May 2007

Corporate Responsibility Practices

of Financial Institutions

in OECD and Important Non-OECD Countries

This paper was commissioned from EIRIS* by the OECD as background information in support of the discussions at the OECD Roundtable on Corporate Responsibility on "The OECD Guidelines for Multinational Enterprises and the Financial Sector" taking place in Paris on 18 June 2007 (see www.oecd.org/daf/investment/guidelines). The views contained within do not necessarily represent those of the OECD or its member governments.

I. Introduction and background:

This paper aims at identifying how financial institutions policies and practices follow the principles and standards for responsible business conduct as promoted by the OECD Guidelines for Multinational Enterprises. For this purpose, a range of indicators have been selected for the assessment of financial institutions. The analysis has been based on a universe of research comprising 455 companies across a broad geographical spectrum. Likewise the set of corporations assessed fit into a variety of financial institution sectors.

The current analysis covers a range of topics relating to corporate responsibility of financial institutions such as human rights, employment, stakeholders, project finance and the provision of 'environmentally-beneficial' products.

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Contents

1. The data and the financial institutions

The data used for this paper is based on aggregations of EIRIS company level indicators and updated as of 5th February 2007. The data covers 455 financial institutions (FIs). The businesses are all publicly quoted companies listed on various global indexes. Amongst EIRIS's set of financial institutions, there are a few that are not researched regularly. They may have been requested in the past by a particular client or form part of a research set for EIRIS' publications. As these institutions are not researched on a regular basis, they have been removed from the set used for this analysis. Furthermore, the majority of the financial institutions analyzed in this paper are medium to large. However, at least 38 small institutions were identified, the majority of which are located in OECD-Europe. As most of them have less developed practices, this may have coloured the performance of that region.
The set of companies has the following distribution:
Regional distribution[1]:

- OECD-Europe: 184 FIs .
- OECD-Asia Pacific: 103 FIs.
- OECD-North America: 138 FIs.
- Non-OECD/Emerging Markets: 30 FIs.

Sectorial distribution:

- Banks: 198 FIs.
- General Financials: 138 FIs.
- Life Insurance: 37 FIs.
- Non-life Insurance: 82 FIs.

General financials include subsectors such as asset managers, consumer finance, speciality finance, investment services and mortgage finance.
The data comes from publicly available sources, primarily company annual reports, corporate social responsibility (CSR) reports and websites. Likewise for certain information direct communication from companies and a number of global websites were used.
With regard to the data attributes, EIRIS divides most of its areas of research into policy, systems and reporting. For some of the areas selected for this paper, a different approach has been followed such as providing an overall assessment (e.g. Human Rights), only management systems information (e.g. training) or alternative indicators (e.g. stakeholder engagement). The aim was to present the indicator that provides the more comprehensive amount of information across the board, as well as a clear analysis of the financial institutions' performance. A detailed methodology description is included in Annex 1.

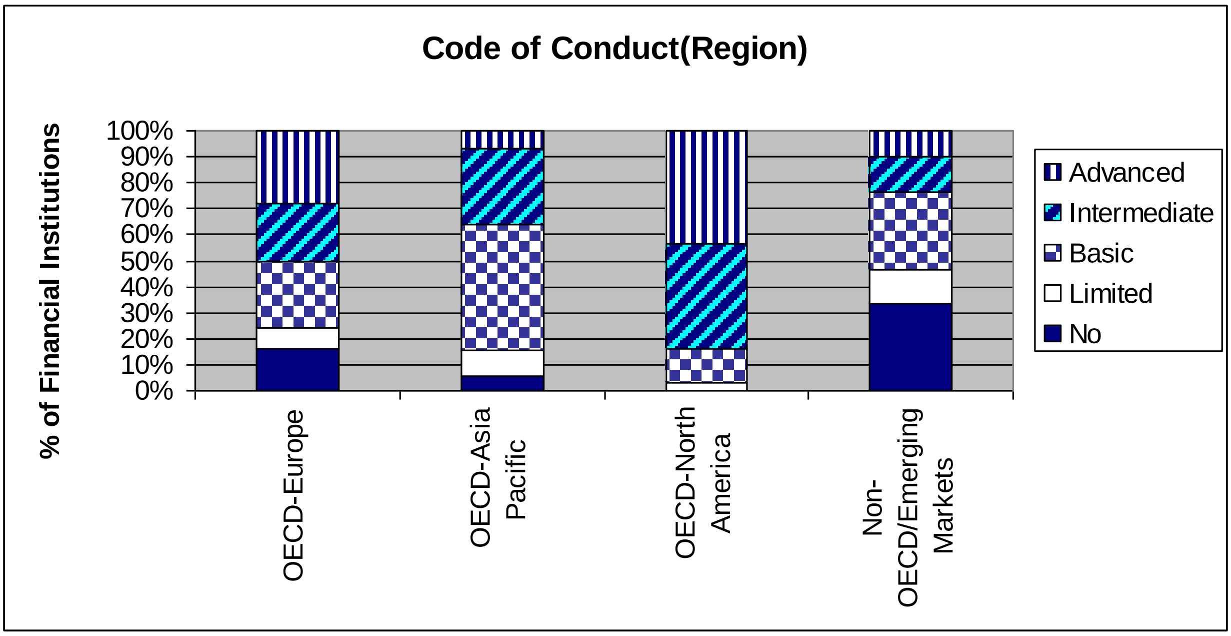
[1] See Annex 2 for a detail list of countries included in each category.

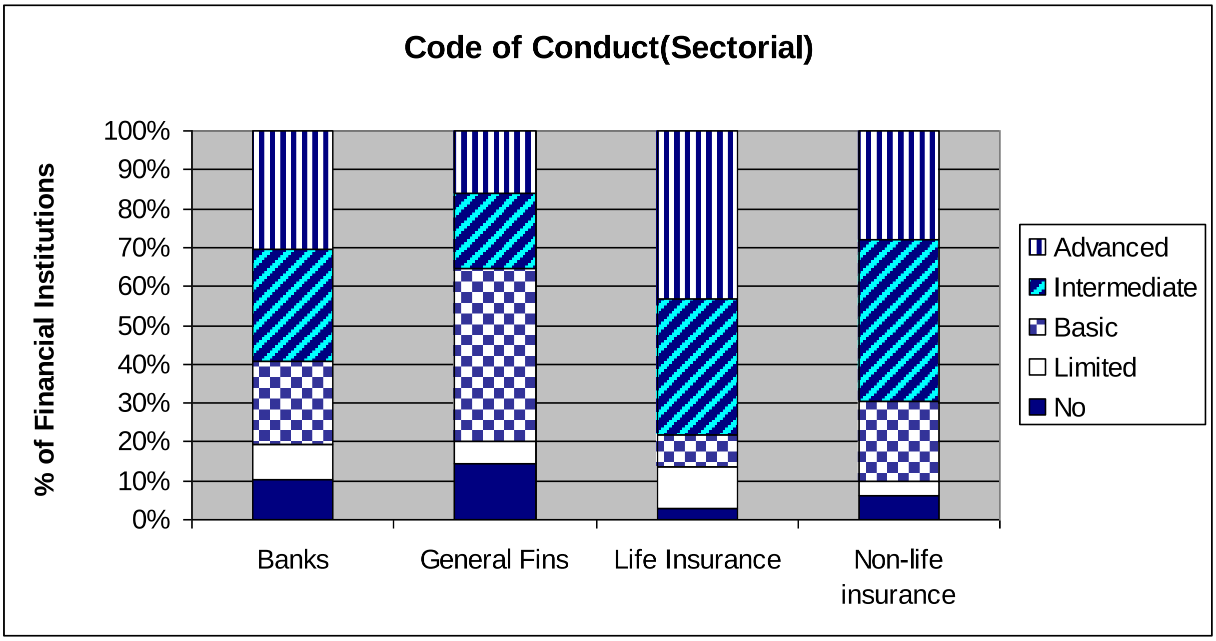
2. Basic findings

In the majority of cases the data in this section have been presented in a regional and sectorial distribution. This aims to show the differences in behaviour for financial institutions across regions and sectors. The sector-specific segment at the end of this section shows results only on a regional basis as the indicators are, in the majority of the cases, sector-specific. Each area has a brief introduction to the topic of concern, charts and an assessment of the conclusions drawn from these figures and the quantitative data behind them.

2.1. Codes of conduct

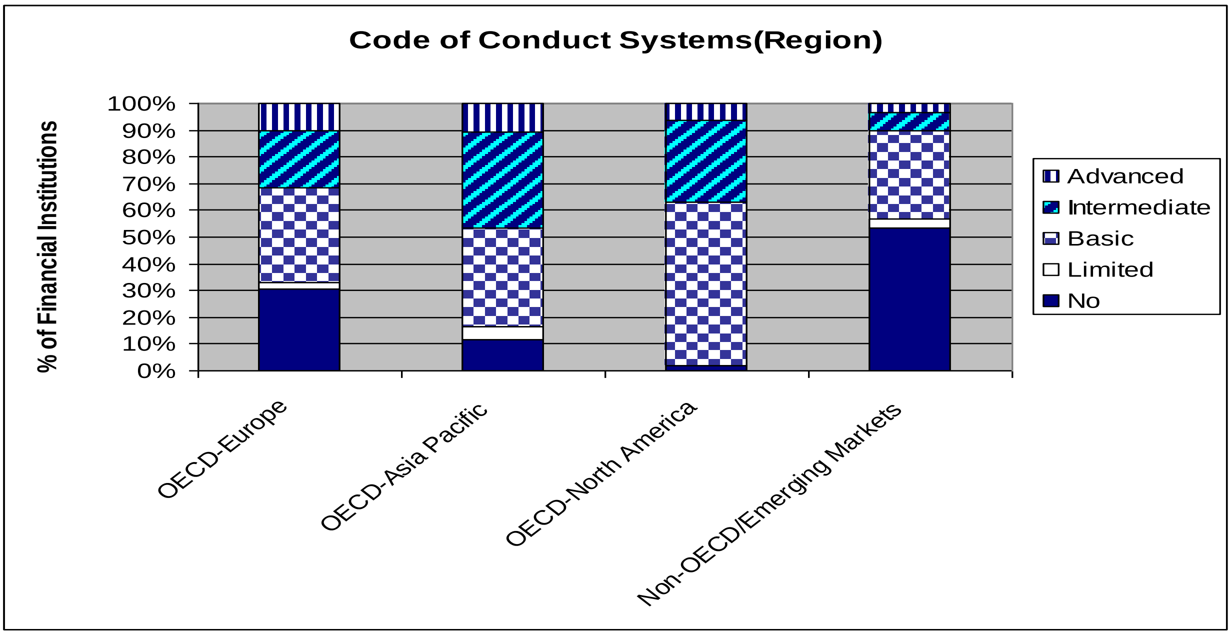
How corporations including FIs conduct their business and the behaviour of their employees is critical to what is often called an enterprise 's 'licence to operate'. Corrupt or unethical dealings will likely damage a company's reputation and adversely affect the standing of its business partners, suppliers and customers. In the wake of a number of major global corporate scandals there has been growing public pressure and legislative initiatives for companies to be required to have a code of ethics. Furthermore, major initiatives since the 1980s have focussed on criminalising and clamping down on corporate corruption and bribery. Typical issues covered by EIRIS' code of ethics criteria are companies encouraging employees to be honest and fair and to report misconduct. The scope of ethical good practice is widening to include, for example, ethical competition or misuse of company resources. EIRIS' analysis of code of conduct is based on the assessment of a company's code of ethics and the systems to implement it. The grading ranges between no policy (or system) to 'advanced' policy (or system). A detail description of the elements on which EIRIS's research is based can be found in Annex 1.

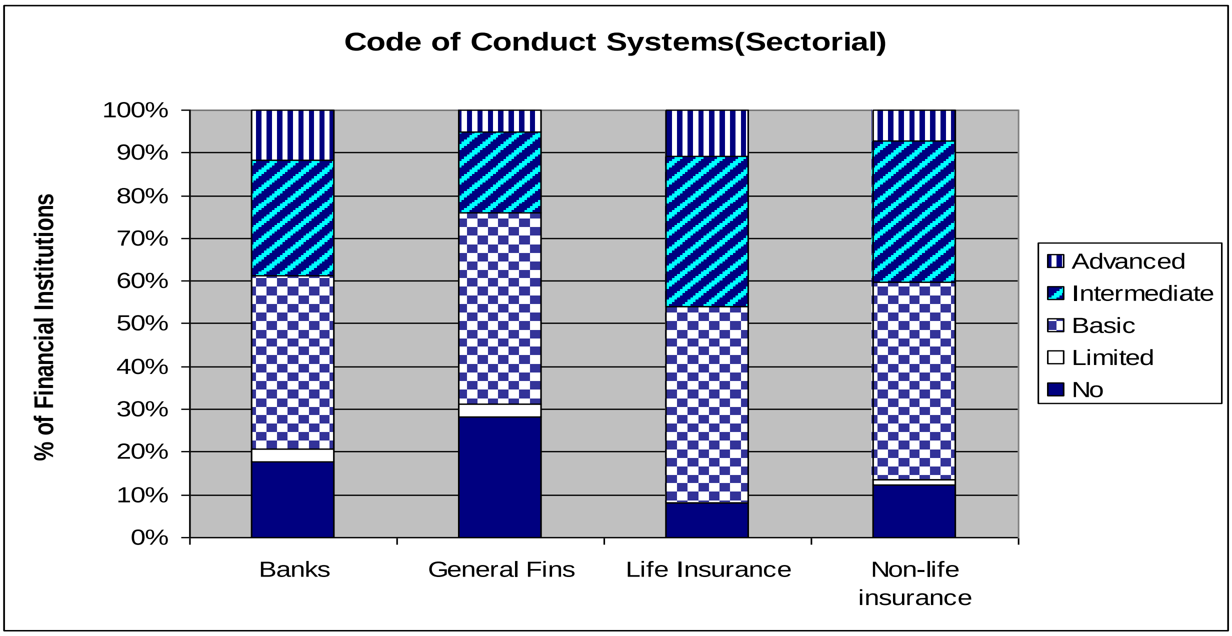




Analysis of the graphs above suggests the following conclusions:

- The majority of the financial institutions from all areas have a code of ethics, while all the financial institutions from the OECD-North America area have a code of ethics.
- Financial institutions from OECD-North America and OECD-Europe present the most 'advanced' code of ethics; this is 43 percent and 28 percent of their financial institutions respectively.
- 67 percent of the financial institutions from the Non-OECD-Emerging markets have code of ethics of 'limited' or higher quality.
- Life insurance is the sector with the highest proportion of 'advanced' code of ethics, at 43 percent.
- Over 15 percent of the financial institutions from all sectors have an 'advanced' code of ethics.





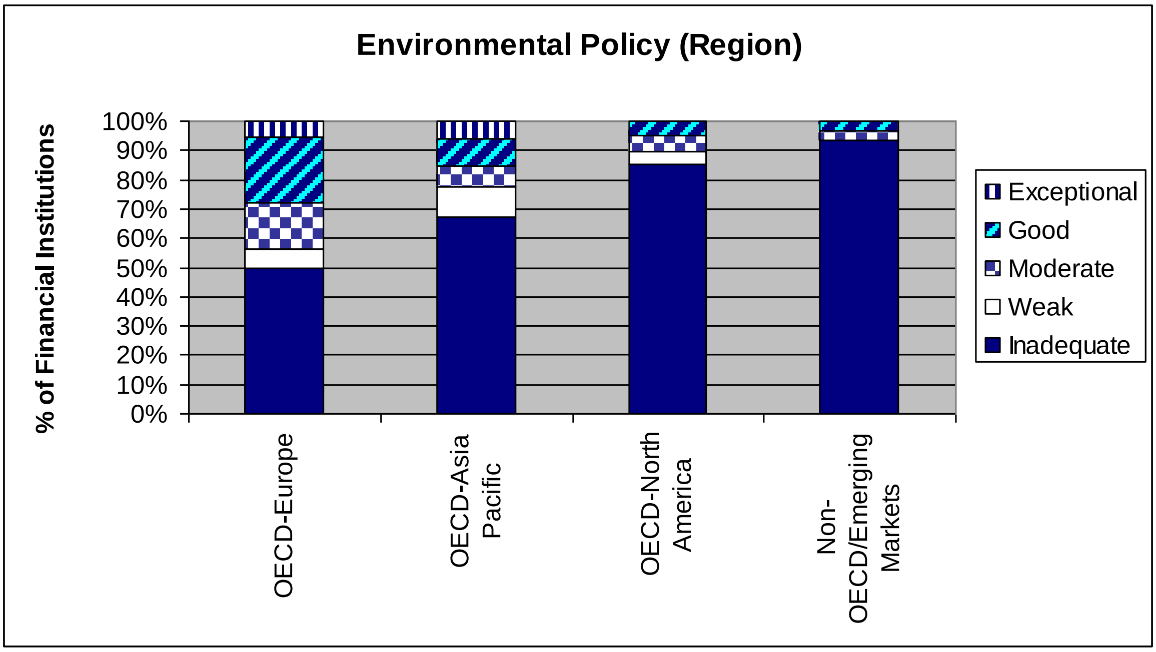
As regards of systems to codes of ethics, the analysis of the graphs above suggests the following conclusions:

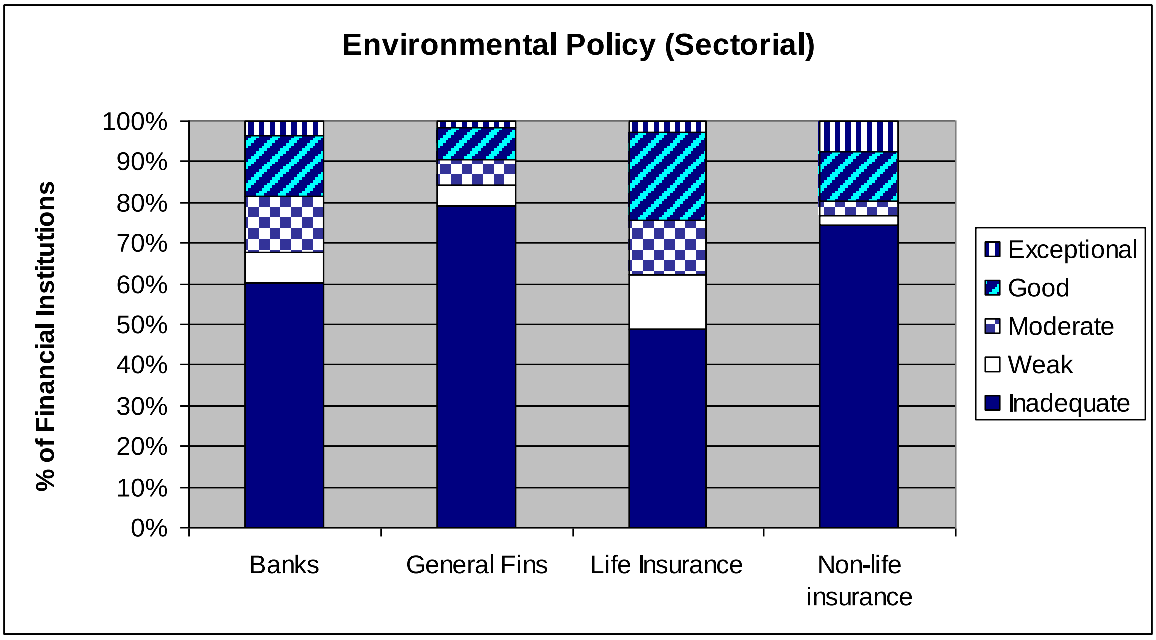
- The majority of the financial institutions from all areas, except for Non-OECD/Emerging markets have such systems.
- The majority of the financial institutions from the Non-OECD/Emerging markets group does not have a code of ethics system, 53 percent of the financial institutions.
- Life insurance is the sector with the highest percentage of systems to implement a code of conduct, 92 percent of Life insurers. Banks have the highest proportion of 'advanced' systems at 12 percent.

