Banking on Thin Ice

Two Years in the Heat

Exposing Nordic bank finance for fossil fuels

November 2022

BANKTRACK

About this report

This report covers the role of Nordic banks in financing the fossil fuel industry. It is based on financial research conducted by Profundo, the Netherlands based research and advice consultancy, into the investment and credit flows of 10 Nordic banks into fossil fuel companies over the period January 2016 – June 2022, as well as assessments of the fossil fuel-related policies of these banks conducted by Reclaim Finance.

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TABLE OF CONTENTS

1. INTRODUCTION

Major Nordic banks have increased their financing for companies active in Arctic oil and gas production, endangering a vulnerable ecosystem and worsening the climate crisis.

Since July 2020, Nordic banks have provided US$ 8.8 billion in loans and underwriting to a shortlist of companies conducting significant Arctic oil and gas activities. The largest financiers were DNB (US$ 3.2 billion), SEB (US$ 2.1 billion), Nordea (US$ 1.3 billion), and Danske Bank (US$ 1.1 billion).

The Arctic oil and gas companies that received the most in financing were Aker BP, Lundin Energy (which has since been acquired by Aker BP), and Equinor. These companies are the main architects behind what could become the world's northern-most oil- and gas field: Wisting.[1] This giant oil field is expected to cost US$ 8.6 billion to develop and will entail the drilling of approximately 34 wells. Wisting's reserves have the potential to release more than 200 million tonnes of CO2 through combustion, while the extraction process will endanger millions of Arctic animals.

This report investigates to what extent 10 major Nordic banks have aligned their financing, investments and policy frameworks with limiting global warming to 1.5°C. It finds that in the last two years alone, these banks have provided the fossil fuel industry with US$ 21.2 billion in financing. Their total financing, covering lending and underwriting, now amounts to US$ 89.7 billion since the adoption of the Paris Agreement. In addition, these banks held US$ 9.0 billion in investments in coal, oil, and gas companies as of June 2022.

There have been some positive developments since the previous update of this research was published in February 2021. A hopeful development is that in May 2022 Handelsbanken, the largest Swedish bank, announced a strong policy, ending new finance to companies expanding their oil and gas extraction. This is a breakthrough and the new standard that the major banks in the Nordic region must adopt and go beyond. There have also been some improvements in the policies of Danske Bank, Nordea, SEB and SpareBank 1 SR-Bank. However, it is concerning that none of the banks are assessed to have sufficiently strong policies to prevent financing for oil and gas expansion. Moreover, the banks are still massively financing fossil fuel companies, including those with plans for massive expansions of coal, oil and gas production.

There is no time to waste. We have already reached over 1.2°C warming and are witnessing unprecedented weather extremes in every region and on every continent: torrential rains in Asia and Europe; record droughts and high temperatures in North America; severe droughts and resulting famine in the Horn of Africa; wildfires in Siberia and the Mediterranean; and massive melting of ice sheets in the Arctic.

By signing the Paris Agreement, nearly every country of the world agreed to limit global warming to "well-below" 2°C, aiming for 1.5°C, and to aligning financial flows with this limit. It is clear that this will not be achieved if we expand the world's current fossil fuel production capacity, the full utilisation of which would already be enough to push the world beyond the 1.5°C threshold. The International Energy Agency's 2021 Net Zero by 2050 report and its 2022 World Energy Outlook show that there is no room for investments in new oil and gas fields or new coal mines, in a 1.5C°-aligned scenario. The IEA also concludes that new conventional oil- and gas field approvals taken today, would not help to meet the immediate needs of the current energy crisis, since it takes many years for new supply projects to start production of meaningful volumes. Similarly, the International Institute for Sustainable Development (IISD) found in a meta-analysis of multiple 1.5°C-scenarios that "Europe's existing gas import capacities are sufficient to meet the continent's 1.5°C-compatible

[1] On 10 November, Equinor announced that the final investment decision for Wisting is being postponed from December this year until the end of 2026: Reuters, "Equinor delays Wisting oil discovery investment decision by up to 4 years", 10 November 2022, available at https://www.reuters.com/article/equinor-oil/equinor-delays-wisting-oil-discovery-investment-decision-by-up-to-4-years-idUKL8N3262JE, last viewed 11 November 2022.

energy demand from 2024 onward” and that “new gas supply infrastructure will not come online in time to address [the potential supply crunch in 2022 and 2023] adequately”.

For these reasons, it is imperative that banks and politicians act swiftly to end financing for companies that are expanding fossil fuel production. Banks need to stop new financing for such companies immediately and take the necessary steps to phase out financing for all fossil fuel companies and projects on a 1.5°C-aligned timeline. Politicians need to regulate, and in this report, we outline multiple regulatory proposals to effectively address the problem. The findings of this report show the urgent need for political action.

This report is organized as follows: After the executive summary, Chapter 1 describes the research methodology used; Chapter 2 presents the general findings of the research and recommendations to banks and governments; Chapter 3 presents a selection of highlighted Dodgy Deals related to Arctic oil and gas, fossil fuel expansion and coal; and Chapter 4 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.

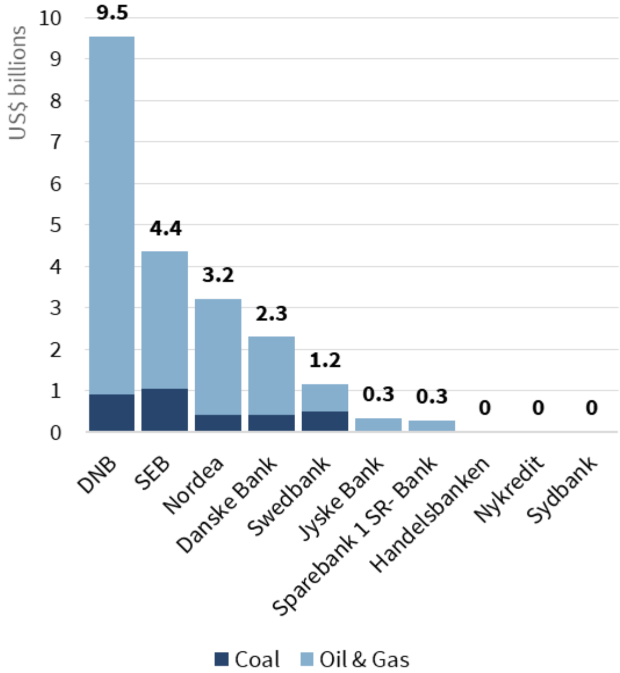
2. Executive summary

This report provides an overview of the financial relationships between 10 major Nordic banks and the fossil fuel industry, as well as the policies the banks have in place to regulate their links to the industry. Given the urgent need to phase out fossil fuel use to limit global warming to 1.5°C, in line with the Paris Agreement, banks and other financial institutions must also reduce their financed emissions on a Paris-aligned timeline. This requires an immediate end to all financing for and investments in companies and projects that further expand the fossil fuel industry, and the phasing out of all ongoing financing for and investment in coal companies. It means banks should require their remaining fossil fuel clients to publish Paris-aligned transition plans, and to withdraw finance and investments for any companies that fail to do so.

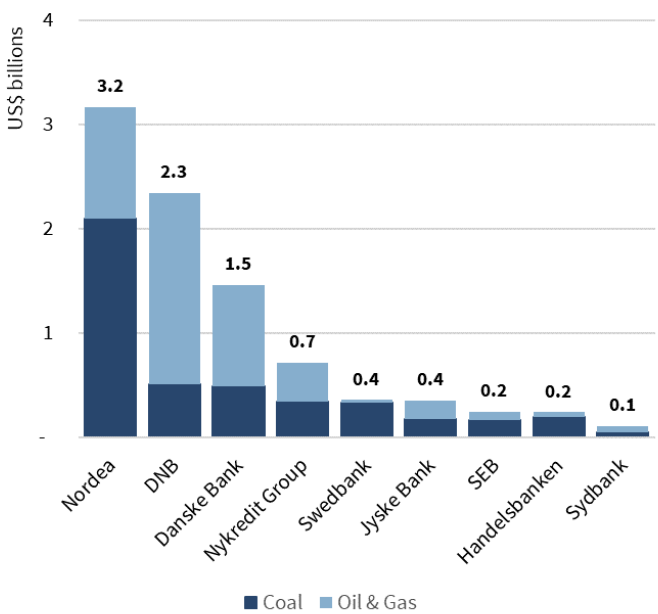
Fossil fuel financing

In the past two years (July 2020 – June 2022), the 10 Nordic banks have provided in total US$ 21.2 billion in loans and underwriting to the fossil fuel industry. This means that their total financing now amounts to US$ 89.7 billion since the adoption of the Paris Agreement. On average, there is a decreasing trend in oil and gas financing since 2016, driven mostly by Nordea and SEB. However, financing for companies expanding fossil fuels and coal companies has remained stable.

As in the previous study, the largest fossil fuel creditor is DNB. Since July 2020, it provided US$ 9.5 billion in loans and underwriting to companies engaged in the sector (see Figure 2). It was followed by SEB (US$ 4.4 billion) and Nordea (US$ 3.2 billion).



Fossil fuel investments



At the most recent filing date in June 2022, the banks held a further US$ 9.0 billion in shares attributable to fossil fuels.

Nordea had the highest value of fossil fuel attributable investments at the most recent filing date in Q2-2022 (see Figure 4). In total, these bonds and shares were worth US$ 3.2 billion. Nordea was followed by DNB (US$ 2.3 billion) and Danske Bank (US$ 1.5 billion).

Highlighted Dodgy Deals

Arctic oil and gas

Financing: Since July 2020, the 10 banks provided US$ 8.8 billion in financing to companies active in Arctic oil and gas. The largest financier was DNB (US$ 3.2 billion), followed by SEB (US$ 2.1 billion), Nordea (US$ 1.3 billion) and Danske Bank (US$ 1.1 billion). Companies active in Arctic oil and gas that received the most financing from the 10 banks were Aker BP, Lundin Energy and Equinor. Since January 2016, financing for Arctic companies by the 10 banks has increased, a worrying trend given the high risk to sensitive ecosystems that Arctic fossil fuel extraction poses.
Investments: As of June 2022, the 10 banks held US$ 3.2 billion in investments in companies active in Arctic oil and gas, with DNB (US$ 1.5 billion), Danske Bank (US$ 0.7 billion), and Nordea (US$ 0.6 billion) the largest investors. The companies that received the largest amounts of investments were Equinor, Shell and TotalEnergies.
Highlighted Dodgy Deal: Wisting oil field. The Wisting oil field project, is located in a vulnerable ecosystem, and endangers millions of Arctic animals. Equinor, Lundin, and Aker (which has acquired Lundin in the summer of 2022) are the companies behind the project. Despite stated commitments to protect sensitive regions, the three companies were among the largest clients of the ten Nordic banks.

Expansion

Financing: Since July 2020, the 10 Nordic banks provided US$ 12.4 billion in financing to fossil fuel companies engaged in expansion or with plans to expand. DNB was the largest financier with US$ 5.5 billion, followed by SEB (US$ 3.1 billion), Nordea (US$ 1.5 billion) and Danske bank (US$ 1.3 billion). The majority of financing went to Aker BP, Lundin Energy and Harbour Energy. Total financing for expansion companies since 2016 was US$ 39.7 billion. Since 2016, the trend in financing for expansion companies has been mostly flat, where it should be showing a clear downward trend.
Investments: Per the most recent filing date, the banks held bonds and shares worth US$ 7.2 billion in expansion companies. DNB (US$ 2.2 billion) was the largest investor, followed by Nordea (US$ 2.1 billion), and Danske Bank (US$ 1.3 billion). The 10 banks together held most investments in Equinor, Nextera, and Enel.
Highlighted Dodgy Deal: Eni. The Italian oil major Eni is one of the world's biggest contributors to global warming and even today it is still expanding its oil and gas production in at least 13 countries. It is active in highly controversial projects in conflict areas in Mozambique, as well as in Arctic drilling. Still, Eni was the fifth-largest fossil fuel client of the 10 Nordic banks since 2016.

Coal

Financing: The 10 banks provided US$ 3.3 billion in financing to six companies active in coal mining or coal power since July 2020. SEB was the largest financier (US$1.0 billion), followed closely by DNB (US$ 909.1 million). The coal companies that received the most financing were Fortum, Duke Energy, and RWE. Financing for coal companies followed a slightly decreasing but mostly stable trend.
Investments: The 10 banks held US$ 4.4 billion in shares and bonds in coal companies at the most recent filing date. Nordea (US$ 2.1 billion), DNB (US$ 511.4 million) and Danske Bank (US$ 484.0 million) were the largest investors. The largest investee companies were Enel, Nextera, and Fortis.
Highlighted Dodgy Deal: Fortum. Fortum has consistently been the largest coal client of the 10 Nordic banks since 2016. Fortum has recently announced the sale of its subsidiary Uniper to the German state. Uniper represented most of Fortum's coal operations. The company is also in the process of divesting its Russian operations.

Assessment of Fossil Fuel Finance Policies

In addition to analysing the fossil fuel portfolios of the 10 banks, this report also includes an assessment of each bank's financing policies for the fossil fuel industry. These assessments follow Reclaim Finance's Coal Policy Tool and Oil and Gas Policy Tracker. The analysis shows that significant gaps remain in the scope of each of the banks' policy frameworks.

Coal: Only Danske Bank, Handelsbanken and Nordea restrict financing for coal expansion. This is concerning given that no financing for coal expansion can be in line with the goals of the Paris Agreement. Handelsbanken is also the only bank that has at least five out of 10 possible points on all criteria in the Coal Policy Tool. In June 2020 however, SpareBank 1 SR-Bank introduced a much stronger coal policy, with only coal expansion as a remaining gap. On the other hand, smaller banks Jyske Bank and Sydbank have no coal policy at all, whereas the major bank DNB – the second-largest coal financier of the 10 banks - has only a limited coal exclusion.

Oil and gas: Oil and gas policies still lag behind those for coal. In May 2022, Handelsbanken announced a strong policy that ended new finance to companies expanding oil and gas production. This is a breakthrough and the new standard that the major Nordic banks must adopt and go beyond. Nordea, SEB and Danske Bank have also improved their oil and gas policies in the last two years. The overall picture on the oil and gas side remains concerning however, with none of the banks receiving more than three of 10 possible points using the expansion and phase-out assessment criteria of the Oil and Gas Policy Tracker. Similarly, all policies on the high-impact spotlight sectors of the Arctic, fracking, tar sands and ultra-deep water are either weak, very weak or non-existent. DNB stands out as a major bank with only a very limited exclusion for project finance but no other restrictions, again reflected in its high oil and gas financing. Smaller banks Jyske Bank, Nykredit and Sydbank have no policy on oil and gas at all.

Recommendations

To banks:
All banks should align their financing, investments, and policy framework with limiting global warming to 1.5°C. A solid commitment to helping achieve the Paris climate goals would mean that each bank would:

1. **Exclude projects:** Immediately end all support for coal, oil, and gas projects;
2. **Exclude expansion:** Immediately end financing for, and investments in, all companies that expand or develop coal, oil and gas;
3. **Exclude large coal companies:** Immediately exclude companies that generate more than 20% of their revenue or electricity generation from coal, and companies that produce more than 10Mt of coal per year or have more than 5GW of coal capacity. Commit to lowering these thresholds to zero to support a coal exit by 2030 in the OECD and by 2040 elsewhere;
4. **Phase out all fossil fuels in line with 1.5°C:** Require all clients to adopt a plan to exit coal by 2030 in the OECD and 2040 elsewhere and a phase-out strategy for oil and gas aligned with 1.5°C, including an intermediate target for 2030 for all unconventional oil and gas. End finance for, and investments in, companies that have not adopted a solid phase-out plan;
5. **Be transparent:** Publicly disclose the names of fossil fuel companies that are deemed to have sufficient phase-out plans and are therefore eligible for financing and investments;
6. **Set Paris-aligned targets:** Set short-, medium- and long-term transition targets in line with the 1.5°C objective for its financing and investment portfolios. These targets must be aligned with the best available science and cover all financing, including underwriting.

To politicians and regulators:

The financial sector's massive financing of fossil fuel companies is a planetary disaster. Regulators need to ensure that the financial sector becomes a catalyst for the necessary transition away from fossil fuels. Commercial banks and other financial market players need to be regulated to ensure that all financial activities remain within the planetary boundaries and in line with the Paris Agreement's 1.5°C target. We propose a tool box of regulatory measures:

1. **Introduce credit ceilings.** Regulators should restrict the banks' lending to fossil fuels by introducing a ceiling on how big a share of a banks' total credit may fund companies and projects in the fossil-fuel sector. This is an effective way to curb fossil fuel financing. A ceiling could be adjusted over time, in order to secure a proper phase out of fossil fuel financing in line with 1.5°C. When it comes to fossil fuel companies that continue to invest in new oil- and gas fields or new coal mines, the ceiling should be set at 0 pct., which would equal an outright ban on lending to fossil fuel expansion. Likewise, a

credit ceiling of 0% may be implemented in sub-sectors of the fossil-fuel industry, for example coal or unconventional oil and gas.

2. **Ban financing fossil fuel companies that lack Paris-aligned transition plans.** Such plans should include an immediate end to fossil fuel expansion and adoption of short, medium, and long-term fossil fuel phase-out targets in line with the International Energy Agency (IEA)'s Net Zero Emissions scenario. In this way, banks can continue to support fossil fuel companies that are transitioning properly and end the financial support for those that are not.
3. **Impose mandatory climate plans for banks.** Many banks have voluntary transition plans, but they are unsatisfactory ones. Therefore, regulators should make it mandatory for banks to not only have a climate plan, but to have one that lives up to high, uniform standards. To be effective, such mandatory plans should include a requirement to comply with the IEA's Net Zero Emissions scenario, including an immediate stop to financing fossil fuel expansion.
4. **Raise capital requirements for fossil fuel financing.** Banks need to keep capital according to their assets to stay financially secure. For riskier assets, they need to hold more reserves. Current capital requirements for lending to the fossil fuel sector do not reflect the high risk of stranded assets. This constitutes a systemic financial risk. The absence of proper regulation means fossil fuel financing conditions are artificially cheap, resulting in an implicit subsidy of US$18 billion from the banking sector to the fossil fuel industry each year. A higher risk weighting would make it less attractive for banks to lend to fossil fuel companies and raise the companies' cost of capital. Some Swedish members of the European Parliament have recently called for an increase in capital requirements for lending to fossil fuels. This should be supported and imposed by governments in EU member states.

3. Research methodology

The objective of this research was to gain a comprehensive picture of the credit and investment relationships between selected Nordic banks and companies engaged in fossil fuels – oil, gas and coal. The research focused on financing provided by 10 major Nordic banks. This report is an update of Banking on Thin Ice 2020.

The research screened the financing provided by these banks to companies engaged in fossil fuel and related industries. To effectively carry out the screening process, the research utilized two financial databases for their complementary content: Refinitiv, for syndicated loans, underwriting, and shareholdings, and IJGlobal, for project finance. Corporate loans, issuance underwriting services, and project finance was researched for the period January 2016 to June 2022. Shareholding data was analysed for the reporting quarters Q4-2015 to Q2-2022. This historical analysis of shareholdings was intended to reveal whether or not banks are transitioning their investment portfolios out of fossil fuels.

3.1 Selected banks

This research covers the following 10 banks that are domiciled in one of the Nordic countries:

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

3.2 Financial research approach

The objective of the research was to obtain a broad picture of trends in the financing of fossil fuels by Nordic banks. In order to meet this objective, the research screened the financing provided by these banks to companies engaged in the relevant 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, bond and share issuance underwriting, bond holdings and shareholdings, and IJGlobal for project finance.

Using Refinitiv, syndicated loans and issuance underwriting services provided by the selected banks and their subsidiaries were retrieved for the period January 2016 to June 2022. All deals were screened for the sector activity of the issuer/borrower (see below) using the Refinitiv Business Classification (TRBC) system. In addition, issuers/borrowers were screened against the Global Coal Exit List (GCEL) and the Global Oil & Gas Exit List (GOGEL), which provide key statistics on companies throughout the entire thermal coal and oil and gas value chains respectively. Both GCEL and GOGEL are considered the most comprehensive databases of companies engaged in the thermal coal and oil and gas value chains and are used by many investors seeking to transition their portfolios away from fossil fuels. All loans and issuance underwriting services to borrowers/issuers in the relevant sectors or featuring on GCEL or GOGEL were included in the research.

Shareholding and bond holding data was retrieved from Refinitiv for all companies on GCEL and GOGEL. Unlike the previous edition of this report, bond holdings were included in this edition. This report also analyses equity investment trends differently from the previous report. This report compares the shareholding trends with baseline portfolios from the last quarter of 2015. The baseline portfolio is then considered to not change in composition, only in value as share prices fluctuate. Comparing this baseline with the actual value of investments allows us to draw conclusions regarding divestment (when the actual value of investments is below the baseline) or increases in investment (when the actual value of investments is higher than the baseline).

Project finance was retrieved from IJGlobal. A transaction screen was carried out for financing provided by the selected banks in the period January 2016 to June 20222, to companies and projects related to coal mining, coal-fired power, and oil and gas.

A noteworthy limitation of the screening strategy using financial databases relates to the constraints in the content of the databases themselves. While shareholding data is 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 bilateral lending between one company and one bank is missing due to bank secrecy regulations. 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 bank rather than the company level.

Consequently, the loan data is likely an underestimation of the actual lending figures for fossil fuels. Moreover, the presented figures suggest a more important role of banks 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, the gaps in the lending data are likely limited.

3.3 Selection of fossil fuel sectors

The focus of the research was coal mining, coal-fired power, and oil and gas. Screening was carried out in Refinitiv at the issuer/borrower level, using TRBC codes for the issuers/borrowers. Table 1 presents the TRBC industry groups and industries for coal and oil and gas included in the scope of the research. Companies engaged in electric utilities, metals and mining, and multiline utilities were further screened against GCEL and GOGEL (see 3.2). Based on the TRBC classification, companies were labelled either coal or oil and gas. Financial flows reported in this study are classified as either coal or oil and gas based on the sector classification of the borrower/issuer. The values have not been adjusted for the proportions of business activities in these sectors specifically. For example, if a mining company is classified as "coal", then all financial flows to that company reported in this study are classified as coal, even though the mining company may also be engaged in the extraction of other hard commodities.

During the screening process Aker Carbon Capture AS was identified under the TRBC Industry Group Oil & Gas. However, since it is a pure-play carbon capture company, it was excluded from this analysis.

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

Table 1: 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

The research also refers to companies engaged in fossil fuels expansion or with plans to expand ('expansion companies'). These companies were identified by matching borrower/issuer names identified during the course of the research with companies flagged on GCEL and GOGEL as being engaged in expansion or having active plans to expand fossil fuel production and/or infrastructure.

In addition, the report highlights financing for companies active in Arctic oil and gas. These companies were identified by matching the financial data with a list of Arctic companies. Arctic companies were identified by combining the list of top 30 Arctic companies from the 2022 Banking on Climate Chaos report with those companies flagged by GOGEL as having Arctic production, as well as the licensing database of the Norwegian Petroleum directorate.[2]

Finally, the research considered whether any companies otherwise within the scope of the methodology should be removed for having a transition plan in line with limiting global warming to 1.5C. Debate is still ongoing about what exactly constitutes a fully Paris-aligned transition plan for fossil fuel companies and a full assessment of the climate plans of companies financed by the 10 banks was beyond the scope of this report. Existing assessments of fossil fuel and energy company climate plans have so far not found any to be sufficient[3] however, and therefore no companies have been excluded from the research.

3.4 Types of finance

Financial institutions can invest in companies through a number of modalities. First, financial institutions can provide credit to a company. This includes providing loans and the underwriting of share and bond issuances. Financial institutions can also invest in the bonds and shares issued by the company. 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, etc.) 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 10 years. Long-term corporate loans are particularly 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 bank/s. 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.

[2] See appendix I.

[3] See for example: Climate Action 100+, "Net Zero company benchmark shows continued progress on Net Zero commitments is not matched by development and implementation of credible decarbonisation strategies", 13 October 2022, available at https://www.climateaction100.org/news/climate-action-100-net-zero-company-benchmark-shows-continued-progress-on-net-zero-commitments-is-not-matched-by-development-and-implementation-of-credible-decarbonisation-strategies/

- **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. While the use of proceeds is reported as general corporate purposes, on occasion it is in fact earmarked for a certain project; this is usually difficult to ascertain.

