					75.5

Other responsible investment policies

SEB's asset management arm applies different restrictions to its asset management activities. Its asset management arm actively supports a transition away from coal as an energy source for companies where coal-based generation exceeds 10 percent of total generation.⁵² SEB is in the process of publishing a new policy for its asset management activities.⁵³

Paris alignment

SEB does not have a group-wide commitment to achieve net-zero emissions by 2050. However, SEB did commit to align with the Paris Agreement by signing on to the Principles for Responsible Banking and the Paris Pledge for Action.⁵⁴

SEB does not calculate or publish its financed emissions.

52 SEB, "Climate impact in asset management", n.d., available at <https://sebgroupp.com/about-seb/sustainability/our-stance/enviroment-and-climate2/climate-impact-in-asset-management>, last viewed 28 January 2021.

53 SEB, written response to BankTrack, dated 21 January 2021.

54 UNEP-FI, "Signatories to the Principles for Responsible Banking", updated version 1 January 2021, available at https://www.unepfi.org/wordpress/wp-content/uploads/2020/12/Bank-Signatories_Jan-1.pdf, last viewed 18 January 2021; Paris Pledge for Action, "Who's joined?", n.d., available at <http://www.parispledgeforaction.org/whos-joined/>, last viewed 20 January 2021.

5.7 SpareBank 1 SR-Bank

5.7.1 About SpareBank 1 SR-Bank

SpareBank 1 SR-Bank, member of the SpareBank 1 Alliance, is a financial service group offering traditional banking services. Its focus areas are the retail market, the corporate market and the public sector market. The bank is Norway's fifth largest bank measured by total assets and total lending (being the fourth largest bank measured by deposits from customers) and is the largest bank in the SpareBank 1 Alliance. SpareBank 1 SR-Bank is present in Rogaland, Hordaland, the Agder countries, and Oslo. The Bank's head office is located in Stavanger.

Read more about SpareBank 1 SR-Bank [here](#).

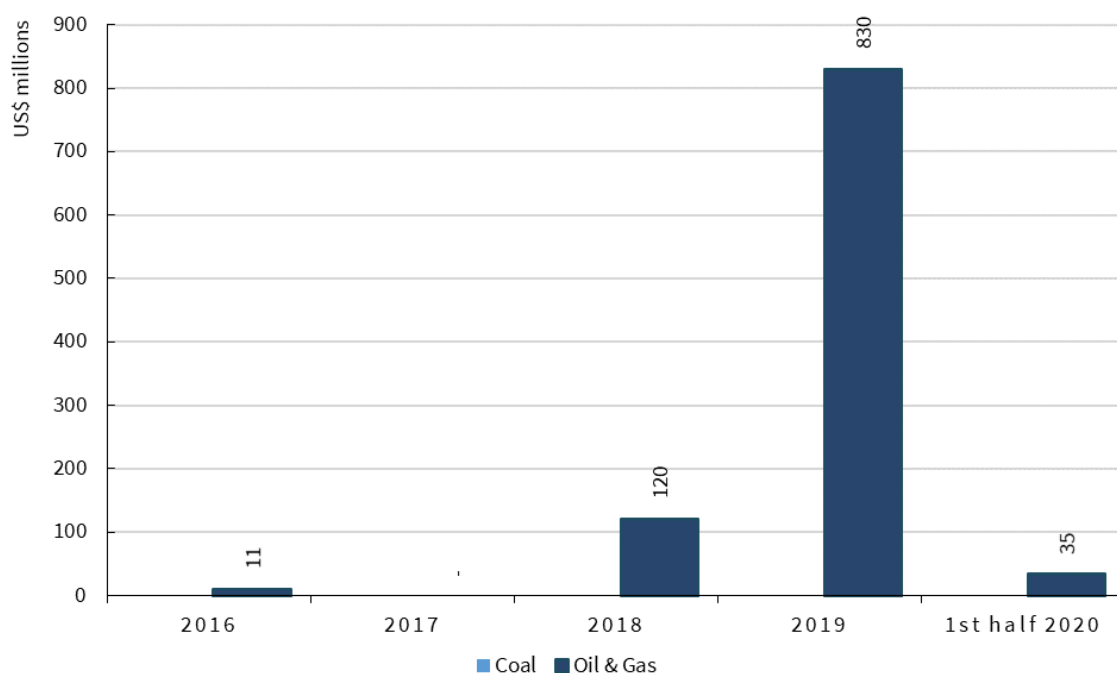
5.7.2 Credit

Since the Paris Agreement was signed in December 2015, SpareBank 1 SR-Bank provided US\$ 996 million in loans and underwriting services to companies engaged in fossil fuels. All these investments were attributable to oil & gas.

Figure 29 shows the annual trends in SpareBank 1 SR-Bank's loans and issuance underwriting services to companies engaged in fossil fuels. It shows that overall, the level of identified fossil fuel credit is low. The spike in 2019 is attributable to credit provided to Var Energi and Lundin Energy, both for the acquisition of upstream oil & gas portfolios.

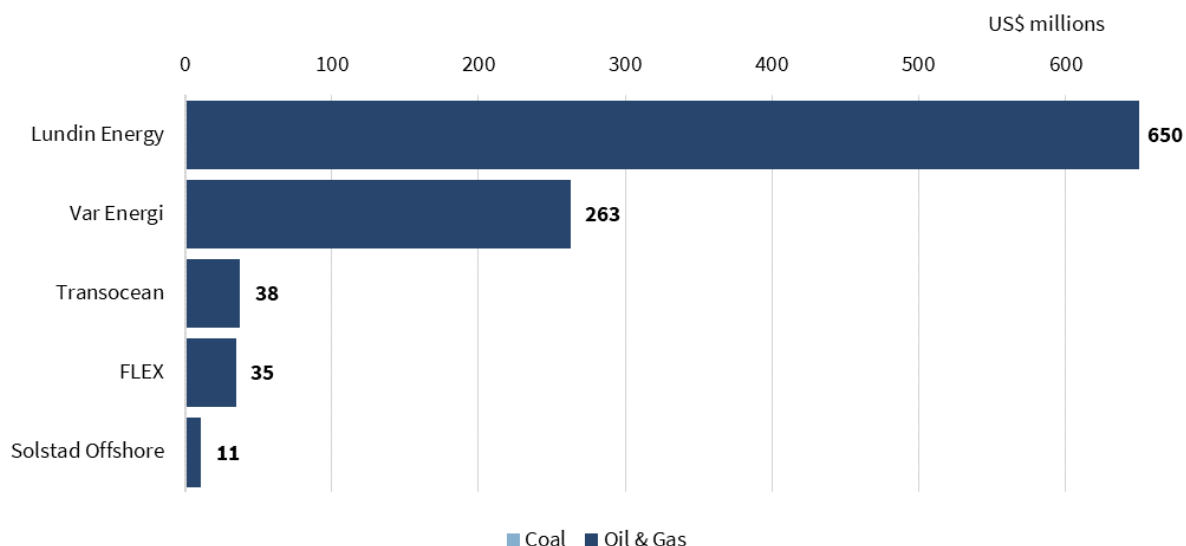
The fossil fuel clients presented in Figure 30 are the only SpareBank 1 SR-Bank fossil fuel clients identified during the course of this research.

Figure 29 Annual trends of SpareBank 1 SR-Bank fossil fuel credit (January 2016 – June 2020)



Source: Refinitiv (2020, June), *Bond issuances*; Refinitiv (2020, June), *Share issuances*; Refinitiv (2020, June), *Loans*; IJGlobal (2020, June), *Transaction search*.

Figure 30 Top-15 SpareBank 1 SR-Bank fossil fuel credit clients (January 2016 – June 2020)



Source: Refinitiv (2020, June), *Bond issuances*; Refinitiv (2020, June), *Share issuances*; Refinitiv (2020, June), *Loans*; IJGlobal (2020, June), *Transaction search*.

SpareBank 1 SR-Bank provided general details of its fossil fuel exposure. It reported that it didn't provide financial services to companies engaged in coal mining or coal-fired power. The bank further reported that its exposure to offshore oil & gas was 6% (US\$ 1.3 billion) of its lending portfolio in 2015 and was reduced to 4.2% in 2019 (US\$ 1.0 billion).⁵⁵ This represents a US\$ 3 billion decrease in exposure to the sector.