As the OECD-North America and Life Insurers are highly regulated, financial institutions in that region and sector, respectively, have a higher incidence of policies and systems to achieve compliance. Likewise, cases such as the 2002 Wall Street settlement over conflict of interests may explain the higher incidence of code of ethics in the OECD-North America region.

2.2. Environment

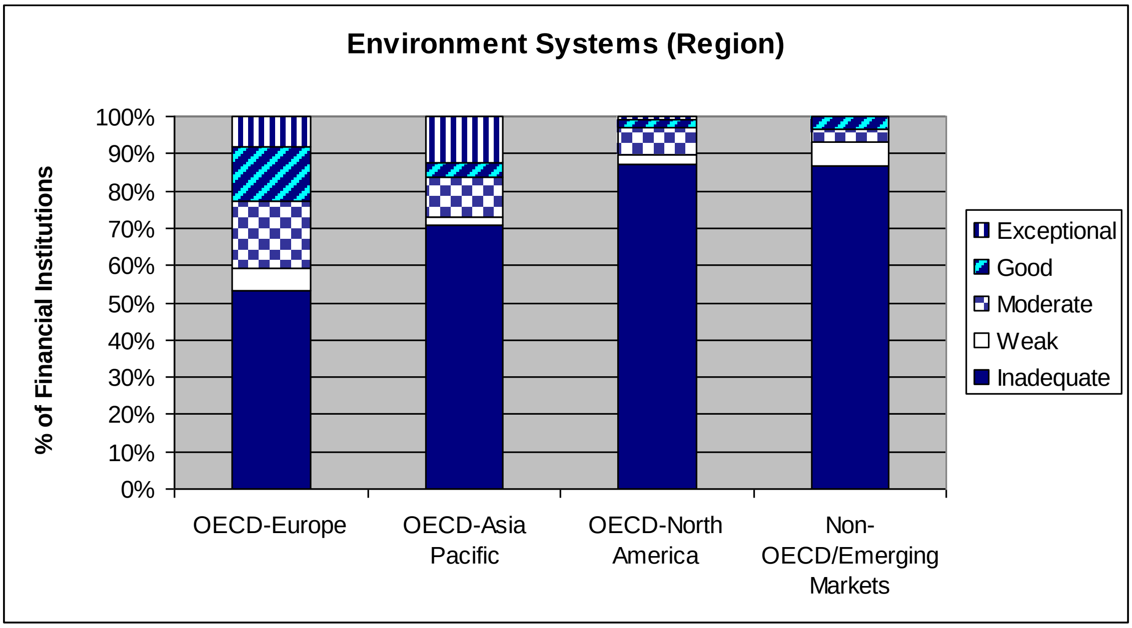
Public concerns about the degradation of the environment are increasingly widespread. EIRIS researches three aspects by which companies have responded: producing environmental policies, implementing environmental management systems, and reporting on environmental issues relevant to the company. Additionally, EIRIS researches how the environmental performance of the financial institution develops over time. EIRIS classifies the financial sector as an industry with medium to low impact on environment, depending on the particular business activity. Although the main environmental concerns for financial institutions are linked to the indirect impact of the products and services they offer, for example through lending and investment activities, it is considered they have a duty to manage the direct impact (e.g. office-based) of their activities. Below we show a series of tables with information on the policies, systems, reporting and performance of financial institutions. The grading for the first three areas ranges from 'inadequate' to 'exceptional' while the assessment of performance runs from 'no data' to 'major improvement'. A detail description of the elements on which EIRIS's research is based can be found in Annex 1.

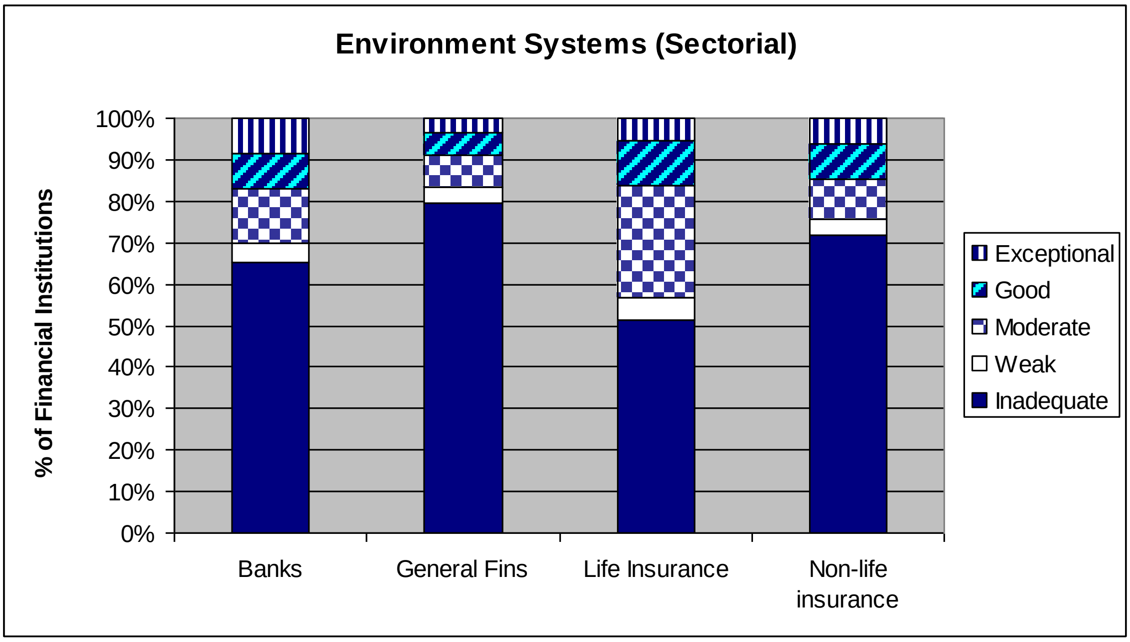




The analysis of the above graphic suggests the following:

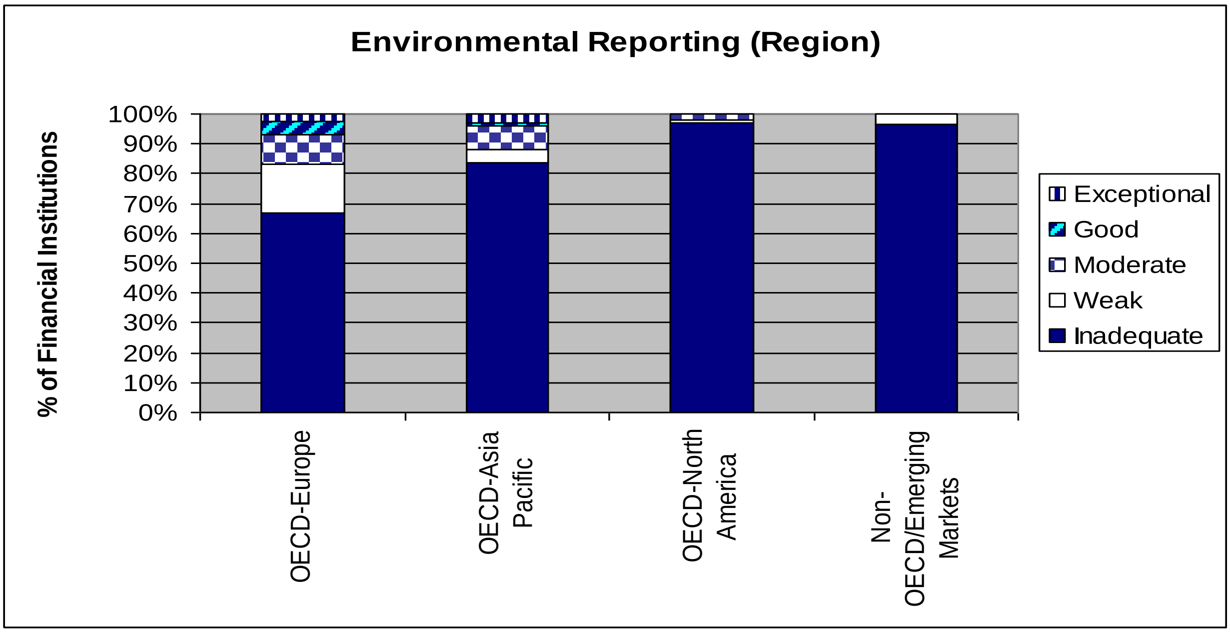
- Over 50 percent of the financial institutions in all regions had no environmental policy or their policy was of 'inadequate' quality.
- Only financial institutions from OECD-Europe and OECD-Asia Pacific had policies of 'exceptional' quality, this is 5 percent and 6 percent respectively. These financial institutions are considered amongst the leaders of the sector and all have developed strategic moves towards sustainability.
- OECD-Europe is the region with the highest proportion of policies of either 'weak' or above quality.
- Over 60 percent of the financial institutions from all sectors, except for life insurance, have no policies or have policies of 'inadequate' quality.

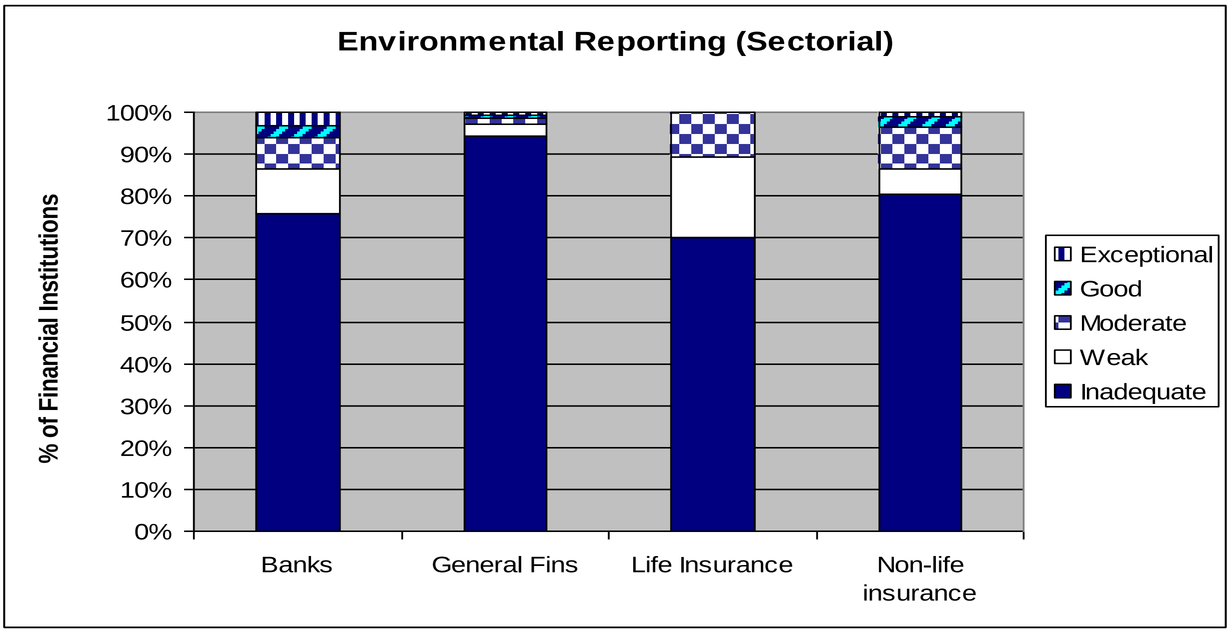




The analysis of the above graphic suggests the following:

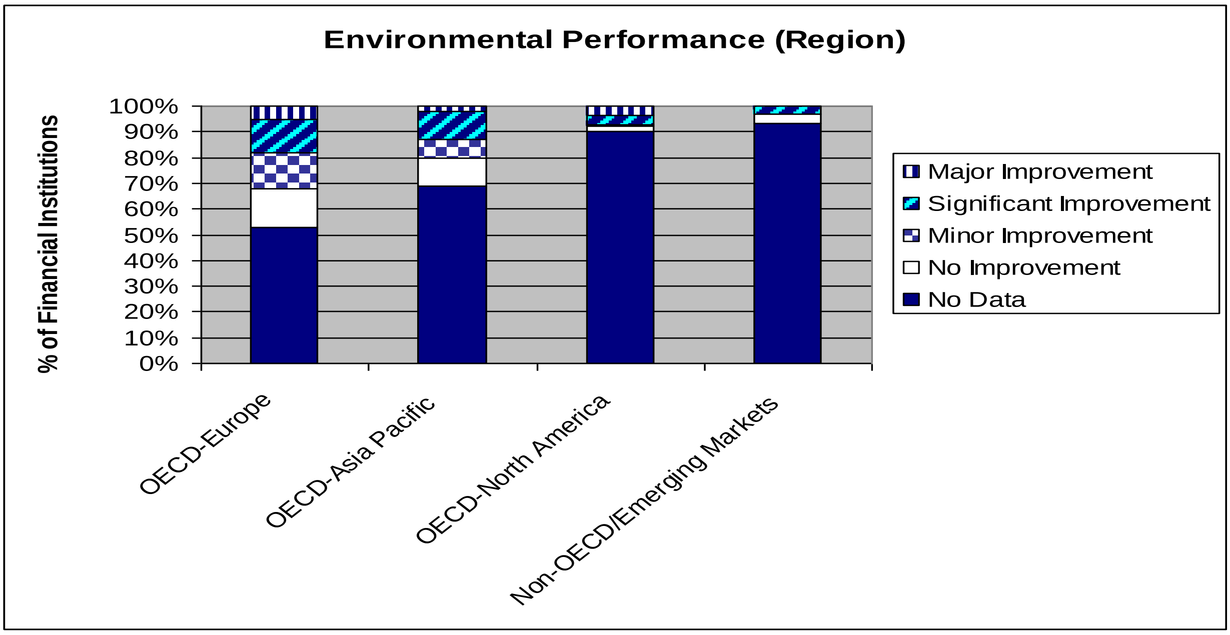
- Over 70 percent of the financial institutions in all regions, except for OECD-Europe, have no environmental management system or they have systems of 'inadequate' quality. This is the case for 53 percent of the financial institutions from OECD-Europe.
- Over 65 percent of the financial institutions from all sectors, except for life insurance, have no environmental management systems or have systems of 'inadequate' quality. This is the case for 51 percent of life insurers.

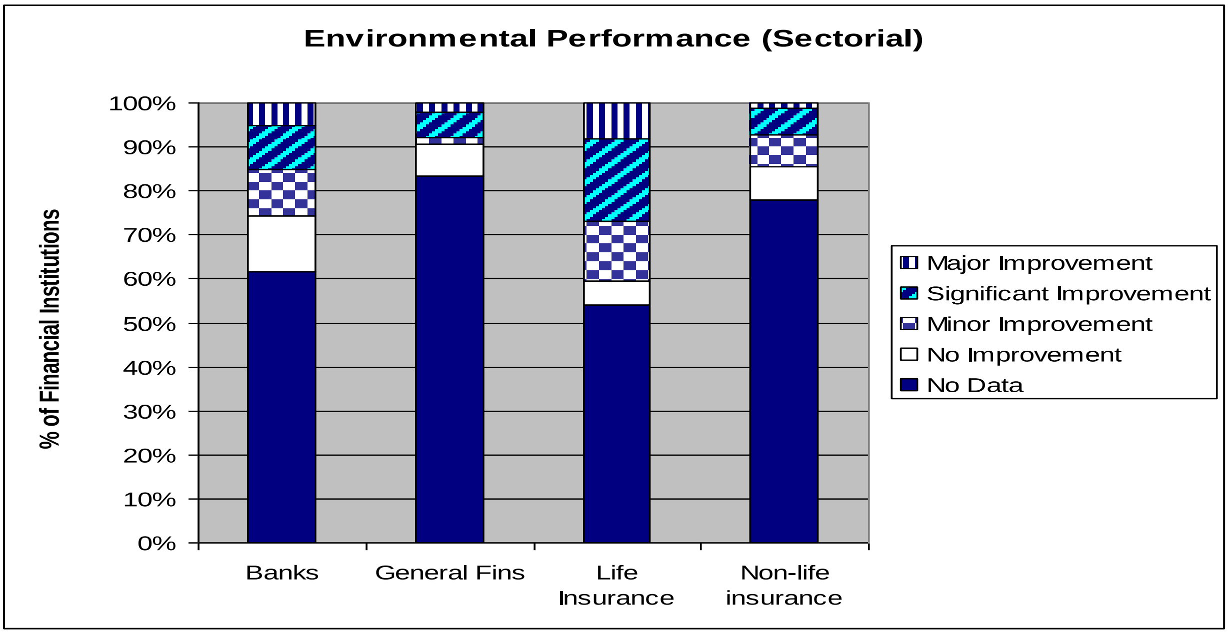




The graphs above suggest the following conclusions:

- 97 percent for financial institutions from both Non-OECD/Emerging markets and OECD-North America do not produce environmental reports or have environmental reports of 'inadequate' quality.
- 33 percent of financial institutions in OECD-Europe and 17 percent in OECD-Asia Pacific publish some environmental report.
- Only financial institutions from OECD-Europe and OECD-Asia Pacific had reporting of 'exceptional' quality, meaning that these reports have been externally verified.
- Over 70% of the financial institutions from all sectors do not publish environmental reports or publish environmental reports of 'inadequate' quality. However, Life insurance is the sector with the highest percentage of reports, although their overall quality is lower than that for Banks and Non-life insurance.





EIRIS measures the environmental performance of financial institutions with regard to the direct impact of their operations. These are mainly related to the consumption of energy and water and the management of waste.