3.4.2 Share issuances

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

When a company offers its shares on the stock exchange for the first time, this is called an Initial Public Offering (IPO). When a company's shares are already traded on the stock exchange, a new share issuance 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 is therefore very important.

The role of the investment bank is temporary. The investment bank purchases the shares and then promotes these 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 that financial institution. However, the assistance provided by financial institutions 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 that each 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, which makes them part-owners of that 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.

This research investigated the shareholdings of the 10 banks in the selected companies. Shareholdings are only relevant for stock listed companies. The shareholdings data was researched at quarterly intervals for the period 31 December 2015 to 30 June 2022 to identify trends in investment and divestment in the fossil fuel sectors.

Shareholdings have a number of peculiarities that have implications for this 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.

3.4.5 (Managing) Investments in bonds

Financial institutions can also buy bonds of a certain company. The main difference between owning shares and bonds is that the owner of a bond is not a co-owner of the issuing company; the owner is a creditor of the company. The buyer of each bond is entitled to repayment after a certain number of years, and to a certain interest during each of these years.

Similarly, to shares, bonds can be bought and sold from one moment to the next. Bond holdings are also reported by the holding investor through regular filings. The bond holdings data in this was sourced from the most recent filings, in July 2022, as there is no historical bondholding data.

3.5 Estimating the contribution in loans & underwriting services per bank

During the data collection process, this research utilized the Refinitiv and IJGlobal financial databases. Such databases often record loans and issuance underwriting when these are provided by a syndicate of financial institutions. Financial databases do not always report on the proportions of a given deal that can be attributed to the participants of a deal, however. 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 and share issuance underwriting) were to the largest extent possible recorded where these details were included in the 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 participated in the loan or issuance: the amount that each individual bank commits to the loan or issuance, however, often has to be estimated.

In the first instance, this research attempted to calculate each individual bank's commitment on the basis of fees 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.

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

Table 2 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 2: 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 is:

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

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 of research

Corporate loans, issuance underwriting services and project finance was researched for the period January 2016 to June 2022. Shareholdings data was analysed per reporting quarter from 2015-Q4 to 2022-Q2. This historical analysis of shareholdings was intended to observe how banks have managed their investments in fossil fuels since COP21 in Paris, 2015. Bond holdings were researched using the most recent available filings at the time, in July 2022, as there is no historical bond holding data available.

3.7 Policy assessments

The report includes assessments of the coal and oil and gas policies of 10 ten banks, conducted by Reclaim Finance as part of the Coal Policy Tool and Oil and the Gas Policy Tracker. These assessments only cover financing (lending and underwriting) policies, not investment (asset management) policies.

The coal policy assessment focussed on thermal coal and excludes metallurgical coal. Policies are rated 1-10 across five categories:

- Projects: The exclusion of coal mines, coal plants and coal infrastructure;
- Expansion: The exclusion of all financial services to companies planning new coal mines, coal plants or coal infrastructure projects;
- Relative threshold: The exclusion of companies that are the most exposed to the coal sector, based on their share of revenues or electricity production from coal;
- Absolute threshold: The exclusion of the largest coal producers and largest coal plant operators;
- Phase-out: The quality of the coal phase-out strategy of the bank.

For more details on the methodology of the scoring system, please refer to the Coal Policy Tool website[4].

The Oil and Gas Policy Tracker scores policies from 1-10 on three main categories:

- Projects: the immediate exclusion of financial services dedicated to oil and gas projects;
- Expansion: the exclusion of all financial services to companies with oil and gas expansion plans, assessed based on the percentage of oil and gas developers that are excluded by the policy using the Global Oil and Gas Exit list by Urgewald;
- Phase out: the quality of oil and gas phase-out commitments, considering both long-term commitments and immediate exclusion criteria;

In addition, it offers a ‘zoom on unconventional oil and gas’, focussing on four unconventional sectors, namely Arctic oil and gas, shale oil and gas (fracking), tar sands and ultra-deep water activities. This rating considers project-level exclusion, company-level exclusion and the phase-out strategy from a specific unconventional sector.

For more details on the methodology of the oil and gas policy assessments, please refer to the Oil and Gas Policy Tracker website.[5]

3.8 Verification of data

The financial data gathered during this research was shared with the selected banks for verification. Of the 10 banks, two (Danske Bank and DNB) verified parts of the data. The corrections provided by them focused on the bond holding and shareholding figures. In both cases, they corrected positions they no longer held at the close of Q2 2022.

[4] Coal Policy Tool methodology, available at https://coalpolicytool.org/methodology-coal-policy-tool/. The CPT methodology evolves each year to reflect the evolution of scientific research and the reality of financial institutions' commitments. Scores may therefore change accordingly.

[5] Oil and Gas Policy Tracker methodology, available at https://oilgaspolicytracker.org/methodology-oil-gas-policy-tracker/. The OGPT methodology evolves each year to reflect the evolution of scientific research and the reality of financial institutions' commitments. Scores may therefore change accordingly.

No other banks verified the data. Those banks that did not verify the data generally cited to bank secrecy requirements. It should be noted, however, that bond issuance, share issuance, and shareholding data is all in the public domain. Bond and share issuances require the publication of issuance prospectuses, which note the names of the banks involved in the issuance underwriting. Shareholding details are placed in the public domain via fund filings which banks are obliged to publish. Bank secrecy regulations / client confidentiality requirements are therefore only applicable to the details of lending portfolios.

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

4. General findings

The 10 Nordic banks have provided US$ 21.2 billion in financing since July 2020; the end of the period considered in the previous edition of this report. DNB and SEB remain the largest financiers for both sectors. Since the Paris Agreement was adopted in December 2015, Nordic banks have provided at least US$ 89.7 billion in loans and underwriting to fossil fuels sectors.

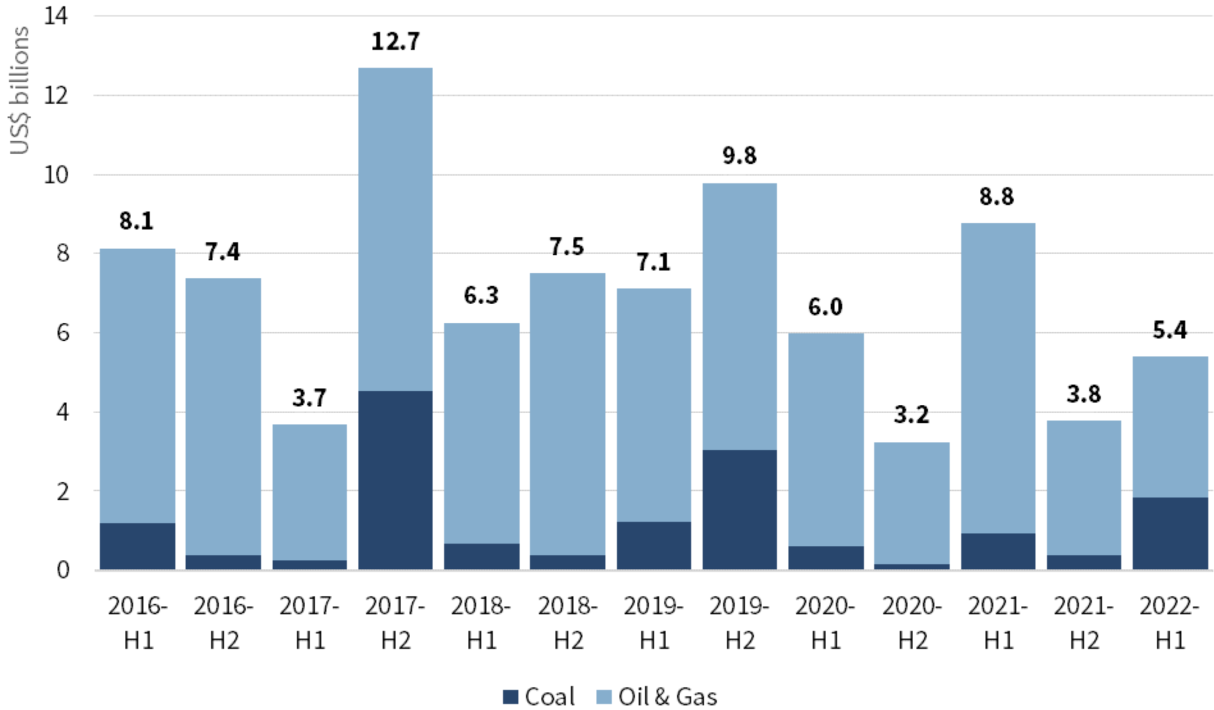
At the time of the most recent filing date, in June 2022, these banks also held US$ 9.0 billion in shares attributable to fossil fuels. That is approximately US$ 2 billion more than they held in June 2020.

4.1 Fossil fuel financing

Since the previous edition of this report, Nordic banks have provided US$ 21.2 billion in credit to companies engaged in fossil fuels. Sixteen percent of this (US$ 3.3 billion) was provided to companies engaged in coal, and 84% (US$ 17.9 billion) was provided to companies engaged in the oil and gas sector. Since the Paris Agreement was adopted, Nordic banks have provided a total of US$ 89.7 billion in loans and underwriting to companies engaged in the fossil fuels sector. On average, there is a decreasing trend in oil and gas financing since 2016, driven mostly by Nordea and SEB, while financing for expansion companies and coal companies remained stable.

Figure 1 shows the fossil fuel credit flows provided by the selected Nordic banks per half year since January 2016; H1 refers to January to June, H2 to July to December. It shows there are some fluctuations in the period of study. The high peak in 2021 was driven by a US$ 6 billion revolving credit facility provided to Equinor.

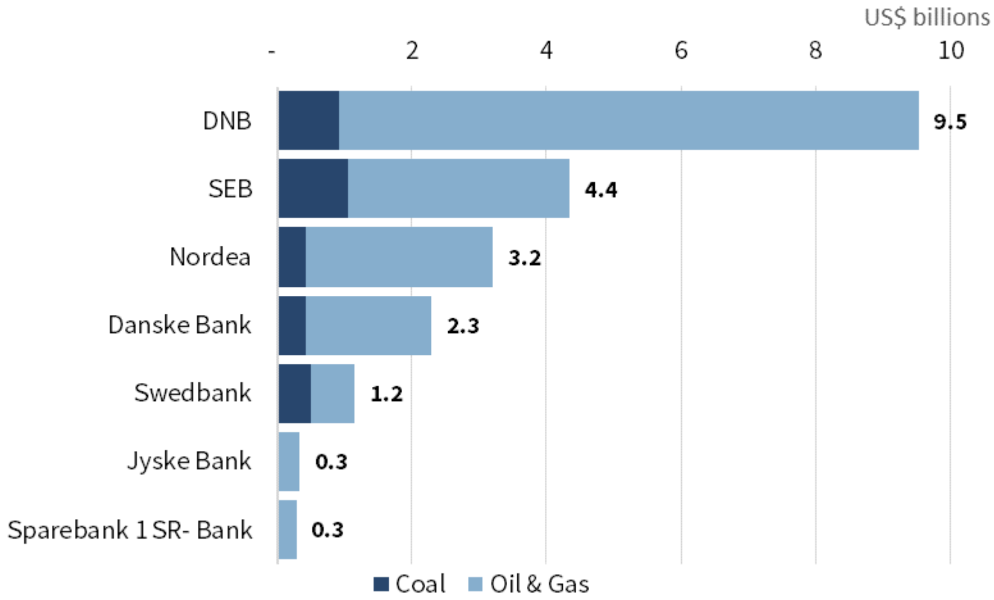
Figure 1: Fossil fuel financing per half year (January 2016 - June 2022)



H1 refers to January – June, H2 July – December. Source: Refinitiv (2022, July), Bond issuances; Refinitiv (2022, July), Share issuances; Refinitiv (2022, July), Loans; IJGlobal (2022, July), Transaction search.

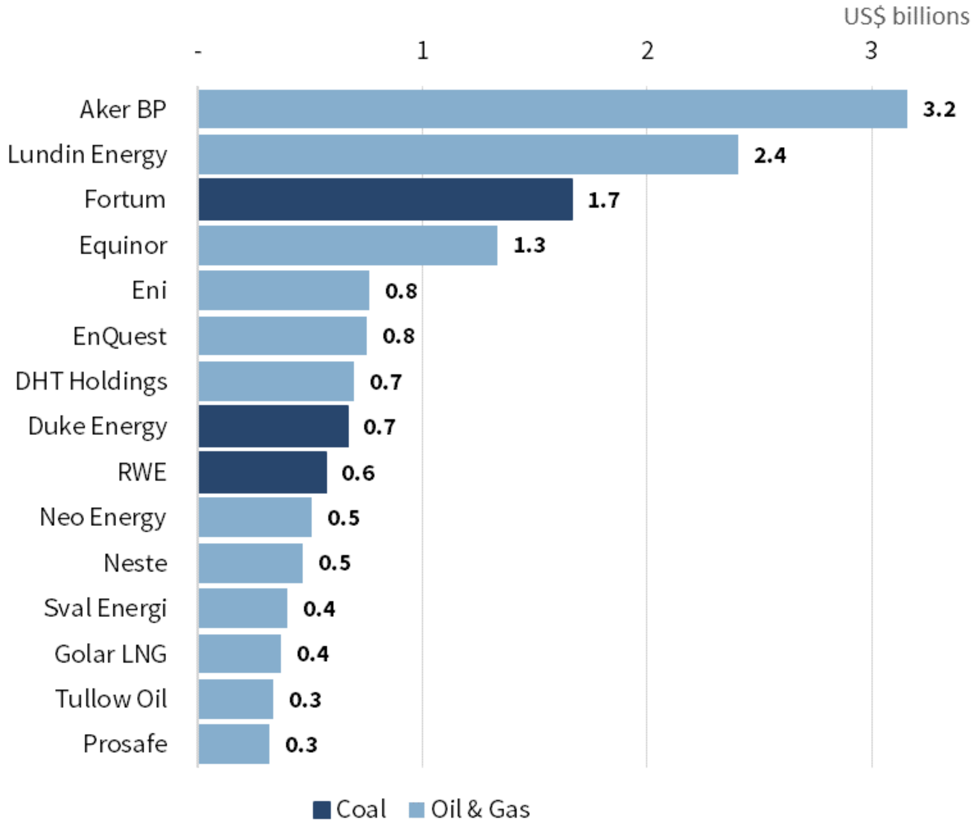
As in the previous report, the largest fossil fuel creditor among the Nordic banks was DNB. It has provided US$ 9.5 billion in loans and underwriting to companies engaged in the fossil fuel sector since July 2020 (see Figure 2). It is followed by SEB (US$ 4.4 billion) and Nordea (US$ 3.2 billion).

FIGURE 2: RANKING OF NORDIC FOSSIL FUEL CREDITORS (JULY 2020 - JUNE 2022)



Source: Refinitiv (2022, July), Bond issuances; Refinitiv (2022, July), Share issuances; Refinitiv (2022, July), Loans; IJGlobal (2022, July), Transaction search.

FIGURE 3: TOP 15 NORDIC FOSSIL FUEL CREDIT CLIENTS (JULY 2020-JUNE 2022)



Source: Refinitiv (2022, July), Bond issuances; Refinitiv (2022, July), Share issuances; Refinitiv (2022, July), Loans; IJGlobal (2022, July), Transaction search.

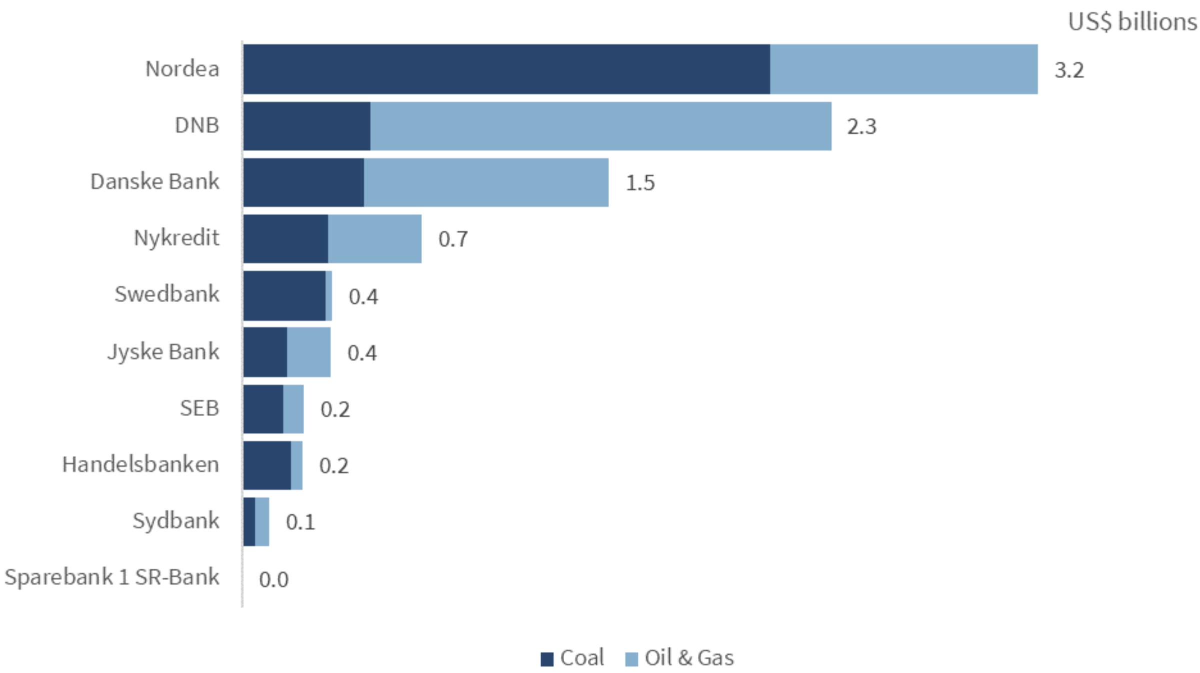
The top 15 clients received US$ 14.4 billion in loans and underwriting services from the selected Nordic banks. This value accounts for 68% of all fossil fuel credit identified. Figure 3 shows that the largest client was Aker BP, which has received US$ 3.2 billion in loans and underwriting from Nordic banks since July 2020. It was followed by Lundin Energy (US$ 2.4 billion) and Fortum (US$ 1.7 billion). For the full period since January 2016, Aker BP was also the largest fossil fuel client of the 10 banks (US$ 10.3 billion), followed by Fortum (US$ 10.0 billion) and Lundin Energy (US$ 6.8 billion).

4.2 Investment

As of the most recent filings on 30th June, 2022, the Nordic banks held fossil fuel bonds and shares worth US$ 9.0 billion. Of that, 48.4% (US$ 4.4 billion) was attributable to coal companies, and 51.6% (US$ 4.7 billion) was attributable to oil and gas companies.

Nordea (US$3.2 billion), DNB (US$ 2.3 billion) and Danske Bank (US$ 1.5 billion) had the highest value of fossil fuel attributable investments as of the most recent filing date in Q2-2022 (see Figure 4.)

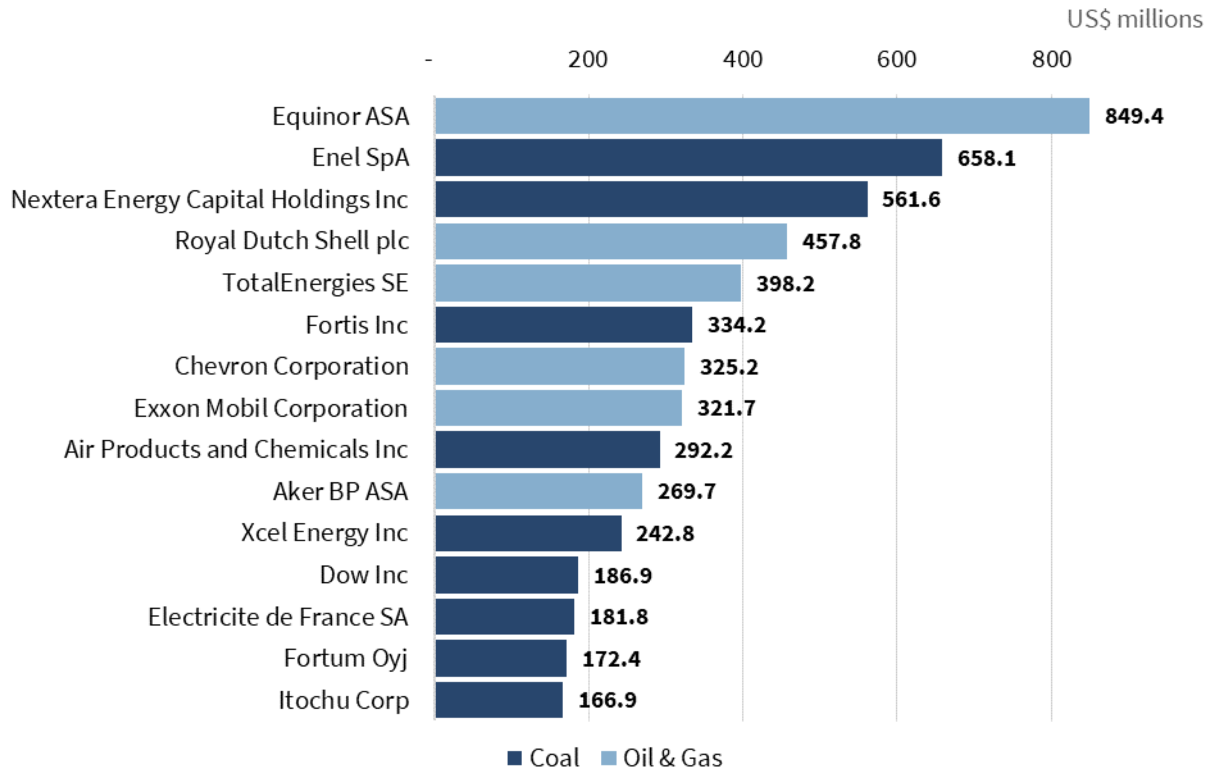
Figure 4: Nordic fossil fuel investors (Q2-2022 most recent filings)



Source: Refinitiv (2022, August), Shareholdings most recent filings; Refinitiv (2022, August), EMAXX: Bond holdings.

Figure 5 shows that the oil and gas company Equinor (US$ 849.4 million) and coal companies Enel (US$ 658.1 million) and Nextera Energy (US$ 561.1 million) were the largest fossil fuel investee companies of the Nordic banks as of the most recent filing date in Q2-2022.

Figure 5: Top 15 Nordic fossil fuel investments (Q2-2022 most recent filings)



Source: Refinitiv (2022, August), Shareholdings most recent filings; Refinitiv (2022, August), EMAXX: Bond holdings.

4.3 Assessment of finance policies

In addition to analysing the fossil fuel portfolios of the 10 banks, this report also includes an assessment of the policies that govern their financing of the fossil fuel industry. The assessment references Reclaim Finance's Coal Policy Tool and Oil and Gas Policy Tracker. The analysis shows that significant gaps remain in the scope of each of the banks' policy frameworks.

Coal

Coal policies were assessed on five criteria: exclusion of coal mining and power projects; exclusion of companies with expansion plans for coal; exclusion of the companies most exposed to coal, defined as a percentage of revenue or electricity production from coal (relative threshold); exclusion of the largest coal companies based on total amount of coal mining (MT) or installed capacity (GW) (absolute threshold); and the quality of any strategies for phasing out all coal financing. Banks can score up to 10 points in each category and the table below shows points earned per bank.

Project finance policies are now common practice. DNB scores relatively poorly, as it only excludes new coal plants, not existing plants or coal mines. Regarding the crucial criterion of expansion, only Danske Bank, Handelsbanken, and Nordea restrict financing for companies with expansion plans. SpareBank 1 SR-Bank has introduced comprehensive relative and absolute thresholds to exclude coal companies, thereby setting an example for the other banks; it is the only bank with a strong absolute threshold. A rapid phase-out of all coal financing is required to realise a 1.5°C-scenario, but only Danske Bank, Handelsbanken, and SpareBank 1 SR-Bank have phase-out policies that score more than half of the possible points.