5.7.3 Investment

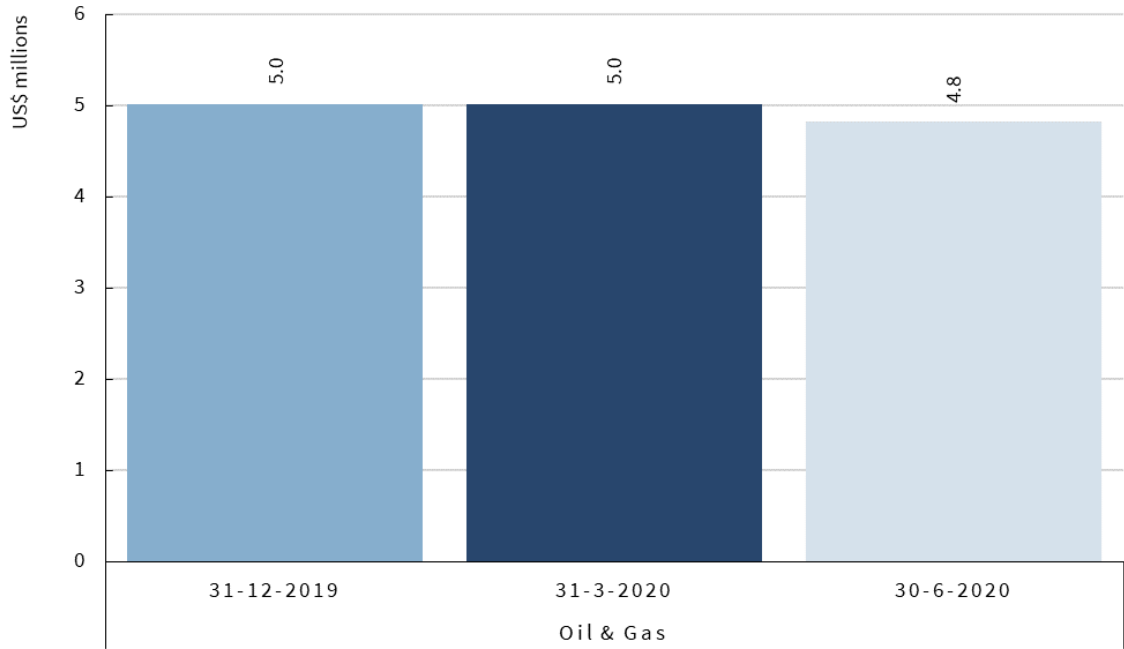
As of the most recent filings in Q2-2020, SpareBank 1 SR-Bank held US\$ 4.8 million in shares of companies engaged in fossil fuels. All these investments were attributable to oil & gas.

Figure 31 shows investment value changes for the period Q4-2019 to Q2-2020. It indicates that the value of investments decreased by US\$ 0.2 million in the period of study. A closer look at the number of shares indicates that the decrease in value was due to a share price decrease, and not the result of a divestment of shares.

Figure 32 presents the three fossil fuel investments identified in this research. It shows that SpareBank 1 SR-Bank's largest investments was US listed oil & gas company Technip (US\$ 3 million)

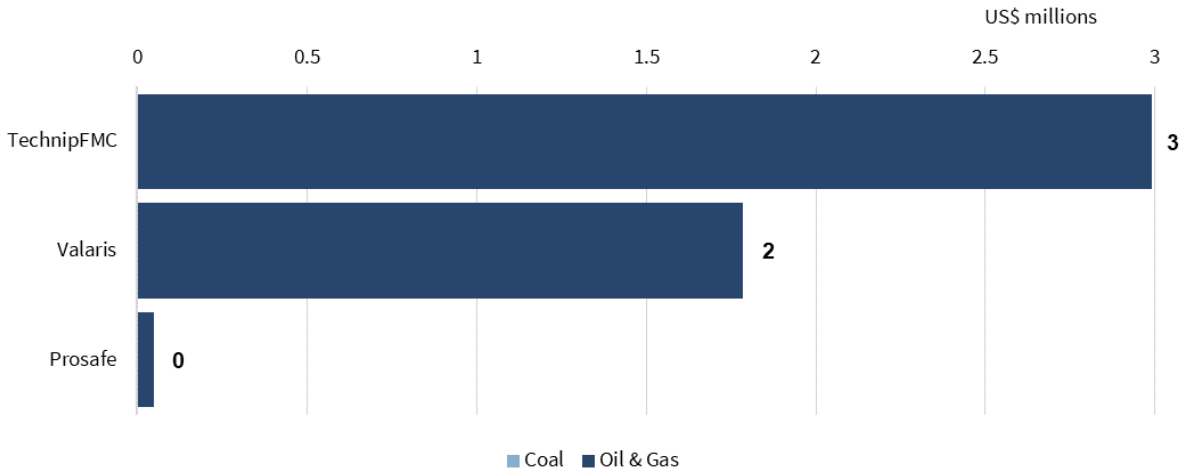
⁵⁵ SpareBank 1 SR-Bank, written response to BankTrack, dated 1 April 2020.

Figure 31 SpareBank 1 SR-Bank investments in coal and oil & gas (2019-Q4 to 2020-Q2, most recent filings)



Source: Refinitiv (2020, August), *Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020.*

Figure 32 Top-15 SpareBank 1 SR-Bank (2020-Q2, most recent filings)



Source: Refinitiv (2020, August), *Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020.*

5.7.4 Policy assessment

See the latest assessment of the policies of SpareBank 1 SR-Bank [here](#).

Fossil fuel finance policies

SpareBank 1 SR-Bank has the following restrictions in place for the coal sector: the bank does not finance coal mining and power projects. It partly restricts finance for coal mining and power companies. SpareBank excludes companies "engaged in the extraction of or power production based on coal" from financing. It is unclear whether a revenue or turnover threshold is applied to identify companies.⁵⁶

SpareBank 1 SR-Bank has the following restrictions in place for the oil & gas sector: the bank partly restricts finance for tar sands and fracked oil & gas projects.⁵⁷

SpareBank 1 SR-Bank has no other restrictions in place.

It is important to consider the findings of this assessment in relation to the bank's financial exposure to fossil fuels, as SpareBank 1 SR-Bank has a relatively low credit and investment exposure to coal and oil & gas. Even so, to prevent such exposure from occurring in the future, it is important that the bank adopts a formal position and corresponding policy on fossil fuel financing and investments.

56 SpareBank 1 SR-Bank, "Bærekraft i SpareBank 1 SR-Bank", n.d., page 4 and 18, available at <https://www.sparebank1.no/content/dam/SB1/bank/sr-bank/om-oss/Samfunn/BarekraftiSpareBankSRBank.pdf>, last viewed 18 January 2021; SpareBank 1 SR-Bank, "Sustainability guidelines for the corporate market", December 2019, page 1, available at <https://www.sparebank1.no/content/dam/SB1/bank/sr-bank/om-oss/Samfunn/SustainabilityguidelinesforthecorporatemarketSpareBank1SR-Bank.pdf>, last viewed 9 December 2020; SpareBank 1 SR-Bank, written response to BankTrack, dated 12 January 2021.

57 SpareBank 1 SR-Bank, "Bærekraft i SpareBank 1 SR-Bank", n.d., page 18, available at <https://www.sparebank1.no/content/dam/SB1/bank/sr-bank/om-oss/Samfunn/BarekraftiSpareBankSRBank.pdf>, last viewed 18 January 2021; SpareBank 1 SR-Bank, "Sustainability Report 2019", March 2020, available at https://www.sparebank1.no/content/dam/SB1/bank/sr-bank/english/about-us/Social-responsibility/Sustainability_Report_2019.pdf, last viewed 9 December 2020.