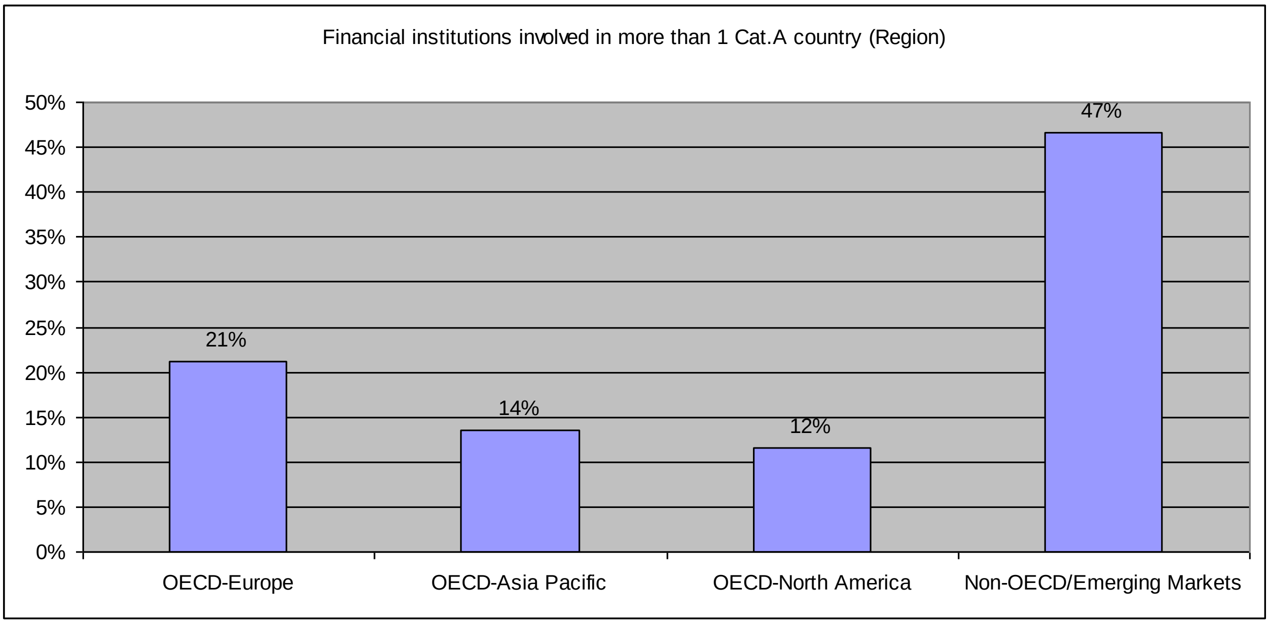
The graphs above indicate that:

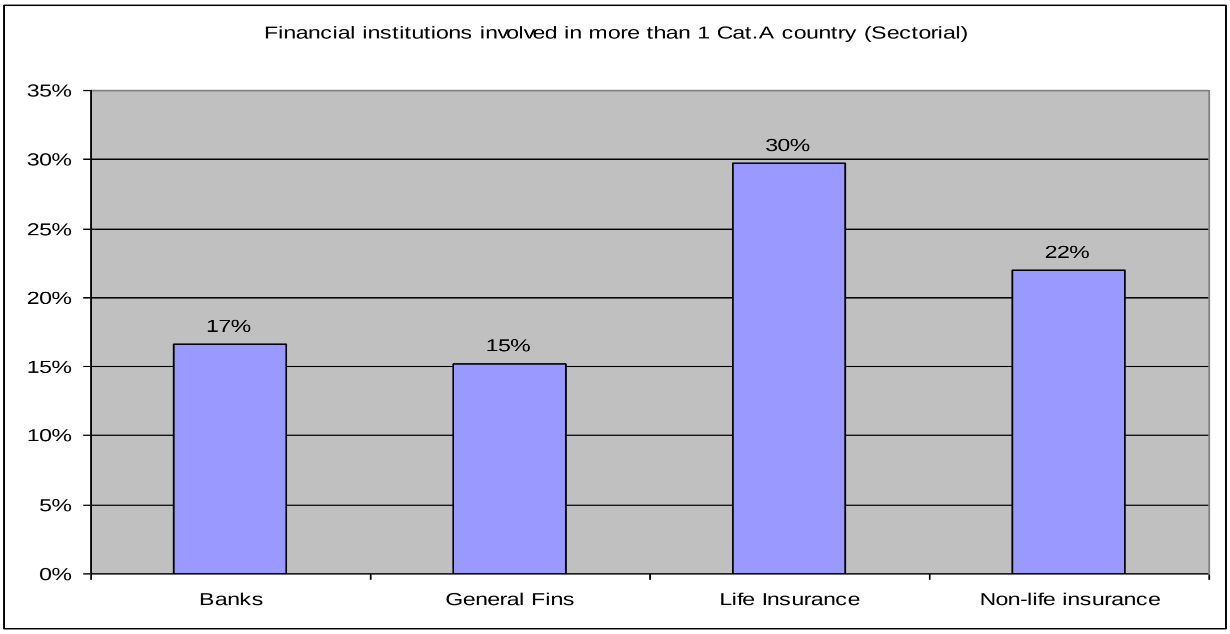
- Over 90 percent of the financial institutions in OECD-North America and Non-OECD/Emerging markets publish no environmental performance data.
- Over 30 percent of financial institutions in the OECD-Europe group show some improvement in their environmental performance. That is 19 percent in the case of OECD-Asia Pacific, 8 percent for OECD-North America and 3 percent for the Non-OECD/Emerging markets group.
- The sector that presents the highest percentage of financial institutions showing some environmental performance improvement is Life insurance. This is 41 percent of the life insurers. General finance and Non-life insurance have the highest proportion of financial institutions publishing no environmental performance data at 83 percent and 78 percent respectively.

In general financial institutions allocate lower importance to environmental issues than other ethical ones, such as customer satisfaction or ethical conduct. This could be the reason why processes in this area are less developed. However, we may conclude that a high level of consumer activism in OECD-Europe encourage the more extensive development of environmental policies and practices in the financial sector. Furthermore, one of the consequences of the highly-developed environmental regulation system in OECD-North America is that financial institutions have less of an incentive to publicised information outside their regulatory requirements. This is one of the reasons why that region presents low levels of environmental information.

2.3. Human rights

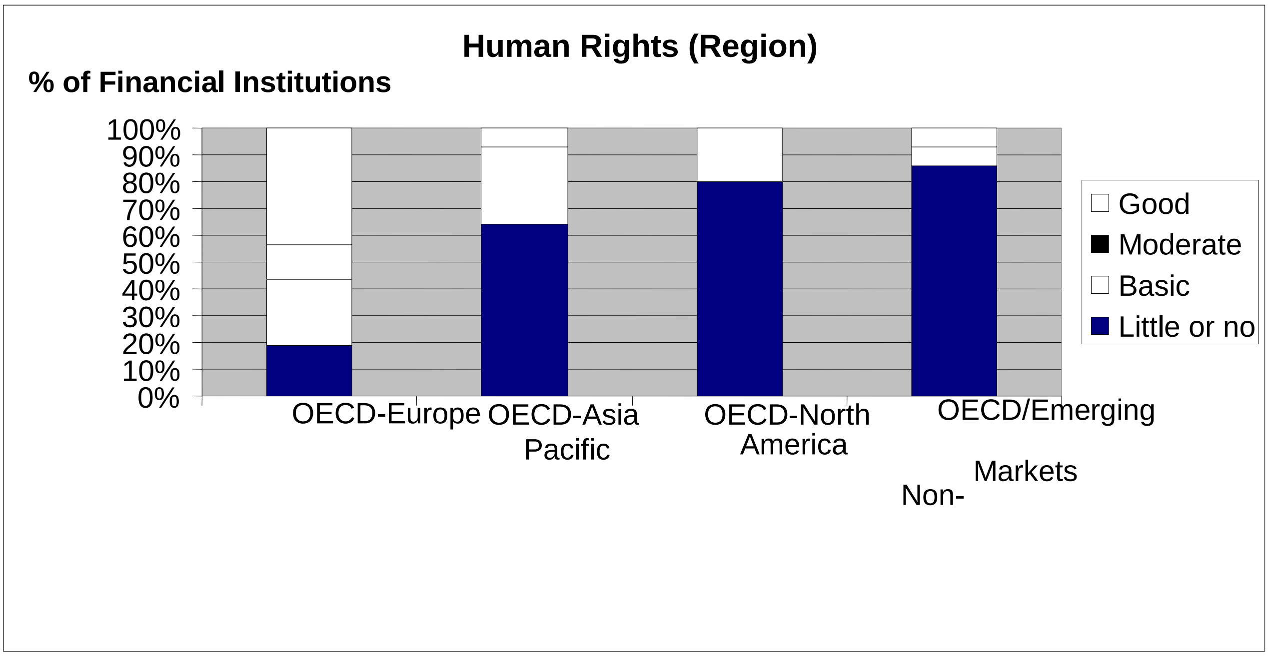
The issue of the impact of financial institutions on human rights is a complex one. EIRIS assesses the interest of financial institutions in countries of human rights concern (Category A countries, which is a list of institutions compiled by EIRIS using a variety of sources). The involvement of a financial institution refers to the scale of operations or size of its workforce in these countries. However, an FI 's presence is defined by its activity in a country in the form of company registered in that particular state. Operations such as bank branches are therefore not covered by EIRIS methodology, unless they belong to subsidiaries or associated financial institutions listed in the country of concern. We show below the involvement of financial institutions in Category A countries. Likewise, for those organizations with interests in such countries, we provide the overall assessment of their human rights policies and practices. A detail description of the elements on which EIRIS's research is based can be found in Annex 1.

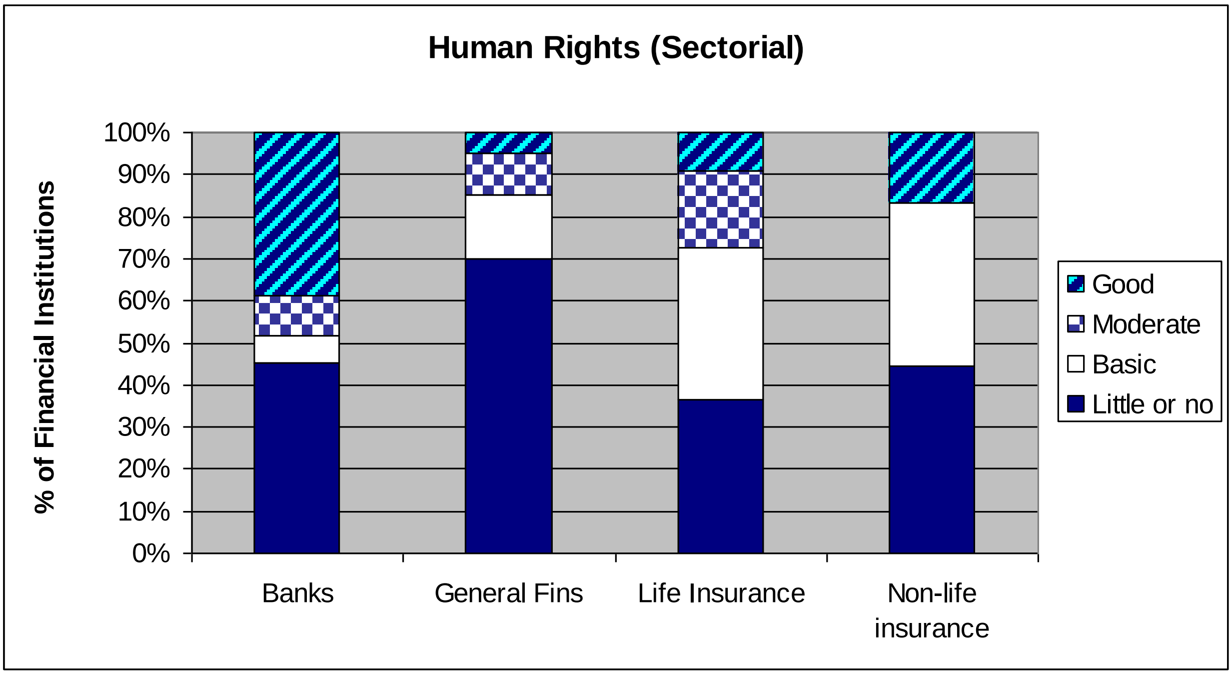




The first and second graph above shows the percentage, within each group and sector respectively, of financial institutions involved in Category A countries.

The first graph shows that the region with a higher percentage of financial institutions involved in Category A countries is the Non-OCED/emerging markets; this is 14 of the 30 financial institutions analyzed. We can speculate that this is due to the proximity of Non-OECD/Emerging Markets financial institutions to countries of concern. Likewise, the sector with highest involvement in Category A countries is Life Insurance with 11 out of 37 financial institutions studied.





The distribution of human rights policies and systems across regions and sectors shows one of the highest variance amongst the indicators used for this paper. The analysis above has been performed on the 80 financial institutions[2] involved in Category A countries, for which EIRIS has data.
The graphs above suggest the following conclusions:

- OECD-Europe is the area with the highest proportion of policies and practices to address human right issues; this is 81 percent of the financial institutions analyzed.
- Only financial institutions from OECD-Europe and Non-OECD/emerging markets have human rights policies and practices of 'good' quality. In the latter case, 1 out of 14 financial institutions involved in Category A countries had a 'good' quality overall assessment, this company was based in Hong Kong. In the case of OECD-Europe, this was 16 out of the 37 financial institutions analyzed.
- Life insurance is the sector with the highest percentage of institutions' overall assessment over 'basic' 63% against 55% for Banks.
- Banks produce the highest percentage of 'good' human rights policies and practices, followed by Non-OECD/Emerging markets. The percentage in both cases is 39 and 17 percent respectively.

One explanation for banks is that they have greater public exposure (and higher reputational risk) than asset managers or more specialist institutions. Additionally, they tend to operate in a greater number of countries and therefore to establish policies to cover for insufficient local regulations. Public exposure and NGO initiatives such as those by Amnesty International's 'Economic Globalisation' may have had an impact on the development of human rights policies and practices among financial institutions in OECD-Europe.

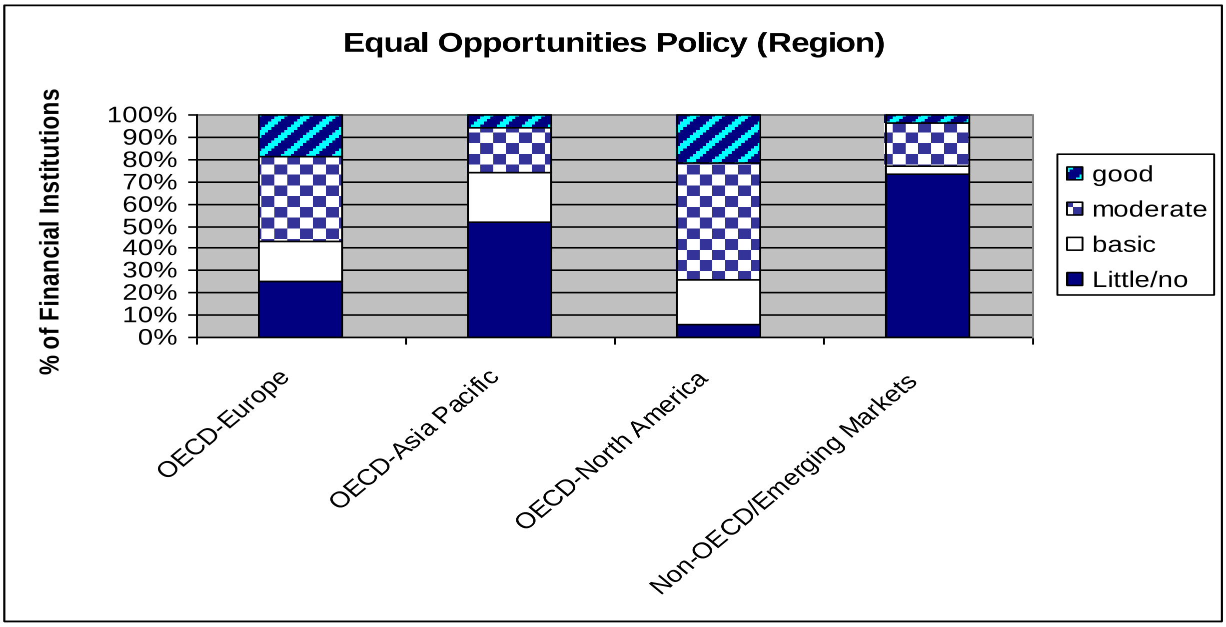
[2] EIRIS identified 83 companies with interest in Category A; however three of them were recent additions to EIRIS universe of research and had no records for policies and systems.

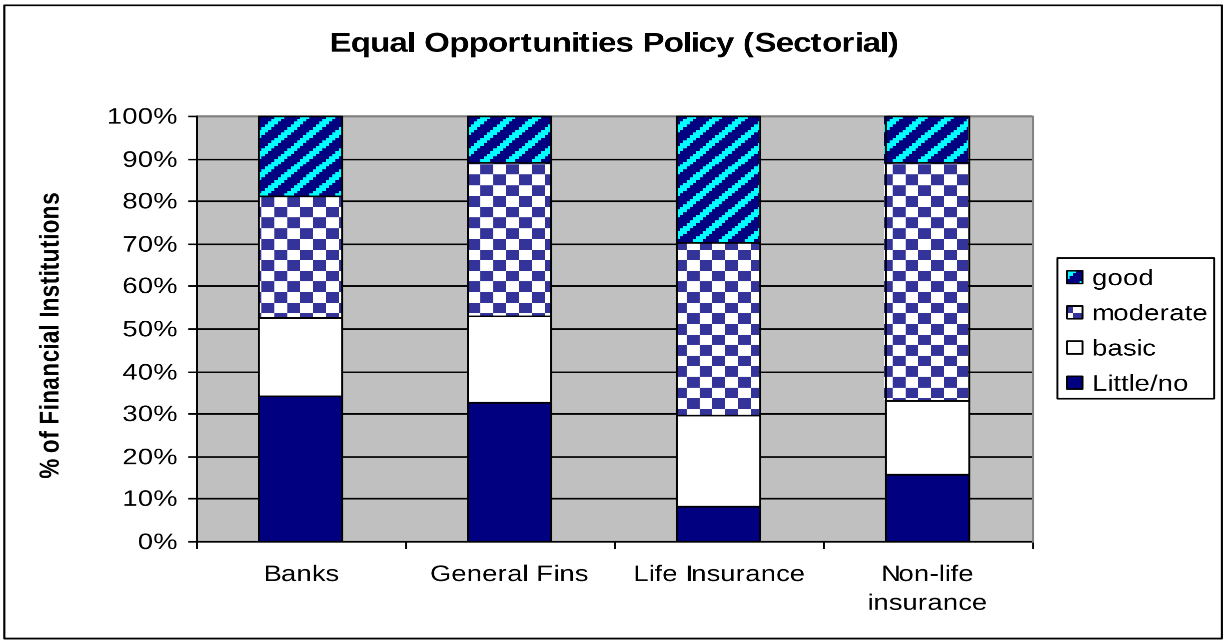
2.4. Employment and Industrial relations

A number of indicators are used here to determine the extent that CSR has permeated the employment and industrial relations practices of financial institutions. They include issues such as equal opportunities policies and systems, systems for job creation and job security, systems to provide training and systems for employee participation and the involvement of trade unions. A detailed description of the methodology used for these assessments can be found in Annex 1.

Equal opportunities:

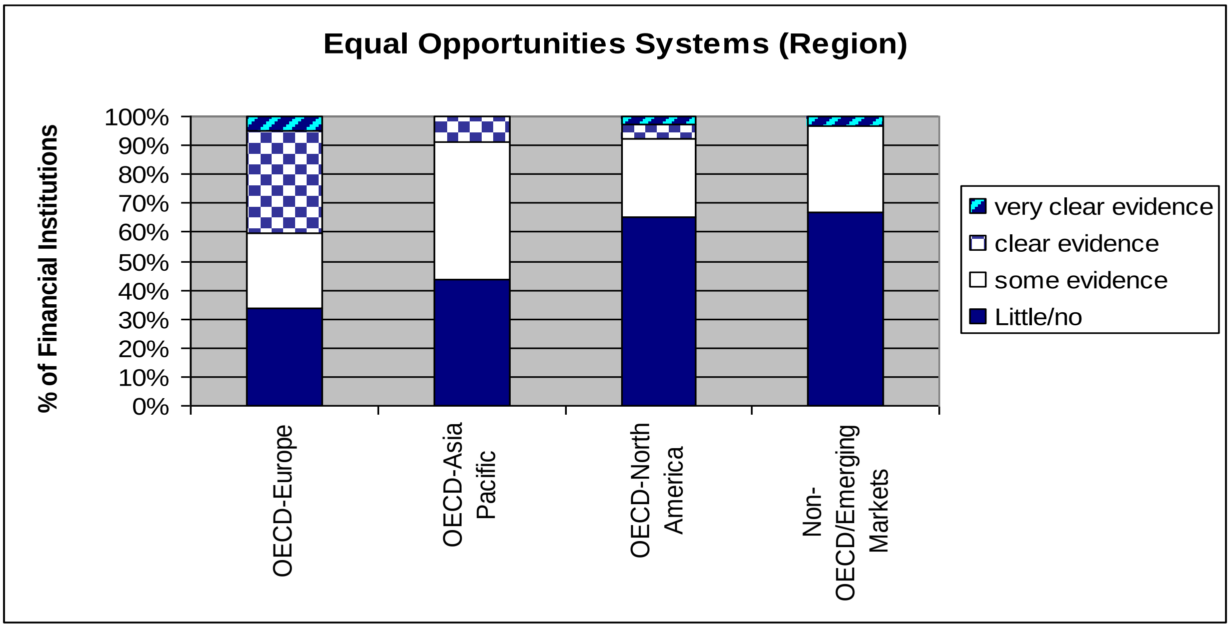
Changes in social attitudes have increased recognition of the harm done by discrimination and led to a growing awareness of other forms of discrimination in addition to gender (this being a particular issue in the financial sector with issues such as 'glass ceiling' and inequality of pay) and race. Employers now more widely recognise all types of discrimination as being bad for business because it limits the skills pool from which they can draw talent and may create a closed mindset towards developing new markets and opportunities. More and more financial institutions now see improving diversity as not just a way to avoid criticism or lawsuits, but also as a means towards building reputation and gaining competitive advantage.