Handelsbanken is also the only bank that has at least five out of 10 possible points on all criteria listed in the Coal Policy Tool. On the other hand, the smaller banks Jyske Bank and Sydbank have no coal policy at all, while major bank DNB – the second-largest coal financier of the 10 banks - only has limited coal exclusion policies.

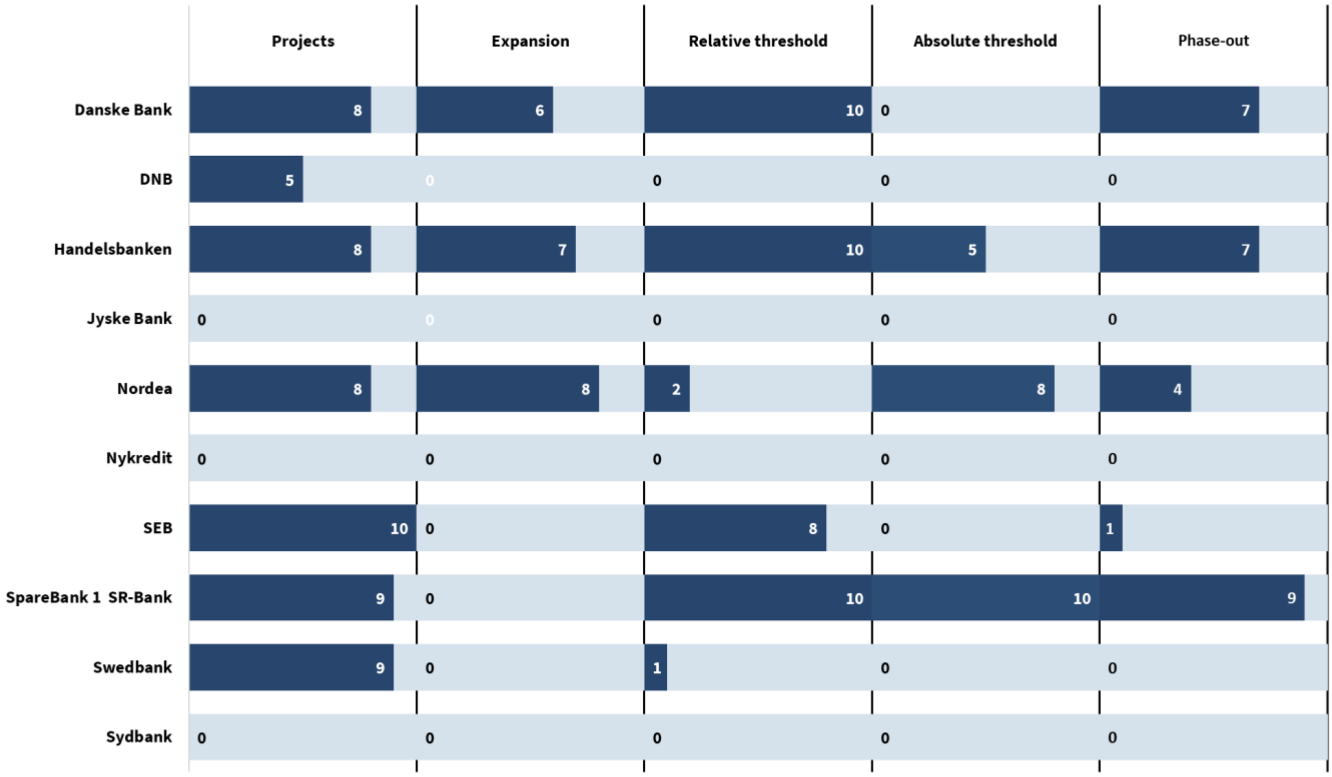


FIGURE 7 COAL POLICY TOOL SCORES PER BANK

Oil and gas

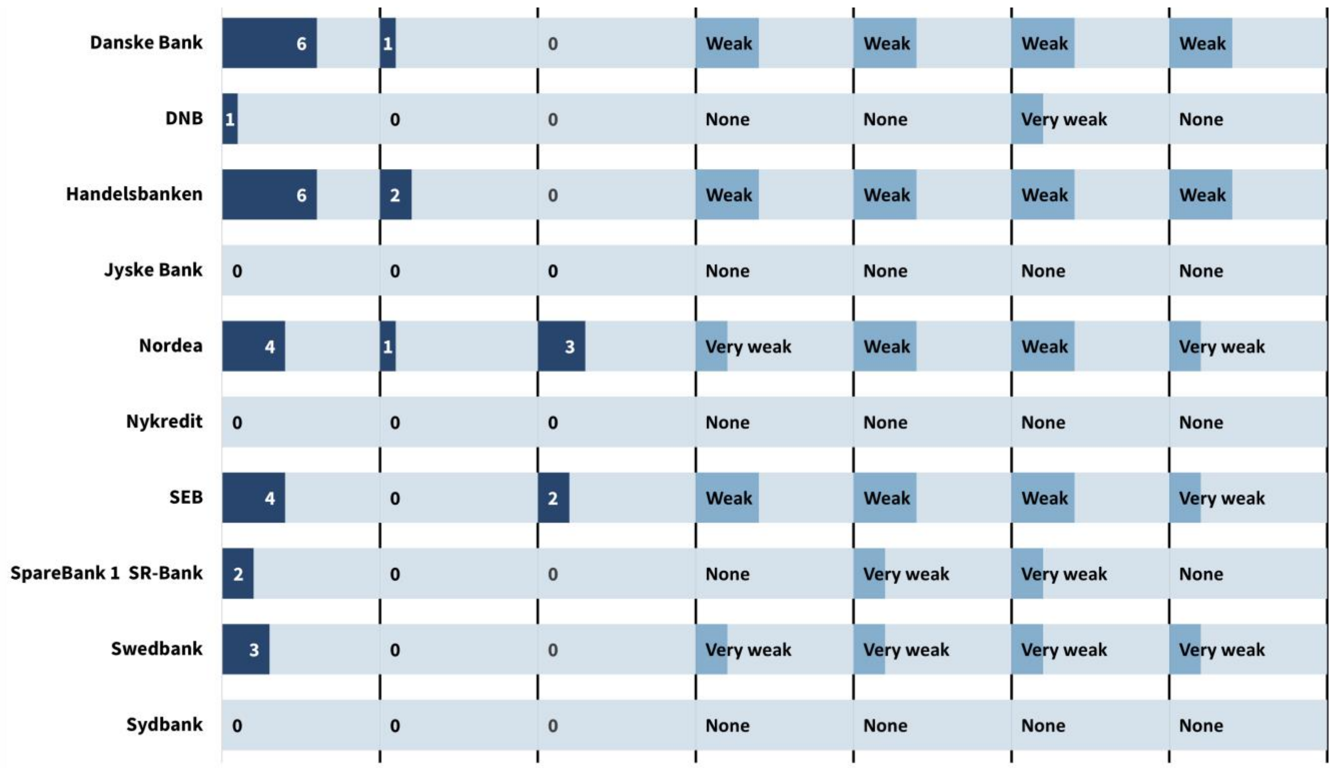
Oil and gas policies were rated on seven criteria: exclusion of projects; exclusion of companies with expansion plans; immediate and long-term commitments to phase out all oil and gas financing; and policies on the high-impact unconventional sectors, namely Arctic oil and gas, fracking, tar sands, and ultra-deep water.

Oil and gas policies still lag behind those for coal. None of the banks received more than 3 of 10 possible points regarding the expansion and phase-out assessment criteria examined by the Oil and Gas Policy Tracker. Smaller banks Jyske Bank, Nykredit and Sydbank have no policies for oil and gas at all. DNB stands out as a major bank with only a very limited exclusion on project finance but no other restrictions, which again is reflected in its high oil and gas financing.

Most banks now practice some but still insufficient exclusion of projects, often focussing on upstream only. It is crucial that banks end financing for companies expanding oil and gas production, but only Handelsbanken, Nordea, and SEB address this issue to any extent. In May 2022, Handelsbanken announced a strong policy ending new finance to companies expanding new oil and gas production. This is a breakthrough and the new standard that the Nordic region's major banks must adopt and go beyond. The same applies to the urgent phasing out of all oil and gas in line with limiting global warming to 1.5°C.

Regarding the high-impact unconventional sectors, all policies for the high-impact spotlight sectors Arctic oil and gas, fracking, tar sands and ultra-deep water are either weak, very weak or non-existent.

FIGURE 8 OIL AND GAS POLICY TRACKER SCORES PER BANK



5. Highlighted Dodgy Deals

5.1 Arctic oil and gas

Photo: Protest in Norway on Oil Rig Bound for Arctic Drilling
© Jani Sipilä / Greenpeace

The Arctic is at the forefront of the climate crisis: with no other region on the planet is heating as fast.[6] Large-scale drilling for oil and gas is another blow to an ecosystem that is already struggling with climate change. The area north of the Arctic circle is estimated to contain 6% of the world's undiscovered conventional oil and about 30% of all undiscovered conventional gas.[7] Drilling in the Arctic is technically difficult due to the harsh winters, long supply lines, and facility-damaging sea ice. There is often also a lack of infrastructure, such as roads, substantial human settlements, or pipelines to transport the oil and gas. This makes the break-even price of Arctic oil the highest of all oil types[8], which increases its financial riskiness.

Despite these massive drawbacks, the Nordic banks assessed in this report are providing billions in financing to a number of companies active in oil and gas production in the Arctic region. Since July 2020, the 10 banks have provided US$ 8.8 billion in loans and underwriting to a shortlist of companies with significant Arctic oil and gas activities.[9] Moreover, financing for these companies has increased compared to early 2016, when the Paris Agreement was just adopted.

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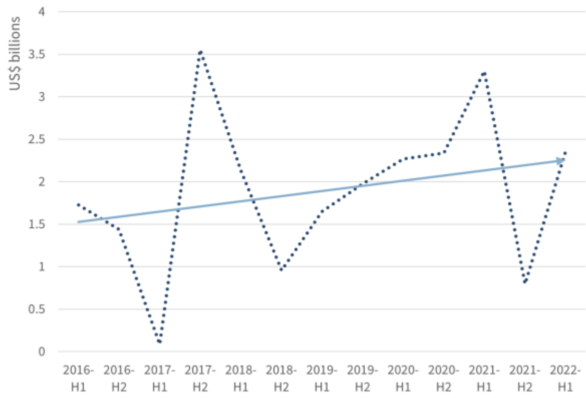
[6] M. Rantanen, A.Y. Karpechko, A. Lipponen *et al.*, "The Arctic has warmed nearly four times faster than the globe since 1979", Communications earth & environment 3, 168 (2022), available at https://www.nature.com/articles/s43247-022-00498-3#citeas, last viewed 11 November 2022.

[7] Business Insider, "This infographic shows how gigantic the Arctic's undiscovered oil reserves might be", 7 April 2016, available at https://www.businessinsider.com/how-gigantic-arctics-undiscovered-oil-reserves-might-be-2016-4?international=true&r=US&IR=T, last viewed 18 October 2022.

[8] Rystad Energy, "Global liquids cost curve", available at https://www.rystadenergy.com/newsevents/news/press-releases/global-liquids-cost-curve, last viewed 10 September 2022.

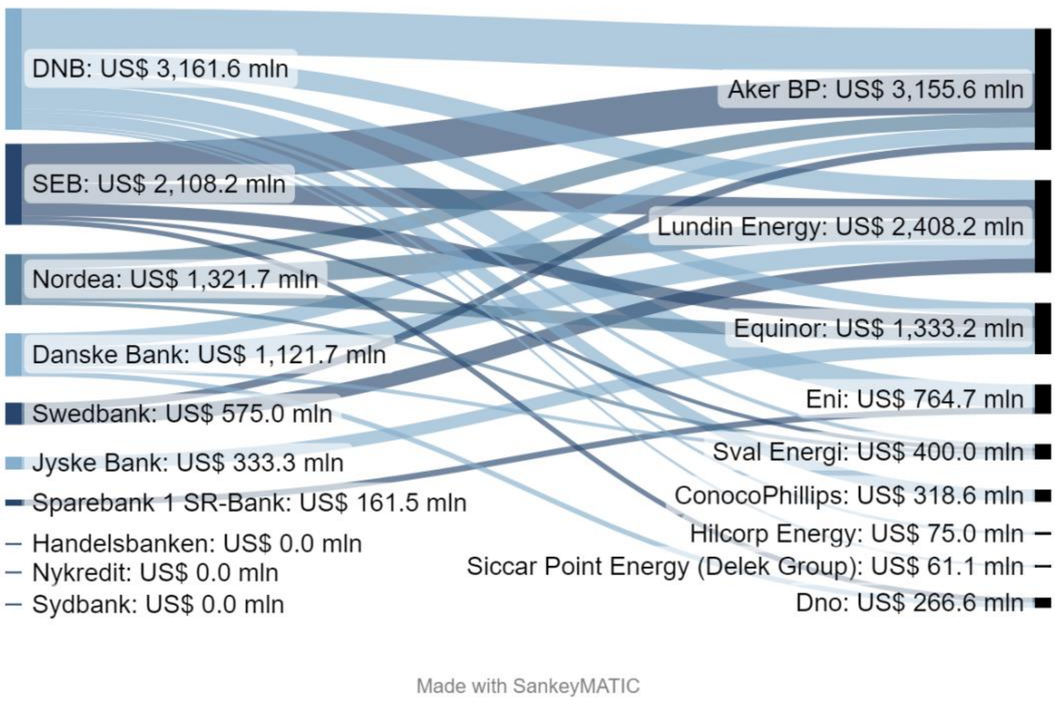
[9] See Annex I for a list of the companies.

FIGURE 9 FINANCING FOR ARCTIC COMPANIES PER HALF YEAR (JANUARY 2016 - JUNE 2022), WITH LINEAR TRENDLINE



The largest financers of Arctic oil and gas companies were DNB (US$ 3.2 billion), SEB (US$ 2.1 billion), Nordea (US$ 1.3 billion) and Danske Bank (US$ 1.1 billion). The Arctic oil and gas companies that received the most financing were Aker BP, Lundin Energy[10], Equinor, and Eni.

FIGURE 10 FINANCING FOR ARCTIC COMPANIES JULY 2020 - JUNE 2022 (US$ MILLIONS)



Three of these companies are also involved in a project that is a prime example of Arctic oil and gas expansion: the Wisting oil field in Norway.

DNB, with US$ 1.5 billion invested in 23 companies, was the largest investor in Arctic companies as of the most recent filing date, followed by Danske Bank (US$ 0.7 billion) and Nordea (US$ 0.6 billion). Equinor, Shell, and TotalEnergies were the companies that the 10 banks held most investments in.

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[10] Lundin Energy merged with Aker BP on 30 June 2022. Because this transaction occurred on the last day of the research period for this report, financing figures for each company are presented separately.

5.1.1 The Wisting oil field

The Wisting oil field project is the northernmost oil development in the world, located in the Norwegian Barents Sea. The development of the project will entail the drilling of approximately 34 wells and is expected to cost US$ 8.6 billion. The life expectancy of Wisting is 30 years, during which it will produce around 500 million barrels of oil.[11] The oil field is owned by Equinor Energy (35%), and Lundin (35%) (Aker BP acquired Lundin on 30th June 2022), Petoro AS (20%), and INPEX Idenitsu Norge AS (10%).[12] The project is currently under field evaluation, having passed the exploration and appraisal phase.[13] In November 2022, Equinor announced that the final investment decision for Wisting is being postponed from December this year until the end of 2026.[14]

This project will not be financed through project-specific lending, but general corporate financing of the project's sponsors. Since July 2020, the Nordic banks financed Equinor and Lundin with US$ 1.3 billion and US$ 2.4 billion respectively (see chart above). DNB, Jyske Bank, Nordea, and SEB each provided US$ 333.3 million in financing to Equinor. Danske Bank, DNB, Nordea and SEB financed Lundin Energy with US$ 508.3 million, while Swedbank provided US$ 375.0 million. Every bank studied in this report except SEB and SpareBank 1 SR-Bank held investments in Equinor and Aker BP as of August 2022.

The project is located in a vulnerable ecosystem, thereby endangering millions of Arctic animals. The island of Bjørnøya lies about 185km northwest of the project, while the Marginal Ice Zone is 50km away. The island hosts some of the most endangered species and biggest bird colonies in the world. The latter face imminent danger as they pass the oil field to search for food, as do fin whales and humpback whales.[15]

Wisting could release more than 200 million tonnes of CO2 if its total reserves are burned, which is equivalent to the annual emissions of about 50 coal-fired power plants. The oil field is also controversial because Equinor is accused of rushing its development to take advantage of temporary, COVID-19-related tax changes. The Norwegian Environment Agency has warned against such rushed decision-making and development processes.[16] The project sponsors have proposed electrifying the oil production and connecting it to renewable energy sources on land through a 340km power cable. Using renewables for an oil project means additional renewables capacity needs to be installed to cover for other energy needs, which threatens to encroach on land rights of Indigenous Sami people in the Finmark region. But mostly it attempts to hide the climate impact of the project.[17]

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[11] Offshore Technology, "Wisting Conventional Oil Field, Norway", 10 November 2021, available at https://www.offshore-technology.com/marketdata/wisting-conventional-oil-field-norway/, last viewed 18 October 2022.
[12] Equinor, "Wisting impact assessment", 1 February 2022, available at https://www.equinor.com/news/archive/20220201-wisting-impact-assessment, last viewed 18 October 2022.
[13] Urgewald, "Wisting oil field and Barents Sea", 28 April 2022, available at https://gogel.org/Wisting-Oil-Field-and-Barents-Sea#anker1, last viewed 18 October 2022.
[14] Reuters, "Equinor delays Wisting oil discovery investment decision by up to 4 years", 10 November 2022, available at https://www.reuters.com/article/equinor-oil/equinor-delays-wisting-oil-discovery-investment-decision-by-up-to-4-years-idUKL8N3262JE, last viewed 11 November 2022.
[15] Urgewald, "Wisting oil field and Barents Sea", 28 April 2022, available at https://gogel.org/Wisting-Oil-Field-and-Barents-Sea#anker1, last viewed 18 October 2022.
[16] Balkan Green Energy News, "OCI: Norway is pursuing an aggressive policy of expanding its oil and gas industries", 11 February 2022, available at https://balkangreenenergynews.com/oci-norway-is-pursuing-an-aggressive-policy-of-expanding-its-oil-and-gas-industries/#:~:text=Over%20500%20million%20barrels%20of,fired%20power%20plants%2C%20OCI%20said., last viewed 18 October 2022.
[17] Anders Bjartnes, "Kampen om Wisting blir lang og hard", Energi Og Klimat, 3 May 2022, available at https://energiogklima.no/meninger-og-analyse/klimavalg21/kampen-om-wisting-blir-lang-og-hard/, last viewed 8 November 2022.

Oil companies in the Barents Sea have been facing protests for years. Six activists have taken the Norwegian government to court in an attempt to stop the selling and drilling of new oil. After losing the lawsuit, they appealed to the European Court of Human Rights, which has accepted to hear the case.[18]

Wisting is just one example of that Equinor and Aker BP not acting in line with the requirements of the Paris Agreement. In 2021, the International Energy Agency stated that there is "no need for investment in new fossil fuel supply in our net zero pathway"[19]; developing a field like Wisting is therefore clearly incompatible with limiting global warming to 1.5°C.

For more information about Equinor, see the Dodgy Deal profile on BankTrack's website

The 2021 Global Oil and Gas Exit List (GOGEL) by Urgewald[20] shows that Equinor is expanding fossil fuel production in 11 countries, while Arctic extraction forms 20% of its overall hydrocarbons production. By contrast, between 2010 and 2018 only 2% of Equinor's capital expenditure went to green energy.[21] Of all the oil and gas companies listed in GOGEL, Equinor ranks 19th based on its resources under development as of 2021. Lundin and its new parent company, Aker BP, which has about 10% of its overall oil and gas production in the Arctic, are expanding upstream oil and gas in Norway, Ireland and the United Kingdom.

5.2 Fossil fuel expansion

PHOTO: ENI PLANT IN BRINDISI, ITALY.
© Giuseppe Lanotte / Greenpeace

[18] Kari Hegstad, "EMD slipper inn klimasoksmalet og ber den norske regjeringen svare for seg", 3 January 2022, Advokatbladet, available at https://www.advokatbladet.no/klima--og-miljorett/emd-slipper-inn-klimasoksmalet-og-ber-den-norske-regjeringen-svare-for-seg/172490, last viewed 8 November 2022; Euractiv, "NGOs take Norway to European Court of Arctic oil exploration", 15 June 2022, available at https://www.euractiv.com/section/energy/news/ngos-take-norway-to-european-court-over-arctic-oil-exploration/, last viewed 8 November 2022.

[19] IEA, "Net Zero by 2050: A Roadmap for the Global Energy Sector", May 2021, p. 11, available at https://iea.blob.core.windows.net/assets/7ebafc81-74ed-412b-9c60-5cc32c8396e4/NetZeroby2050-ARoadmapfortheGlobalEnergySector-SummaryforPolicyMakers_CORR.pdf, last viewed 14 October 2022.

[20] Urgewald, "NGOs Release the First "Global Oil & Gas Exit List" at Glasgow COP", 4 November 2021, available at https://www.banktrack.org/article/ngos_release_the_first_global_oil_gas_exit_list_at_glasgow_cop, last viewed 14 October 2022.

[21] Financial Times, "Oil majors keep tight grip on spending for greener future", available at https://www.ft.com/content/9421ea96-01e1-11e9-9d01-cd4d49afbbe3, last viewed 18 October 2022.

To limit global warming to 1.5°C, in line with the target of the Paris Agreement, fossil fuels must be phased out rapidly. In 2020, Oil Change International (OCI) showed how the developed fossil fuel reserves for gas, oil and coal at that time were already double the remaining carbon budget for a 50% chance of staying below 1.5°C of global warming.[22] In early 2021, the International Energy Agency (IEA) came to the same conclusion. In its Net Zero by 2050 Roadmap, the IEA stated that there was "no need for investment in new fossil fuel supply".[23] It is clear that no fossil fuel expansion is compatible with the goals agreed upon in the Paris Agreement: banks seeking to align their portfolios with net zero by 2050 should no longer be financing projects or companies expanding the fossil fuel industry.[24]

Oil Change International updated its assessment of the climate plans of eight oil and gas majors in May 2022. It concluded that, still, not one had commitments in place that aligned with the goals of the Paris Agreement. None of the eight companies had committed to stop exploring or approving new extraction projects, none had committed to reducing oil and gas production by 2030 in line with the required 30% phase-out, and none had a long-term production phase-out plan in line with 1.5C°.[25] Similarly, Urgewald's Global Oil and Gas Exit List and Global Coal Exit List show that over 80% of oil and gas companies still have plans to expand production[26], and 46% of coal companies are still expanding. Less than 3% of GCEL companies have timely coal exit dates in place.[27]

Unfortunately, many banks continue to finance fossil fuel expansion, while the policies to limit or stop financing expansion remain weak or often non-existent at most banks. Banking on Thin Ice 2022 shows that since July 2020, the 10 Nordic banks provided US$ 12.4 billion in financing to fossil fuel companies engaged in expansion or with plans to expand. DNB was the largest financier, providing US$ 5.5 billion, followed by SEB (US$ 3.1 billion), Nordea (US$ 1.5 billion), and Danske bank (US$ 1.3 billion). Total financing for expansion companies since 2016 was US$ 39.7 billion, but most notable is that the trend since 2016 has seen a slight increase.