Table 14 Commercial and investment banking policy assessment scores SpareBank 1 SR-Bank

Fossil fuel category	Subcategory	Maximum score	Type of policy commitment				Total
			Exclusion of fossil fuel projects	Exclusion of expansion companies	Phase-out plan for existing financing of fossil fuel companies	Exclusion of fossil fuel companies	
Coal	Coal mining	32	6			5	11
	Coal power	32	6			5	11
	Other coal	16					0
Oil & gas	Tar sands	20	1.5				1.5
	Arctic oil & gas	20					0
	Offshore oil & gas	20					0
	Fracked oil & gas	20	1.5				1.5
	LNG	20					0
	Other oil & gas	20					0
Total		200					25

Other responsible investment policies

SpareBank 1 SR-Bank has a policy that places additional restrictions on investments in the fossil fuel sector: it excludes companies that produce coal but also tar sands from investment.⁵⁸

Paris alignment

SpareBank 1 SR-Bank does not have a group-wide commitment to achieve net-zero emissions by 2050. However, SpareBank 1 SR-Bank did commit to align with the Paris Agreement by signing on to the Principles for Responsible Banking.⁵⁹

At the time of writing, SpareBank 1 SR-Bank has not disclosed information about its financed emissions. However, the bank will report on an analysis of its estimated financed emissions in its 2020 annual report.⁶⁰

5.8 Svenska Handelsbanken

5.8.1 About Svenska Handelsbanken

Svenska Handelsbanken AB (Handelsbanken) was founded in 1871 in Stockholm. The bank is a Swedish full-service bank for both private and corporate customers, mainly operating in Sweden, United Kingdom, Denmark, Finland, Norway and the Netherlands.

58 SpareBank 1 SR-Bank, "Sustainability Report 2019", March 2020, page 12, available at https://www.sparebank1.no/content/dam/SB1/bank/sr-bank/english/about-us/Social-responsibility/Sustainability_Report_2019.pdf, last viewed 9 December 2020.

59 UNEP-FI, "Signatories to the Principles for Responsible Banking", updated version 1 January 2021, available at https://www.unepfi.org/wordpress/wp-content/uploads/2020/12/Bank-Signatories_Jan-1.pdf, last viewed 18 January 2021.

60 SpareBank 1 SR-Bank, written response to BankTrack, dated 12 January 2021.

Read more about Svenska Handelsbanken [here](#).

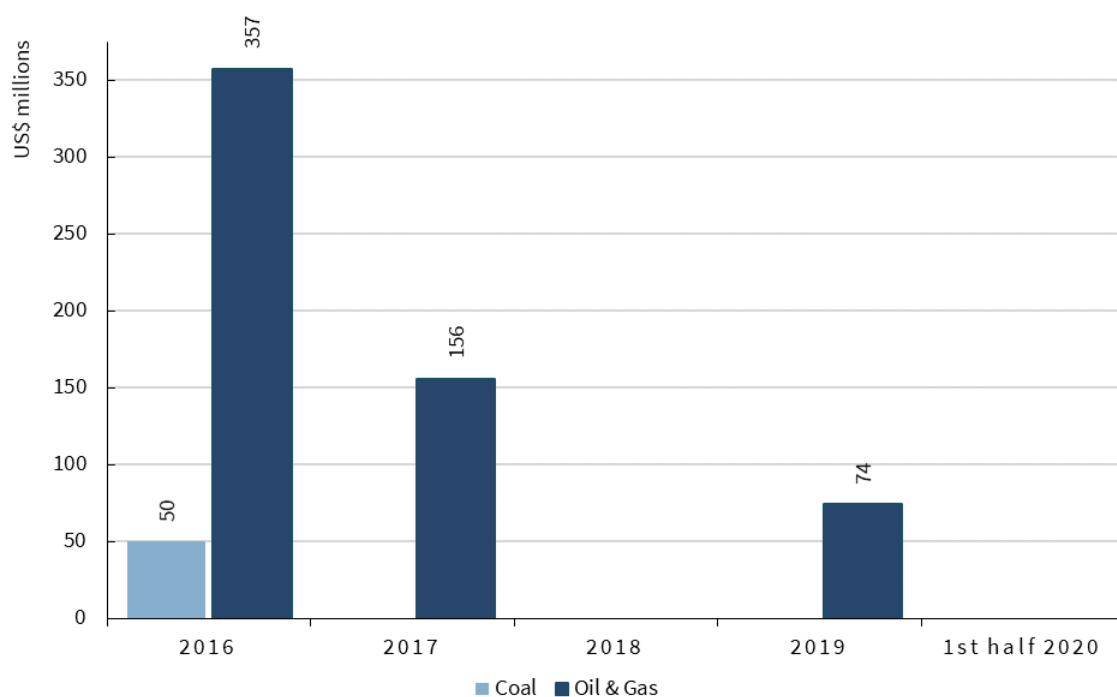
5.8.2 Credit

Since the Paris Agreement was signed in December 2015, Svenska Handelsbanken provided US\$ 637 million in loans and underwriting services to companies engaged in fossil fuels. 8% of this credit (US\$ 50 million) was attributable to coal, and the remaining 92% (US\$ 587 million) was attributable to oil & gas.

Figure 33 shows the annual trends in Svenska Handelsbanken's fossil fuel credit flows. It confirms that since 2016, no loans and underwriting services attributable to coal were identified. This indicates a possible phasing out of coal from the bank's lending and underwriting service portfolio. Figure 33 further shows that credit provided to companies engaged in oil & gas has declined from a high in 2016. In the first half of 2020, no credit to oil & gas was identified.

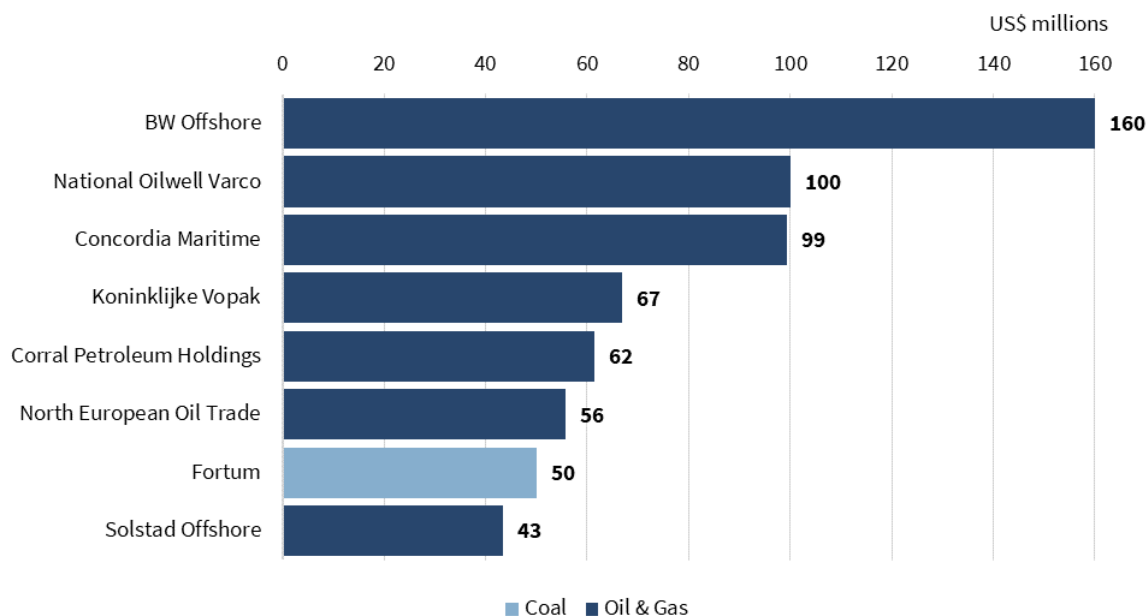
Figure 34 presents Svenska Handelsbanken's identified fossil fuel clients. The figure shows that the bank's largest fossil fuel client was BW Offshore, which received US\$ 160 million in credit from the bank. BW Offshore was followed by National Oilwell Varco (US\$ 100 million) and Concordia Maritime (US\$ 99 million).

Figure 33 Annual trends of Svenska Handelsbanken fossil fuel credit (January 2016 – June 2020)



Source: Refinitiv (2020, June), *Bond issuances*; Refinitiv (2020, June), *Share issuances*; Refinitiv (2020, June), *Loans*; IJGlobal (2020, June), *Transaction search*.