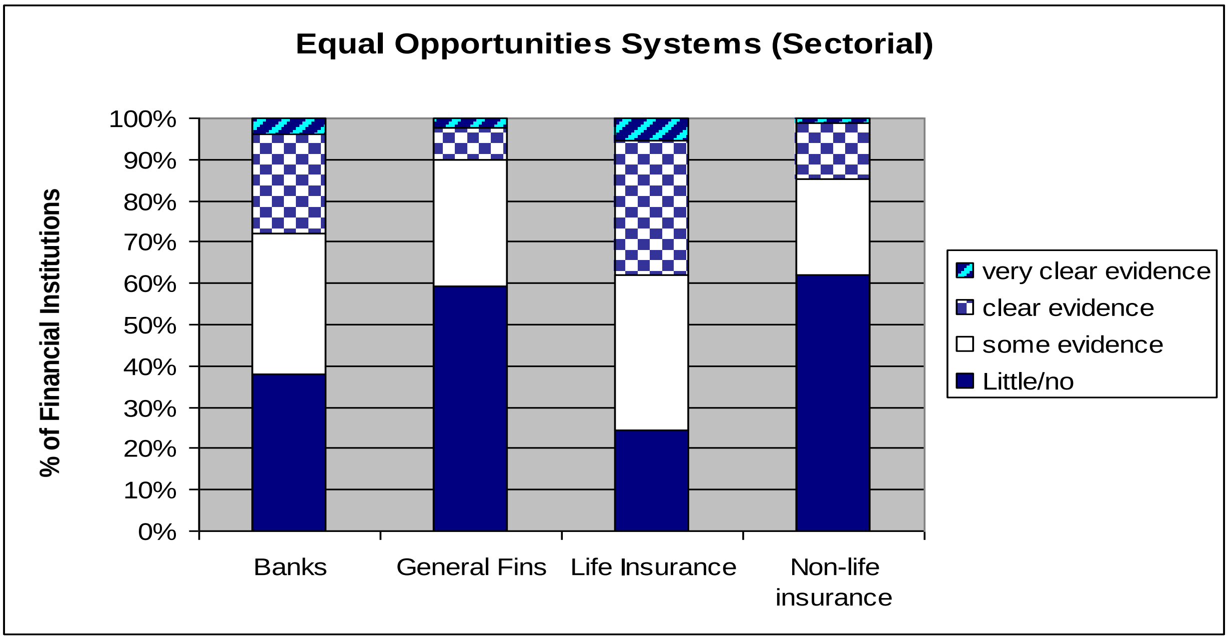




The graphs above suggest the following conclusions:

- The financial institutions in the Non-OECD/Emerging markets group have the fewer policies for equal opportunities; this is 73 percent of the financial institutions analyzed. This is followed by the OECD-Asia Pacific, with 51% of the financial institutions.
- The OECD-North America group has the highest proportion of financial institutions with policies for equal opportunities in place, this is 94% of those financial institutions have policies over basic. Likewise, this group has the highest proportion of 'good' policies with 22 percent of the financial institutions analyzed. This is followed by OECD-Europe with 19 percent of that group's financial institutions.
- Life assurance is the sector with the highest proportion of equal opportunities policies and of 'good' quality policies. 92 percent of life insurers have polices equal or above 'basic' quality while 30 percent of the financial institutions of the group have 'good' policies.





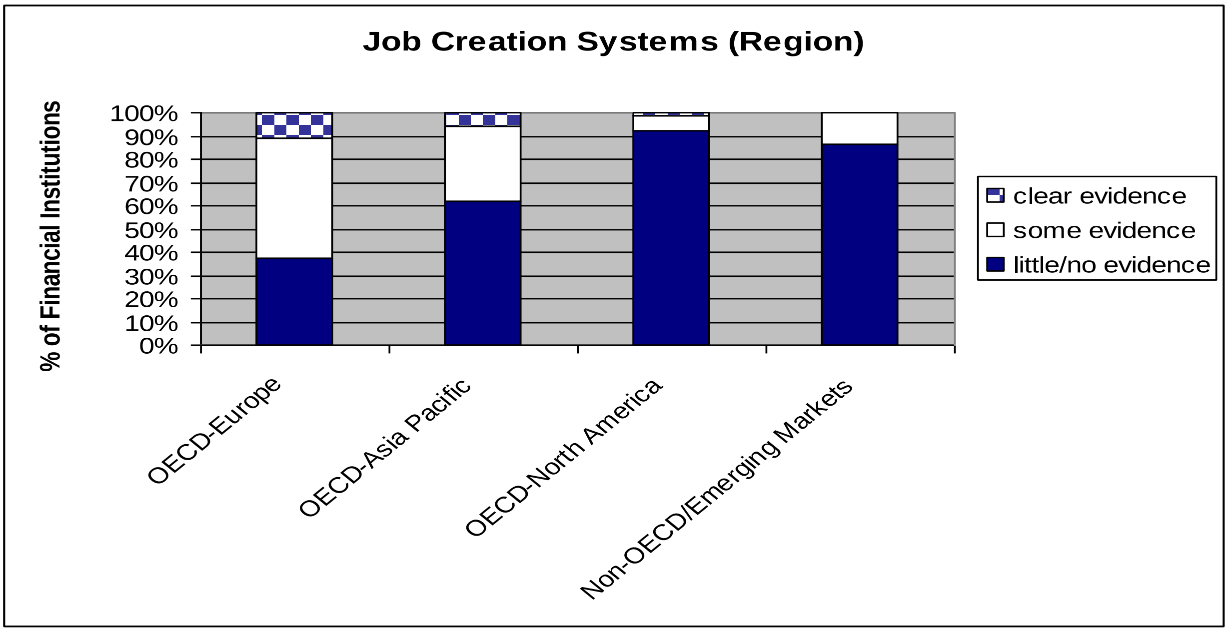
We can infer from the graphs above that:

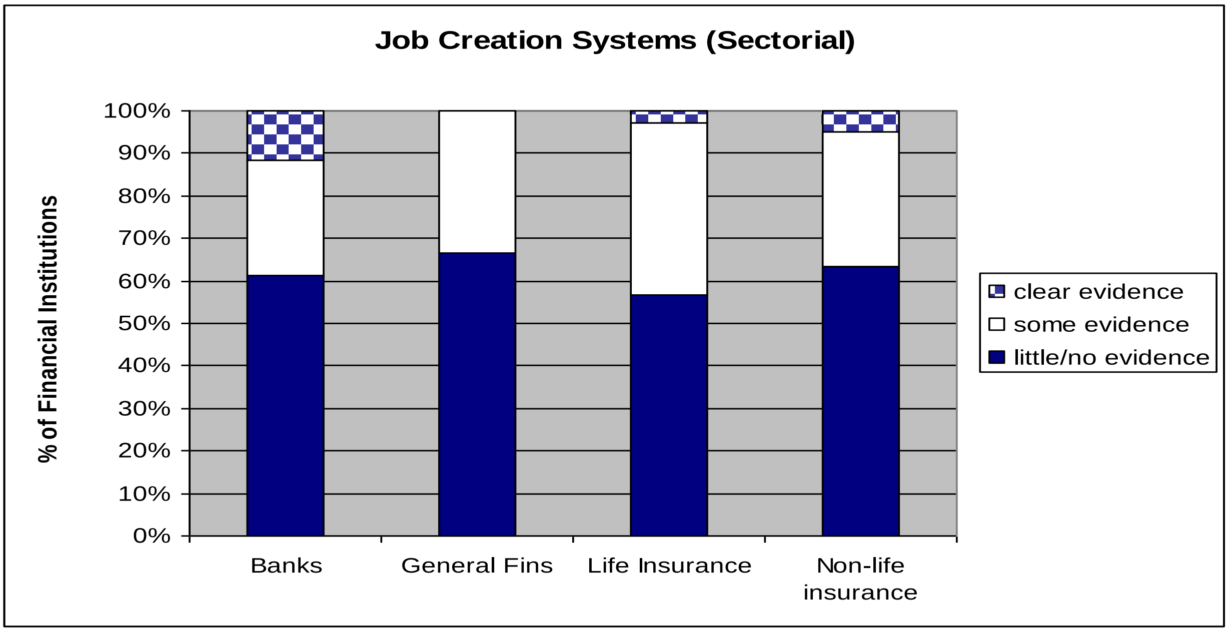
- OECD-Europe financial institutions have the highest proportion of equal opportunities systems with 66 percent of the financial institutions analyzed. The systems for this group also score higher than the rest of the regions.
- Over 65 percent of financial institutions from OECD-North America and Non-OECD/Emerging markets do not have systems to manage equal opportunities.
- Life insurance is the group with the highest proportion of equal opportunities systems, with 76 percent of life insurers having at least some evidence of these systems. This is followed by Banks with 62 percent of its financial institutions.

We conclude from theses observations that the US litigation and highly regulated environment (e.g. employment equality legislation) as well as high awareness of these issues amongst investors and society generally encourage financial institutions in the OECD-North America to develop policies to cover equal opportunities. However, as the

regulatory requirements do not entail the development and/or disclosure beyond policy objectives or principles, the systems to implement these policies are often underdeveloped.
As regards the life insurance sector, the nature of this activity and the fact that people are the ultimate beneficiary may explain why it has the most widespread development for equal opportunities.

Job creation:
By encouraging job security and taking efforts during restructuring to help employees who have to be laid off to find new employment, or capital with which to start new businesses, financial institutions can make a significant contribution to their employees even during difficult periods.



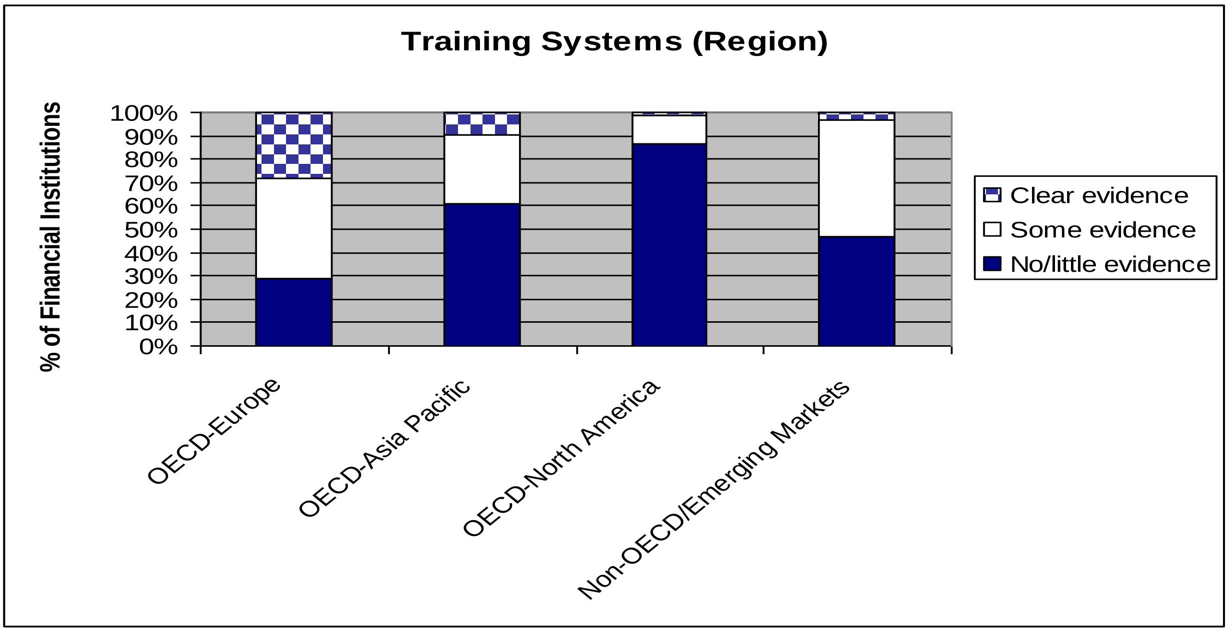


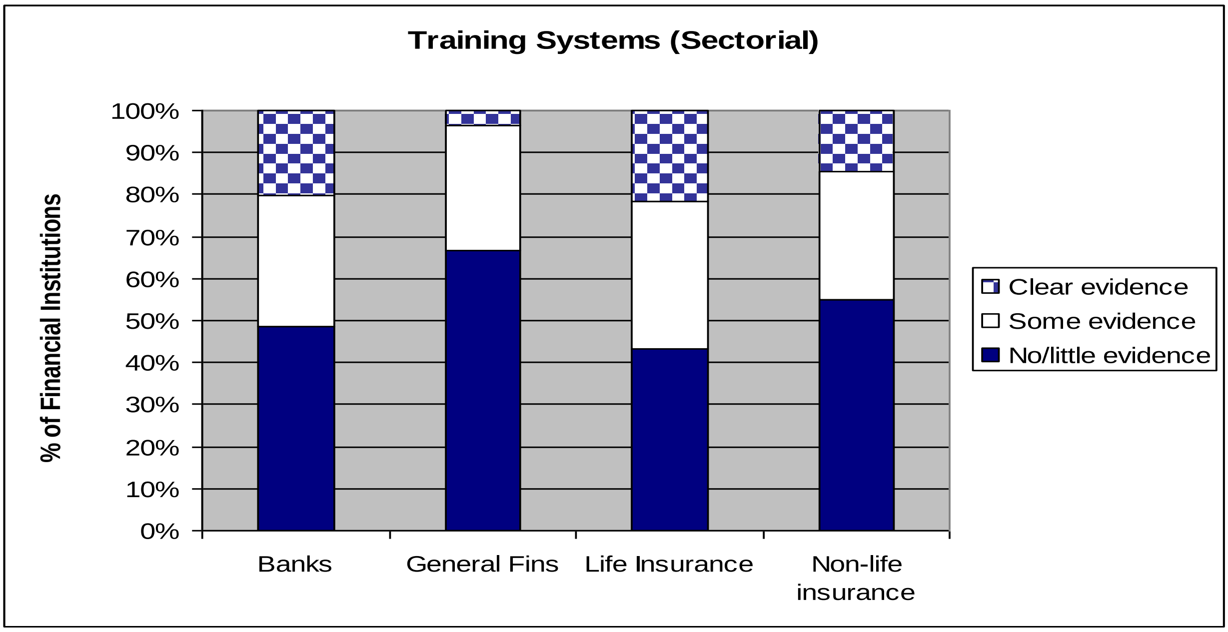
The charts above show the following trends:

- OECD-North America is the group with the highest proportion of financial institutions with 'little or no evidence' of systems to address job creation, with 92 percent of the financial institutions analyzed. This is followed by Non-OECD/Emerging markets with 87 percent of its financial institutions and OECD-Asia Pacific with 62 percent.
- OECD-Europe has the highest proportion of financial institutions with at least some evidence of job creation systems, with 63 percent of the financial institutions analyzed having 'some' or 'clear' evidences of these systems.
- The Banking sector has the highest proportion of clear evidence of job creation system with 12 percent of its financial institutions. But it is Life insurance the sector with the highest proportion of at least some evidence of these systems with 43 percent of its financial institutions against 39 percent of Banks and 37 percent of Non-life insurance.

The difference of approach to job creation between OECD-Europe and OECD-North America may be linked to cultural differences and concepts of social cohesion and free market.

Training:
Financial institutions that provide good training and development opportunities to their workforce may have a competitive edge over rivals, because not only is productivity increased as a result of improved training, but the business may become more successful at both retaining and attracting high quality workers.



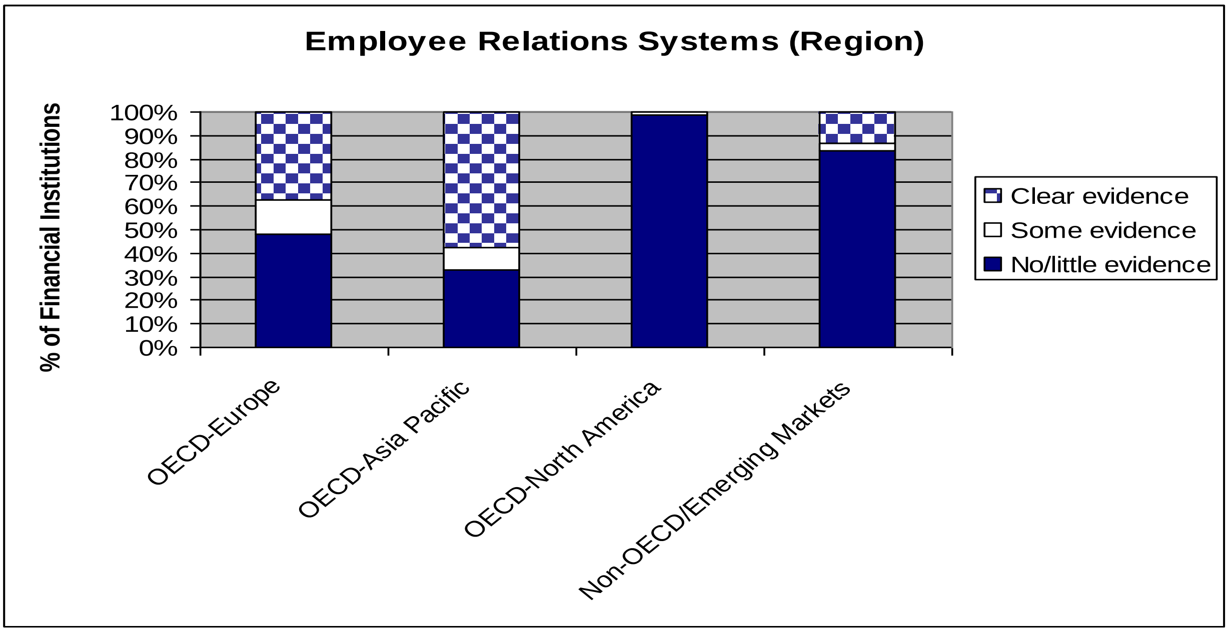


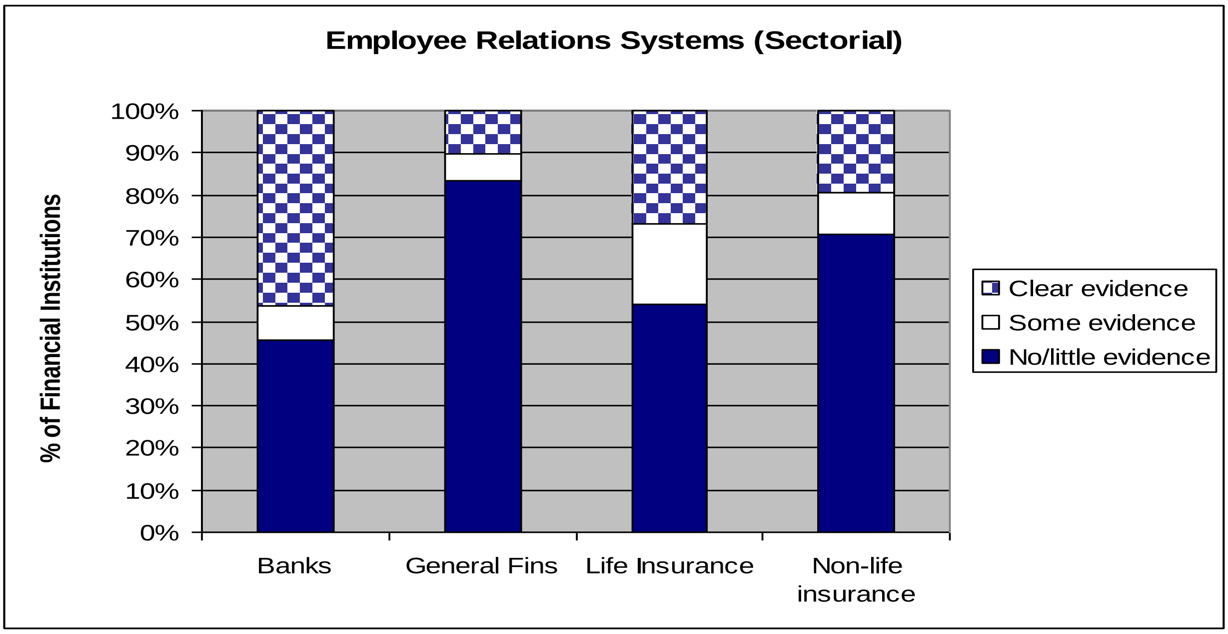
The graphs above suggest that:

- OECD-North America is the region with the highest proportion of financial institutions with 'little or no evidence' of systems to promote staff training, with 86 percent of the financial institutions analyzed.
- OECD-Europe is the group with the highest proportion of financial institutions with at least some evidence of systems to promote training, with 71 percent of the financial institutions at least having some evidence of such systems.
- The General financials sector has the lowest proportion of financial institutions with at least some evidences of training systems. 67 percent of these financial institutions have 'little or no evidence' of this kind of systems.
- Life insurance is the group with the highest proportion of training systems with 57 percent of its financial institutions. This is followed by Banks with 52 percent and Non-life insurance with 45 percent.