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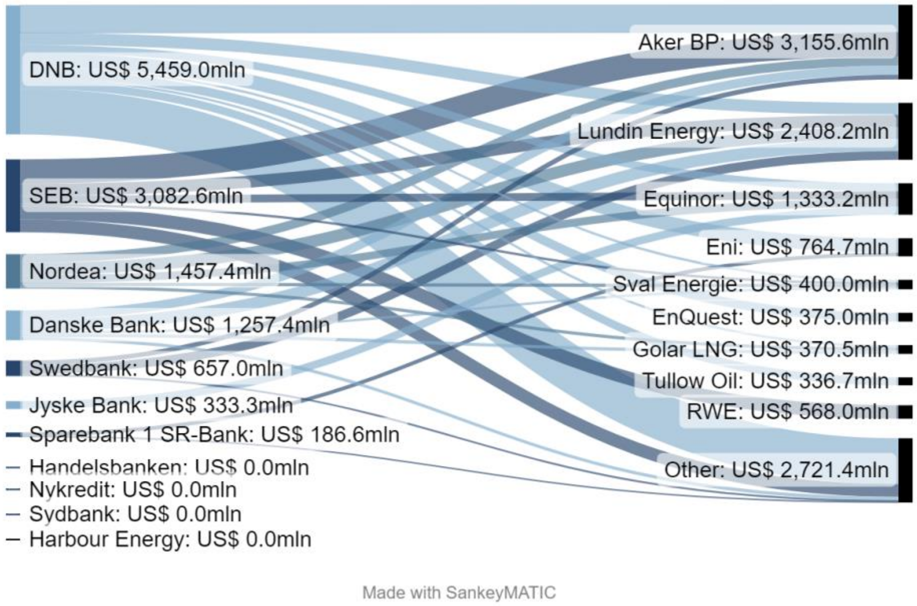
[22] Oil Change International, "Big Oil Reality Check", September 2020, p. 1, available at http://priceofoil.org/content/uploads/2020/09/OCI-Big-Oil-Reality-Check-vF.pdf, last viewed 14 October 2022.
[23] IEA, "Net Zero by 2050: A Roadmap for the Global Energy Sector", May 2021, p. 11, available at https://iea.blob.core.windows.net/assets/7ebafc81-74ed-412b-9c60-5cc32c8396e4/NetZeroby2050-ARoadmapfortheGlobalEnergySector-SummaryforPolicyMakers_CORR.pdf, last viewed 14 October 2022.
[24] Carbon Brief, "New fossil fuels 'incompatible' with 1.5C goal, comprehensive analysis finds", 23 October 2022, available at https://www.carbonbrief.org/new-fossil-fuels-incompatible-with-1-5c-goal-comprehensive-analysis-finds/, last viewed 8 November 2022.
[25] Oil Change International, "Big Oil Reality Check", May 2022, p. 3, available at https://priceofoil.org/content/uploads/2022/05/big_oil_reality_check_22_final.pdf, last viewed 14 October 2022.
[26] Urgewald, "NGOs Release the First "Global Oil & Gas Exit List" at Glasgow COP", 4 November 2021, available at https://www.banktrack.org/article/ngos_release_the_first_global_oil_gas_exit_list_at_glasgow_cop, last viewed 14 October 2022.
[27] Urgewald, "NGOs release the 2022 Global Coal Exit List: No Transition in sight", 6 October 2022, available at https://www.banktrack.org/article/ngos_release_the_2022_global_coal_exit_list_no_transition_in_sight, last viewed 14 October 2022.

Notably, the fossil fuel companies that received most financing from the 10 banks are all either planning to expand fossil fuel production or are expanding. As a result, the ranking of expansion companies that received the most financing shows a similar pattern, with the top five being Aker BP (US$ 3.2 billion), Lundin Energy (US$ 2.4 billion), Equinor (US$ 1.3 billion) and Eni (US$ 0.8 billion). These companies have also been the largest clients since 2016.

FIGURE 11: FINANCING FOR EXPANSION COMPANIES JULY 2020 - JUNE 2022 (US$ MILLIONS)



Per the most recent filing date , the 10 Nordic banks held bonds and shares in expansion companies worth US$ 7.2 billion. DNB (US$ 2.2 billion) was the largest investor, followed by Nordea (US$ 2.1 billion), and Danske Bank (US$ 1.3 billion). The expansion companies in which the 10 banks held most shares overall were Equinor (US$ 849.4 million), Nextera Energy (US$ 561.6 million) and Enel (US$537.0 million).

5.2.1 ENI

For more information about Eni, see the Dodgy Deal profile on BankTrack's website

Italian energy company Eni is one of the world's seven supermajor oil and gas companies. The company has operations in 69 countries and is active in the exploration, production, and distribution of gas and electricity.[28] Eni also has a division focussing on renewables, but 84.4% of its revenues come from fossil fuels.[29] According to the Carbon Disclosure Project, Eni was among the 25 companies with the largest cumulative emissions worldwide between 1988 and 2018, responsible for 0.43% of all global industrial greenhouse gas emissions.[30]

Eni was among the top 10 fossil fuel clients of the 10 banks researched in this report since both 2016 and July 2020. The energy company received US$ 764.7 million in financing since July 2020 from DNB (US$ 603.2 million) and SpareBank 1 SR-Bank (US$ 161.5 million), and US$ 2.6 billion in financing since 2016, provided by DNB (US$ 1.0 billion), Danske Bank, SEB and Nordea (US$ 436.2 million each), and SpareBank 1 SR-Bank (US$ 244.3 million). Six banks held investments in Eni as of the most recent filing date: Nykredit (US$ 23.3 million), Danske Bank (US$ 12.82 million), SEB (US$ 6.64 million), DNB (US$ 4.25 million), Nordea (US$ 3.08 million), and Jyske Bank (US$ 2.13 million).

[28] Eni, "Eni worldwide", available at https://www.eni.com/en-IT/eni-worldwide.html, last viewed 19 October 2022.
[29] Eni, "Our renewables for carbon neutrality", available at https://www.eni.com/en-IT/operations/energy-evolution/renewable-energy.html, last viewed 19 October 2022.
[30] Climate Accountability Institute, "The Carbon Majors 2018 Data Set Released December 2020", available at https://climateaccountability.org/carbonmajors_dataset2020.html, last viewed 19 October 2022.

During a 2022 industry event in the UAE, Eni's CEO Claudio Descalzi referred to decarbonisation as an "ideology".[31] It is therefore no surprise that Eni's future plans can in no way be described as Paris-aligned: Eni is still expanding its fossil fuel activities and its climate plans are insufficient in almost all aspects.[32] The Global Oil and Gas Exit list shows that 84.4% of Eni's revenues come from fossil fuels and it is expanding production in 13 countries including Australia, Mozambique, Angola and Norway. The company has the 25th-largest set of expansion plans in the GOGEL database. Unconventional oil and gas account for 42.1% of Eni's expansion. Between 2019 and 2021, Eni was also still exploring for new reserves in 44 countries.[33]

In Mozambique, Eni is involved in the Coral South FLNG and Rovuma LNG (with ExxonMobil) projects in Cabo Delgado. These projects are located in a highly sensitive region. The Cabo Delgado area has been impacted by violent conflict between Islamist insurgents and the Mozambican government in recent years, while the militarisation of the region can be linked to the discovery of gas. Rovuma LNG will also displace thousands of local inhabitants. The climate impact of these expansion projects make them irreconcilable with the goals of the Paris Agreement.[34]

Eni is also active in Arctic oil and gas, which includes the offshore oil field Goliat in the Norwegian Barendts Sea[35]. It is one of the main companies involved in Arctic drilling that is financed by the 10 Nordic banks (see chart above).

Finally, in the context of COP27, Eni's links to the Egyptian regime are also noteworthy. It has a number of significant extraction projects in Egypt[36] that also provide revenue for the regime, which is under pressure for widespread human rights abuses and the silencing of civic spaces. Ahead of Egypt's hosting of COP27, a coalition of Egyptian human rights organizations and more than 160 other civil society groups raised the alarm over the human rights situation in the country:

"The undersigned organizations (…) note with great concern the human rights situation in Egypt and in particular the government's restrictions on the rights to freedom of expressions, association and peaceful assembly, which risks to undermine a successful, inclusive and participatory climate summit."[37]

[31] CNBC International TV, "It's a 'big mistake' to be 'radical' and focus only on renewables as an energy source, says Eni CEO", 28 March 2022, available at https://www.youtube.com/watch?v=OOaRqImr-IE, last viewed 19 October 2022.

[32] Oil Change International, "Big Oil Reality Check", May 2022, p. 3, available at https://priceofoil.org/content/uploads/2022/05/big_oil_reality_check_22_final.pdf, last viewed 14 October 2022.

[33] Urgewald, "Global Oil and Gas Exit List", November 2021, available at https://gogel.org, last viewed 19 October 2022.

[34] BankTrack, "Rovuma LNG", 3 August 2022, available at https://www.banktrack.org/project/rovuma_lng_project#about, last viewed 19 October 2022; Urgewald, "Cabo Delgado, Mozambique: A Resource-Rich War Zone", 2 August 2022, available at https://gogel.org/cabo-delgado-mozambique-resource-rich-war-zone, last viewed 19 October 2022.

[35] Urgewald, "Wisting oil field and Barents Sea", 28 April 2022, available at https://gogel.org/Wisting-Oil-Field-and-Barents-Sea#anker1, last viewed 18 October 2022.

[36] See for example: Eni, "Eni starts production of Baltim South West field offshore Egypt", 17 September 2019, available at https://www.eni.com/en-IT/media/press-release/2019/09/eni-starts-production-of-baltim-south-west-field-offshore-egypt.html, last viewed 19 October 2022.

[37] The Egyptian Human Rights Coalition on COP27, "Petition", available at https://copcivicspace.net/petition/, last viewed 19 October 2022.

5.3 Coal

PHOTO: DATTELN 4 POWER STATION IN GERMANY
© Greenpeace

From concerns over air pollution and acid rain to its disruptive impact on the climate, coal has long been recognised as the dirtiest, most polluting fossil fuel and, historically, the leading cause of climate change. Globally, the biggest source of carbon dioxide is the burning of coal - greater than the burning of oil or gas, or deforestation.[38] In some parts of the world, such as the US and EU, coal has already started its inevitable decline. However, the pace at which coal is declining is nowhere near the pace of decline required to stay within the 1.5°C target of the Paris Agreement. In order to meet this goal, global carbon dioxide emissions must be more than halved from 2010 levels by 2030 and reach 'net zero' by 2050. This would provide a 50% chance of staying below a 1.5°C temperature increase by 2100.[39]

Coal emissions need to fall about twice as fast in the 2020s as those from oil and gas, which means that global coal emissions should decline by about 80%, from 14.5 gigatons of CO2 in 2019, to 3.1 gigatons in 2030. Most developed regions in the world, like the EU, OECD countries, and Russia, therefore need to exit coal at the latest by 2030, with the rest of the world following by 2040 at the latest.[40] This means that no new coal mining, coal power or coal infrastructure can be built, and a significant part of the coal industry needs to close before the end of its planned operational lifetime.[41]

Financing new coal projects and the companies behind them is therefore incompatible with the temperature goals set in the Paris Agreement. Banks must end support for all new coal activities and implement a full phase-out for financing coal projects and companies in line with the 2030/2040 deadlines.[42]

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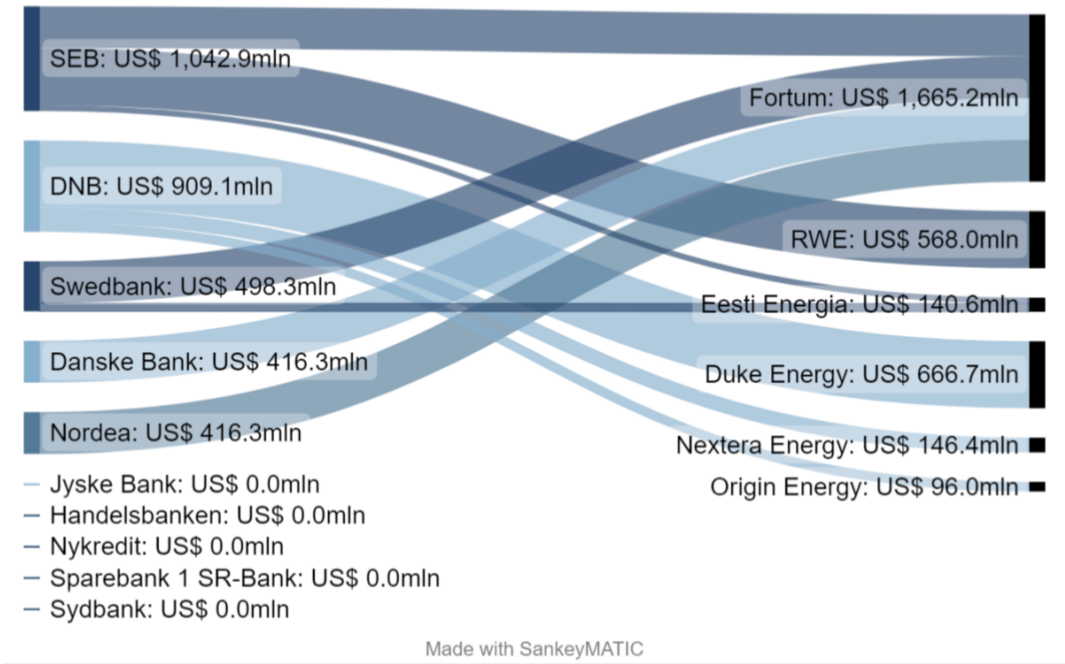
[38] Our World in Data, "CO2 emissions by fuel type, World", available at https://ourworldindata.org/grapher/co2-by-source, last viewed 19 October 2022.
[39] IPCC, "Global Warming of 1.5C – Special Report", 2018, available at https://www.ipcc.ch/sr15/download/, last viewed 19 October 2022.
[40] CarbonBrief, "Analysis: why coal use must plummet this decade to keep global warming below 1.5C", 6 February 2020, available at https://www.carbonbrief.org/analysis-why-coal-use-must-plummet-this-decade-to-keep-global-warming-below-1-5c/, last viewed 19 October 2022.
[41] Climate Analytics, "Global and regional coal phase-out requirements of the Paris Agreement: Insights from the IPCC Special Report on 1.5C", September 2019, available at https://climateanalytics.org/media/report_coal_phase_out_2019.pdf, last viewed 19 October 2022.
[42] 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 October 2022.

Financing for coal companies by the 10 banks assessed in this report has remained remarkably stable since 2016 however, including peaks in 2017 and 2019. What also stands out is that SEB has provided the most financing by far since 2016: US$6.4 billion, or 41% of the total. Looking only at the period since July 2020, SEB provided US$ 1.0 billion (32%), with DNB following closely with US$ 909 million (28%). Coal clients financed by the 10 banks since July 2020 include Duke Energy (US$ 666.7 million by DNB), RWE (US$ 568.0 million from SEB), and Nextera Energy (US$ 146.4 million from DNB). But the largest coal client since 2016 and since July 2020 by far was the Finnish energy company Fortum.

FIGURE 12: FINANCING FOR COAL COMPANIES JULY 2020 - JUNE 2022 (US$ MILLIONS)



Per the most recent filing date, the 10 banks held US$ 4.3 billion in shares and bonds in coal companies, which is 48% of the total investments found by this research. Nordea was by far the largest coal investor (US$ 2.1 billion), followed by DNB (US$ 511.4 million) and Danske Bank (US$ 484.0 million). Most investments were held in Enel (US$ 658.1 million), Nextera Energy (US$ 561.6 million) and Fortis (US$ 334.2 million).

Portfolio analysis shows that on average the 10 banks have decreased their investments in coal companies since 2016. In Q2-2022, investments in coal were US$ 929 million lower than the baseline. Danske Bank, DNB, Nykredit, Jyske Bank, and Sydbank all increased their investments in companies engaged in coal, however. Nevertheless, these increases in investment were compensated by the larger decreases in fossil fuel-attributable share investments made by Nordea, SEB, Handelsbanken, and Swedbank.

5.3.1 FORTUM

Fortum is a Finnish heat and electricity company that also provides other energy-related services. The company has operations in 10 countries, including Denmark, Estonia, Finland, France, Germany, India, Norway, Poland, Sweden and the United Kingdom.[43] During 2022, Fortum announced it is withdrawing from Russia the same year.[44] Until September 2022, Fortum owned a majority stake in the German energy company Uniper, which owns several coal-fired power plants. In the context of the energy crisis in Europe and deteriorating business results for Uniper, the German government is acquiring all of Fortum's shares in

[43] Fortum, "Country fact sheets", available at https://www.fortum.com/about-us/newsroom/press-kits/country-fact-sheets, last viewed 19 October 2022.
[44] Fortum, "Fortum Group in Russia", available at https://www.fortum.com/about-us/newsroom/press-kits/country-fact-sheets/fortum-russia, last viewed 19 October 2022.

Uniper.[45] The financing provided to Fortum by the 10 banks covered in this report, however, occurred while Fortum still had significant coal operations and no Paris-aligned transition plan.

Fortum is the second-largest fossil fuel client of the 10 banks researched in this report and their third-largest since July 2020; it has received over US$ 10 billion in financing since 2016. Since July 2020, US$ 1.7 billion has been provided by Swedbank, SEB, Danske Bank, and Nordea (US$ 416.3 million each.)

For more information about Fortum, see the Dodgy Deal profile on BankTrack's website

Five banks held investments in Fortum as per the most recent filing date: Nordea (US$ 79.3 million), Danske Bank (US$ 71.1 million), SEB (US$ 17.3 million), DNB (US$ 3.9 million), and Nykredit (US$ 0.9 million).

Fortum's majority stake in Uniper made it one of Europe's top 10 greenhouse gas-emitting electricity producers.[46] The emissions of Uniper's coal power plants alone equal nearly half of Finland's entire annual emissions.[47] As recently as May 2020, Uniper opened the highly controversial 1.1 GW Datteln 4 coal power plant in Germany. It is considered to be Western Europe's last new coal plant.[48]

Both Fortum and Uniper also had substantial operations in Russia. In 2021, 20% of the group's profit came from its Russian operations. This included the Chelyabinsk combined heat and power plant, which runs on gas and coal, as well as the Argayash combined heat and power plant, which mainly uses coal. Uniper also owns several coal plants in Russia through its subsidiary Unipro. More than 80% of Fortum's emissions and more than 50% of Uniper's occurred in Russia.[49] In response to the invasion of Ukraine however, Fortum announced in May 2022 it would "pursue a controlled exit from the Russian market", with divestment from Russian operations as the "preferred path". A year earlier, Fortum had already announced the sale of Argayash, and the Chelyabinsk plant's transition from coal by the end of 2022. This would mean Fortum's Russian operations sould be coal-free by the end of 2022.[50]

Fortum's sudden coal exit cannot be attributed to the company's own climate commitments, however. Uniper was costing Fortum rather than making a profit and its plan to withdraw from Russia is a response to the Ukraine invasion. Besides the transition of its Chelyabinsk plant, Fortum has simply sold its coal assets, rather than closing them.

Fortum's financiers are still responsible for the services they provided to the company until this year, while it was well-know that the company was one of Europe's largest CO2 emitters, with no Paris-aligned transition plan. Until recently, Nordea even had in place a coal policy with an exception for German coal companies, which seemed perfectly tailored to permit the continuation of financial services for Fortum and Uniper.

[45] Fortum, "Fortum to fully divest Uniper to the German State", 21 September 2022, available at https://www.fortum.com/media/2022/09/fortum-fully-divest-uniper-german-state, last viewed 19 October 2022.
[46] Europe Beyond Coal, "Last gasp: The coal companies making Europe sick", November 2018, available at https://beyond-coal.eu/wp-content/uploads/2020/02/Last-Gasp-2018.pdf, last viewed 19 October 2022.
[47] Yle, "Fortum/Uniper among Europe's worst polluters, say NGOs", 8 April 2019, available at https://yle.fi/news/3-10728601, last viewed 19 October 2022.
[48] Europe Beyond Coal, "Fool's Gold", July 2020, available at https://www.banktrack.org/download/fools_gold_1/foolsgold2020_final_14_7_2020.pdf, last viewed 19 October 2022; The Australia Institute, "New Analysis: Only One Coal Plant Being Built in Western Europe, North America or Australia", 13 February 2020, available at https://australiainstitute.org.au/post/new-analysis-only-one-coal-plant-being-built-in-western-europe-north-america-or-australia/, last viewed 19 October 2022.
[49] Europe Beyond Coal, "Fool's Gold", July 2020, available at https://www.banktrack.org/download/fools_gold_1/foolsgold2020_final_14_7_2020.pdf, last viewed 19 October 2022.
[50] Fortum, "Summary of Fortum's responses to the war in Ukraine", last updated 3 March 2022, available at https://www.fortum.com/summary-of-fortums-responses-to-the-war-in-ukraine, last viewed 19 October 2022; Fortum, "Fortum Group in Russia", available at https://www.fortum.com/about-us/newsroom/press-kits/country-fact-sheets/fortum-russia, last viewed 19 October 2022.

Banks that have a client relationship with Fortum (Swedbank, SEB, Danske Bank, and Nordea) have a responsibility to ensure that its climate commitments are in line with the goals of the Paris Agreement going forward.

6. Bank-level findings

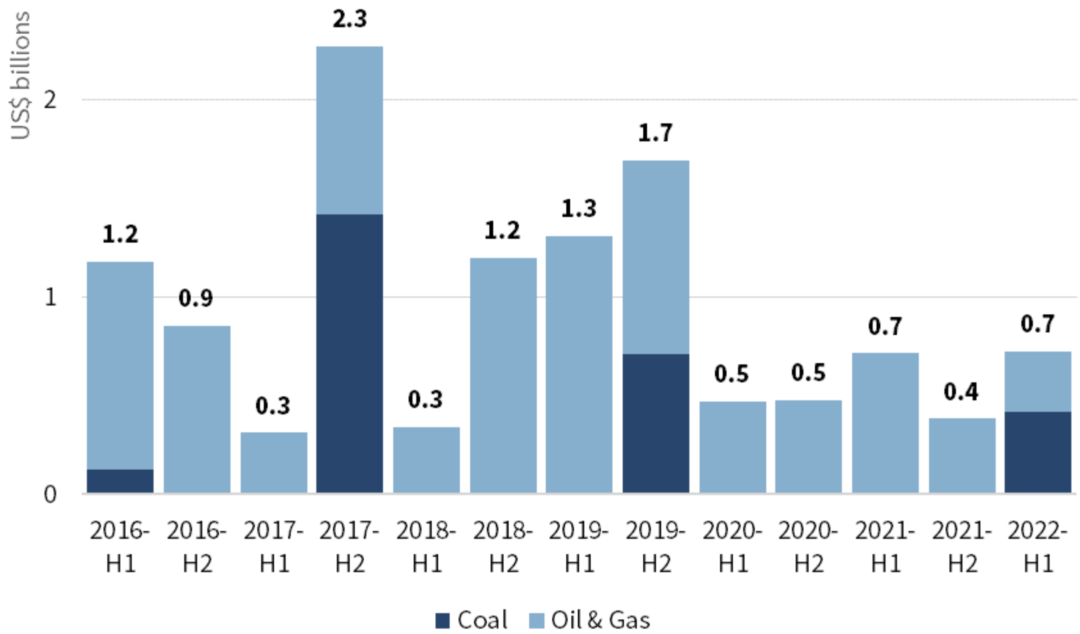
5.4 Danske Bank

BankTrack profile: https://www.banktrack.org/bank/danske_bank

5.4.1 Credit

Since June 2020, Danske Bank has provided US$ 2.3 billion in financing for fossil fuel companies. Approximately a fifth of this (US$ 0.4 billion) was provided to companies engaged in coal, and the remaining 82% (US$ 1.9 billion) to companies engaged in the oil and gas sector. Between January 2016 and June 2022, Danske Bank provided US$ 11.9 billion in loans and underwriting services to companies engaged in fossil fuels. The figure below shows the half-yearly fossil fuel credit trends. Since 2020, the overall values are lower than in preceding years. However, there are significant fluctuations in financing across the half year intervals and whether this trend will continue, or financing will instead increase again (as it did in the second half of 2017 and 2018) remains to be seen.

