

Changes in the FFGI Methodology 2020



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Introduction

This note summarises the changes made to the Fair Finance Guide International (FFGI) Methodology during the 2020 review. The changes are listed by theme and are relative to the FFGI Methodology 2018. For each theme the following changes are included in tables:

- Removed elements;
- New elements; and
- Changes in the text of elements that were marked as 'substantial', meaning they may lead to changes in scores.

Changes in the scoring guidelines, such awarding the adherence to new international standards and initiatives, are included in a list separate from the tables.

1 Changes in cross-cutting themes

1.1 Animal Welfare

Table 1 Overview of new, removed and changed elements

New and removed elements			
No.	Element text	Action	
	Companies guarantee the welfare of animals held captive for activities that have an educational and nature protection objective and in which wild animals are involved in any way (such as zoos).	Removed.	
Substantial changes to elements			
No.	2018 Text	No.	2020 Text
2	Animal testing for testing cosmetics is unacceptable.	2	Non-medical animal testing (including but not limited to cosmetics testing) is unacceptable.

Aside from changes to the elements themselves, the following changes have been made to the scoring guidelines:

- Requiring companies to adhere to the Farm Animals Responsible Minimum Standards (FARMS) initiative is eligible for points on elements 6, 7, 8, and 11.

1.2 Climate Change

Table 2 Overview of new, removed and changed elements

New and removed elements			
No.	Element text	Action	
2	For its own internal operations, the financial institution is committed to using only renewable energy sources.	New.	
5	For large scale project financing, the financial institution makes environmental impact assessments that include data on greenhouse gas emissions and climate risks.	New.	
Substantial changes to elements			
No.	2018 Text	No.	2020 Text
21	CO ₂ -compensation is certified according to the Gold Standard.	23	CO ₂ -compensation is certified according to the criteria of relevant certification schemes for CO ₂ -compensation (mentioned in section 2.2.2).

Aside from changes to the elements themselves, the following changes have been made to the scoring guidelines:

- Adherence to the Paris Pledge to Quit Coal is no longer eligible for points on elements 1 and 6;
- Applying the standards of the Science-Based Targets initiative (SBTi) is a requirement for full points on element 1; and
- Membership of the Principles for Responsible Investment (PRI) is eligible for points on element 7.

1.3 Corruption

There have been no substantial changes in the theme 'Corruption'.

1.4 Gender Equality

Table 3 Overview of new, removed and changed elements

Substantial changes to elements			
No.	2018 Text	No.	2020 Text
1	The financial institution has a zero tolerance policy commitment for all forms of gender discrimination with respect to employment and occupation, including verbal, physical and sexual harassment.	1	The financial institution has an explicitly gender-sensitive zero tolerance policy commitment towards all forms of gender-based discrimination in employment and occupation, including psychological harm and verbal, physical and sexual harassment.
8	Companies have a zero tolerance policy for all forms of gender discrimination including verbal, physical and sexual harassment.	8	Companies have an explicitly gender-sensitive zero tolerance policy towards all forms of gender-based discrimination, including psychological harm and verbal, physical and sexual harassment.

Aside from changes to the elements themselves, the following changes have been made to the scoring guidelines:

- Adherence to the Women's Empowerment Principles is not sufficient for a point on element 3.

1.5 Health

Table 4 Overview of new, removed and changed elements

New and removed elements		
No.	Element text	Action
14	Production of tobacco and tobacco-based products is unacceptable.	New.
	Patients with avoidable and treatable diseases have the right to access to medication.	Removed.

Aside from changes to the elements themselves, there have been no significant changes to the scoring guidelines for the theme 'Health'.

1.6 Human Rights

Table 5 Overview of new, removed and changed elements

New and removed elements			
No.	Element text	Action	
	Companies have special attention for respecting the rights of women, especially to prevent discrimination and to improve equal treatment of men and women.	Removed.	
Substantial changes to elements			
No.	2018 Text	No.	2020 Text
8	Companies prevent conflict over land rights and acquire natural resources only with free, prior and informed consent (FPIC) of the land users involved.	8	Companies prevent conflict over land rights and acquire natural resources only with free, prior and informed consent (FPIC) of peoples with customary tenure rights.

Aside from changes to the elements themselves, the following changes have been made to the scoring guidelines:

- Requiring companies to adhere to the UN Guiding Principles for Business & Human Rights is sufficient for points on elements 2, 3, 4, and 5.