Employee participation:

Trade unions and collective bargaining can provide workers with a valuable safeguard against exploitation and victimisation. It is not always necessary for trade unions to be recognised by a company in order for it to provide good or above average working conditions. However, a correlation is often observed between increased unionisation and overall improvements in the wages and working conditions of the workforce as a whole. More tellingly, decreases in unionisation have often preceded redundancies and reductions in overall working conditions.





The graphs above show the following results:

- OECD-North America is the group with the highest proportion of financial institutions with 'little or no evidence' of employee participation or union representation. 99 percent of the financial institutions in this region have no employee relations systems, while only 1 percent has 'some evidence' of such systems.
- The OECD-Asia Pacific area has the highest proportion of financial institutions with at least some evidence of employee relation systems and of financial institutions with 'clear evidence' of these systems. The majority of financial institutions are from Japan, with 56 Japanese financial institutions amongst the 69 financial institutions with at least 'some evidence' of employee participations systems.
- The sector with the highest proportion of employee relations systems and union representation is Banks with 55 percent of its financial institutions having at least some evidences of such practices.

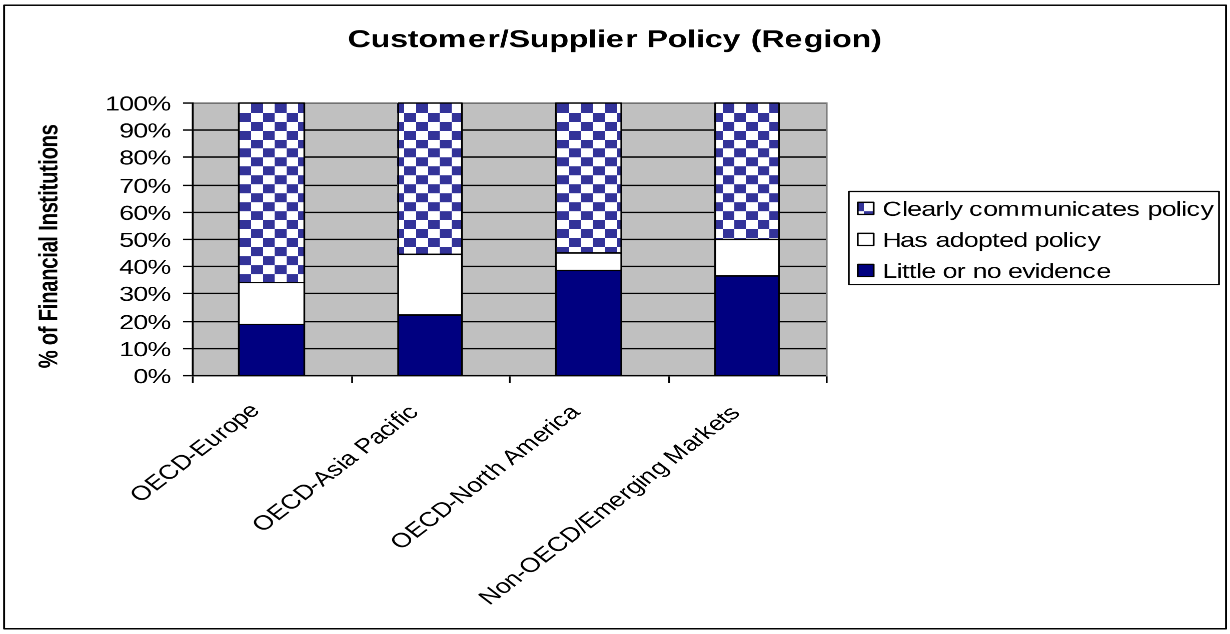
- General financial show the lowest percentage of employee participation with 83 percent of those financial institutions having 'little or no evidence' of systems to address this issue.

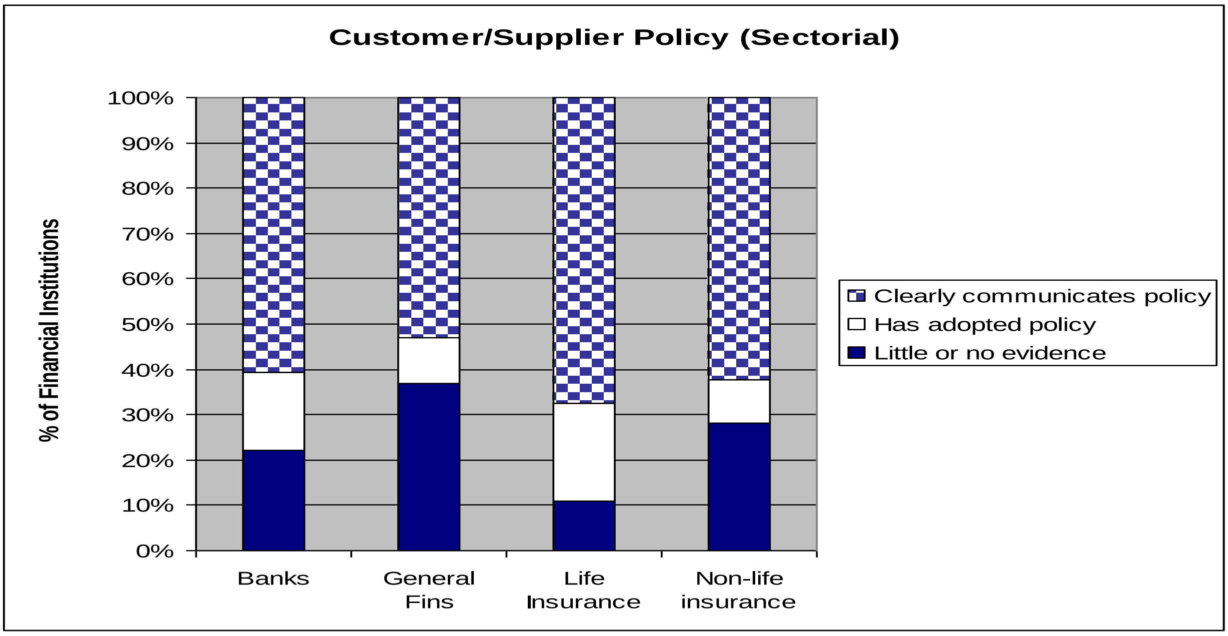
A historic presence of unions in Europe may explain the high percentage of employee relations practices in the OECD-Europe region. The high percentage of unions in Japan may be explained by the existence of federations of unions formed by institutions engaged in the same industry. It is possible the union model in Japan differs significantly from that of other OECD countries.

2.5. Customers and supplier relations

Given the increasing importance attached to corporate reputation issues, it is vital that financial institutions do all they can to actively engage with their stakeholders to improve the quality of their products and services. Such engagement can include systems, such as surveys, to monitor customer and supplier satisfaction rates. In particular, EIRIS analyzes the existence of quality systems such as ISO9000, the allocation of responsibility for this area at senior level within the financial institution. Furthermore, monitoring of relationships and evidences of improved relations constitute elements considered for advanced practices. For a detailed analysis of the elements used for this assessment please see Annex 1.

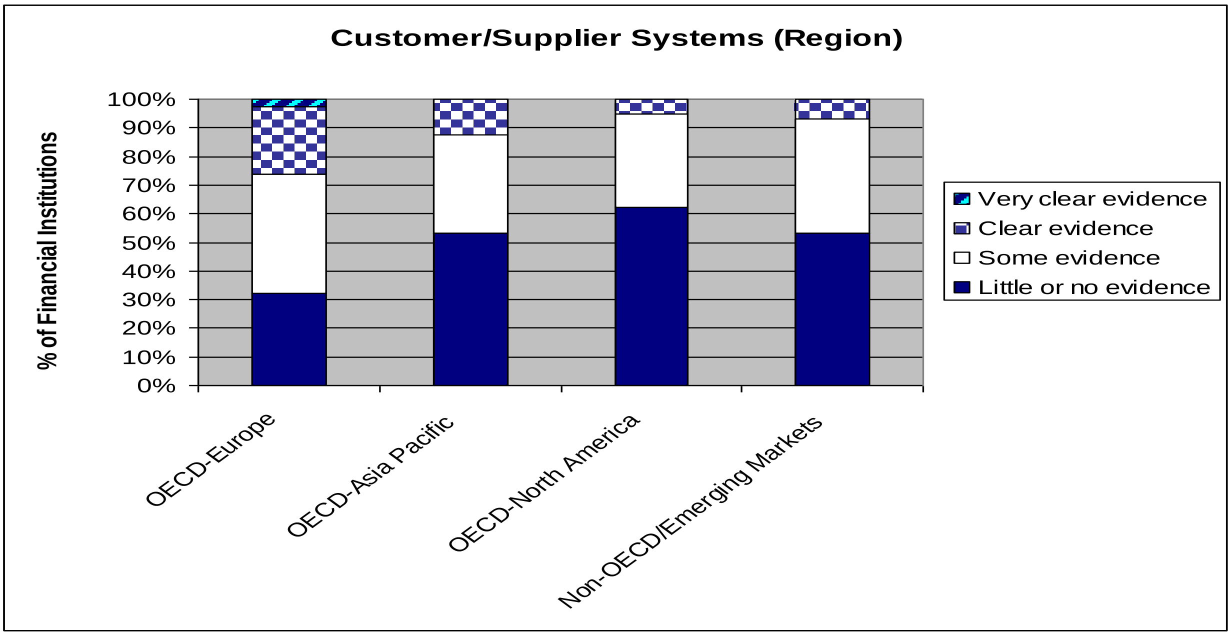
For this area we present information below on the policies and systems that financial institutions have in place to engage with their customers and suppliers.

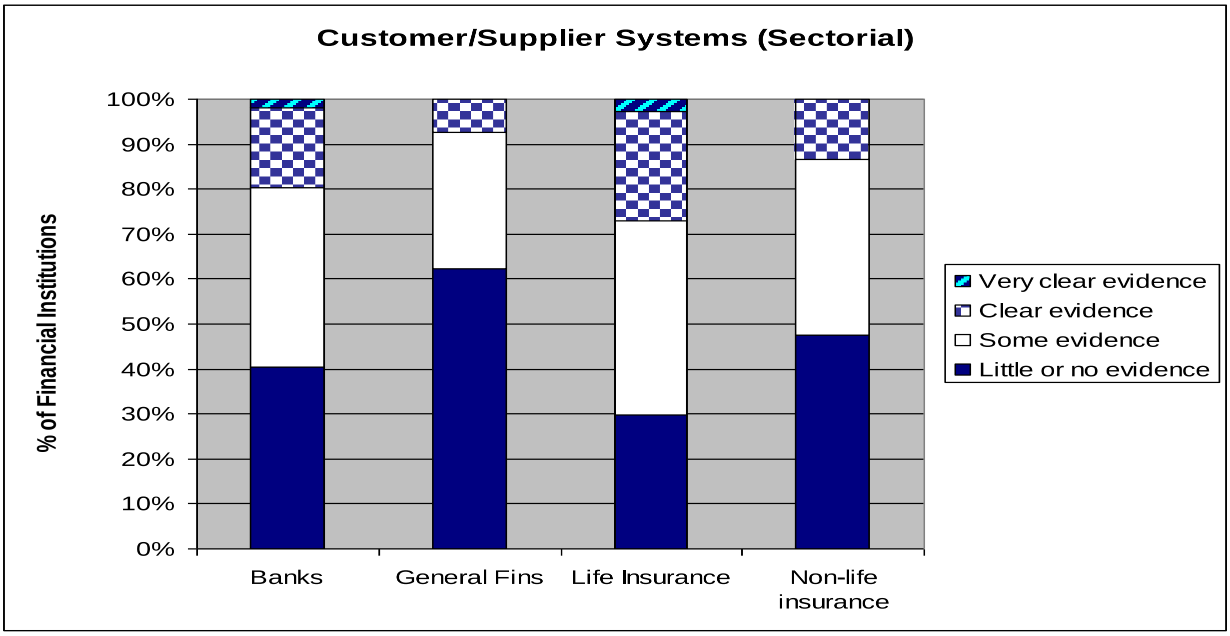




The graphs above suggest the following conclusions:

- A great proportion of financial institutions across all regions have at least adopted some policy to manage their relation with customers and suppliers. The region with the lowest proportion of customers and suppliers practice is Non-OECD/Emerging markets with 63 percent of its financial institutions.
- Likewise, a great proportion of financial institutions across all sectors have at least adopted some policy to manage their customer and supplier relations. The sector with the lowest proportion of such practices Life insurance with 70 percent of its financial institutions.





The graphs indicate:

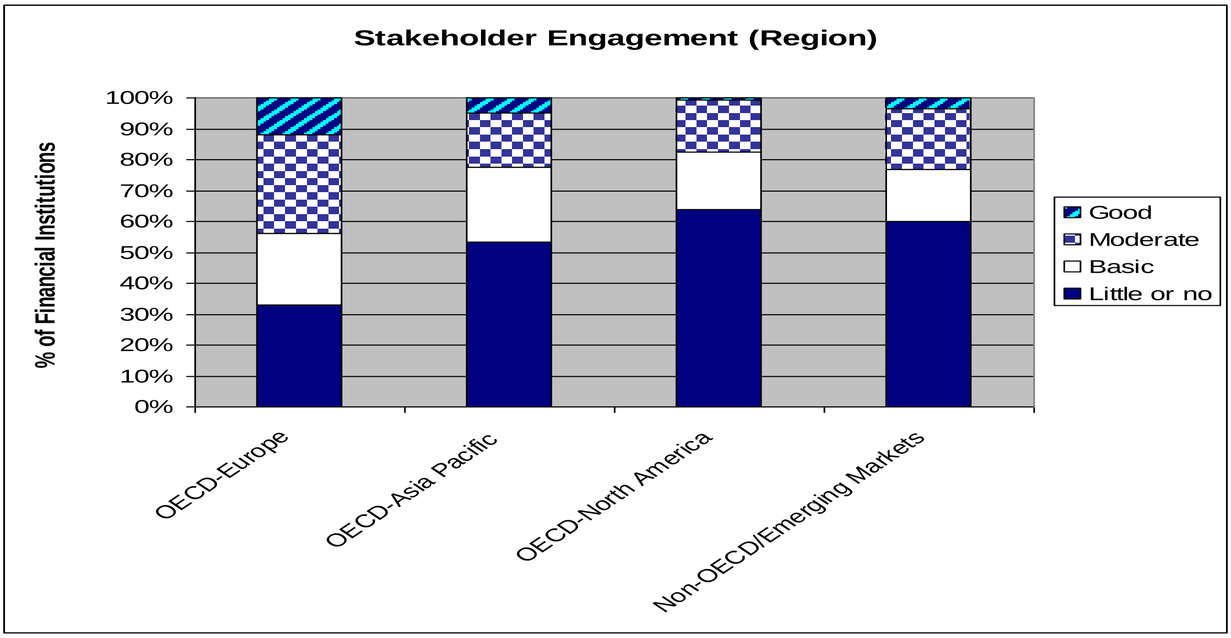
- The area with the highest proportion of systems to manage customers and suppliers is OECD-Europe with 68 percent of its financial institutions having some kind of system in place and 3 percent with 'very clear evidence' of such systems.
- Banks and Life insurance are the only two sectors with 'very clear evidence' of systems to manage customers and suppliers with 2 and 3 percent of their financial institutions respectively. Additionally, Life insurance is the sector with the highest percentage of financial institutions having some kind of system in place. 70 percent of Life insurers have at least some evidence of these systems.

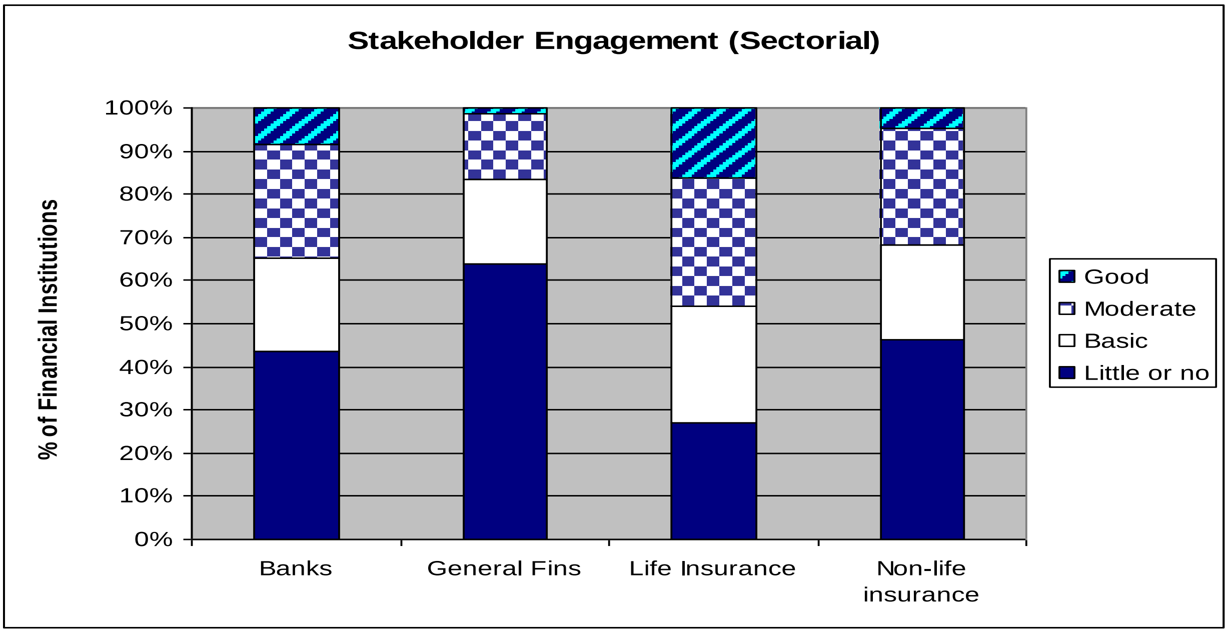
Financial institutions across the board tend to set up policies to address their relationship with customers and suppliers. This may be linked to the pressure exercised by consumers, watchdogs, media and the desire for investment recognition. However, the presence of systems to monitor such relationships is less frequent.