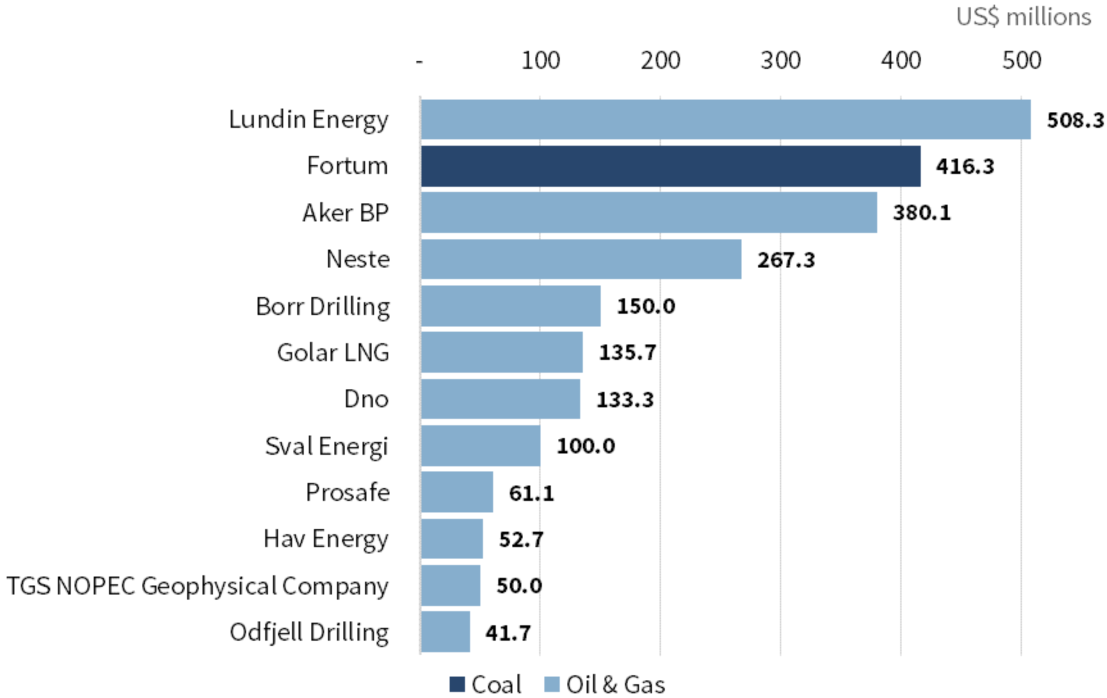
Figure 13: Half-yearly trends in Danske Bank fossil fuel credit (January 2016 – June 2022)



Source: Refinitiv (2022, July), *Bond issuances*; Refinitiv (2022, July), *Share issuances*; Refinitiv (2022, July), *Loans*; IJGlobal (2022, July), *Transaction search*.

The bank's largest fossil fuel clients in the last two years were Lundin Energy (US$ 508.3 million), Fortum (US$ 416.3 million) and Aker BP (US$ 380.1 million).

Figure 14: Danske Bank fossil fuel credit clients (July 2020-June 2022)

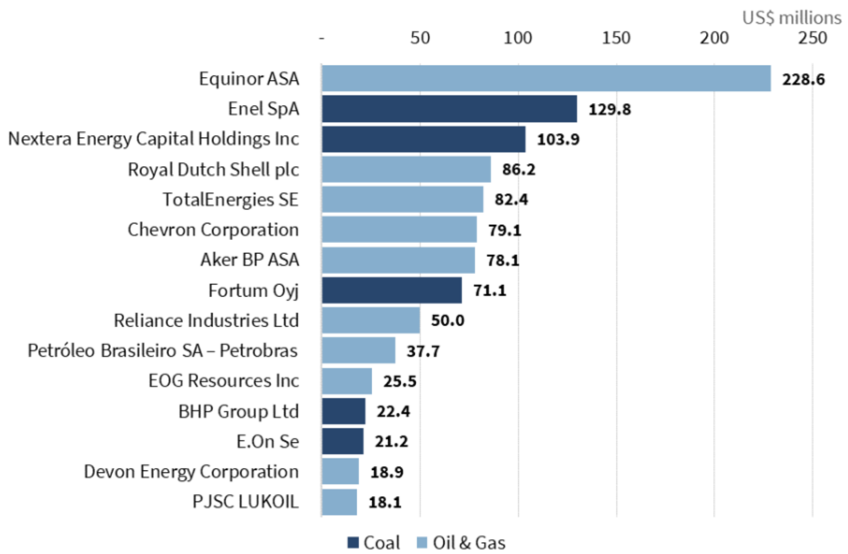


Source: Refinitiv (2022, July), *Bond issuances*; Refinitiv (2022, July), *Share issuances*; Refinitiv (2022, July), *Loans*; IJGlobal (2022, July), *Transaction search*.

5.4.2 Investment

At the end of Q2-2022, Danske Bank held shares worth US$ 1.5 billion in companies engaged in fossil fuels. Of this, 33% (US$ 489 million) was attributable to coal, and 67% (US$ 989 million) to oil and gas. Danske Bank's top 15 fossil fuel investees in Q2-2022 accounted for 71% (US$ 1.1 billion) of the identified fossil fuel investment portfolio. The largest among these investments was Equinor (US$ 229 million). It was followed by Enel (US$ 130 million) and Nextera Energy Capital Holdings (US$ 104 million).

Figure 15: Top 15 Danske Bank fossil fuel investments (Q2-2022 most recent filings)



Source: Refinitiv (2022, August), *Shareholdings most recent filings*; Refinitiv (2022, August), *EMAXX: Bond holdings*.

5.4.3 Coal policy

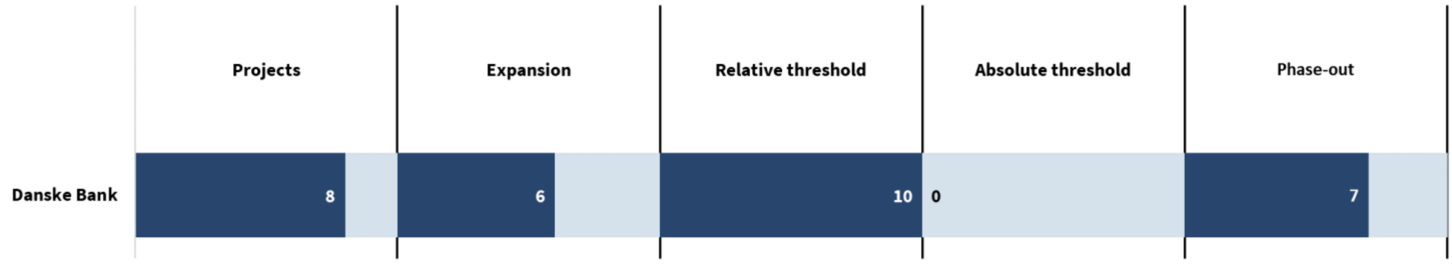


Figure 17: Danske Bank Coal Policy Tool scores

Danske Bank updated its coal policy in March 2021. The new policy sets Danske Bank on the right path regarding coal. The bank is close to catching up with international best practices, but improvements are still needed. Danske Bank now excludes companies and projects expanding thermal coal mining, coal-fired power generation or peat-fired power-generation. It has also chosen to exclude companies deriving more than 5% of their revenues from coal, which implies an almost immediate coal phase-out. However, this is not perfect since these measures come with some exceptions attached. Danske Bank must urgently remove these exceptions to its coal policy, include absolute thresholds and stop all support for coal expansion, including for coal infrastructure projects and coal infrastructure developers.

Source: Position Statement on Fossil Fuels (March 2021)

5.4.4 Oil and gas policy

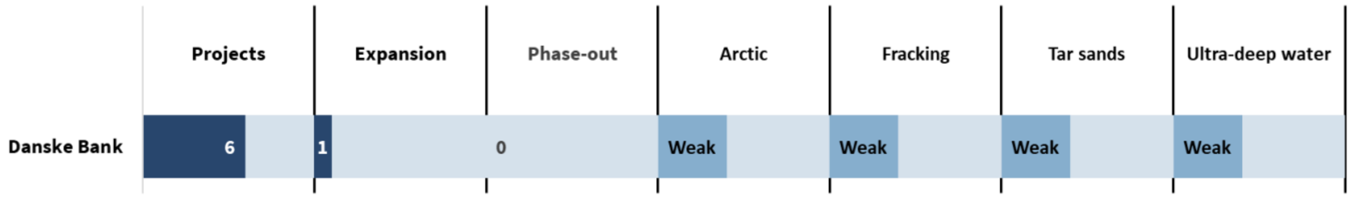


Figure 18: Danske Bank Oil and Gas Policy Tracker scores

Danske Bank updated its 2019 oil and gas policy in March 2021. Its (partial) elimination of financing for new oil and gas projects is positive. Danske Bank must, however, take the next step by stopping all financing for oil and gas expansion. At the project level, the bank has taken an encouraging first step by excluding all upstream oil and gas projects and must now strengthen its policy on midstream projects. Danske Bank's policy on unconventional sectors is weak. It excludes companies with more than 5% revenue from unconventional oil and gas. In addition, a revenue threshold does not prevent Danske Bank from financing companies with oil and gas expansion plans and expansion activity within the unconventional sectors. Furthermore, Danske Bank's definition of the Arctic region does not cover the most environmentally relevant boundaries of the Arctic, defined by the Arctic Councils Assessment and Monitoring Programme (AMAP). Danske Banks next policy must address the expansion issue by explicitly and without any exemptions exclude all financing and investments towards oil and gas companies expanding their fossil fuel production. Finally, to give real credibility to its Net Zero Banking Alliance commitments, the bank must also adopt an oil and gas phase-out strategy with a specific timeframe, aligned with principles of equity and a 1.5°C timeline, as well as an intermediate target to phase out unconventional oil and gas by 2030.

Source: Position Statement on Fossil Fuels (March 2021)

5.5 DNB

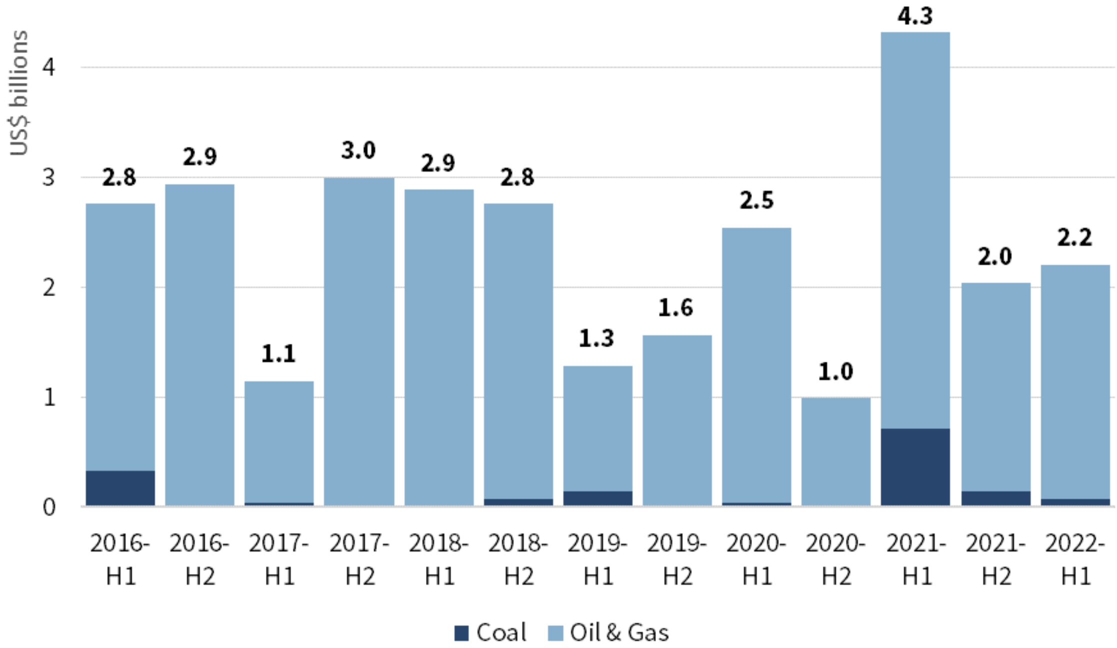
BankTrack profile: https://www.banktrack.org/bank/dnb

5.5.1 Credit

DNB has provided US$ 9.5 billion in financing to fossil fuel companies since the period covered by the previous edition of this report. Ten percent (US$ 900 million) was attributable to coal, and 90% (US$ 8.6 billion) was attributable to oil and gas. Since January 2016, DNB has provided US$ 30.4 billion in loans and underwriting services attributable to companies engaged in fossil fuels. The half-yearly trends show that financing to fossil fuels companies has remained relatively stable, with no clearly decreasing trajectory.

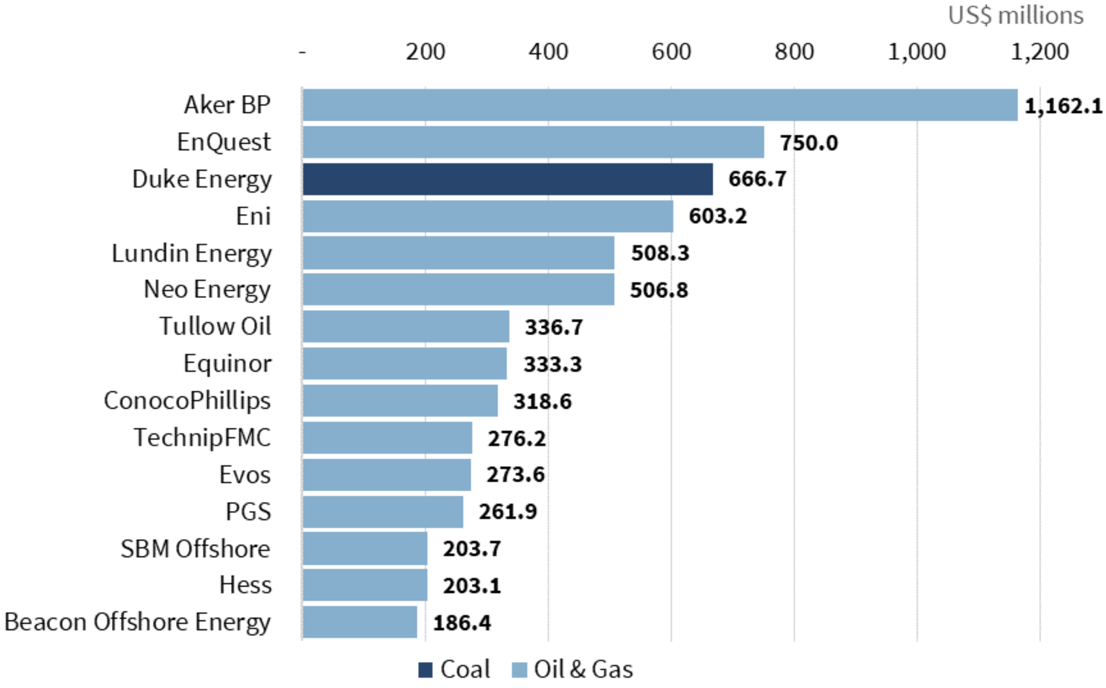
DNB's top 15 fossil fuel credit clients have received US$ 6.6 billion from the bank since July 2020. This accounts for 69% of DNB's identified fossil fuel credit flows. The largest clients were Aker BP (US$ 1,162.1 million), EnQuest (US$750.0 million), and Duke Energy (US$ 666.7 million).

Figure 19: Half-yearly trends of DNB fossil fuel credit (January 2016 – June 2022)



Source: Refinitiv (2022, July), *Bond issuances*; Refinitiv (2022, July), *Share issuances*; Refinitiv (2022, July), *Loans*; IJGlobal (2022, July), *Transaction search*.

FIGURE 20: TOP 15 DNB FOSSIL FUEL CREDIT CLIENTS (JULY 2020 - JUNE 2022)

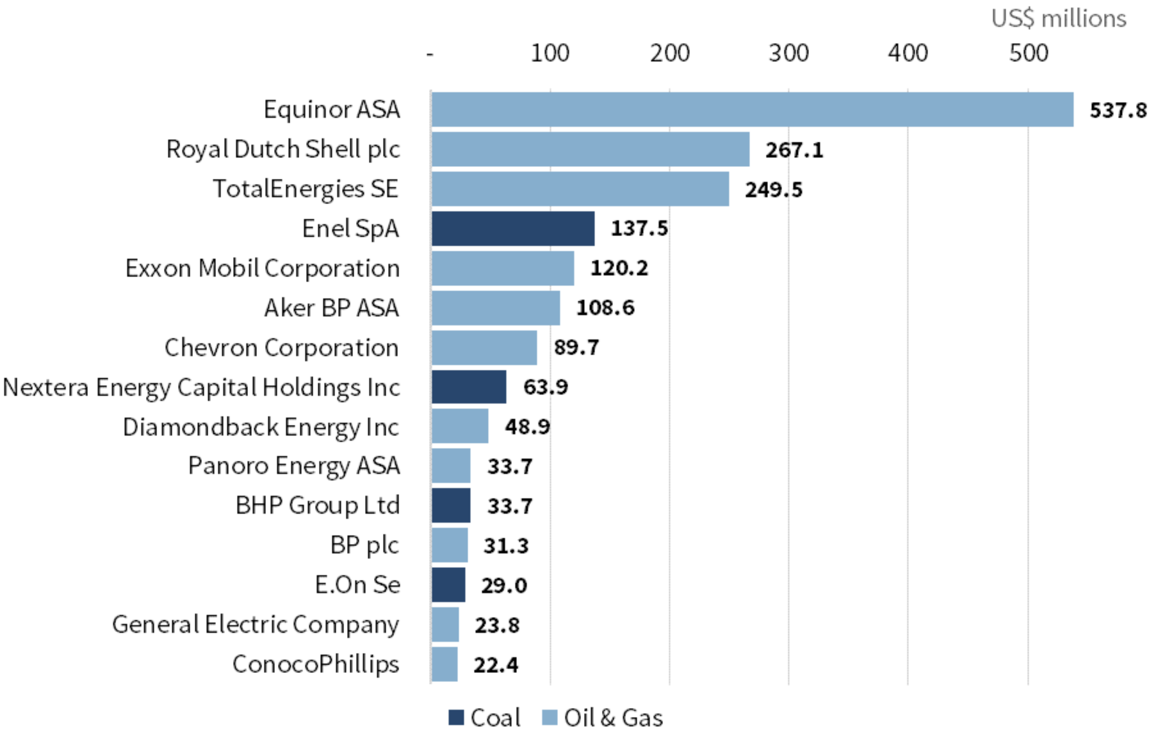


Source: Refinitiv (2022, July), *Bond issuances*; Refinitiv (2022, July), *Share issuances*; Refinitiv (2022, July), *Loans*; IJGlobal (2022, July), *Transaction search*.

5.5.2 INVESTMENT

At the end of June 2022, DNB held US$ 2.4 billion in bonds and shares of fossil fuel companies. Of this, 22% (US$ 516 million) was attributable to coal, and 78% (US$ 1.9 billion) to oil and gas. DNB's top 15 fossil fuel investees in Q2-2022 accounted for 76% (US$ 1.8 billion) of the identified fossil fuel investment portfolio. The largest investment was in Equinor (US$ 538 million). It was followed by Royal Dutch Shell (US$ 267 million) and TotalEnergies (US$ 249 million).

FIGURE 21: TOP 15 DNB FOSSIL FUEL INVESTMENTS (Q2-2022 MOST RECENT FILINGS)



Source: Refinitiv (2022, August), *Shareholdings most recent filings*; Refinitiv (2022, August), *EMAXX: Bond holdings*.

5.5.3 Coal policy

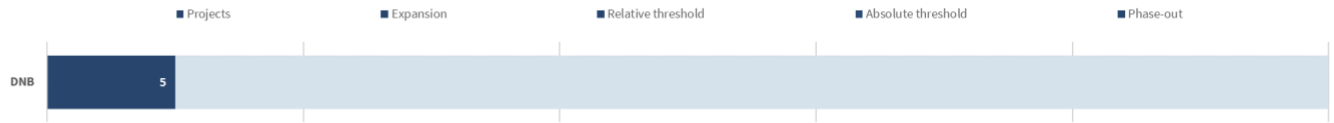


FIGURE 23: DNB COAL POLICY TOOL SCORES

Six years after COP21, DNB still has a very limited coal policy, which only excludes direct financing to new coal plants and does not even stretch to mines nor infrastructure. All the other criteria needed for an adequate coal exclusion policy are missing. To improve its policy, the bank must urgently end all financing at the project level and adopt stringent exclusion thresholds for application at the corporate level, starting with the exclusion of all coal developers. DNB must also detail an overall strategy for fully exiting coal in the EU/OECD by 2030 at the latest, then 2040 worldwide. Almost everything remains to be done.

Source: CSR/ESG sector guidance – energy (August 2016)

5.5.4 Oil and gas policy

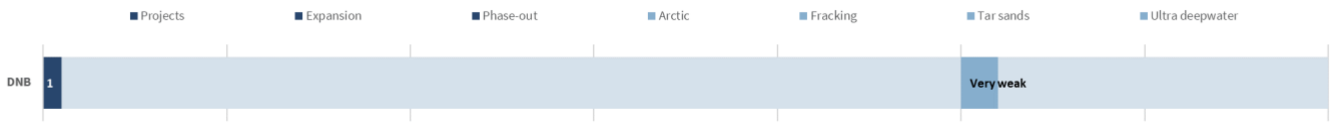


FIGURE 24: DNB OIL AND GAS POLICY TRACKER SCORES

DNB updated its oil and gas exclusion policy in July 2022, which only aims to limit financial support for upstream tar sands activities via both project-level and corporate exclusions. The bank should now stop financing all oil and gas projects, extend the scope to all unconventional sectors and conventional oil and gas, cover the whole value chain and introduce corporate-level exclusion measures by excluding companies with oil and gas expansion plans. Finally, to complete its commitment to reducing the CO_2 emissions intensity related to the upstream companies in its oil and gas portfolio by 25% between 2019 and 2030, DNB should adopt an oil and gas phase-out strategy. This strategy should include a specific timeframe, be aligned with principles of equity and a 1.5°C timeline, and incorporate an intermediate phase-out deadline for unconventional oil and gas of 2030.

Source: Sustainability in DNB ASA's credit activities (July 2022)

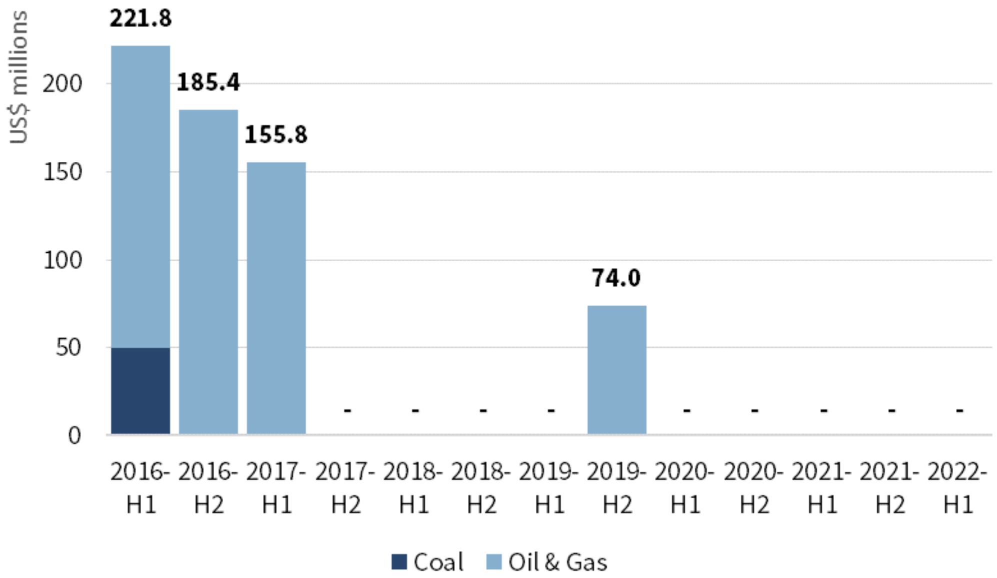
5.6 Handelsbanken

BankTrack profile: https://www.banktrack.org/bank/svenska_handelsbanken

5.6.1 Credit

Since 2016, no Handelsbanken loans nor underwriting services attributable to coal have been identified. Moreover, since 2019, no new fossil fuel financing has been identified at all. From January 2016 to June 2022, Handelsbanken provided US$ 637 million in loans and underwriting services to companies engaged in fossil fuels. Eight precent(US$ 50 million) was attributable to coal (just in the first half of 2016), and the remaining 92% (US$ 587 million) to oil and gas. The chart below shows the half-yearly trends in Handelsbanken's fossil fuel credit flows.