Figure 34 Top-15 Svenska Handelsbanken fossil fuel credit clients (January 2016 – June 2020)



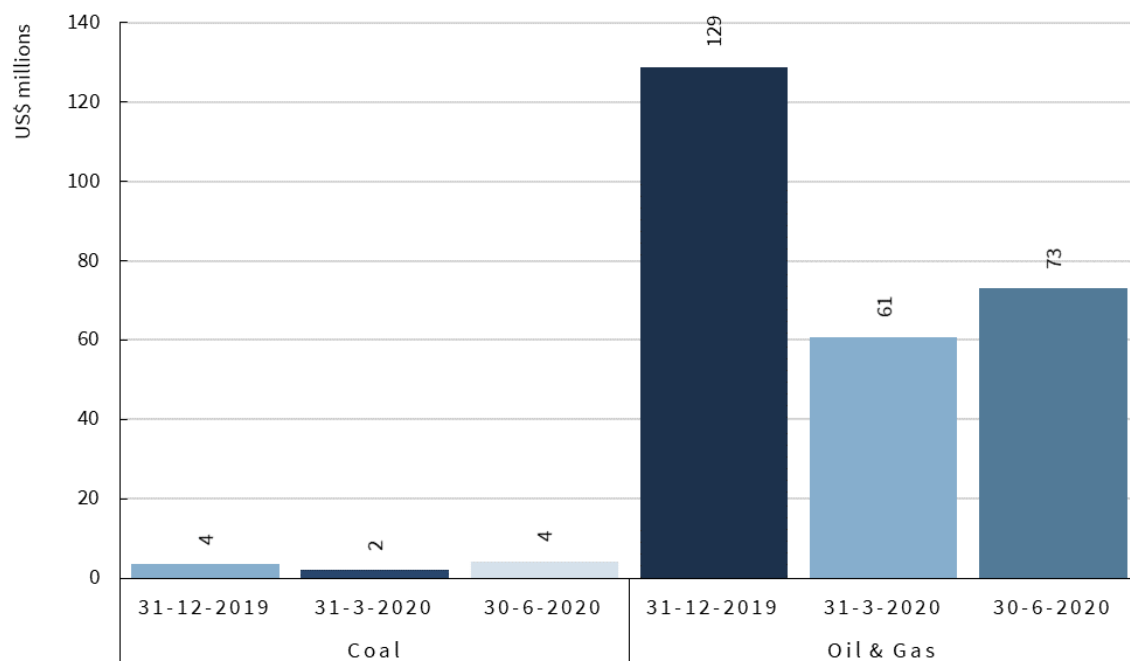
Source: Refinitiv (2020, June), *Bond issuances*; Refinitiv (2020, June), *Share issuances*; Refinitiv (2020, June), *Loans*; IJGlobal (2020, June), *Transaction search*.

5.8.3 Investment

As of the most recent filings in Q2-2020, Svenska Handelsbanken held shares valued at US\$ 77 million in companies engaged in fossil fuels. 94% of these investments (US\$ 73 million) were in oil & gas companies. The remaining 6% (US\$ 4 million) were attributable to coal. The value of fossil fuel shares decreased significantly from US\$ 132 million in Q4-2019.

Figure 35 shows investment value changes for the period Q4-2019 to Q2-2020. It shows that investments attributable to coal decreased less than oil & gas and have since recovered. Oil & gas shares have not returned to their high of US\$ 129 million in Q4-2019.

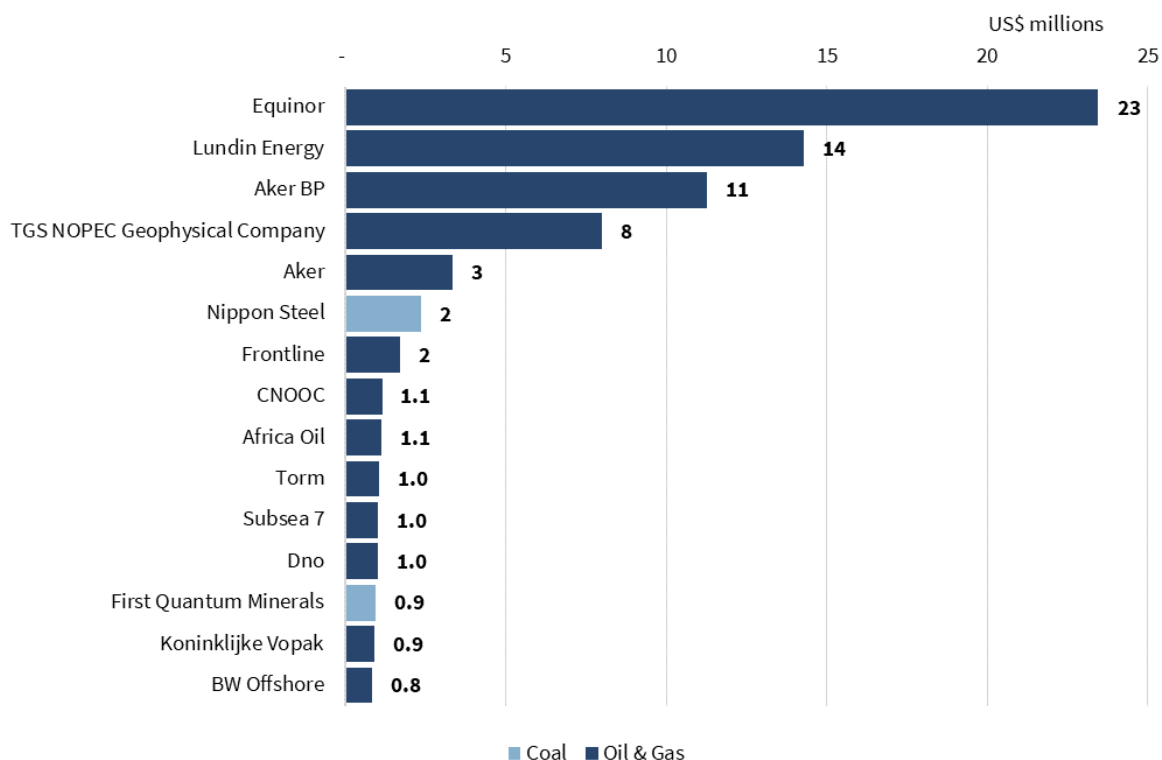
Figure 35 Svenska Handelsbanken investments in coal and oil & gas (2019-Q4 to 2020-Q2, most recent filings)



Source: Refinitiv (2020, August), *Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020.*

Svenska Handelsbanken’s top-15 investments in Q2-2020 accounted for 94% (US\$ 72 million) of its total identified fossil fuel investments (see Figure 36). The bank’s largest investment was in Norwegian oil & gas company Equinor (US\$ 23 million). This was followed by investments in Lundin Energy (US\$ 14 million) and Aker BP (US\$ 11 million).

Figure 36 Top-15 Svenska Handelsbanken investments (2020-Q2, most recent filings)



Source: Refinitiv (2020, August), *Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020.*

5.8.4 Policy assessment

See the latest assessment of the policies of Svenska Handelsbanken [here](#).

Fossil fuel finance policies

Svenska Handelsbanken has the following restrictions in place for the coal sector: the bank partly restricts finance for coal mining and power projects, only excluding new projects from financing. Financing for coal mining and power companies is restricted only for new clients.⁶¹

Svenska Handelsbanken has the following restrictions in place for the oil & gas sector: the bank applies enhanced due diligence to companies involved in the “extraction of unconventional oil & gas”, defined as tar sands and shale gas, or “particularly high-risk extraction”, defined as “the extraction of oil & gas where the geographical area entails increased risk.”⁶² Examples according to Svenska Handelsbanken are “ecologically sensitive areas (such as the Arctic), technically complex extraction such as deep-sea drilling, or socially sensitive areas such as conflict zones”. As a signatory to the Equator Principles, the bank commits to conduct enhanced due diligence for other oil & gas companies (i.e., conventional oil & gas companies and other unconventional oil & gas companies beyond the sectors covered by the methodology).⁶³

Svenska Handelsbanken has no other restrictions in place.

It is important to consider the findings of this assessment in relation to the bank’s financial exposure to fossil fuels, as Svenska Handelsbanken has a relatively low credit and investment exposure to coal and oil & gas. Even so, to prevent such exposure from occurring in the future, it is important that the bank adopts a formal position and corresponding policy on fossil fuel investments.

61 Svenska Handelsbanken, “Environment and climate change - Handelsbanken’s guidelines”, May 2020, page 1, available at <https://www.handelsbanken.com/tron/xgpu/info/contents/v1/document/72-97675>, last viewed 9 December 2020; Svenska Handelsbanken, written response to BankTrack, dated 18 January 2021.

62 Ibid.

63 Equator Principles, “EP Association Members & Reporting”, n.d., available at <https://equator-principles.com/members-reporting/>, last viewed 9 December 2020.