2.6. Stakeholders

Given the increasing importance attached to corporate reputation issues, it is often seen to be vital that financial institutions do all they can to actively engage with their stakeholders to improve the quality of their products and services. This can include elements such as the carrying out of surveys with customers and employees, as well as the extent of a company's quality control systems and the extent of its procedures for responding to stakeholders. Ideally reports arising out of these processes should be independently verified.

In order to measure the impact of financial institutions practices on their stakeholders we selected two indicators, namely stakeholder engagement and stakeholder reporting.



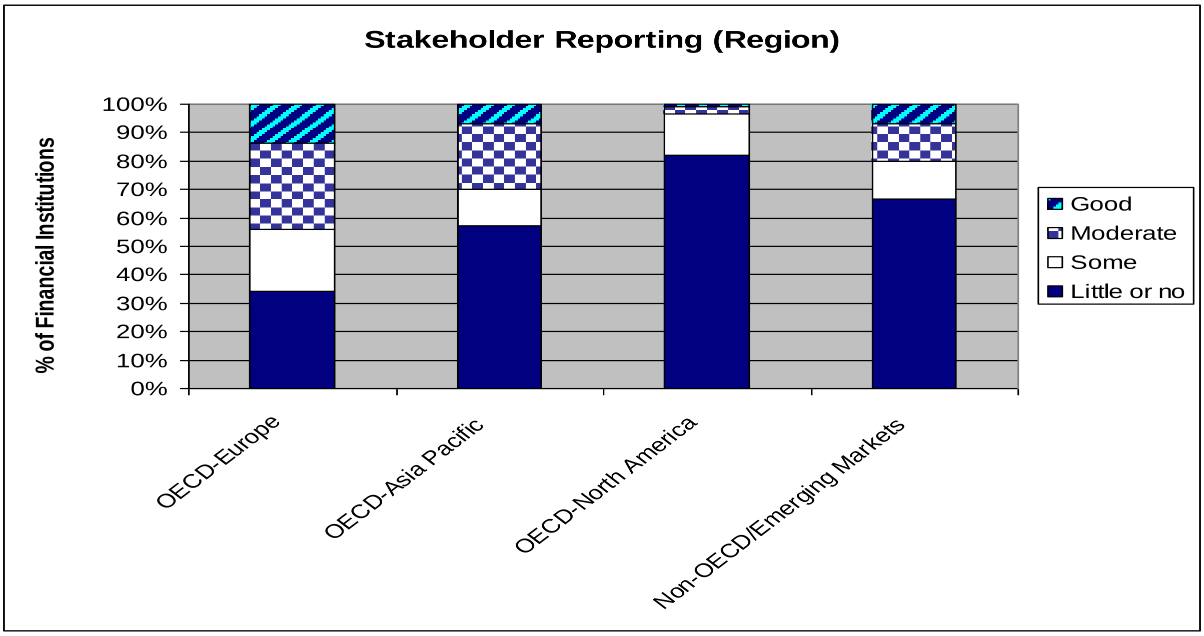


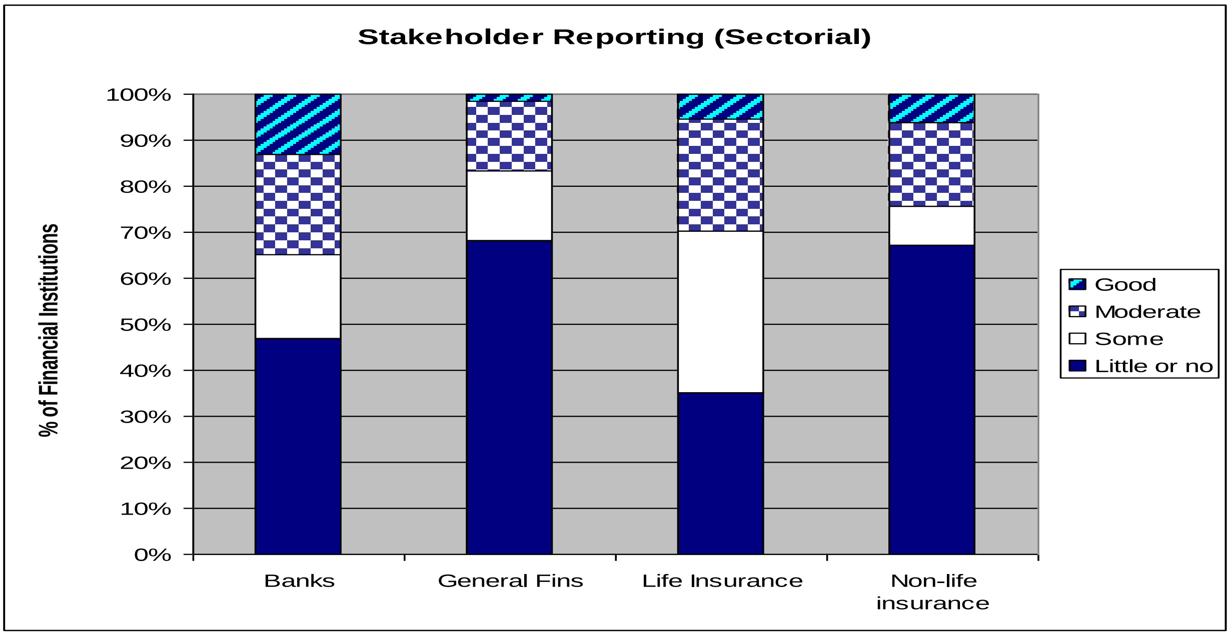
The charts above suggest the following conclusions:

- Financial institutions from OECD-Europe have the highest percentage of stakeholder engagement with 67 percent of those financial institutions having at least a 'basic' level of stakeholder engagement. This group also presents the highest proportion of 'good' strategies to engage with stakeholders, this is 12 percent of the financial institutions in this group. The Non-OECD/Emerging markets group shows a very similar behaviour to the OECD-Asia Pacific.
- OECD-North America is the group with the lowest stakeholder engagement with 64 percent of the financial institutions analyzed having 'little or no evidence' of stakeholder engagement.
- Life insurance is the sector with the highest proportion of stakeholder engagement and of 'good' level of stakeholder engagement at 73 percent and 16 percent respectively.
- General financials have the lowest incidence of stakeholder engagement with 64 percent of these financial institutions having 'little or no evidence' of this kind of

practices.

The reason why stakeholder engagement and reporting is more frequent amongst life insurers may be due to the more sensitive nature of its activity. Likewise, the highest proportion of these activities in OECD-Europe may be linked to stakeholders activism and the presence of NGO campaigns in some of its countries. Likewise, as stakeholder engagement includes activities involving customers, suppliers, employees and members of the community, the more developed policies and practices in these areas have a reflection on the final assessment for stakeholders engagement. Furthermore, the low levels of reporting beyond regulatory requirements found in the US as well as low levels of companies in general, and financial institutions in particular, engaged in CSR issues, may have an impact on the relatively lower development of stakeholder engagement in OECD-North America.





These graphs may suggest that:

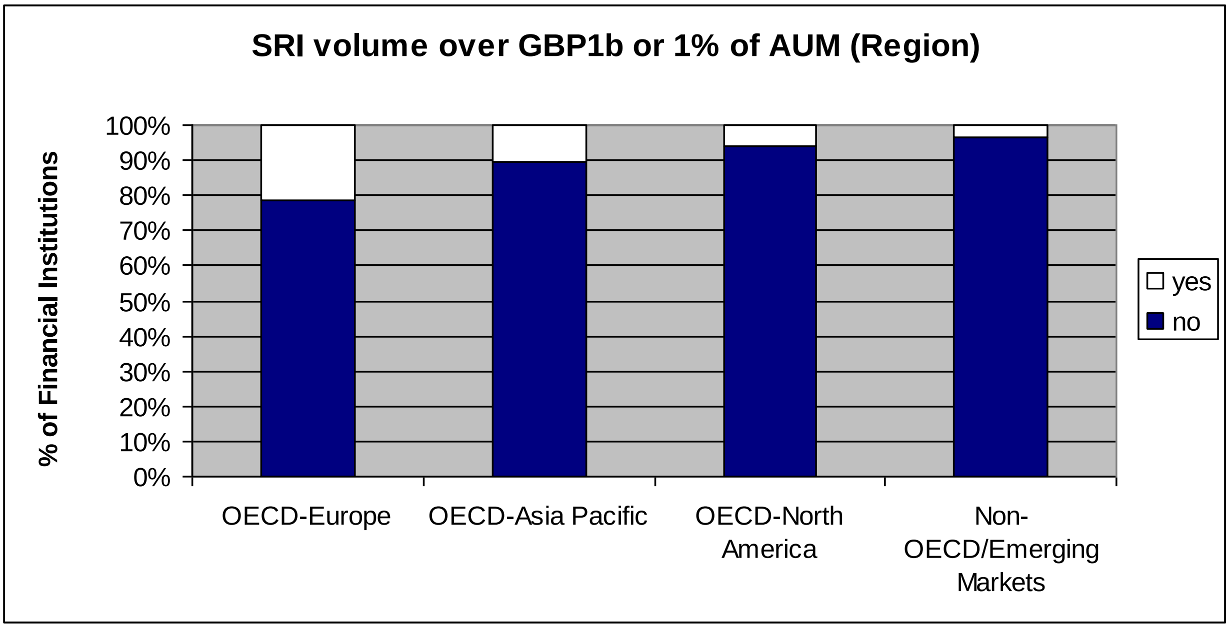
- The region where stakeholder reporting is more frequently present is OECD-Europe. Likewise, that is the region where reports show the best quality. 66 percent of the financial institutions from OECD-Europe have some kind of stakeholder reporting, while 14 percent have a 'good' level of stakeholder reporting.
- OECD-North America is the area with the highest number of financial institutions reporting no stakeholder issues. 82 percent of the financial institutions analyzed in this region have 'little or no evidence' of stakeholder reporting.
- Life insurers have the highest proportion of stakeholder reports at 65 percent of those financial institutions. However, the sector with the highest proportion of 'good' stakeholder report is the Banking sector with 13 percent of Banks showing a 'good' level of stakeholder reporting.

2.7. Sector-specific data

EIRIS has analyzed a variety of sector-specific issues with the aim of showing a comparison across the various regions examined. The indicators in this section are mainly linked to business lines. For example, we review the regional distribution of adopters of Equator Principles and other processes for project finance and the bank members of the Wolfsberg group. We show volumes of SRI (social responsible investment), engagement policies and reporting, voting rights strategies and reporting, and the signatories to the UN-PRI (Principles for Responsible Investment) which is primarily adhered to by investors, asset owners as well as asset managers. We also highlight those institutions which include a clear environmental component into credit risk assessment and the existence of green products for the majority of business lines.

SRI (Social Responsible Investment):

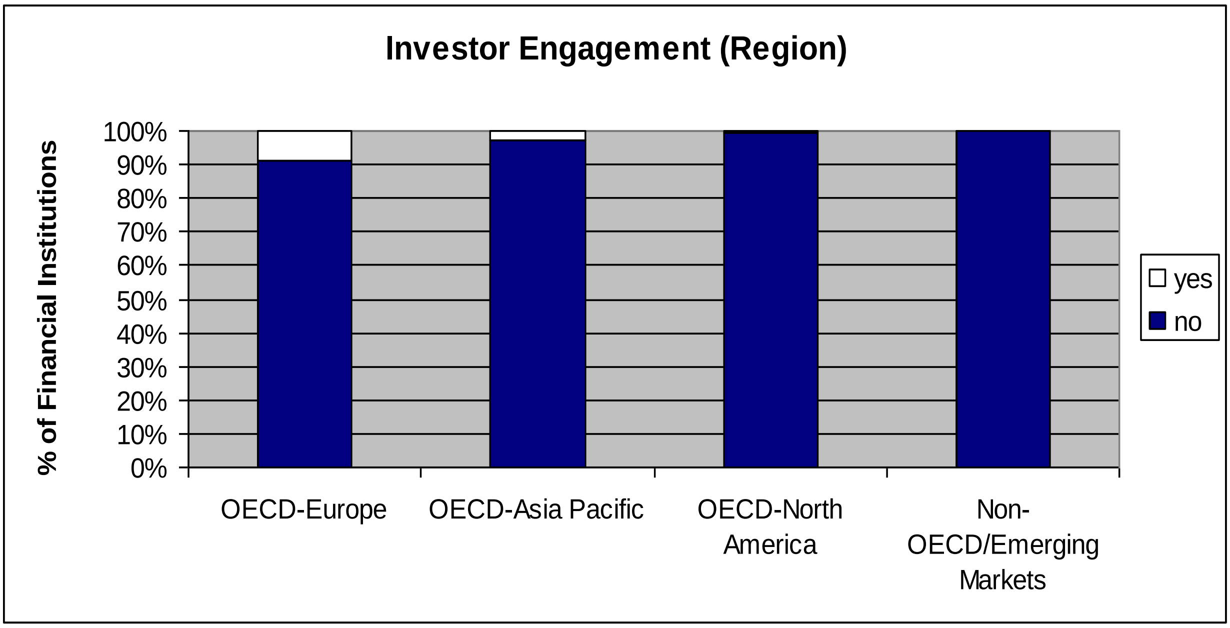
EIRIS established a threshold for volumes of SRI funds of GBP 1 billion or 1% of AUM (assets under management).



The graph indicates that the region which has the highest volume of SRI, amongst the financial institutions analyzed, is OECD-Europe at 21 per cent. This was followed by

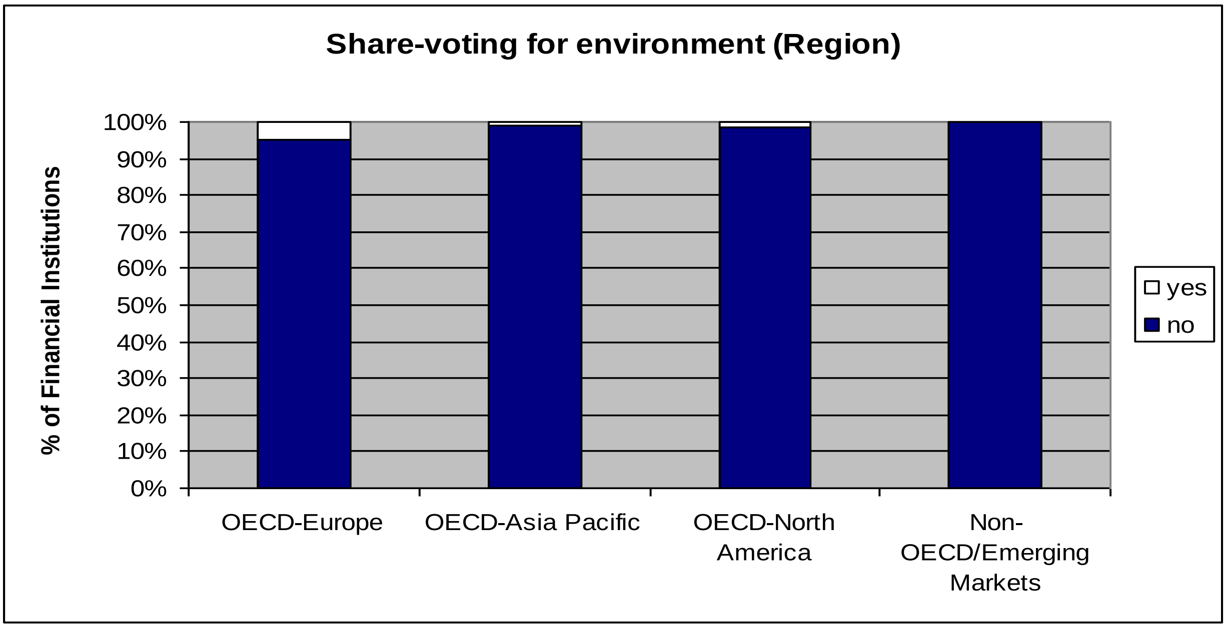
OECD-Asia Pacific with 11 percent, OECD-North America with 6 percent and Non-OECD/Emerging markets with 3 percent. Due to the diversification of the sector is difficult to categorize the activities with highest involvement in SRI. It would seem logical to expect asset managers to be the subsector offering the highest proportion of SRI. However, our sample indicated that 29 of the 59 financial institutions crossing the SRI threshold specified above are banks, followed by 14 general financials.

Engagement policy and reporting:
Some investors use engagement as their favoured ethical investment technique. Engagement is the interaction with investee companies to communicate the investor's environmental expectations with the aim of influencing their environmental conduct. EIRIS analyzed the institutions that have an engagement policy with an environmental component and which reported on the outcomes of their engagements.



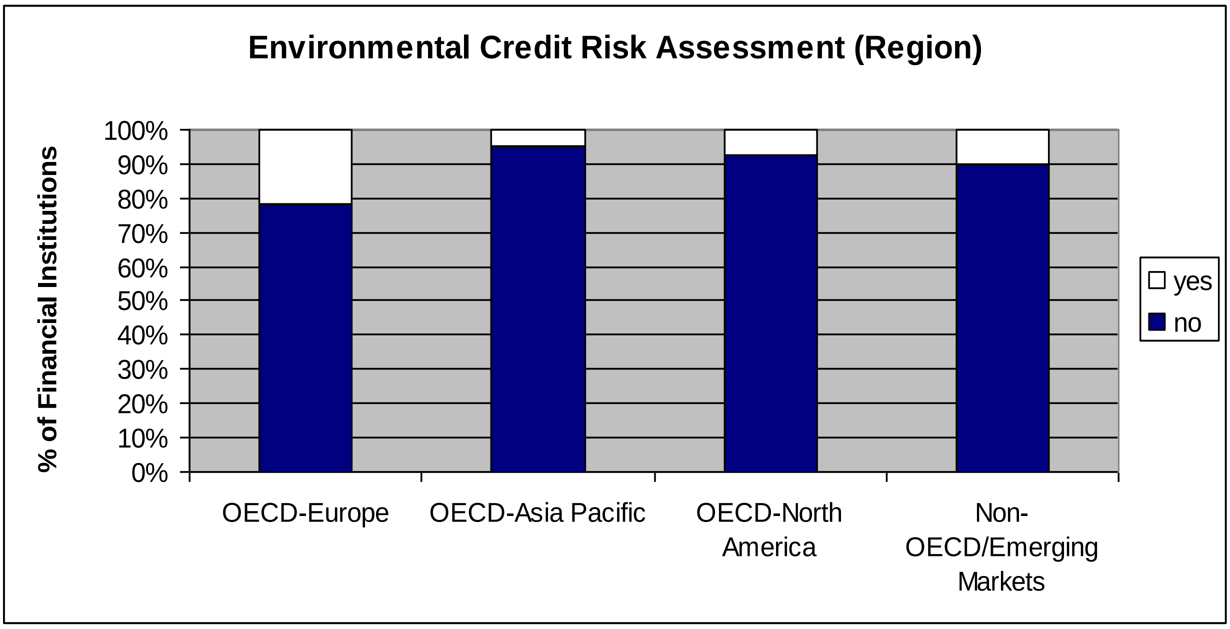
The graph above shows that OECD-Europe is the region with the highest number of engagers at 9 percent of the financial institutions analyzed. Likewise, the majority of financial institutions offering engagement are in the general financials sector followed by banks.