Figure 25: Half-yearly trends in Handelsbanken fossil fuel credit (January 2016 – June 2022)

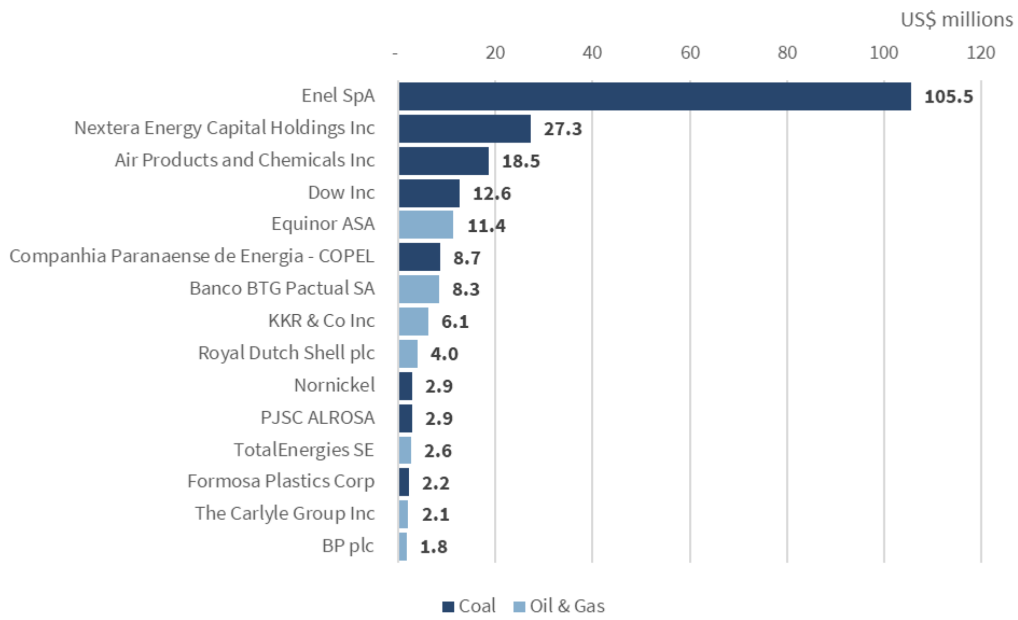


Source: Refinitiv (2022, July), *Bond issuances*; Refinitiv (2022, July), *Share issuances*; Refinitiv (2022, July), *Loans*; IJGlobal (2022, July), *Transaction search*.

5.6.2 Investment

At the close of Q2-2022, Handelsbanken held bonds and shares worth US$ 240 million in companies engaged in fossil fuels. Of this, 81% (US$ 193 million) was attributable to coal and 19% (US$ 47 million) was attributable to oil and gas. Handelsbanken's top-15 fossil fuel investees in Q2-2022 accounted for 91% (US$ 217 million) of the identified fossil fuel investment portfolio. The largest among these investments was Enel (US$ 106 million). Enel was followed by Nextera Energy Capital Holdings (US$ 27 million) and Air Products and Chemicals (US$ 19 million).

FIGURE 26: TOP 15 HANDELSBANKEN FOSSIL FUEL INVESTMENTS (Q2-2022 MOST RECENT FILINGS)



Source: Refinitiv (2022, August), *Shareholdings most recent filings*; Refinitiv (2022, August), *EMAXX: Bond holdings*.

5.6.3 COAL POLICY

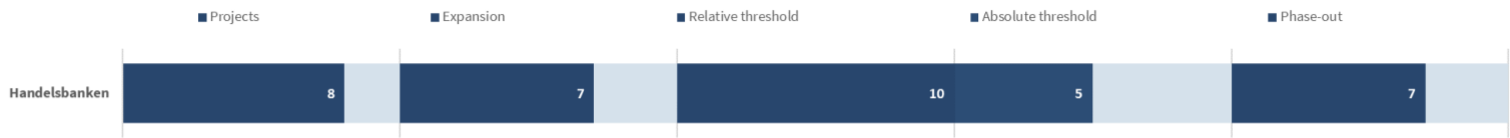


FIGURE 28: HANDELSBANKEN COAL POLICY TOOL SCORES

Handelsbanken adopted a coal policy in 2019 and updated it in 2022. The Swedish bank now excludes coal power developers and has adopted very low relative exclusion thresholds. In order to improve this policy, Handelsbanken must provide more clarity on the exclusion of companies with coal mining expansion plans, adopt stringent absolute thresholds for companies deriving power from coal and detail an overall strategy for fully exiting coal in Europe/OECD by 2030 at the latest, then 2040 worldwide. The policy should also exclude financing for coal-related infrastructure projects and any companies developing such new infrastructure. If Handelsbanken improves its policy on these points, it could be considered a strong player among its peers.

Source: Sustainability Report (2019) ; Environment and Climate Change Guidelines (25 May 2022)

5.6.4 OIL AND GAS POLICY

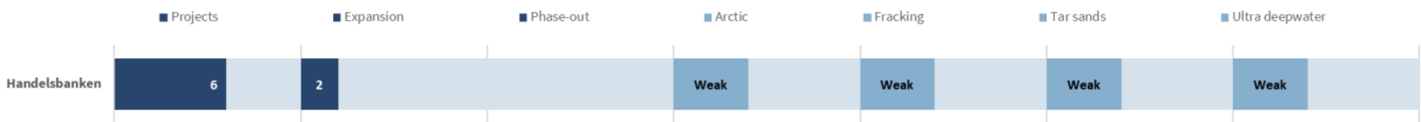


FIGURE 29: HANDELSBANKEN OIL AND GAS POLICY TRACKER SCORES

Handelsbanken updated its oil and gas sector policy in May 2022 and is expected to publish its Climate Paper detailing some exclusion criteria by the end of 2022. The announcements are ambitious but clarification of the scope of exceptions in the policy is still pending, and this is reflected in the scores in the Oil and Gas Policy Tool. According to the announcement, Handelsbanken will exclude direct financing of upstream oil and gas projects and financing of companies involved in these activities. Handelsbanken allows exceptions for companies "in transition”, provided they are not involved in the extraction of unconventional oil and gas or developing new fields. The bank is expected to clarify the exclusion thresholds and the criteria for assessing a company as "in transition" by the end of the year. To go even further, the bank must make the development of new oil and gas fields or related infrastructure an explicit criterion for excluding companies.

Source: Environment and Climate Change - Handelsbanken's Guidelines (25th May, 2022)

5.7 JYSKE BANK

BankTrack profile: https://www.banktrack.org/bank/jyske_bank

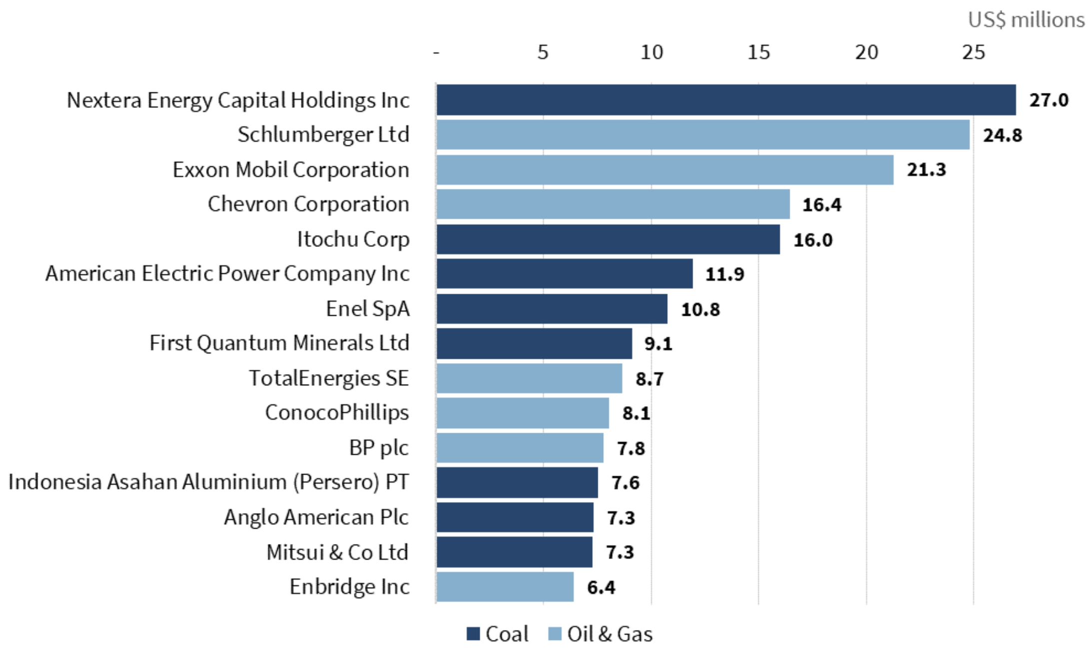
5.7.1 CREDIT

The research found that during the period January 2016 to June 2022, Jyske Bank Group provided at least US$ 388.6 million in credit to fossil fuels. All the identified financing was provided to two companies: the first was a deal in which Jyske Bank contributed US$ 55.3 million to United Shipping and Trading in 2019; the second was a 2021 deal in which Jyske Bank provided US$ 333.3 million to Equinor.

5.7.2 INVESTMENT

As of the most recent filings in Q2-2022, Jyske Bank Group had investments of US$ 352.9 million in companies attributable to fossil fuels. Of these investments, 51% (US$ 179.1 million) were attributable to coal, and 49% (US$ 173.8 million) were attributable to oil and gas. Jykse Bank's top 15 fossil fuel investees in Q2-2022 accounted for 54% (US$ 190.5 million) of the identified fossil fuel investment portfolio. The largest among these investments was Nextera Energy Capital Holdings (US$ 27.0 million). This was followed by Schlumberger (US$ 24.8 million) and Exxon Mobil (US$ 21.1 million).

FIGURE 30: TOP 15 JYSKE BANK FOSSIL FUEL INVESTMENTS (Q2-2022 MOST RECENT FILINGS)



Source: Refinitiv (2022, August), *Shareholdings most recent filings*; Refinitiv (2022, August), *EMAXX: Bond holdings*.

5.7.3 COAL POLICY

Six years after COP21, Jyske Bank still has no public coal policy. It is important to consider the findings of this assessment in relation to the bank's relatively low financial exposure to coal. Even so, to prevent such exposure from occurring in the future, it is important that the bank adopts a comprehensive coal policy.

5.7.4 OIL AND GAS POLICY

Six years on from the Paris Agreement, and with the IEA acknowledging the need to stop the expansion of new oil and gas new fields, Jyske Bank has still not adopted any exclusion measures regarding the oil and gas sector. Jyske Bank must immediately exclude companies with oil and gas expansion plans and adopt a phase-out strategy for the the oil and gas industry according to a specific timeframe, that is aligned with principles of equity and a 1.5°C timeline. The banks must also put in place an intermediate phase-out deadline of 2030 for its unconventional oil and gas portfolio. It is time to act.

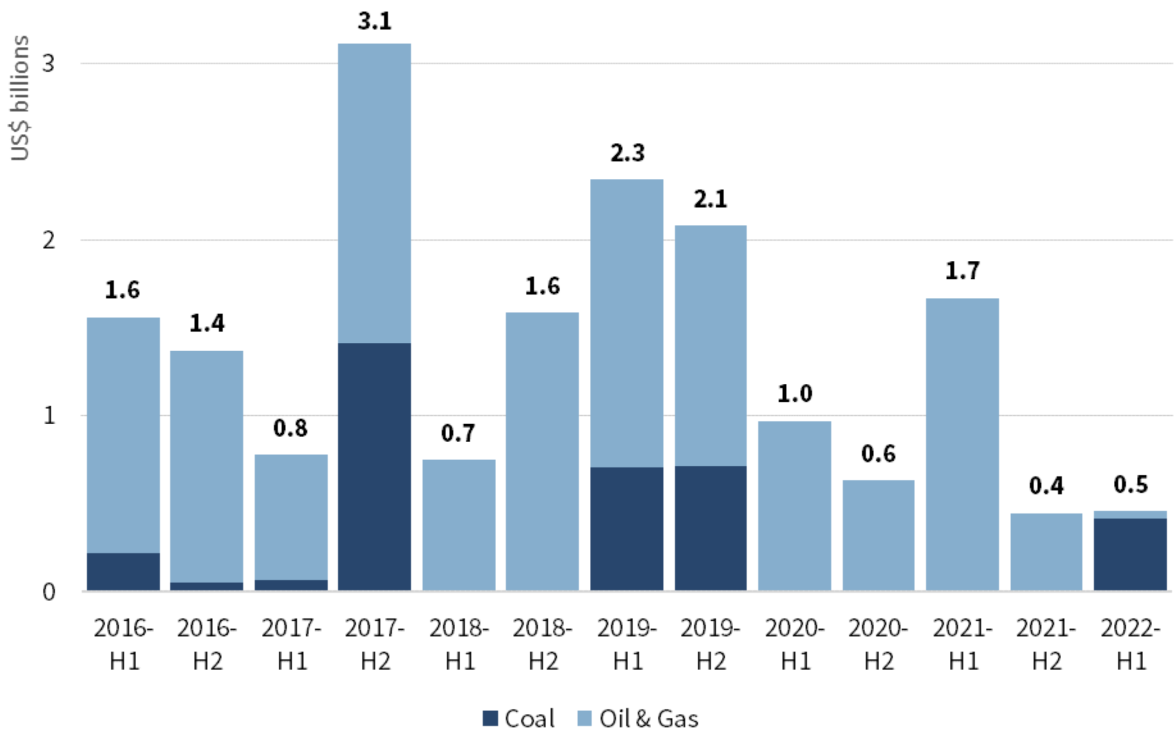
5.8 NORDEA

BankTrack profile: https://www.banktrack.org/bank/nordea

5.8.1 CREDIT

Since the previous report, the Finnish bank Nordea has provided US$ 3.2 billion to companies engaged in fossil fuels. Of this credit, 13% (US$ 0.4 billion) was attributable to coal, and 87% (US$ 2.8 billion) was attributable to oil and gas. In the period January 2016 to June 2022, Nordea provided US$ 17.7 billion in loans and underwriting services to fossil fuel companies. The figure below shows the half-yearly fossil fuel credit trends. There is a clear decreasing trend in Nordea's fossil fuel financing.

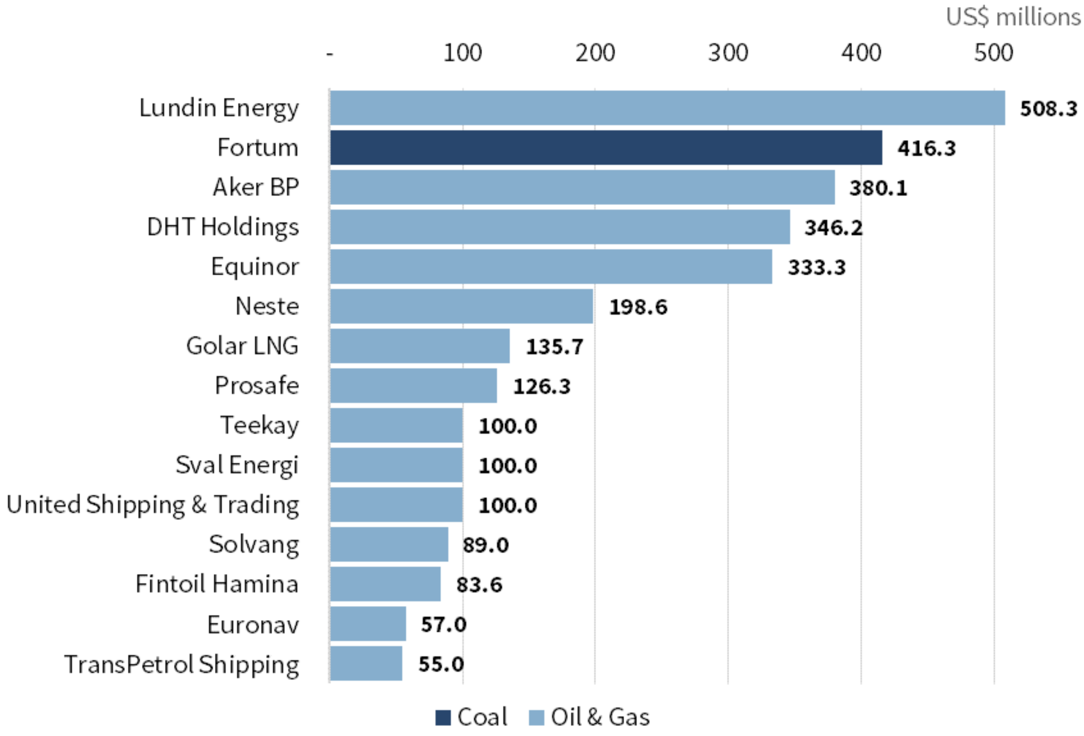
FIGURE 32: HALF-YEARLY TRENDS OF NORDEA FOSSIL FUEL CREDIT (JANUARY 2016 – JUNE 2022)



Source: Refinitiv (2022, July), *Bond issuances*; Refinitiv (2022, July), *Share issuances*; Refinitiv (2022, July), *Loans*; IJGlobal (2022, July), *Transaction search*.

Nordea's top15 fossil fuel credit clients accounted for 94% (US$ 3.0 billion) of identified fossil fuel credit flows in the period July 2020 to June 2022 (see Figure 18). The bank's largest client was Lundin Energy (US$ 508.3 million). Lundin was followed by Fortum (US$ 416.3 million) and Aker BP (US$ 380.1 million).

FIGURE 33: TOP 15 NORDEA FOSSIL FUEL CREDIT CLIENTS (JULY 2020 -JUNE 2022)

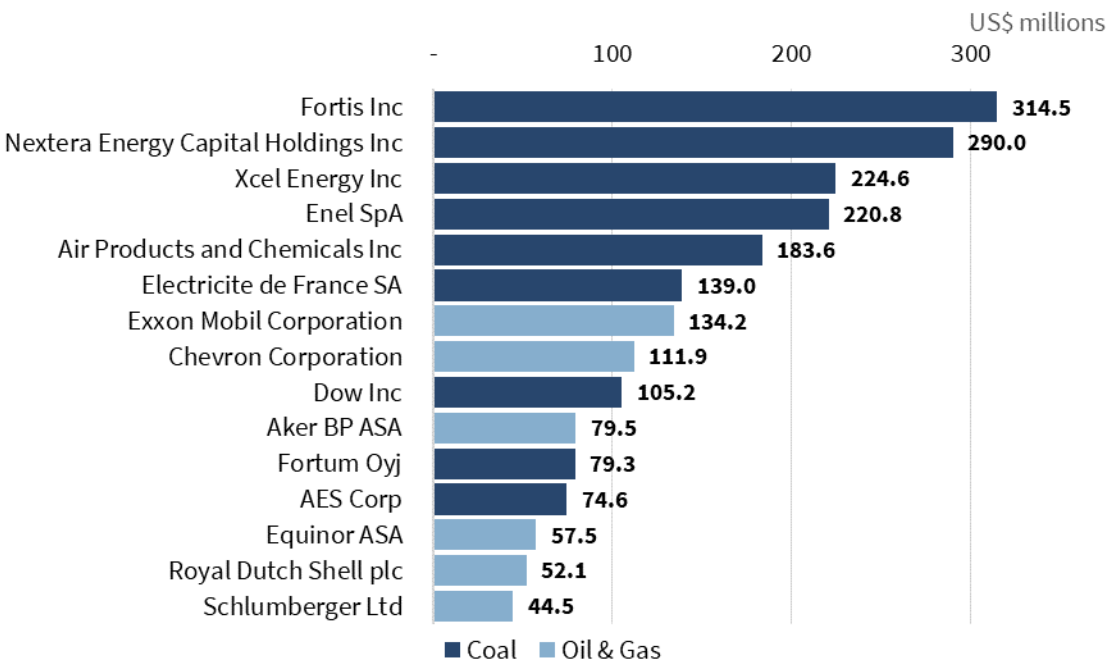


Source: Refinitiv (2022, July), *Bond issuances*; Refinitiv (2022, July), *Share issuances*; Refinitiv (2022, July), *Loans*; IJGlobal (2022, July), *Transaction search*.

5.8.2 INVESTMENT

At the end of Q2-2022, Nordea held bonds and shares worth US$ 3.2 billion in companies engaged in fossil fuels. Of this, 66% (US$ 2.1 billion) was attributable to coal, and 33% (US$ 1.1 billion) attributable to oil and gas. Nordea's top 15 fossil fuel investees in Q2-2022 accounted for 67% (US$ 2.1 billion) of the identified fossil fuel investment portfolio. The largest among these investments was in Fortis (US$ 314.5 million). That was followed by Nextera Energy Capital Holdings (US$ 290.0 million) and Xcel Energy (US$ 224.6 million).

FIGURE 34: TOP 15 NORDEA FOSSIL FUEL INVESTMENTS (Q2-2022 MOST RECENT FILINGS)



Source: Refinitiv (2022, August), *Shareholdings most recent filings*; Refinitiv (2022, August), *EMAXX: Bond holdings*.

5.8.3 Coal policy

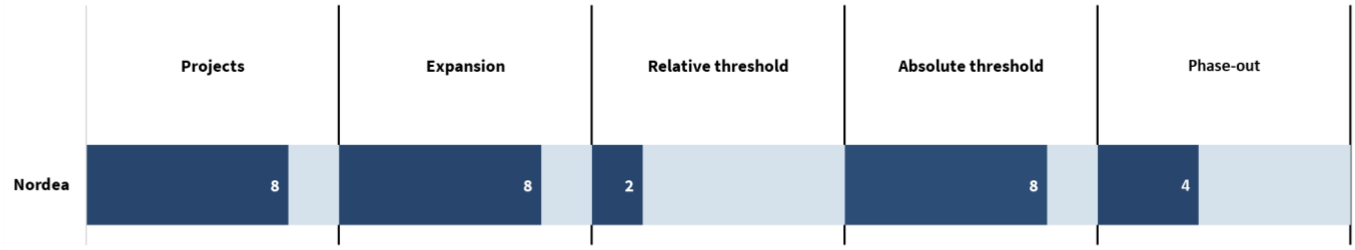


FIGURE 36: NORDEA COAL POLICY TOOL SCORES

Nordea updated its coal policy in September 2021 and again in June 2022 but it remains insufficient to support the climate objectives of the Paris Agreement. The bank now excludes coal mine and plant developers from financing, but not coal infrastructure developers. Meanwhile, Nordea has adopted robust absolute exclusion thresholds. It also requests companies to adopt a coal phase-out plan by 2030 in industrialised countries and 2040 elsewhere, but Nordea has left a huge loophole for Germany, where it accepts phase-out dates until 2038. This is 8 years too late. The Nordic bank must now adopt a relative exclusion threshold for thermal coal mining companies, commit itself to phasing out its coal ties by the prescribed deadlines, and remove its Germany policy loophole.

Source*:* [Sector Guideline for the Fossil Fuels based Industries]() (June 2022)

5.8.4 Oil and gas policy

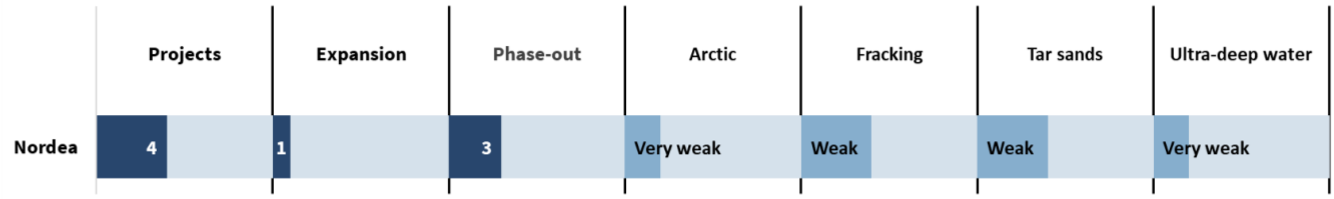


FIGURE 37: NORDEA OIL AND GAS POLICY TRACKER SCORES

Nordea updated its oil and gas policy in June 2022. The Scandinavian bank limits its financial services to some conventional and unconventional oil and gas projects, and excludes project financing for the exploration of new fields. Nordea should stop financing all oil and gas projects, including by extending the scope to the Arctic region (as defined by the AMAP) and all conventional oil and gas, including all upstream activities. The bank currently applies relative revenue thresholds to unconventional production to its existing clients. These are certainly ambitious, but they do not prevent Nordea from continuing to finance companies with oil and gas expansion plans. The bank's next policy must address the expansion issue by explicitly excluding all relevant companies. The bank added a specific exclusion of specialized ocean hydrocarbons drilling companies, but can continue to finance integrated companies that engage in this activity. Finally, to complete its phase-out policy for three unconventional sectors, while fulfilling its commitment to reduce carbon emissions from its lending and investment portfolios by 40-50% by 2030, the NZBA member should adopt a comprehensive oil and gas phase-out according to a specific timeframe that aligns with principles of equity and a 1.5°C timeline.