Table 15 Commercial and investment banking policy assessment scores Svenska Handelsbanken

Fossil fuel category	Subcategory	Maximum score	Type of policy commitment				Total
			Exclusion of fossil fuel projects	Exclusion of expansion companies	Phase-out plan for existing financing of fossil fuel companies	Exclusion of fossil fuel companies	
Coal	Coal mining	32	4			3	7
	Coal power	32	4			3	7
	Other coal	16					0
Oil & gas	Tar sands	20				0.5	0.5
	Arctic oil & gas	20				0.5	0.5
	Offshore oil & gas	20				0.5	0.5
	Fracked oil & gas	20				0.5	0.5
	LNG	20					0
	Other oil & gas	20				0.5	0.5
Total		200					16.5

Other responsible investment policies

Svenska Handelsbanken's asset management arm has a policy that places additional restrictions on investments in the fossil fuel sector. All funds exclude “controversial business such as (...) fossil fuel”. Application of this framework is not comprehensive, with differences between different types of funds.”⁶⁴

Paris alignment

Svenska Handelsbanken does not have a group-wide commitment to achieve net-zero emissions by 2050. However, Svenska Handelsbanken did commit to align with the Paris Agreement by signing on to the Principles for Responsible Banking.⁶⁵ Svenska Handelsbanken aims to make a public net-zero commitment this year.⁶⁶

Svenska Handelsbanken does not calculate or publish its financed emissions.

64 Svenska Handelsbanken, “Sustainability in our investments”, n.d., available at <https://www.handelsbanken.com/en/sustainability/news/sustainability-in-our-investments>, last viewed 13 January 2021.

65 UNEP-FI, “Signatories to the Principles for Responsible Banking”, updated version 1 January 2021, available at https://www.unepfi.org/wordpress/wp-content/uploads/2020/12/Bank-Signatories_Jan-1.pdf, last viewed 18 January 2021.

66 Svenska Handelsbanken, written response to BankTrack, dated 12 January 2021.

5.9 Swedbank

5.9.1 About Swedbank

Swedbank AB is a Nordic-Baltic banking group offering retail banking, asset management, financial, and other services. The banking group was founded in 1997 as Föreningsparbanken AB. In September 2006, the group changed its name to Swedbank AB in September 2006.

Read more about Swedbank [here](#).

5.9.2 Credit

Since the Paris Agreement was signed in December 2015, Swedbank provided US\$ 4.6 billion in loans and underwriting services to companies engaged in fossil fuels. 18% of this credit (US\$ 837 million) was provided to companies engaged in coal, and 82% (US\$ 3.8 billion) to companies engaged in the oil & gas industry.

Figure 37 presents the annual trends in Swedbank's fossil fuel credit flows. It shows that credit to the oil & gas industry has fluctuated between US\$ 700 million and US\$ 1.2 billion. There is no clearly observable downward trend. In 2017, 2018 and the first half of 2020, no financing attributable to coal was identified. Financing to coal in 2016 and 2019 was only provided to Fortum, which acquired coal-fired power plant operator Uniper.

Swedbank's top-15 fossil fuel clients accounted for 94% (US\$ 4.3 billion) of the identified fossil fuel credit flows (see Figure 38). The bank's largest fossil fuel client was Aker BP. Swedbank provided the company with US\$ 989 million in loans and underwriting services between January 2016 and June 2020. Aker BP was followed by Fortum (US\$ 837 million) and Lundin Energy (US\$ 510 million).

Figure 37 Annual trends of Swedbank fossil fuel credit (January 2016 – June 2020)

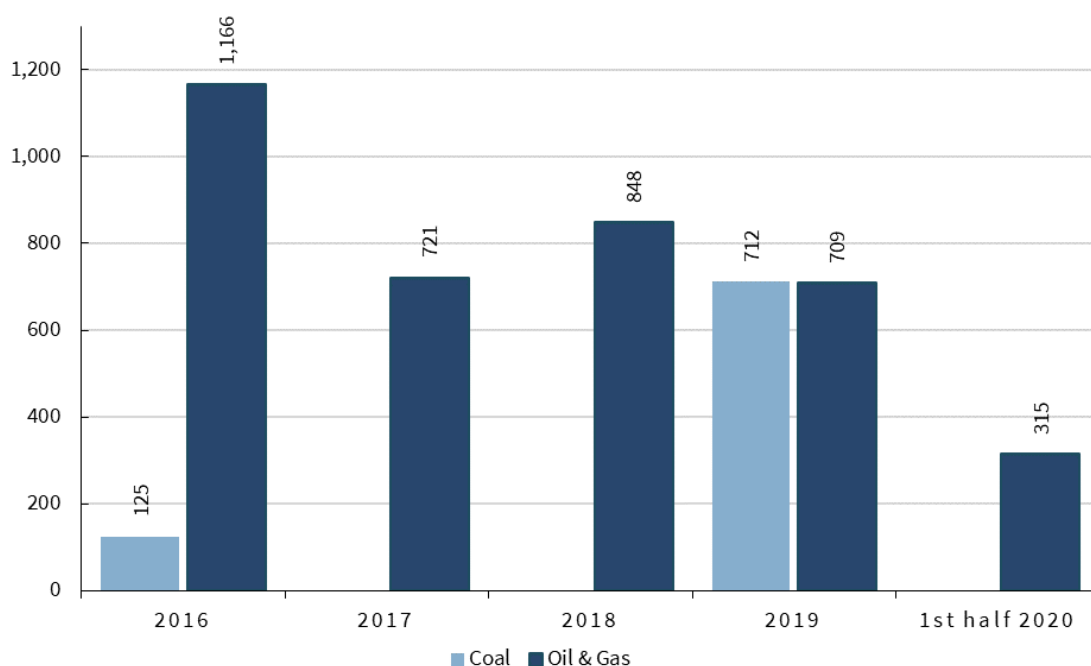
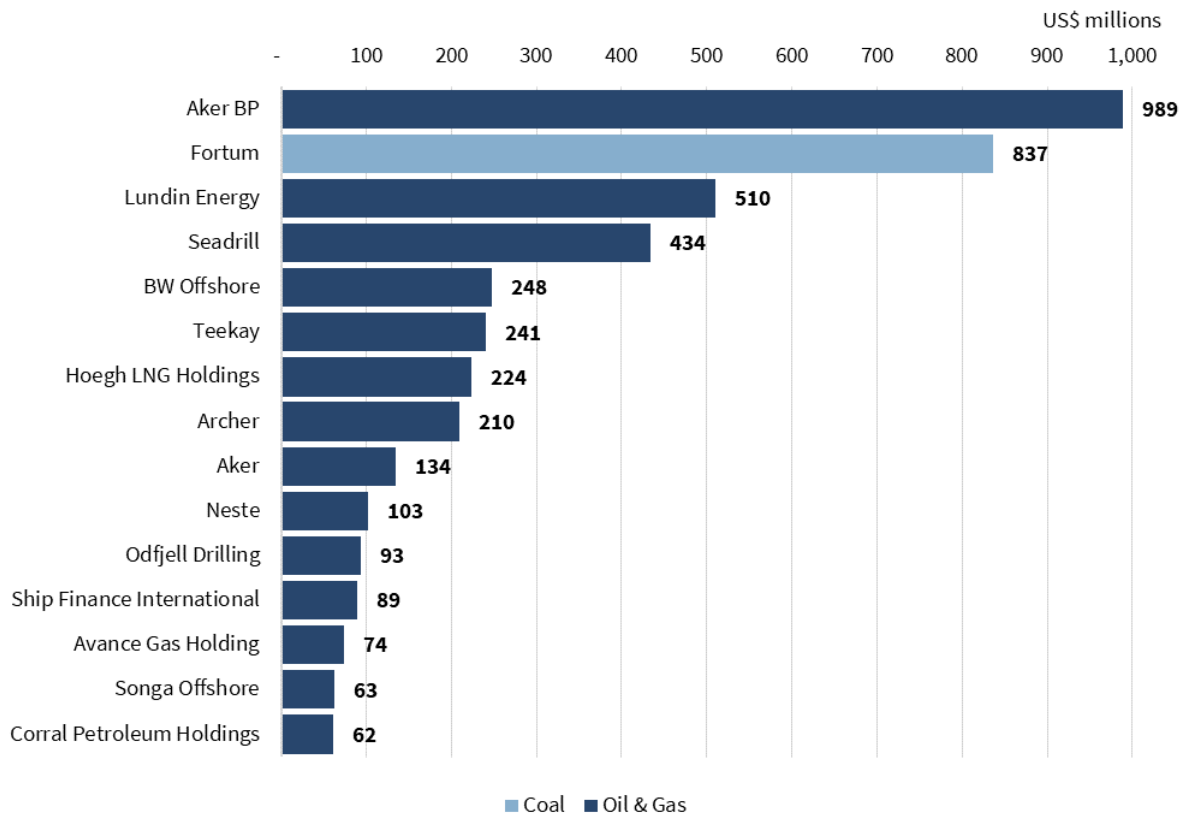