Exercise of voting rights:
EIRIS measures the investors that have policies to vote their shares in a particular way so as to deliver a decision that will have some environmental benefit and who report on this. For example, a financial institution may establish it votes for, against or on a case-by-case basis on a variety of environmental issues, such as the publication of an environmental report or a certain direction of environmental performance.



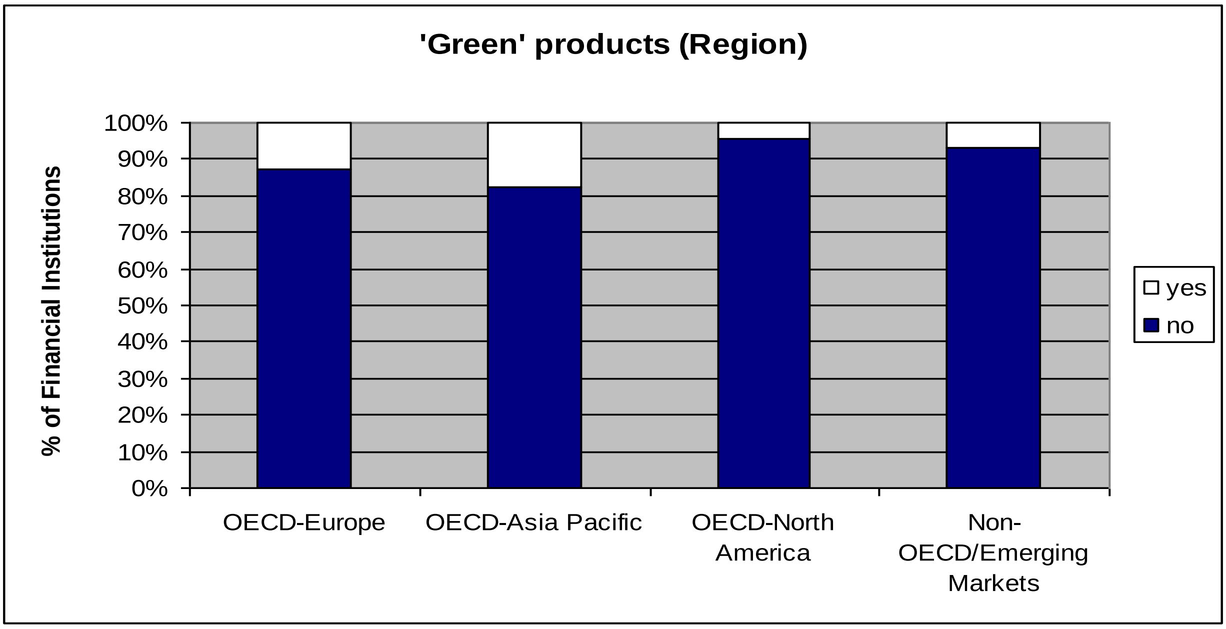
The graph indicated that in the OECD-Europe area a 5 percent of the institutions researched include environmental conditions when they exercise their voting rights. The percentages for the other areas were less than 1 percent.

Environmental credit risk management:
The indicator below focuses on the inclusion of environmental concerns in credit risk assessment beyond reputational or financial risk.



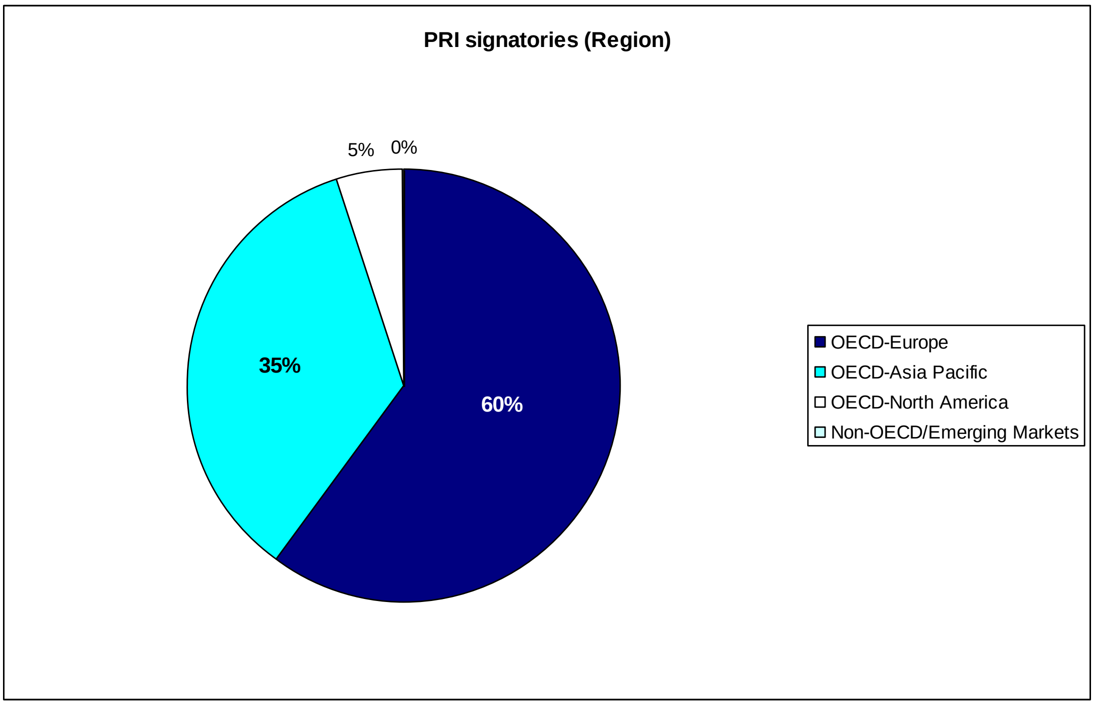
The figure above indicates that the practice of incorporating environmental issues in credit risk assessment is more common than the others analyzed in this section. OECD-Europe is the area with the largest number of financial institutions incorporating environmental concerns in their credit risk assessment strategies with 22 percent of its financial institutions. The area with the lowest number of financial institutions showing this practice is OECD-Asia Pacific with a mere 5 percent. Furthermore, the majority of financial institutions including environmental credit risk assessment are banks followed by general financials.

‘Green’ products:
This indicator covers a wide range of products. Several sector-specific examples include ‘pay-as-you-drive’ car insurance, ‘green’ loans for products that could benefit the environment (e.g. development of solar energy projects), amongst others.



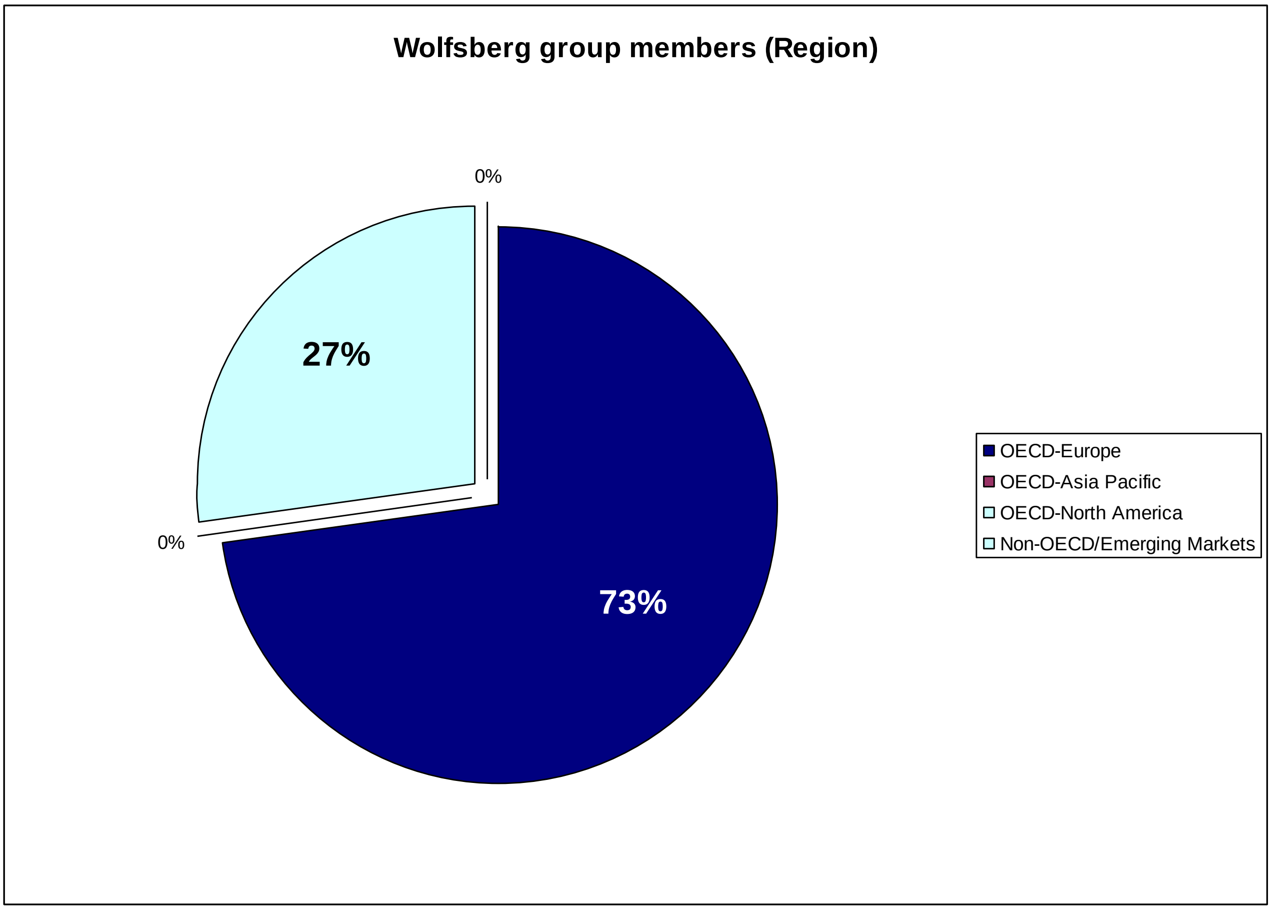
In this case the area with the highest number of ‘green’ products is OECD-Asia Pacific with 17 percent of its financial institutions offering such products. This is followed by OECD-Europe with 13 percent.

PRI (Principles for Responsible Investment):
The Principles for Responsible Investment is a joined initiative of UNEP-Finance Initiative and the UN Global Compact. Their aim is to incorporate ESG (environmental, social and governance) issues into investment strategies.
EIRIS cross-referred its universe of research with the list of signatories to the PRI. 20 out of the 455 financial institutions researched by EIRIS are signatories. Below we show how these 20 organizations are spread world-wide.



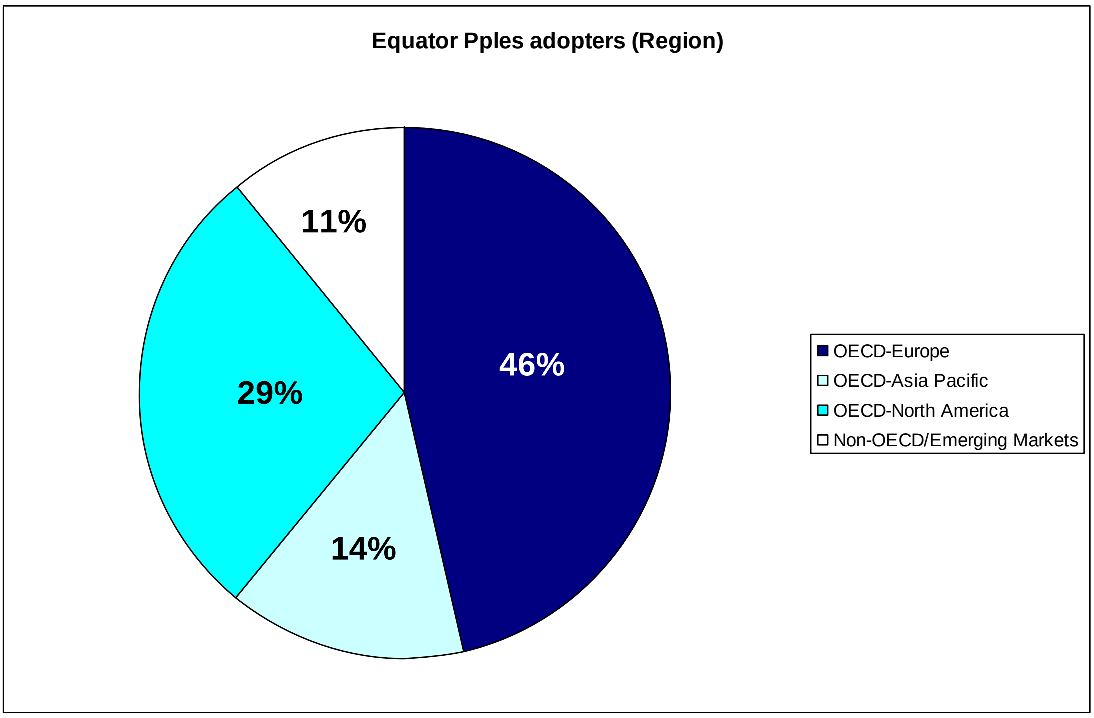
None of the financial institutions analyzed by EIRIS in the Non-OECD/Emerging markets areas are signatories to this initiative. The majority of signatories were from the OECD-Europe area, followed by OECD-Asia Pacific.

Wolfsberg principles:
The Wolfsberg group is an association of twelve global banks, which aims to develop financial services industry standards and products for anti-money laundering and counter terrorist finance (The Wolfsberg Principles).
The group came together in 2000, at the Château Wolfbsberg in Switzerland, along with Transparency International (an NGO addressing corruption) and a representative from Basel University, to work on drafting anti-money laundering guidelines for private banking.
EIRIS cross-referred the banks member to this group with its universe of research. All the members, except for Bank of Tokyo-Mitsubishi UFJ (which is owned by Mitsubishi UFJ Financial Group and therefore not researched by EIRIS) are included in the graph below. EIRIS did not give membership credit to Mitsubishi UFJ Financial Group as it is not clear how extended the practice would be within the group.

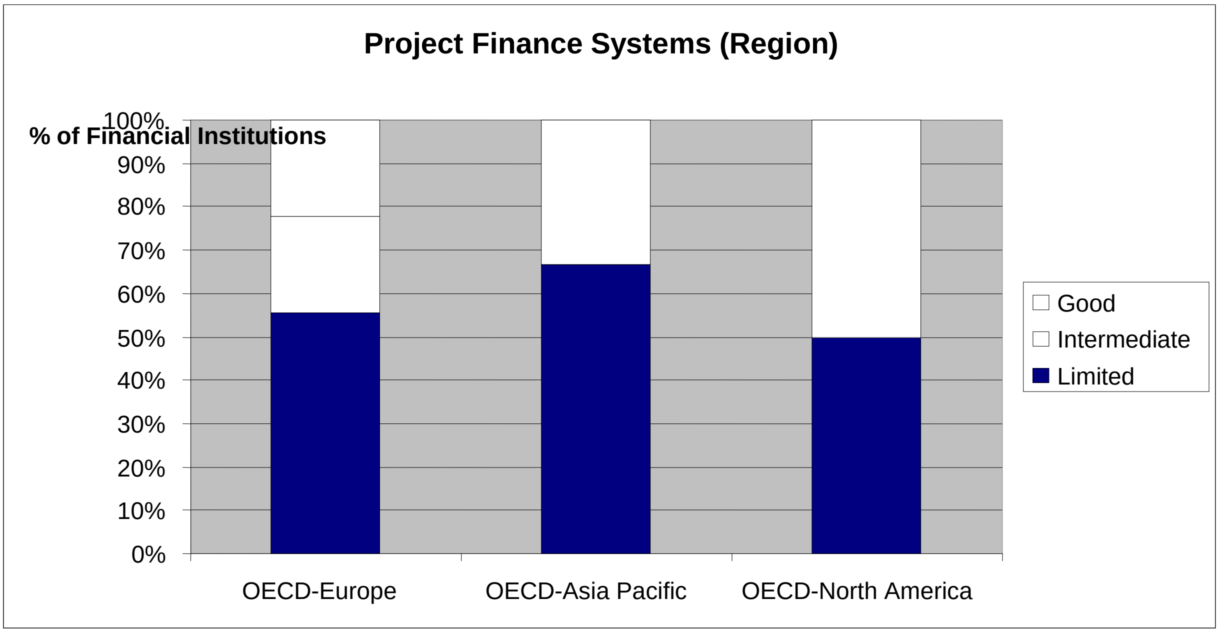


The graph indicates that none of the members of the Wolfsberg group come from Non-OECD/Emerging markets or OECD-Asia Pacific (with the exception mentioned above).

Equator Principles:
The Equator Principles are a set of voluntary environmental and social guidelines for ethical project finance. These principles commit banks and other signatories to not finance projects that fail to meet these guidelines. The principles were conceived in 2002 on an initiative of the International Finance Corporation and launched in 2003. Since then, dozens of major banks have adopted the Principles, and with these banks among them accounting for more than three quarters of all project loan market volume the Principles have become the de facto standard for all banks and investors on how to deal with potential social and environmental effects of projects to be financed. In July 2006, the principles were revised, increasing the scope and quality of the existing standards. EIRIS cross-referred the list of institutions that have adopted the Equator Principles with its universe of research. 28 of the financial institutions that EIRIS analyzes are adopters of the principles. The graph below shows the regional distribution of these institutions.



Project Finance:
This research indicator is only relevant for the financial sector (including banks and insurance services), although it must be noted that not all banks and insurance services will operate in the area of project finance. The indicator shows the performance of financial institutions to address the risk and impact associated with project finance.
EIRIS assessment focuses on five main areas, namely Strategy and responsibility, risk assessment, compliance and monitoring, reporting and dialogue and performance and innovation. The 5 tier assessment scale incorporates a scoring range from 'no evidence' to 'advanced'. A detail description of the elements that make up the scoring is included in Annex 1.
This is a new area of research for EIRIS, therefore although EIRIS has identified over 40 financial institutions with enough influence and exposure to project finance, at the time of publication only 14 had been researched. None of them belong to Non-OECD/Emerging markets. EIRIS expects the remaining financial institutions to be researched over the course of 2007.



As the graph indicates, OECD-Europe is the area with the highest number of good systems to manage the ethical risk of project finance. OECD-Asia Pacific is the area with the highest percentage of limited project finance systems.

3. Summary of findings and future outlook

The analysis of various social and environmental areas shows a number of differences across regions and sectors. We have also tried to establish trends within each area analyzed in this paper.

The fact that policies and practices have been consistently developed across most financial institutions for some of these areas may lead us to conclude that those are seen by the financial institutions as the greatest interest or materiality. We found that the areas of code of conduct, customers and suppliers and equal opportunities were of particular interest to financial institutions. The areas of environmental concern, on the other hand, seemed underdeveloped. This could be explained by the fact that these organizations consider their environmental impact lesser than those of other industries. EIRIS classifies the financial sector as medium to low impact, depending on the particular business activity. The greatest impact that this sector has on the environment is through the products and services it provides. With this regard, we also analyzed the practices that financial institutions have in place to address their indirect environmental impact. The conclusion for this area is that, in general, the OECD-Europe region is most advanced on products and services beneficial to the environment. The exception being 'green products', for which the OECD-Asia Pacific resulted a most prominent provider. Likewise, from the financial institutions analyzed regarding project finance, the region that had the highest number of systems in place was OCED-North America, however, the quality of the systems was higher in the OECD-Europe region.

In general, this paper shows that life insurance is the sector with the most developed ethical practices. This sector has the highest incidence of policies and systems developed for 15 out of 16 areas of research analyzed. Likewise, the region where ethical practices are more frequently developed is OECD-Europe, with the highest number of policies and systems in 12 out of 16 areas.