Source: Sector Guideline for the Fossil Fuels based Industries (June 2022)

5.9 Nykredit

BankTrack profile: https://www.banktrack.org/bank/nykredit

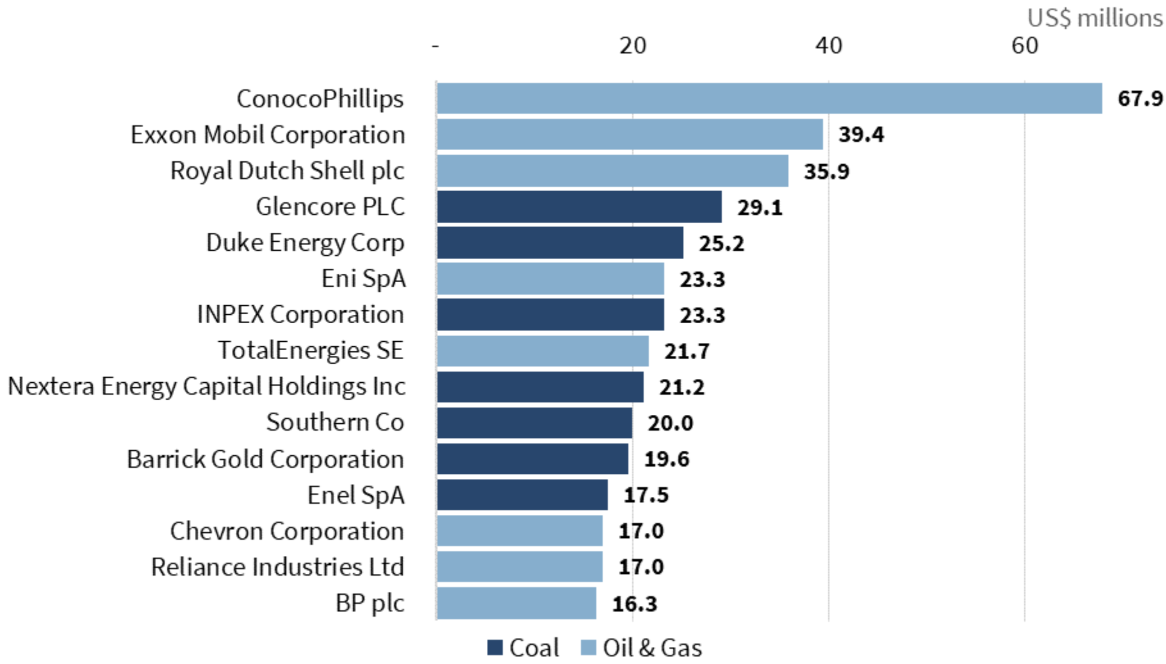
5.9.1 Credit

This research did not identify any fossil fuel credit provided by Nykredit during the entire period of January 2016 to June 2022.

5.9.2 Investment

At the close of Q2-2022, Nykredit held bonds and shares worth US$ 713.0 million in companies engaged in fossil fuels. Of this, 48% (US$ 342.9 million) was attributable to coal and 52% (US$ 370.1 million) attributable to oil and gas. Nykredit's top-15 fossil fuel investees in Q2-2022 accounted for 55% (US$ 394.5 million) of the identified fossil fuel investment portfolio. The largest among these investments was ConocoPhillips (US$ 67.9 million). It was followed by Exxon Mobil (US$ 39.4 million) and Royal Dutch Shell (US$ 35.9 million).

Figure 38: Top-15 Nykredit fossil fuel investments (Q2-2022 most recent filings)



Source: Refinitiv (2022, August), *Shareholdings most recent filings*; Refinitiv (2022, August), *EMAXX: Bond holdings*.

5.9.3 Coal policy

Six years since COP21, Nykredit still has no public coal policy. It is important to consider the findings of this assessment in relation to the fact that no coal financing was found for Nykredit. Even so, to prevent such exposure from occurring in the future, it is important that the bank adopts a comprehensive coal policy.

5.9.4 Oil and gas policy

Despite six years having passed since the Paris Agreement, during which the IEA acknowledged the need to stop new oil and gas fields expansion, Nykredit has still not adopted any exclusion measure towards the oil and gas sector. Nykredit must immediately exclude companies with oil and gas expansion plans from financing and adopt a phase-out strategy for the oil and gas industry with a specific timeframe, that is aligned with principles of equity and a 1.5°C timeline. This strategy must include an intermediate phase-out deadline of 2030 for unconventional oil and gas. It is time to act.

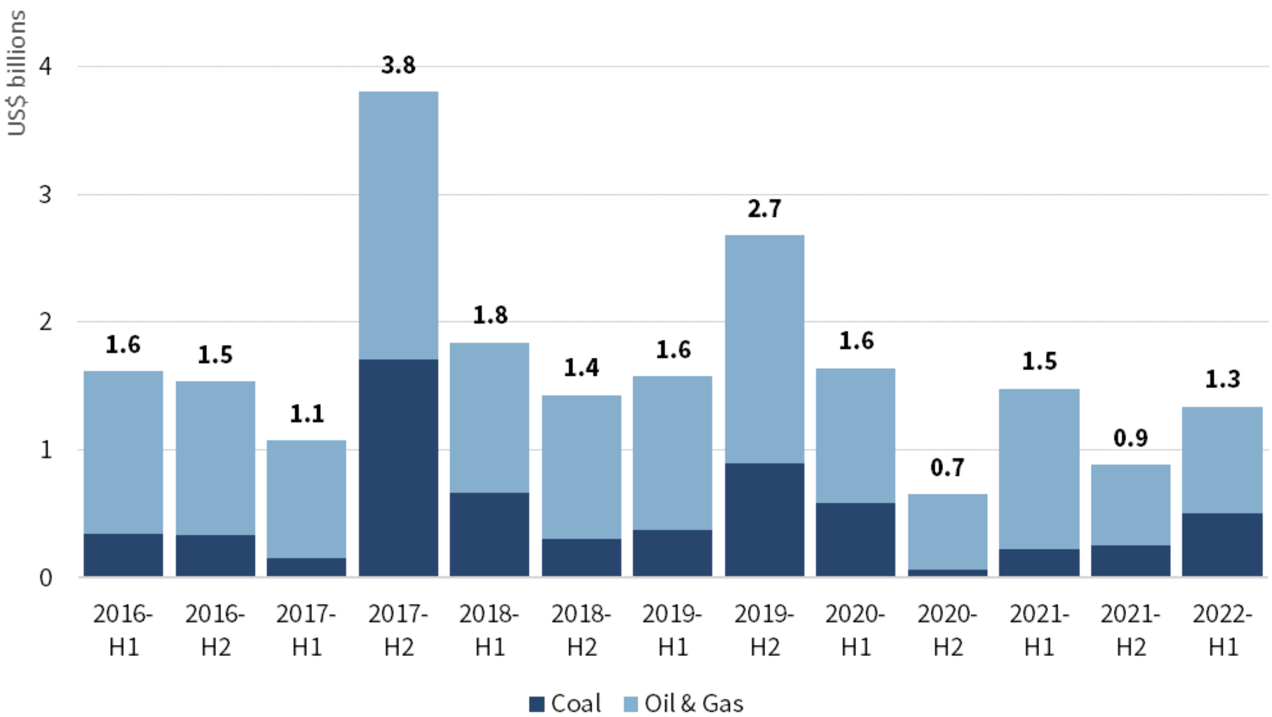
5.10 SEB

BankTrack profile: https://www.banktrack.org/bank/seb

5.10.1 Credit

Since the previous report, the Swedisch bank SEB has provided US$ 4.4 billion in credit to companies engaged in fossil fuels. Of that, 24% (US$ 1.0 billion) was attributable to coal, and 76% (US$ 3.3billion) was attributable to the oil and gas sector. Since January 2016, SEB has provided at least US$ 21.5 billion in loans and underwriting services to the fossil fuel sector. The figure below shows SEB's half-yearly fossil fuel credit trends. There is a clear decreasing trend in SEB's fossil fuel financing.

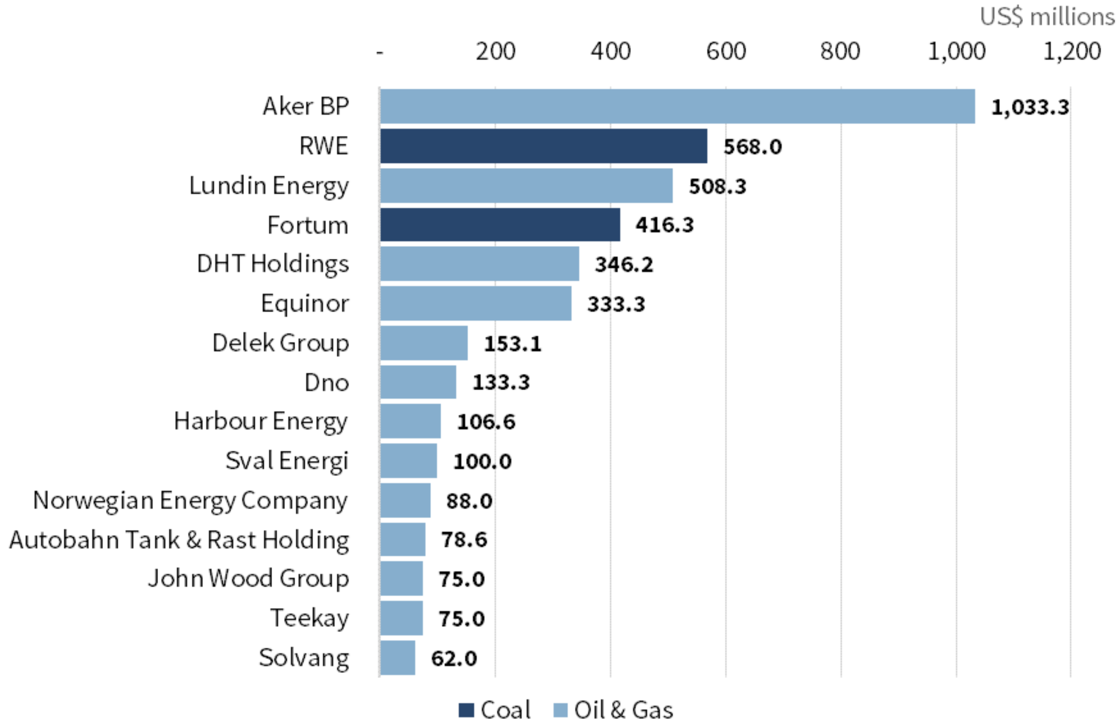
Figure 40: Half-yearly trends of SEB fossil fuel credit (January 2016 – June 2022)



Source: Refinitiv (2022, July), *Bond issuances*; Refinitiv (2022, July), *Share issuances*; Refinitiv (2022, July), *Loans*; IJGlobal (2022, July), *Transaction search*.

SEB's top 15 fossil fuel credit clients have received US$ 4.1 billion in loans and underwriting since July 2020. These top 15 clients accounted for 94% of all identified fossil fuel credit provided by SEB. Aker BP (US$ 1.0 billion), RWE (US$ 568 million) and Lundin Energy (US$ 508 million) were SEB's largest fossil fuel credit clients.

FIGURE 41: TOP 15 SEB FOSSIL FUEL CREDIT CLIENTS (JULY 2020 - JUNE 2022)

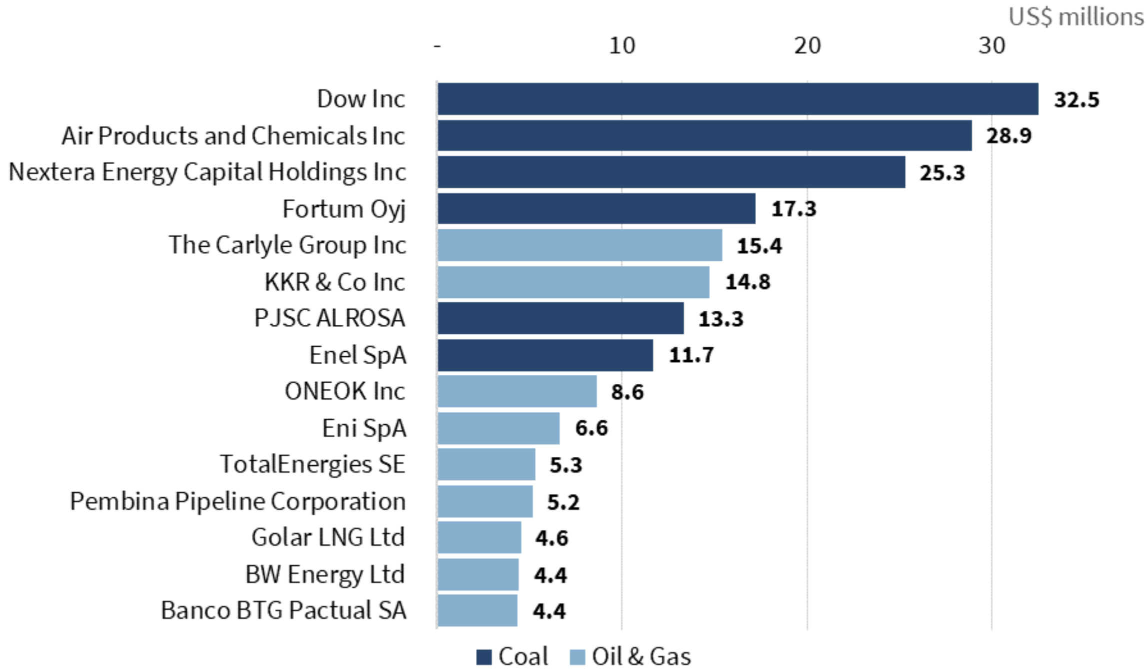


Source: Refinitiv (2022, July), *Bond issuances*; Refinitiv (2022, July), *Share issuances*; Refinitiv (2022, July), *Loans*; IJGlobal (2022, July), *Transaction search*.

5.10.2 INVESTMENT

In Q2-2022, SEB held bonds and shares worth US$ 243.5 million in companies engaged in fossil fuels. Of this, 66% (US$ 160.6 million) was attributable to coal and 34% (US$ 82.9 million) was attributable to oil and gas. SEB's top 15 fossil fuel investees in Q2-2022 accounted for 81% (US$ 198.3 million) of the identified fossil fuel investment portfolio (see Figure 25). The largest among these investee companies were Dow (US$ 32.5 million), Air Products and Chemicals (US$ 28.9 million), and Nextera Energy Capital Holdings (US$ 25.3 million).

FIGURE 42: TOP 15 SEB FOSSIL FUEL INVESTMENTS (Q2-2022 MOST RECENT FILINGS)



Source: Refinitiv (2022, August), *Shareholdings most recent filings*; Refinitiv (2022, August), *EMAXX: Bond holdings*.

5.10.3 Coal policy

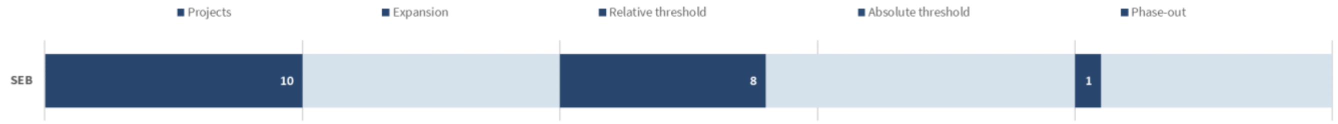


Figure 44: SEB Coal Policy Tool scores

SEB updated its coal policy in February 2021, but it is still insufficient to achieve the climate goals set by the Paris Agreement. The bank has improved and adopted strong exclusion criteria at the project level, as well as at the corporate level. The two main issues lie in the exception made for Germany and the fact that SEB's exclusions and phase-out commitments only apply to lending, not underwriting.[51] The bank must urgently exclude all coal developers, expand its policy to include underwriting and remove the exceptions for Germany.

Source: Sector Policy on Fossil Fuels (23 February 2021)

5.10.4 Oil and gas policy

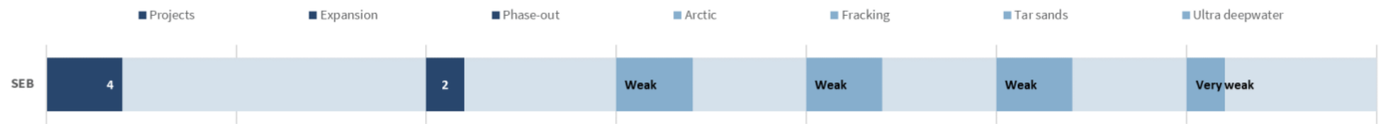


Figure 45: SEB Oil and Gas Policy Tracker scores

SEB updated its oil and gas policy in February 2021, which now mainly aims to limit financial support to three unconventional sectors, through both corporate and project level exclusions. SEB has committed to ending finance for upstream and midstream unconventional oil and gas projects, but the bank is executing its phase-out from the relevant companies unevenly. For example, the Swedish bank has committed to ceasing business with all companies involved in tar sands and shale oil and gas by 2030, but applies an immediate exclusion to companies deriving more than 5% of their revenues from upstream Arctic activities. SEB should extend this immediate exit to scope to all unconventional sectors, use a production-based metric to identify companies involved in unconventional extraction and apply the AMAP definition in order to delimit the Arctic region. Furthermore, the bank is being too timid in its conventional oil and gas related exclusions, specifically regarding oil-fired power plant projects and new clients that are involved in the refinement of oil.

However, the major loophole in SEB's oil and gas policy is the absence of an exclusion criterion that explicitly targets companies with oil and gas expansion plans. The bank must urgently introduce corporate-level exclusion measures by excluding companies with oil and gas expansion plans. As a Net-Zero Banking Alliance member, SEB is committed to reducing fossil fuel credit exposure in power generation and distribution sectors by more than 30%, oil and gas exploration and production by more than 70% and in the refining and distribution sectors by more than 30%. This would ensure a combined reduction of 45–60% by 2030 in comparison with a 2019 baseline. To achieve this, SEB should adopt an overarching oil and gas industry phase-out strategy with a specific timeframe, aligned with principles of equity and a 1.5°C timeline.

Source: Sector Policy on Fossil Fuels for SEB AB (23 February 2021)

[51] According to SEB, underwriting is covered by the policy.

5.11 SpareBank 1 SR-Bank

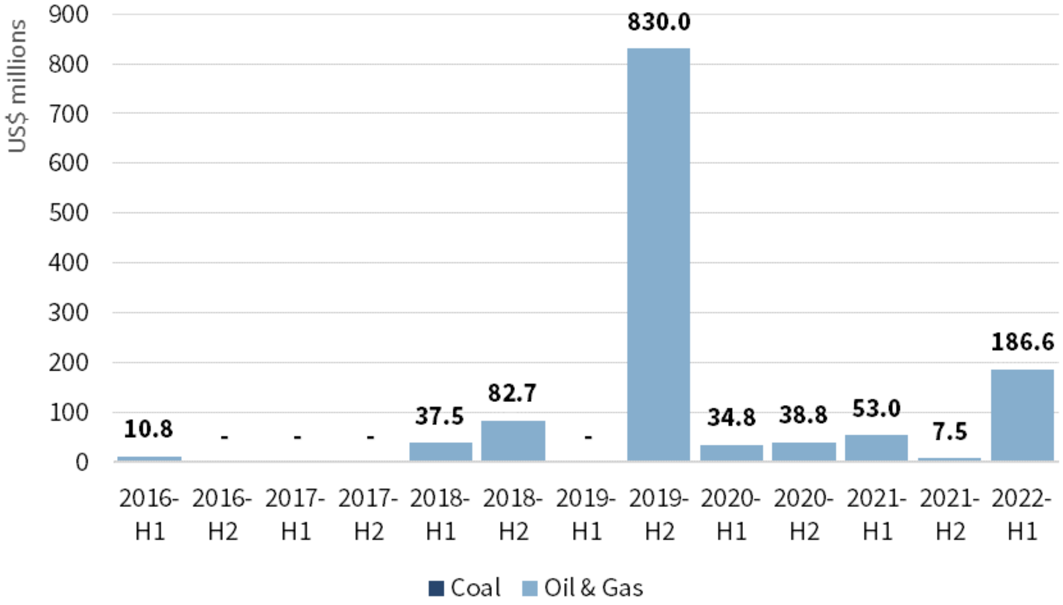
BankTrack profile: https://www.banktrack.org/bank/SpareBank_1_srbank

5.11.1 Credit

Since July 2020, SpareBank 1 SR-Bank has provided US$ 285.9 million in financing to oil and gas companies. No financing for coal companies was found. Between January 2016 and June 2022, SpareBank 1 SR-Bank provided US$ 1.3 billion in loans and underwriting services to companies engaged in fossil fuels.

The figure below shows the half-yearly trends in SpareBank 1 SR-Bank's loans and issuance underwriting services to companies engaged in fossil fuels. 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 and gas portfolios. The spike in H1-2022 is also related to Var Energi.

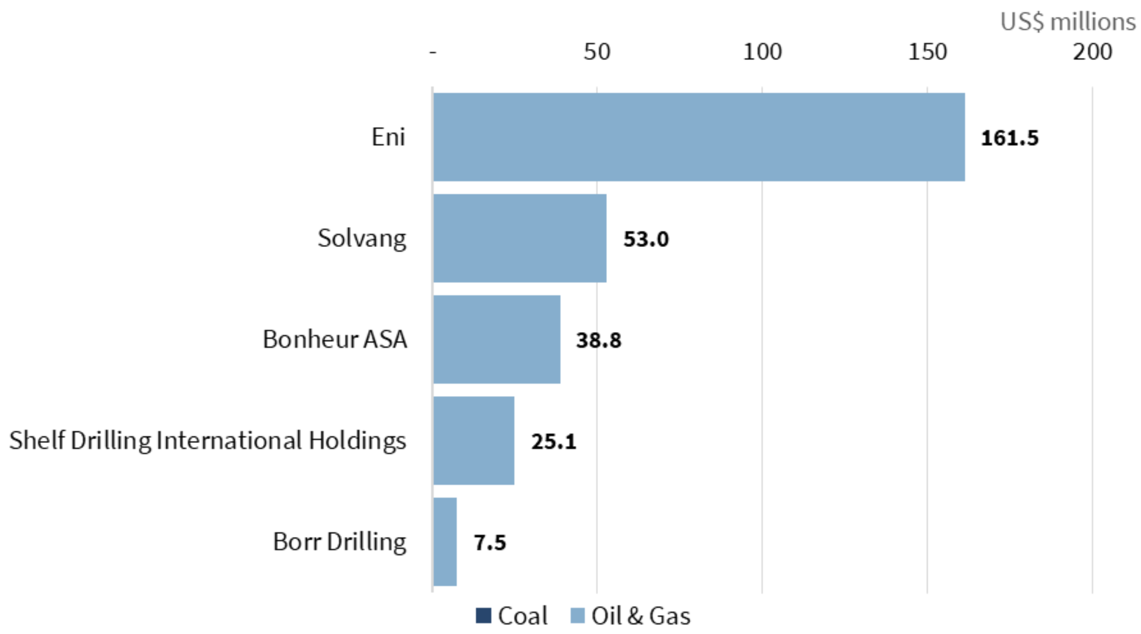
Figure 46: Half-yearly trends of SpareBank 1 SR-Bank fossil fuel credit (January 2016 – June 2022)



Source: Refinitiv (2022, July), *Bond issuances*; Refinitiv (2022, July), *Share issuances*; Refinitiv (2022, July), *Loans*; IJGlobal (2022, July), *Transaction search*.

The research found only five companies that have received financing from SpareBank 1 SR-Bank since July 2020. The bank's largest fossil fuel clients were Eni (US$ 161.5 million) Solvang (US$ 53.0 million), and Bonheur ASA (US$ 38.8 million).