Figure 38 Top-15 Swedbank fossil fuel credit clients (January 2016 – June 2020)



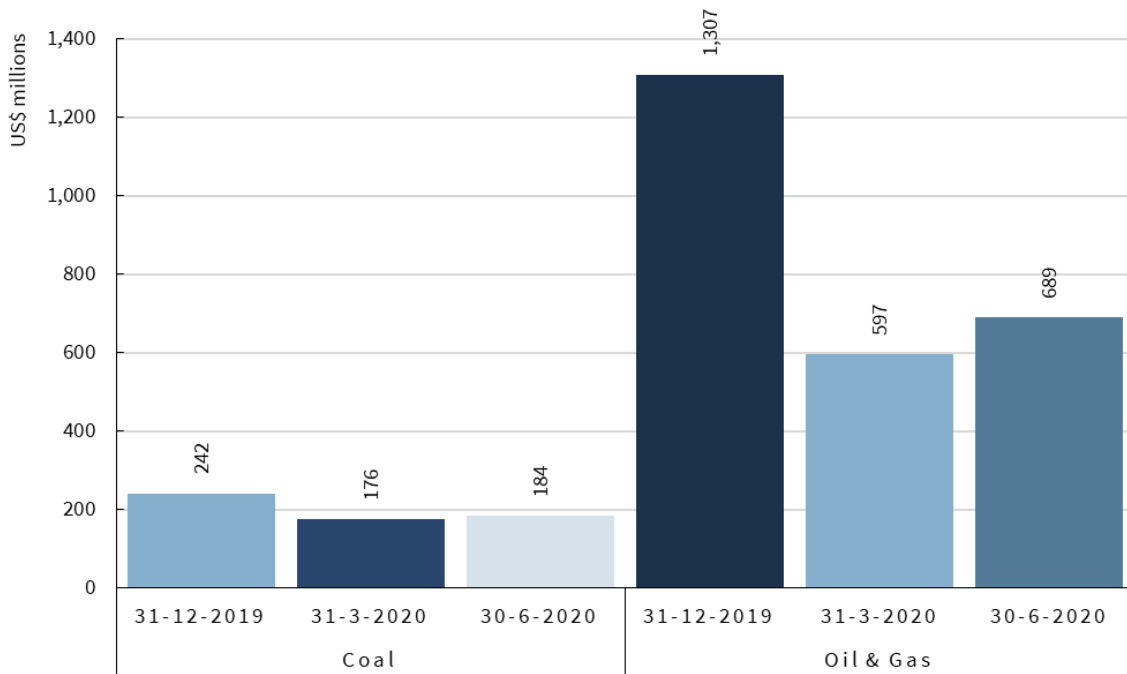
5.9.3 Investment

As of the most recent filings in Q2-2020, Swedbank held shares of US\$ 874 million in companies engaged in fossil fuels. 21% of these investments (US\$ 184 million) were in companies engaged in coal, 79% (US\$ 689 million) were in companies active in the oil & gas industry. The total value of fossil fuel shares dropped from a high of US\$ 1.5 billion in Q4-2019 to a low of US\$ 772 million in the first quarter of 2020.

The coal share of investments increased from 16% in Q4-2019 to 21% in Q2-2020. Concerningly, this appears to be driven by an increase in investments in coal shares, and not purely by an increase in share value as share prices recovered from their lows in March 2020. In Q4-2019, Swedbank held 442,039,915 shares attributable to coal. By Q2-2020, this number had risen to 1,265,348,601 shares. By comparison, it held 158,212,823 in oil & gas shares in Q4-2019 and 149,437,732 in Q2-2020. This development indicates that Swedbank took advantage of the low prices of coal shares to invest more heavily in the sector.

Figure 39 shows investment value changes for the period Q4-2019 to Q2-2020. The figure shows that the share value of coal investments dropped less significantly than the value of oil & gas investments. Coal investments also recovered at a faster pace than oil & gas investments. This is most likely driven by the increase in investments in the coal, and the more cautious approach to investing in oil & gas.

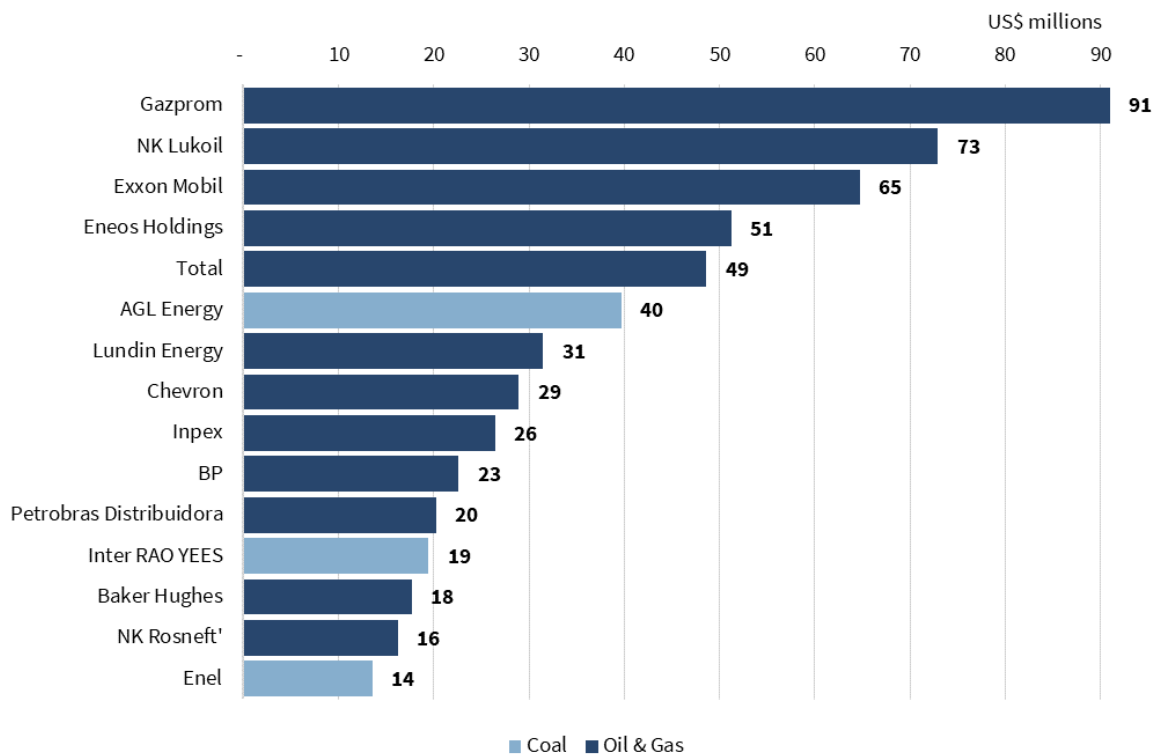
Figure 39 Swedbank investments in coal and oil & gas (2019-Q4 to 2020-Q2, most recent filings)



Source: Refinitiv (2020, August), *Shareholdings*: 31-12-2019, 31-03-2020, 30-09-2020.

Swedbank’s top-15 investees accounted for 65% (US\$ 565 million) of the identified fossil fuel investments. The largest investment was in Russian oil & gas conglomerate Gazprom (US\$ 91 million). Investment in Gazprom were followed by Lukoil (US\$ 73 million) – another Russian oil & gas company – and Exxon Mobil (US\$ 65 million).

Figure 40 Top-15 Swedbank investments (2020-Q2, most recent filings)



Source: Refinitiv (2020, August), *Shareholdings*: 31-12-2019, 31-03-2020, 30-09-2020.

5.9.4 Policy assessment

See the latest assessment of the policies of Swedbank [here](#).

Fossil fuel finance policies

Swedbank has the following restrictions in place for the coal sector: the bank does not finance coal power projects. Furthermore, Swedbank will divest from all companies mining and producing coal to more than 5% of its turnover from its internal funds and equity offerings. Companies that are divested will then also be excluded from all new types of financing.⁶⁷

Swedbank has the following restrictions in place for the oil & gas sector: as a signatory to the Equator Principles, the bank commits to conduct enhanced due diligence for other oil & gas companies (i.e., conventional oil & gas companies and other unconventional oil & gas companies beyond the sectors covered by the methodology).⁶⁸

Swedbank has no other restrictions in place.