The future for financial institutions will bring a higher unification of sustainability initiatives. This will benefit from synergies and consistency in the application of different policies. For example, we could expect to see the Equator Principles to be used for raising sustainability standards across all new institutional finance, not just project finance.
We may see the expansion of some of the initiatives analyzed here to other ethical areas, such as the evolution of the Equator principles towards human right areas. Furthermore, the increasing involvement of financial financial institutions in countries of concern, such as their recent interest in banks in China, could drive more of them to follow established ethical guidelines.
Likewise, we could expect the work of organism and initiatives such as UNEP-FI and OECD to serve as a a catalyst for the inclusion of further environmental concerns in the ethical practices of financial institutions.

Annexes

Annex 1: Methodology:

1. Code of Ethics

The assessment of code of ethics is based on the following combination of relevant elements:

Elements	No code	Limited	Basic	Intermediate	Advanced
General • Existence of code of ethics Specific elements of code • Obeying laws and regulations • Prohibits giving and receiving bribes • Restricts giving and receiving gifts • Prohibits facilitation payments • Prohibits donations to political parties • Conflicts of interest • At least one 'other'	No code and no claim to have a code	Company says it has adopted a code of ethics but no details available beyond this	Existence of code and at least one specific element	Existence of code and 4-5 specific elements	Existence plus at least 6 specific elements
'Other' – having at least one from the following will count: 'ethical competition', anti-competitive practices, use of company resources, external activities of employees, cultural sensitivity, innovative or sector-specific elements.		Include – a code which only applies to senior managers or directors Include – a statement of general commitment to principles such as honesty, integrity, fairness or similar	Exclude – a code which only applies to senior managers or directors cannot go above limited		Analyst must have seen a copy (either provided or published by the company). Simply ticking boxes on survey will only achieve intermediate.

The assessment of systems for implementing the code of ethics is as follows:

Elements	No systems	Limited	Basic	Intermediate	Advanced
• Provides employee training • Compliance monitoring • Provides 'whistleblowing' procedures • Reporting –includes details of breaches and enforcements • Undertakes a regular review of code	Score of 0	only employee training referred to without additional details	Score of 1-4 unless it is employee training only	Score of 5-7	Score of 8-10
Scores for each element are awarded as follows: 1 = basic reference with no detail, or supporting evidence 2 = reference made with details. Might include descriptions that provide verification or substance, explanations of procedures, actions taken, review of process or outcome etc. which demonstrate that the system has impact and is more than a token acknowledgement.					

2. Environmental Areas:

EIRIS assigns five assessment grades to environmental policies, management systems and reports. The grades are as follows:

- inadequate
- weak
- moderate
- good
- exceptional

Environmental policy:

The assessment is based on a combination of the following elements.

Essential	**Desirable**
Reference to all key issues*	Globally applicable corporate standards
Responsibility for policy*	Commitment to stakeholder involvement
Commitment to use of targets*	Addressing product or service impact
Commitment to monitoring/audit	Strategic moves towards sustainability
Commitment to public reporting	

Those indicators marked with * have different levels within them
Additionally, financial institutions which are signatories to the UNEP-FI (UNEP Financial institutions initiative) are automatically given an assessment of 'weak'.

Assessment levels
Assessment levels are constructed from the indicators above as follows:

Inadequate
Lower than 'weak'

Weak
The company meets one of the following:
Three essential indicators
Two essential indicators and one desirable indicator
Four essential indicators (two at a lower level)

Moderate
The company meets one of the following:
Four or five essential indicators
Three essential indicators plus and one desirable indicator
Three essential indicators (one at a higher level)

Good
The company meets one of the following:
Five essential indicators and one desirable indicator
Four essential indicators and two desirable indicators
Four essential indicators (one at a higher level) and one desirable indicator

Exceptional
The company meets the following:
Five essential indicators, three desirable indicators (including 'moves to environmental sustainability')

Environmental management systems:
The assessment for this area is based on a combination of the following elements.

Key indicators
Environmental policy
Identification of significant impacts
Setting of objectives and targets in all key areas
Documented structure and procedures
Audit programme
Internal reporting and management review
Other Indicators
Commitment only
Other initiatives, which relate to a specific industry, issue, or system element

Assessment levels
The following matrix is used to assess environmental management systems according to the number of the above indicators which have been implemented and the percentage of the company which the system covers.

System Quality	**Less than 33% coverage**	**33 to 66% coverage**	**Over 66% coverage**
Three indicators	*Inadequate*	*Weak*	*Weak*
Four indicators	*Weak*	*Moderate*	*Moderate*
Five indicators	*Weak*	*Moderate*	*Moderate*
Five indicators, with objectives and targets in all key areas.	*Weak*	*Moderate*	*Good*
Six indicators, with quantitative objectives and targets	*Moderate*	*Good*	*Exceptional*
ISO14001 certified	*Moderate*	*Good*	*Exceptional*
EMAS registered	*Moderate*	*Good*	*Exceptional*
Commitment only	*Weak*	*Weak*	*Weak*
Other initiatives	*Inadequate*	*Weak*	*Weak*

Environmental reporting:
The assessment is based on a combination of the following elements

Essential	**Desirable**
Environmental policy text	Outline of environmental management system
Description of main impacts	Non-compliance, prosecutions, fines or accidents
Provides quantitative data (including year-on-year data)	Financial dimensions
Performance against targets	Independent verification
	Stakeholder dialogue
	Coverage of sustainability issues

Assessment levels
Assessment levels are constructed from the indicators above as follows:

Inadequate
Lower than 'weak'

Weak
The company meets three of the four essential indicators

Moderate
The company meets one of the following:
All four essential indicators
Three essential indicators and two desirable indicators

Good
The company meets all four essential indicators and is independently verified

Exceptional
The company meets all four essential indicators, is independently verified, and meets

three desirable indicators.

Environmental performance:
The assessment for this area is based on the assessments for three individual areas, namely climate change, water use and waste management.

Average score	Final grade
>2	Major improvement
>1	Significant improvement
>0	Minor improvement
< 0 or baseline year	No improvement
No data	No data

3. Human rights

EIRIS human rights research covers financial institutions with operations in countries with oppressive regimes. EIRIS category A countries list is drawn up annually by EIRIS using a variety of sources, including the Freedom House 'Freedom in the World' Annual Survey, Human Rights Watch Annual Reports, and Amnesty International Annual Reports. Category A countries are as follows: Afghanistan, Algeria, Angola, Brunei, Burma, Cameroon, China, Colombia, Democratic Republic of Congo, Egypt, Iran, Iraq, Ivory Coast, Kazakhstan, Lebanon, Libya, North Korea, Oman, Pakistan, Rwanda, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, Vietnam, Zimbabwe.

The EIRIS definition of country presence is based on ownership of at least a 20% stake in a company incorporated in the country.

Overall Human Rights Assessment

A company's assessment for managing human rights issues includes the following categories:

- policy and responsibility
- management systems
- reporting and dialogue

There are four overall gradings, as detailed in the following table.

Overall Gradings	Minimum Score Requirements
The company has an *advanced* system for addressing human rights issues	'intermediate' human rights policy sub-score AND Two 'advanced' indicators scores OR Three 'intermediate' indicator scores OR One 'advanced' indicator score, one 'intermediate' indicator score and one 'basic' indicator score
The company has an *intermediate* assessment –a basic human rights policy and some systems for addressing human rights issues	'basic' human rights policy sub-score AND Two 'intermediate' indictor scores OR One 'intermediate' indicator score and two 'basic' indicator scores
The company has a *basic* overall policy/system on human rights issues	'Basic' human rights policy subscore OR 'Basic' employment policy sub-score
The company has provided *little or no evidence* of overall policy/systems on human rights issues	n/a

4. Employment and Industrial Relations:

4.1. Equal opportunities:

In order to calculate the grading, EIRIS uses the following elements:

Policy

Little or no evidence of policy on equal opportunities and diversity issues

No express or implied indication of a policy to avoid discrimination on at least the grounds of sex and race

Basic policy on equal opportunities and diversity issues

A policy which expressly or implicitly refers to avoiding discrimination on the grounds of at least gender and ethnic origin

Moderate policy on equal opportunities and diversity issues

A policy which expressly refers to avoiding discrimination on the grounds of gender, ethnic origin and disability AND at least one of age, religion and sexual orientation AND makes clear its policy is applied worldwide

Good policy on equal opportunities and diversity issues

A policy which expressly refers to avoiding discrimination on the grounds of gender, ethnic origin and disability AND at least two of age, religion and sexual orientation AND makes clear its policy is applied worldwide AND it is a member or supporter of business focused groups supporting equal opportunities development initiatives, in regard to at least two of the possible areas of discrimination

Systems
Little or no evidence of systems to uphold equal opportunities/diversity
Unable to demonstrate any of the elements detailed in "what we measure"

Some evidence of systems to uphold equal opportunities/diversity
At least one of the elements (apart from senior responsibility) described above

Clear evidence of systems to uphold equal opportunities/diversity
At least two of assigned responsibility to a senior person: monitors equal opportunities policy; able to provide supporting data AND at least two of: 10% of managers are women; percentage of ethnic minority managers is two fifths of ethnic minority workforce; provides at least three of the stated flexible working arrangements

Very clear evidence of systems to uphold equal opportunities/diversity
All of: assigned responsibility to a senior person; monitors equal opportunities policy; able to provide supporting data AND more than 20% of its managers are women (or the percentage of women managers matches at least four fifths the figure for the percentage of women in its workforce as a whole) AND percentage of ethnic minority manager is four fifths of ethnic minority workforce AND provides at least four of the stated flexible working arrangements

4.2. Job Creation and Security
The assessment of this area includes the following grading:

- *Little or no evidence of systems and practices to advance job security or job creation*
  Cannot demonstrate any of the following:
  - Assignment of responsibility for job security or job creation to a named senior person
  - Makes a public commitment to avoid compulsory redundancies
  - Maintains procedure for consultation on restructuring or redundancies
  - Provision of figures for the proportion of staff on temporary contracts (which must be less than 10%)
  - Has achieved positive (i.e. greater than 0%) organic job creation over the last three years

- *Some evidence of systems and practices to advance job security or job creation*
  Can demonstrate at least one of:
  - Makes a public commitment to avoid compulsory redundancies
  - Provision of figures for the proportion of staff on temporary contracts (which must be less than 10%)
  - Has achieved positive (i.e. greater than 0%) organic job creation over the last three years

- *Clear evidence of systems and practices to advance job security and job creation*
  Can demonstrate at least 3 of the indicators detailed above.

4.3. Training:
There are three indicators for this area:

- *Little or no evidence of systems to support employee training and development*
  Company fails to ensure that at least 25% of staff have an annual review of training and development needs AND does not provide examples of at least two categories of significant quantitative supporting data, (such as the proportion of employee costs spent on training, amounts of time and money spent on training per employee) to illustrate its systems for employee training and development
- *Some evidence of systems to support employee training and development*
  Company ensures at least 25% of staff have an annual review of training and development needs OR provides examples of at least two categories of significant quantitative supporting data to illustrate its systems for training and development
- *Clear evidence of systems to support employee training and development*
  Company ensures at least two-thirds of staff have an annual review of training and development needs AND provides examples of at least three categories of significant quantitative supporting data to illustrate its systems for training and development AND assigns responsibility for training and development to a named senior person

4.4 Employee participation:
The grading includes the following elements:

- *Little or no evidence of systems for managing employee relations*
  They do not recognise trade unions for collective bargaining purposes OR have significant alternative consultative arrangements covering more than 25% of their staff
- *Some evidence of systems for managing employee relations*
  Recognises trade unions for collective bargaining purposes OR has alternative consultative arrangements covering more than 25% of staff
- *Clear evidence of systems for managing employee relations*
  Has assigned responsibility for systems and practices to maintain good employee relations to a named senior person and recognises unions for collective bargaining purposes covering more than 50% of staff

5. Customers and suppliers:
Policy
The following assessments are available for this area:

- *Little or no evidence of policy on customers and/or suppliers*
- *Has adopted policy on customers and/or suppliers*
- *Clearly communicates policy on either customer or supplier relations*
  Has a policy on either customer relations OR supplier relations, which is communicated widely publicly to all stakeholders

Systems
The grading for systems includes the following elements:

- *Little or no evidence of systems for maintaining good relations with customers and/or suppliers*

- *Some evidence of systems for maintaining good relations with customers and/or suppliers*

  Must meet one of:
  - Conducts monitoring of its relationships with customers and suppliers
  - Can provide evidence of improved relations with customers or suppliers
  - Makes assessments of the social impact of its products, developments and/or services
  - Meets formal quality systems for at least 1-20% of its operations

- *Clear evidence of systems for maintaining good relations with customers and/or suppliers*
  Must meet at least 3 of:
  - Assignment of responsibility for customers and suppliers systems to a named senior person
  - Conducts monitoring of its relationships with customers and suppliers
  - Can provide evidence of improved relations with customers or suppliers
  - Makes assessments of the social impact of its products, developments and/or services
  - Meets formal quality systems for at least 1-25% of its operations

  <u>OR that it meets formal quality systems for at least 50% of its operations</u>

- *Very clear evidence of systems for maintaining good relations with customers and/or suppliers*
  Meets all the above
  <u>OR at least 3 of the above + meets formal quality systems for at least 50% of its operations</u>

6. Stakeholders:
Stakeholder Engagement:
Four overall grades are available for this question:

- *Little or no engagement with stakeholders*
  Company has either expressly stated it does not have a relevant policy OR has failed to disclose appropriate evidence

- *Basic engagement with stakeholders*
  Conducts surveys of one or more stakeholder groups OR has set up a committee or similar mechanism to monitor its relationships with customers or suppliers

- *Moderate engagement with stakeholders*
  Conducts social impact assessments of its products and services OR carries out audits of two or more stakeholder groups

- *Good engagement with stakeholders*

Conducts regular (at least every 2 years) audits of its stakeholder engagement procedures AND has more than 25% of the business independently verified in this way.

Stakeholder Reporting:
Four overall grades are available for this area. They all measure the reporting and availability of reports containing quantitative indicators of company performance on social issues.

- *Little or no quantitative disclosure on stakeholder relations*
  They have not published a community involvement report OR have not disclosed a social report containing measurements of customer, supplier or stakeholder satisfaction and have disclosed less than two quantitative figures giving details of performance from the following headings:

  Health & safety, Workforce composition, Training and employee development, Staff turnover

- *Some quantitative disclosure on stakeholder relations*
  EITHER
  Clear publicly available Social reports, containing measurements of customer, supplier or stakeholder satisfaction
  OR
  A Community involvement report giving a full breakdown and details of projects supported
  OR
  2 or more quantitative figures giving details of performance from the following headings:
  Health & safety, Workforce composition, Employee share ownership, Training and employee development, Staff turnover

- *Moderate disclosure on stakeholder relations*
  EITHER
  Clear publicly available Social reports containing measurements of customer, supplier or stakeholder satisfaction
  OR
  A Community involvement report giving a full breakdown and details of projects supported and 2 or more quantitative figures giving details of performance from the headings below: Health & safety, Workforce composition, Employee share ownership, Training and employee development, Staff turnover
  OR
  3 or more quantitative figures giving details of performance from the following headings:
  Health & safety, Workforce composition, Employee share ownership, Training and employee development, Staff turnover

- *Good disclosure on stakeholder relations*
  Must meet the moderate disclosure grade AND be either subject to social audit or have independent verification of a substantial part of the figures disclosed.

7. Sector-specific data (Project finance):

<table>
<tr><th></th><th>No evidence</th><th>Limited</th><th>Intermediate</th><th>Good</th><th>Advanced</th></tr>
<tr><td>Requirements</td><td>No indicators</td><td>Any one indicator</td><td>Any four indicators from marked sections</td><td>All marked indicators</td><td>All marked indicators</td></tr>
<tr><td colspan="6">Strategy & responsibility</td></tr>
<tr><td>Global policy incl. SEE criteria</td><td></td><td>●</td><td>●</td><td>●</td><td>●</td></tr>
<tr><td>Public Equator Principles commitment</td><td></td><td></td><td rowspan="7">●</td><td>●</td><td>●</td></tr>
<tr><td>Policy commitment covering loan syndication</td><td></td><td></td><td></td><td>●</td></tr>
<tr><td>Commitment to EMP/ EIA for all PF</td><td></td><td></td><td></td><td>●</td></tr>
<tr><td>Commitment to social MP / SIA for all PF</td><td></td><td></td><td></td><td>●</td></tr>
<tr><td>Env management plan/ EIA for all PF deals considered category A (EP)</td><td></td><td></td><td>●</td><td>●</td></tr>
<tr><td>Social management plan/ SIA for all PF deals considered category A (EP)</td><td></td><td></td><td>●</td><td>●</td></tr>
<tr><td>Env & social impact assessment (if appropriate) for category B projects</td><td></td><td></td><td>●</td><td>●</td></tr>
<tr><td colspan="6">Risk assessment</td></tr>
<tr><td>Client diagnostic tool to assess clients on their sustainability profiles for approval of PF deal (specific sector or all sectors)</td><td></td><td></td><td></td><td rowspan="2">Any one indicator</td><td>●</td></tr>
<tr><td>Env audits & site visits to evaluate env risk of project and (where relevant) social audits & site visits to evaluate social risk of project</td><td></td><td></td><td></td><td>●</td></tr>
<tr><td>Compliance and monitoring</td><td colspan="5"></td></tr>
<tr><td>Training of relevant staff by consultants on env & social risks relating to PF or guidance notes outlining possible risks related to PF available</td><td></td><td></td><td rowspan="3">Any one indicator</td><td rowspan="3">Any two indicators</td><td>●</td></tr>
<tr><td>Attach conditions to agreement relating to SEE issues where necessary.</td><td></td><td></td><td>●</td></tr>
<tr><td>Monitor compliance with any SEE conditions attached to agreement</td><td></td><td></td><td>●</td></tr>
<tr><td colspan="6">Reporting and dialogue</td></tr>
<tr><td>Engagement on proactive basis with stakeholders (throughout project)</td><td></td><td></td><td rowspan="7">Any two indicators (reporting and performance)</td><td></td><td>●</td></tr>
<tr><td>Detailed public response to NGO allegations concerning the financing of controversial projects</td><td></td><td></td><td></td><td>●</td></tr>
<tr><td>Public reporting on project finance</td><td></td><td></td><td>●</td><td>●</td></tr>
<tr><td>Quantitative public reporting on implementation of PF policies incl. KPIs</td><td></td><td></td><td>●</td><td>●</td></tr>
<tr><td>Qualitative reporting of challenges & compliance</td><td></td><td></td><td>●</td><td>●</td></tr>
<tr><td>Reporting on financial institutions/ projects denied credit for social or env reasons</td><td></td><td></td><td>●</td><td>●</td></tr>
<tr><td>Disclosure of person/committee responsible for approving PF deals</td><td></td><td></td><td>●</td><td>●</td></tr>
<tr><td colspan="6">Performance and innovation</td></tr>
<tr><td>PF policy applied beyond scope of EP commitment threshold</td><td></td><td></td><td rowspan="2"></td><td></td><td>●</td></tr>
<tr><td>Policy leadership</td><td></td><td></td><td></td><td>●</td></tr>
</table>

Annex 2: Regional distribution of financial institutions:

- OECD-Europe: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey and the UK.
- OECD-Asia Pacific: Australia, Japan, New Zealand and South Korea.
- OECD-North America: Canada, Mexico and United States of America.
- Non-OECD/Emerging Markets: Brazil, Hong Kong, India, Lebanon, Malaysia, Singapore, South Africa and Taiwan.

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