Figure 47: Top 15 SpareBank 1 SR Bank fossil fuel credit clients (July 2020 - June 2022)



Source: Refinitiv (2022, July), *Bond issuances*; Refinitiv (2022, July), *Share issuances*; Refinitiv (2022, July), *Loans*; IJGlobal (2022, July), *Transaction search*.

5.11.2 Investment

SpareBank 1 SR-Bank was not found to hold any investments in fossil fuel companies as of August 2022.

5.11.3 Coal policy

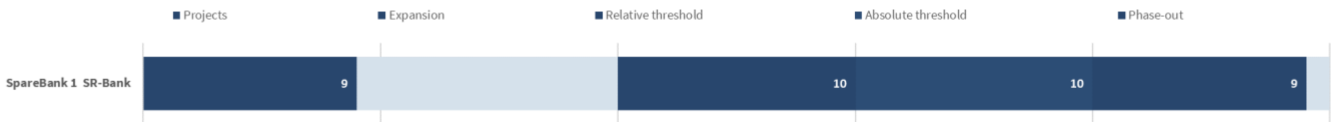


Figure 48: SpareBank 1 SR-Bank Coal Policy Tool scores

SpareBank 1 SR-Bank published its first coal policy in June 2022. The bank has adopted strong exclusion criteria at the project level and fully excludes companies exposed to coal acros the entire value chain. Although SpareBank 1 SR-Bank is adopting immediate exclusion with strong ambitions, its policy does not mention coal developers and leaves this essential question unaddressed. The bank must urgently exclude all coal developers from financing.

Source: Sustainability Report (June 2022, updated in September 2022)

5.11.4 Oil and gas policy

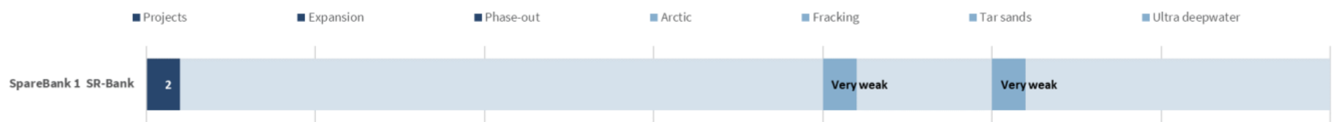


Figure 49: SpareBank 1 SR-Bank Oil and Gas Policy Tracker scores

SpareBank 1 SR-Bank adopted an oil and gas exclusion policy in 2022, which mainly aims to limit financial support for extraction projects in three unconventional sectors. The Norwegian bank's exclusion policy fails to exclude corporate financing, midstream activities, and conventional oil and gas, but most importantly, it does not have any exclusion policy that explicitly targets companies with oil and gas expansion plans. The bank must urgently stop financing all oil and gas projects, extend the scope of its policy to cover all unconventional and conventional oil and gas, consider the whole value chain, and introduce corporate-level exclusion measures targeting companies with oil and gas expansion plans. Finally, SpareBank 1 SR-Bank should adopt a phase-out strategy from the oil and gas industry according to a specific timeframe, that is aligned with principles of equity and a 1.5°C timeline. This strategy must include an intermediate phase-out deadline of 2030 for unconventional oil and gas.

Source: Sustainability in SpareBank 1 SR-Bank (June 2022)

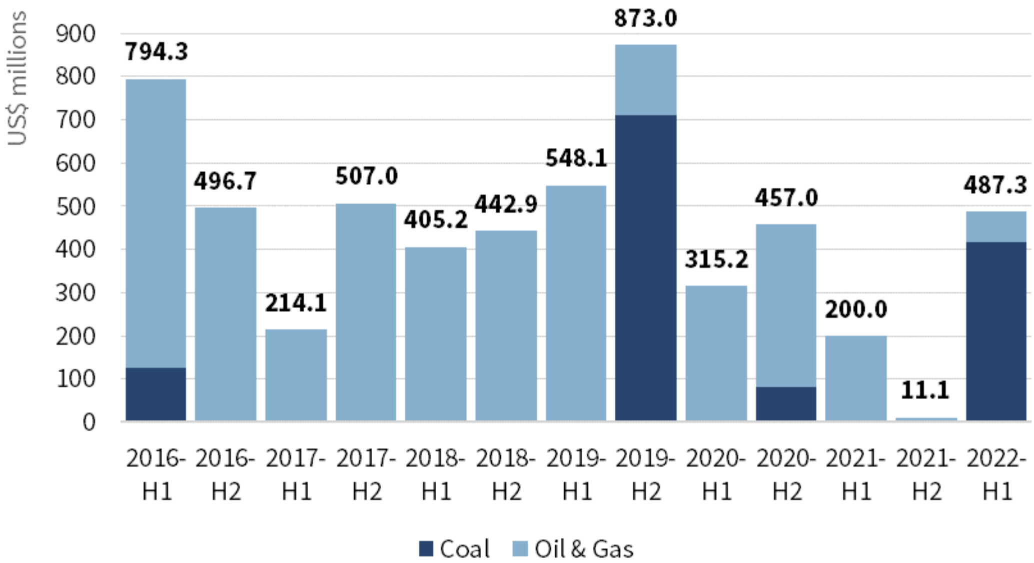
5.12 SWEDBANK

BankTrack profile: https://www.banktrack.org/bank/swedbank

5.12.1 CREDIT

Since the previous report, Swedbank has provided US$ 1.6 billion in financing for fossil fuel companies. Swedbank provided a relatively equal spread between financing for coal companies (43%; US$ 498.4 million) and oil and gas companies (57%; US$ 657.1 million) Since January 2016, Swedbank has provided US$ 5.8 billion in loans and underwriting services to companies engaged in fossil fuels. The figure below presents the half-yearly trends in Swedbank's fossil fuel credit flows. It shows that while credit to the oil and gas industry has fluctuated, there is no clear downward trend.

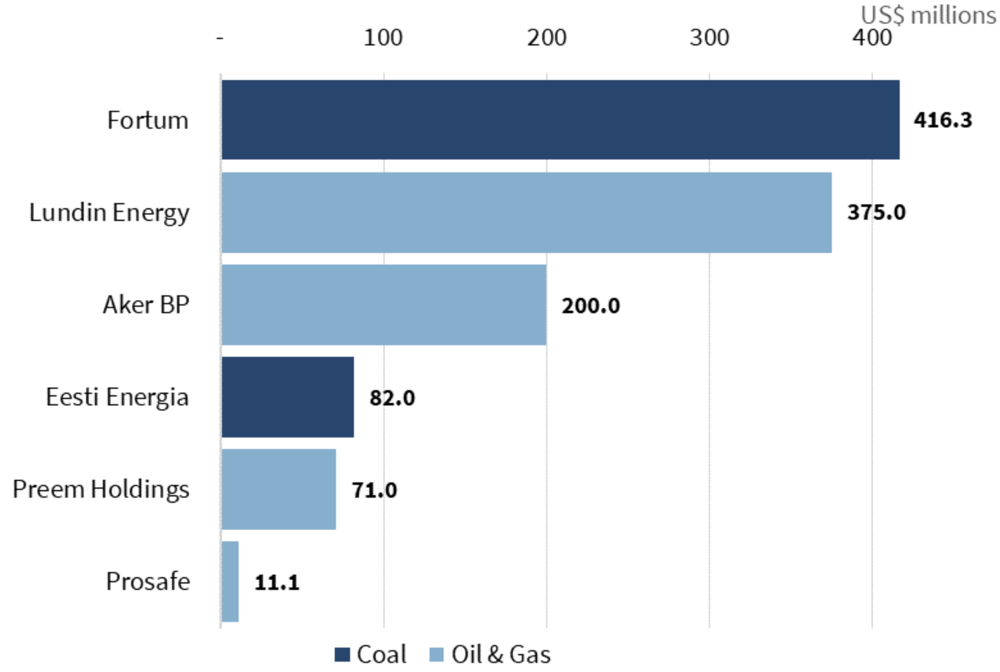
FIGURE 50: HALF-YEARLY TRENDS OF SWEDBANK FOSSIL FUEL CREDIT (JANUARY 2016 – JUNE 2022)



Source: Refinitiv (2022, July), *Bond issuances*; Refinitiv (2022, July), *Share issuances*; Refinitiv (2022, July), *Loans*; IJGlobal (2022, July), *Transaction search*.

Swedbank was found to have financed six fossil fuel companies since July 2020. The bank's largest fossil fuel client was Fortum (US$ 416.3 million), followed by Lundin Energy (US$ 375.0) and Aker BP (US$ 200.0 million).

FIGURE 51: SWEDBANK FOSSIL FUEL CREDIT CLIENTS (JULY 2020 - JUNE 2022)

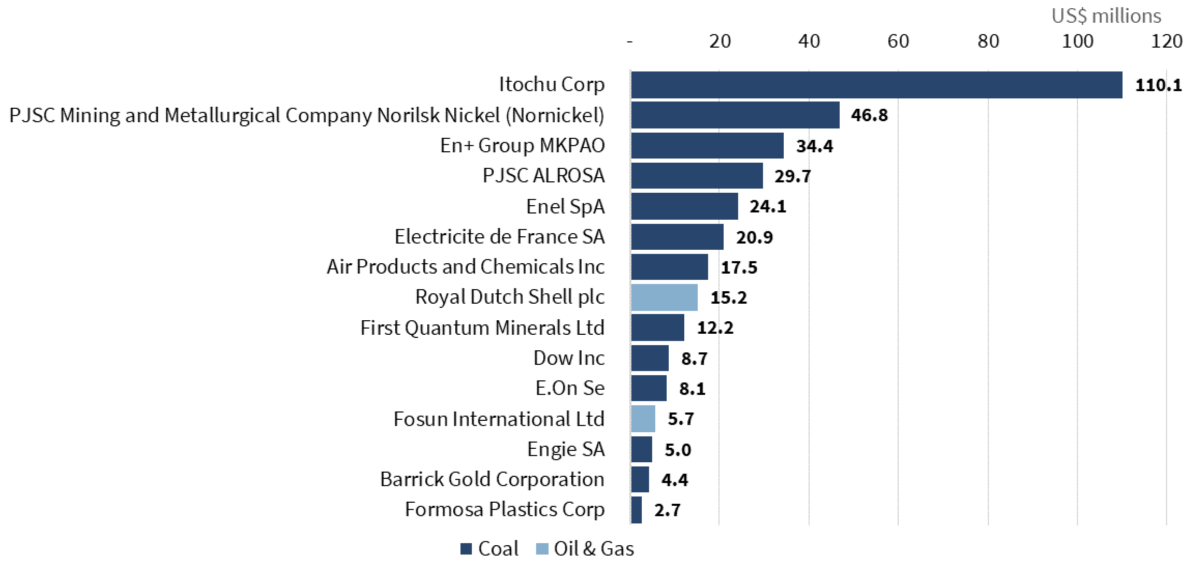


Source: Refinitiv (2022, July), *Bond issuances*; Refinitiv (2022, July), *Share issuances*; Refinitiv (2022, July), *Loans*; IJGlobal (2022, July), *Transaction search*.

5.12.2 INVESTMENT

At the end of Q2-2022, Swedbank held bonds and shares worth US$ 357 million in companies engaged in fossil fuels. Of this, 93% (US$ 330 million) was attributable to coal and 7% (US$ 26 million) was attributable to oil and gas. Swedbank's top-15 fossil fuel investees in Q2-2022 accounted for 97% (US$ 345 million) of the identified fossil fuel investment portfolio (see the figure below). The largest among these investments was Itochu (US$ 110.1 million). It was followed by Nornickel (US$ 46.8 million) and En+ (US$ 34.4 million), both Russian.

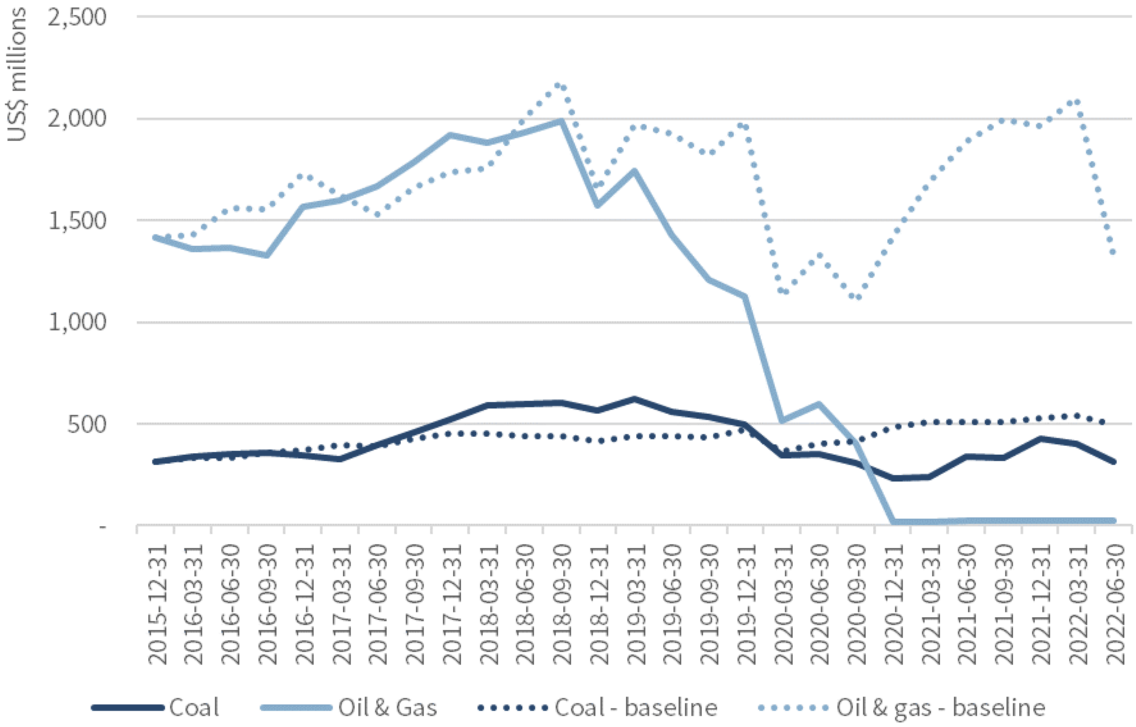
FIGURE 52: TOP-15 SWEDBANK FOSSIL FUEL INVESTMENTS (2022-Q2 MOST RECENT FILINGS)



Source: Refinitiv (2022, August), *Shareholdings most recent filings*; Refinitiv (2022, August), *EMAXX: Bond holdings*.

Looking at the actual portfolio developments compared with the baseline development shows that Swedbank has significantly decreased its investments in fossil fuel-attributable shares. This can be seen in the decrease of the actual value of Swedbank's investments in fossil fuels to below the baseline value. This trend is apparent for coal but more prominent for oil and gas. In Q2-2022, its investments in coal were US$ 182 million lower than the baseline, while investments in oil & gas were US$ 1.3 billion lower.

FIGURE 53: SWEDBANK FOSSIL FUEL INVESTMENT TRENDS (Q4-2015 TO Q2-2022)



Source: Refinitiv (2022, August), *Shareholdings momentum analysis*.

5.12.3 COAL POLICY

FIGURE 54: SWEDBANK COAL POLICY TOOL SCORES

Swedbank updated its coal policy in October 2021, but it remains too weak to achieve the climate goals set by the Paris Agreement. The current policy only covers the direct financing of projects and barely considers corporate finance, because it applies to new clients only. The Swedish bank must urgently exclude all coal developers, adopt stringent exclusion thresholds at the corporate level, and detail an overall strategy to fully exit coal in Europe/OECD countries at the latest by 2030, then 2040 worldwide.

Source: Position Statement Climate Change (25 October 2021)

5.12.4 OIL AND GAS POLICY

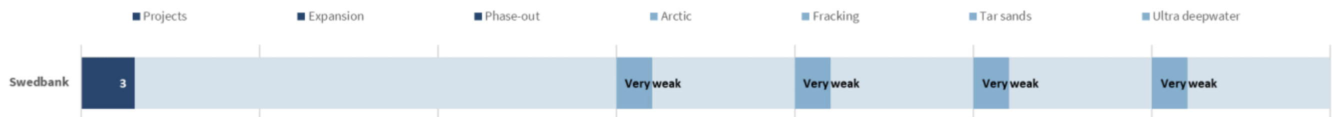


FIGURE 55: SWEDBANK OIL AND GAS POLICY TRACKER SCORES

Swedbank adopted an oil and gas exclusion policy in October 2021, which mainly aims to limit financial support for three unconventional sectors, as well as conventional oil and gas exploration projects. The policy emphasises on the exclusion of unconventional upstream activities by limiting financial services dedicated to projects and to new clients involved in these activities. Swedbank is too timid in tackling conventional oil and gas, by only excluding new clients involved in conventional oil and gas exploration. The major loophole of this policy however is the absence of any exclusion criterion explicitly targeting companies with oil and gas expansion plans. The bank must therefore urgently stop financing all oil and gas projects, by extending the scope of its policy to cover all unconventional and conventional oil and gas, as well as covering the whole value chain. Swedbank must also introduce corporate-level exclusion measures that freeze out companies with oil and gas expansion plans. Finally, as a signatory of the Net-Zero Banking Alliance, Swedbank should adopt a phase-out strategy for the oil and gas industry, according to a specific timeframe, and aligned with principles of equity and a 1.5°C timeline. This strategy must incorporate an intermediate phase-out deadline of 2030 for unconventional oil and gas.

Source: Instruction – Position Statement Climate Change (25 October 2021)

5.13 SYDBANK

BankTrack profile: https://www.banktrack.org/bank/sydbank

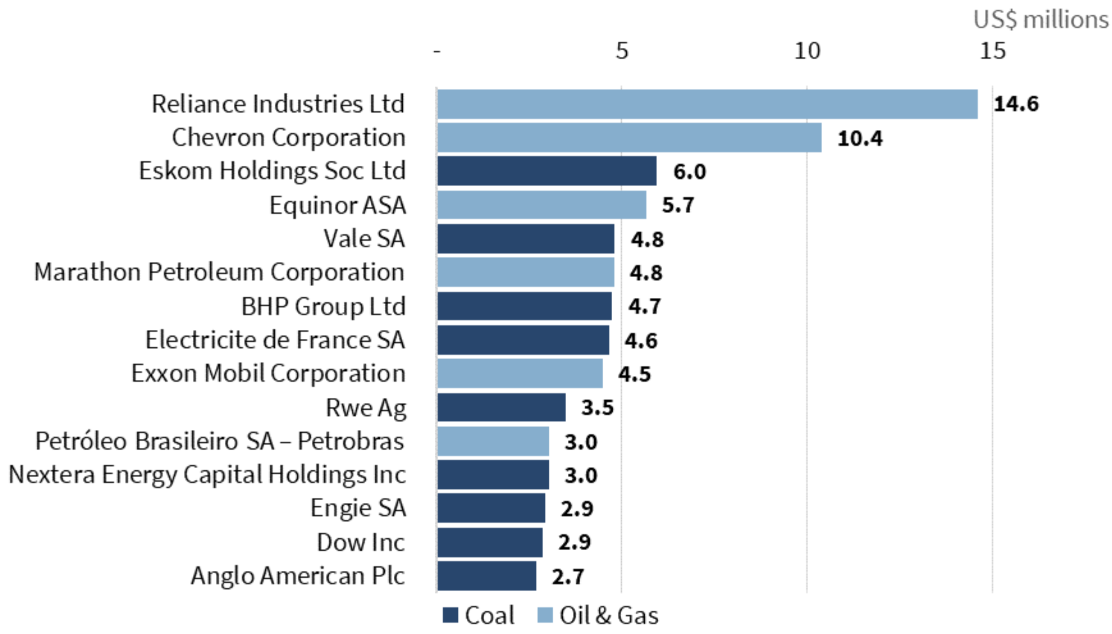
5.13.1 CREDIT

This research did not identify any fossil fuel credit provided by Sydbank during the period January 2016 to June 2022.

5.13.2 INVESTMENT

At the end of Q2-2022, Sydbank held bonds and shares worth US$ 108.3 million in companies engaged in fossil fuels. Of this, 46% (US$ 49.7 million) was attributable to coal and 54% (US$ 58.6 million) was attributable to oil and gas. Sydbank's top 15 fossil fuel investees in Q2-2022 accounted for 72% (US$ 78.1 million) of the identified fossil fuel investment portfolio. The largest among these investments was in Reliance Industries (US$ 14.6 million), followed by Chevron (US$ 10.4 million) and Eskom Holdings (US$ 6.0 million).

FIGURE 56: TOP-15 SYDBANK FOSSIL FUEL INVESTMENTS (Q2-2022 MOST RECENT FILINGS)



Source: Refinitiv (2022, August), *Shareholdings most recent filings*; Refinitiv (2022, August), *EMAXX: Bond holdings*.

5.13.3 COAL POLICY

Six years after COP21, Sydbank still has no public coal policy. It is important to consider the findings of this assessment in relation to the fact that no coal financing was found for Sydbank. Even so, to prevent such exposure from occurring in the future, it is important that the bank adopts a comprehensive coal policy.

5.13.4 OIL AND GAS POLICY

Six years on from the Paris Agreement, and with the IEA acknowledging the need to stop the expansion of new oil and gas new fields, Sydbank has still not adopted any exclusion measures regarding the oil and gas sector. Sydbank must immediately exclude companies with oil and gas expansion plans and adopt a phase-out strategy for the oil and gas industry according to a specific timeframe, that is aligned with principles of equity and a 1.5°C timeline. The banks must also put in place an intermediate phase-out deadline of 2030 for its unconventional oil and gas portfolio. It is time to act.

ANNEX I: LIST OF ARCTIC OIL AND GAS COMPANIES

Company	Arctic production share (GOGEL 2021)[52]	Arctic companies list BOCC 2022[53]	NPD license database[54]
Aker BP ASA[55]	10.0%	No	Yes
Bharat Petroleum Corporation Ltd	56.2%	No	No
BP plc	1.9%	Yes	No
Chevron Corporation	0.2%	No	No
CNOOC Ltd		Yes	No
ConocoPhillips	20.6%	Yes	No
DNO ASA/ DNO Norge AS	5.7%	No	Yes
Eni SpA	1.6%	Yes	No
Equinor ASA	20.1%	Yes	Yes
Exxon Mobil Corporation	2.5%	Yes	No
Hilcorp Energy Company	27.1%	Yes	No
Imperial Oil Ltd	5.9%	No	No
Indian Oil Corporation Ltd	32.1%	No	No
INEOS Ltd	57.3%	Yes	No
Inpex Idemitsu		No	Yes
Inpex Norge AS		No	Yes
Lundin Energy[56]		No	Yes
Neptune Energy Group Ltd	6.7%	Yes	No
Oil and Natural Gas Corporation Ltd (ONGC)	5.8%	Yes	No
Oil India Ltd	20.4%	No	No
Oil Search Ltd		Yes	No
OKEA ASA	47.5%	No	No
OMV AG (Norge)	31.2%	Yes	Yes
PAO NOVATEK	83.5%	Yes	No
PJSC Gazprom	74.1%	Yes	No
PJSC Gazprom Neft	53.8%	Yes	No
PJSC LUKOIL	14.2%	Yes	No
PJSC Rosneft Oil Company	13.5%	Yes	No
Polskie Górnictwo Naftowe i Gazownictwo SA (PGNiG)	9.7%	No	No
Repsol SA	0.4%	Yes	No
Royal Dutch Shell plc[57]	1.1%	Yes	No
Siccar Point Energy plc (Delek Group)[58]		Yes	No
Sval Energi AS		No	Yes

[52] See for more details https://gogel.org/gogel-explained
[53] See for more details https://www.bankingonclimatechaos.org/
[54] See https://factmaps.npd.no/factmaps/3_0/
[55] Aker BP acquired Lundin Energy in June 2022. The finance data still shows both companies separately.
[56] Aker BP acquired Lundin Energy in June 2022. The finance data still shows both companies separately.
[57] Royal Dutch Shell changed its name to Shell in January 2022.
[58] Siccar Point Energy was acquired by Israeli Delek Group in June 2022. Finance data for Delek Group from before this date is not included in the Arctic financing overview.

TotalEnergies SE	5.0%	Yes	No
Vår Energi ASA	54.3%	Yes	Yes
Vietnam Oil and Gas Group (PetroVietnam)	14.7%	No	No