It is important to consider the findings of this assessment in relation to the bank's financial exposure to fossil fuels. Swedbank still has significant credit and investment exposure to coal and oil & gas, showing the need for the adoption of a more comprehensive policy to exclude and phase out all fossil fuel financing.

Table 16 Commercial and investment banking policy assessment scores Swedbank

Fossil fuel category	Subcategory	Maximum score	Type of policy commitment				Total
			Exclusion of fossil fuel projects	Exclusion of expansion companies	Phase-out plan for existing financing of fossil fuel companies	Exclusion of fossil fuel companies	
Coal	Coal mining	32				3	3
	Coal power	32	6			3	9
	Other coal	16					0
Oil & gas	Tar sands	20					0
	Arctic oil & gas	20					0
	Offshore oil & gas	20					0
	Fracked oil & gas	20					0
	LNG	20					0
	Other oil & gas	20				0.5	0.5
Total		200					12.5

67 Swedbank, "Position Statement Climate Change", November 2020, page 2, available at <https://online.swedbank.se/ConditionsEarchive/download?bankid=1111&id=WEBDOC-PPE1341798>, last viewed 18 January 2021.

68 Equator Principles, "EP Association Members & Reporting", n.d., available at <https://equator-principles.com/members-reporting/>, last viewed 9 December 2020.

Other responsible investment policies

Swedbank's asset management arm places similar restrictions to its activities. Swedbank's Robur does not invest in fossil fuel companies unless they have clear transition goals and are included in Swedbank Robur's [Green List](#). Fossil fuels are defined as coal, oil & gas, and includes shale oil & gas, Arctic oil & gas and tar sands. Exceptions to this commitment can be made for companies that have communicated clear transition goals.⁶⁹ Over the course of 2020, Swedbank Robur went through a process to divest from companies with exposure to Arctic oil and gas. It announced all holdings had been sold in early January 2021.⁷⁰

Paris alignment

Swedbank does not have a group-wide commitment to achieve net-zero emissions by 2050. However, Swedbank did commit to align with the Paris Agreement by signing on to the Principles for Responsible Banking.⁷¹

Swedbank does not calculate or publish its financed emissions.

Swedbank Robur has set climate targets and committed for its asset management to be aligned with the Paris Agreement 1.5°C goal by 2025. It has also committed for its combined fund capital to be carbon-neutral by 2040.⁷²

5.10 Sydbank

5.10.1 About Sydbank

Sydbank is one of the largest full-service commercial banks of Denmark. Its activities include retail banking, corporate banking as well as investment and private banking services. The bank's branches are mostly located in Denmark, but it also has three offices in the northern part of Germany. Sydbank was established in 1970 as a result of the merger between four local banks in Southern Jutland.

Read more about Sydbank [here](#).

5.10.2 Credit

This research did not identify any fossil fuel credit provided by Sydbank during the period January 2016 to June 2020.

69 Swedbank Robur, "Swedbank Robur's Exclusion Strategy", January 2021, page 2, available at <https://internetbank.swedbank.se/ConditionsEarchive/download?bankid=1111&id=WEBDOC-PRODE71506187>, last viewed 18 January 2021.

70 Swedbank Robur, "Robur är ute ur Arktis", 13 January 2021, available at https://www.swedbank-aktiellt.se/2021/januari/robur_ar_ute_ur_arktis.csp, last viewed 25 January 2021; written response to BankTrack dated 22 January 2021.

71 UNEP-FI, "Signatories to the Principles for Responsible Banking", updated version 1 January 2021, available at https://www.unepfi.org/wordpress/wp-content/uploads/2020/12/Bank-Signatories_Jan-1.pdf, last viewed 18 January 2021.

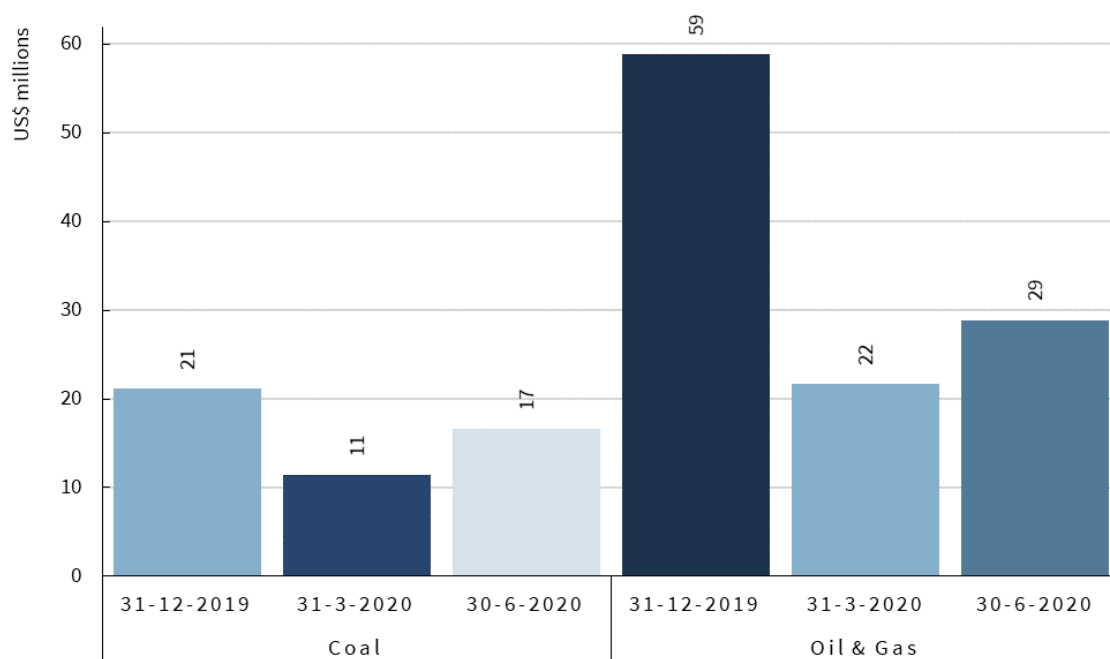
72 Swedbank Robur, "Swedbank Robur's Climate Strategy", January 2021, page 3, available at <https://internetbank.swedbank.se/ConditionsEarchive/download?bankid=1111&id=WEBDOC-PRODE61222857>, last viewed 21 January 2021.

5.10.3 Investment

As of the most recent filings in Q2-2020, Sydbank held shares worth US\$ 46 million in companies engaged in fossil fuels. 36% of these investments (US\$ 17 million) were attributable to coal. The remaining 64% (US\$ 29 million) were in companies engaged in the oil & gas industry.

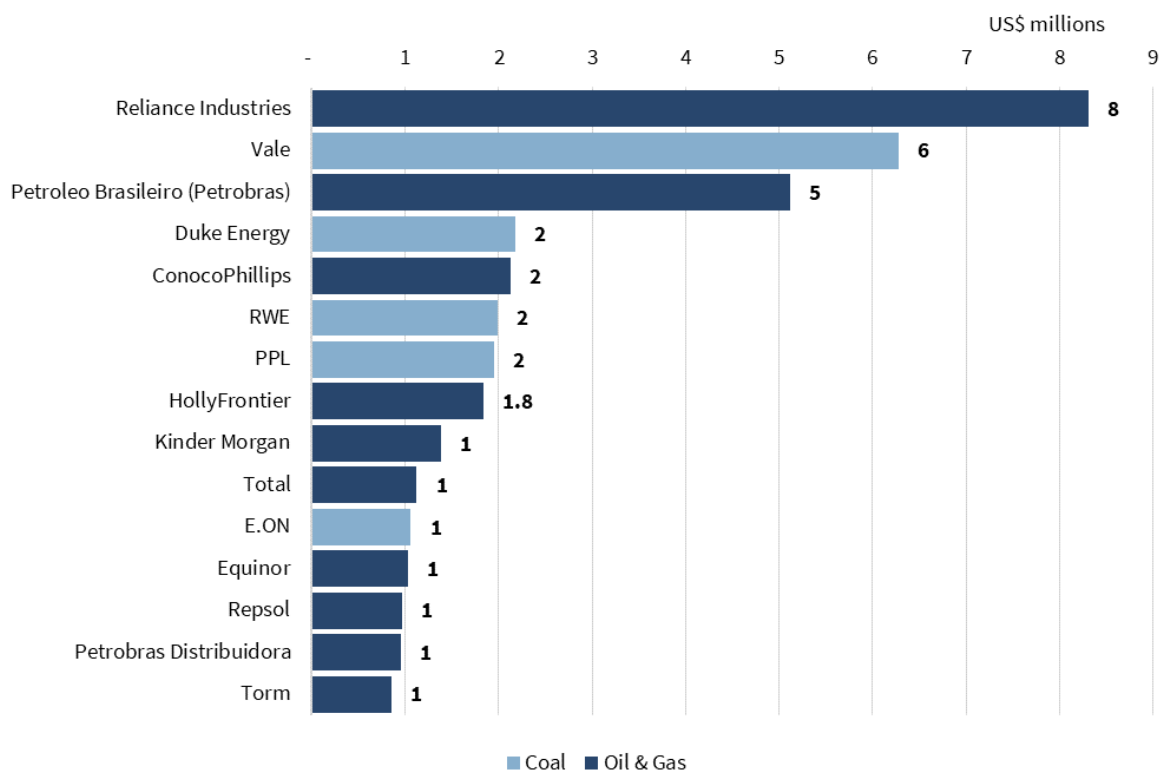
Figure 41 shows investment value changes for the period Q4-2019 to Q2-2020. It shows that, in line with the general trend (see section 4.2), the value of Sydbank's investments in coal declined less significantly, and recovered faster than its investments in oil & gas.

Figure 41 Sydbank investments in coal and oil & gas (2019-Q4 to 2020-Q2, most recent filings)



Source: Refinitiv (2020, August), *Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020.*

Figure 42 Top-15 Sydbank investments (2020-Q2, most recent filings)



Source: Refinitiv (2020, August), *Shareholdings: 31-12-2019, 31-03-2020, 30-09-2020*.

The top-15 fossil fuel companies Sydbank invested in accounted for 82% (US\$ 37 million) of the total identified fossil fuel portfolio (see Figure 42). The bank had invested the most in Indian Reliance Industries (US\$ 8 million). This was followed by investments in two Brazilian companies – Vale (US\$ 6 million) and Petrobras (US\$ 5 million).

5.10.4 Policy assessment

See the latest assessment of the policies of Sydbank [here](#).

Fossil fuel finance policies

Sydbank does not have any publicly available policies in place to limit or exclude financing of fossil fuel projects and companies.⁷³

Sydbank was found to have no credit exposure to and has little investments in coal, oil & gas. Even so, to prevent such exposure from occurring in the future, it is important that the bank adopts a formal position and corresponding policy on fossil fuel financing and investments.

73 Sydbank, written response to BankTrack, dated 29 December 2020.

Table 17 Commercial and investment banking policy assessment scores Sydbank

Fossil fuel category	Subcategory	Maximum score	Type of policy commitment				Total
			Exclusion of fossil fuel projects	Exclusion of expansion companies	Phase-out plan for existing financing of fossil fuel companies	Exclusion of fossil fuel companies	
Coal	Coal mining	32					0
	Coal power	32					0
	Other coal	16					0
Oil & gas	Tar sands	20					0
	Arctic oil & gas	20					0
	Offshore oil & gas	20					0
	Fracked oil & gas	20					0
	LNG	20					0
	Other oil & gas	20					0
Total		200					0

Other responsible investment policies

Sydbank similarly has no policies on investments in fossil fuel projects or companies, or a plan to phase out fossil fuel financing.

Paris alignment

Sydbank does not have a group-wide commitment to achieve net-zero emissions by 2050. However, Sydbank did commit to align with the Paris Agreement by signing on to the Principles for Responsible Banking.⁷⁴

Sydbank does not calculate or publish its financed emissions.

74 UNEP-FI, "Signatories to the Principles for Responsible Banking", updated version 1 January 2021, available at https://www.unepfi.org/wordpress/wp-content/uploads/2020/12/Bank-Signatories_Jan-1.pdf, last viewed 18 January 2021.

6. Conclusion

More than five years have passed since the international community agreed to take the steps necessary to address the climate crisis by adopting the Paris Climate Agreement. Unfortunately, since then the world is not any closer to reaching the agreed upon goal to limit global warming to “well-below” 2°C, aiming for 1.5°C. As countries continue to delay meaningful action, the climate crisis is taking its toll on both people and the planet, with the chance to achieve the formal Paris goal rapidly waning.

But it is not only governments that must take drastic action. Stopping the climate crisis from escalating any further requires bringing the activities of the coal, oil & gas industry to an end and this in turn requires banks to stop financing this industry.

This report set out to investigate the role of Scandinavian banks in financing the fossil fuel industry. It found that since the adoption of the Paris Climate Agreement in 2015, ten Scandinavian banks have provided US\$ 67.3 billion in loans and underwriting to companies engaged in the fossil fuel sector and, at the most recent filings on June 30th, 2020, they also held US\$ 7.1 billion in shares attributable to fossil fuel companies. This is a staggering sum which makes all the banks that provided this finance co-responsible for perpetuating an industry that willingly and knowingly continues to fuel the climate crisis.

One would expect that with the scale of the climate crisis now evidently manifesting, these banks would reconsider their involvement in the industry and adopt policies and strategies to disengage from fossil fuel clients. However, when assessing the policies, a mixed picture emerges. Only one out of the ten banks scored more than 25 points out of 200, namely Skandinaviska Enskilda Banken (SEB) which scored a total of 75.5 points. Other large creditors, such as DNB and Nordea, are still laggards in terms of their fossil fuel policies. With 12.5 and 13.5 points out of 200 respectively, these two banks are in need of much more comprehensive fossil fuel related policies. Nykredit and Sydbank did not have any publicly available policies in place for their lending and underwriting activities. Although they were also not found to have any credit exposure to the fossil fuel industry, they should still adopt a formal position and corresponding policy regarding the fossil fuel industry to prevent them from becoming exposed to the industry in the future.

Turning our attention to investment policies, we found that policies to restrict funding for fossil fuels are often more comprehensive for asset management than for banking. The same observation can be made for Paris alignment commitments, which were only found in some of the financing policies of banks. By signing up to the Principles for Responsible Banking, all ten banks have officially committed to align their business activities with the Paris Climate Agreement. However, none have a group-wide level commitment in place to achieve net-zero emissions by 2050.

All in all, the picture looks bleak. A solid commitment to help achieve the Paris climate goals would mean that each bank:

1. Immediately end financing for and investments in all companies and projects that further expand the fossil fuel industry;
2. Phase out all existing financing for and investments in coal companies;
3. Require all oil & gas clients to develop phase out plans for their fossil fuel activities and withdraw finance from and investments in companies that refuse to do so;
4. Set targets to reduce their overall climate impact, including all financed emissions, to zero by 2050 at the latest, with an interim commitment of halving their impact by 2030 at the latest.

Banking on Thin Ice

The prime reason for us to publish this report was to identify the role of Scandinavian banks in fuelling climate change through their finance of the fossil fuel industry and to encourage these banks to take the necessary policy steps to help the climate crisis from further unfolding. However, such steps are not just necessary for the future of the planet but also of utmost importance for the future of the banks themselves.

Banks that continue to finance the fossil fuel industry find themselves on thin ice and face a very real risk of drowning as the climate crisis worsens. Once governments finally start to respond on the level and scale required to deal with the crisis, for example by closing down coal power plants before they have reached the end of their lifetime, or when coal mines have to close for a lack of markets; when proposed pipelines, or even pipelines already under construction are being shut, many of the loans and investments to the fossil fuel industry will turn into stranded assets, severely impacting on the balance sheet of the bank.

Banks that continue to finance the fossil fuel industry will also face an increasing public criticism, with people no longer accepting that their money is being used to fuel the climate crisis. Being publicly branded as a 'fossil bank' poses a severe reputational risk to the bank and may well lead to an increasing number of customers moving their accounts to a different bank. Finally, as understanding grows among bank regulators of the danger caused by the climate crisis to the stability of the financial system, banks with a large exposure to the fossil fuel sector will face stringent scrutiny from those regulators and will be forced to maintain higher reserves to hedge those risks.

Smart banks that fully understand the risks of continuing to fund the fossil fuel industry will not venture onto thin ice, but instead turn around on time. We hope that this report has provided a strong incentive for every bank to do so.



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