1.7 Labour Rights

Table 6 Overview of new, removed and changed elements

New and removed elements		
No.	Element text	Action
7	Companies are committed to fair recruitment practices.	New.

Aside from changes to the elements themselves, there have been no significant changes to the scoring guidelines for the theme 'Labour Rights'.

1.8 Nature

Table 7 Overview of new, removed and changed elements

Substantial changes to elements			
No.	2018 Text	No.	2020 Text
11	Companies conduct water scarcity impact assessments and prevent negative impacts in water scarce regions.	11	Companies conduct water scarcity impact assessments in water scarce regions.

Substantial changes to elements

No.	2018 Text	No.	2020 Text
12	Companies do not start new operations in areas where water scarcity is pre-existing and operations would compete with the needs of communities.	12	Companies have comprehensive mitigation measures in place to address community and ecosystem water requirements in areas where environmental impact assessments identify that significant impacts to water resources are likely.

Aside from changes to the elements themselves, there have been no significant changes to the scoring guidelines for the theme 'Nature'.

1.9 Tax

Table 8 Overview of new, removed and changed elements

Substantial changes to elements			
No.	2018 Text	No.	2020 Text
1	For at least three quarters of the countries in which the financial institution operates, it reports country-by-country on its revenues, profit, FTEs, subsidies received from governments and tax payments to governments.	1	For at least three quarters of the countries in which the financial institution operates and/or 75% of its total revenue, it reports country-by-country on its revenues, profit, FTEs, subsidies received from governments and tax payments to governments in a way that matches with the consolidated accounts.

Aside from changes to the elements themselves, there have been no significant changes to the scoring guidelines for the theme 'Tax'.

2 Changes in sector themes

2.1 Arms

Table 9 Overview of new, removed and changed elements

New and removed elements		
No.	Element text	Action
7	Use, production, development, maintenance, testing, stockpiling of and trade in lethal autonomous weapons systems (LAWS), including components designed for LAWS, is unacceptable.	New.
	The policy does not mention exceptions for certain types of investment, financing and/or asset classes of the financial institution.	Removed.
	The policy does not mention exceptions for activities or projects that are not related to the production of weapons.	Removed.

Substantial changes to elements

No.	2018 Text	No.	2020 Text
1	Production of, maintenance of, and trade in anti-personal landmines, including important parts of landmines, is unacceptable.	1	Use, production, development, maintenance, testing, stockpiling of and trade in anti-personal landmines, including key components of landmines, is unacceptable.
2	Production of, maintenance of, and trade in cluster munitions, including important parts of cluster munitions, is unacceptable.	2	Use, production, development, maintenance, testing, stockpiling of and trade in cluster munitions, including key components of cluster munitions, is unacceptable.
3	Production of, maintenance of, and trade in nuclear weapons, including important parts of nuclear weapons, in or to countries that have not ratified the Non-proliferation Treaty is unacceptable.	3	Use, production, development, maintenance, testing, stockpiling of and trade in nuclear weapons, including key components of nuclear weapons, in or to countries that have not ratified the Non-proliferation Treaty is unacceptable.
4	Production of, maintenance of, and trade in nuclear weapons, including important parts of nuclear weapons, is unacceptable.	4	Use, production, development, maintenance, testing, stockpiling of and trade in nuclear weapons, including key components of nuclear weapons, is unacceptable.
5	Production of, maintenance of, and trade in chemical weapons, including important parts of chemical weapons, is unacceptable.	5	Use, production, development, maintenance, testing, stockpiling of and trade in chemical weapons, including key components of chemical weapons, is unacceptable.
6	Production of, maintenance of, and trade in biological weapons, including important parts of biological weapons, is unacceptable.	6	Use, production, development, maintenance, testing, stockpiling of and trade in biological weapons, including key components of biological weapons, is unacceptable.

Aside from changes to the elements themselves, there have been no changes to the scoring guidelines in the theme 'Arms'.

2.2 Financial Sector

There have been no substantial changes in the theme 'Financial Sector'.

2.3 Fisheries

There have been no substantial changes in the theme 'Fisheries'.

2.4 Food

Table 10 Overview of new, removed and changed elements

New and removed elements			
No.	Element text	Action	
17	Companies contribute to an ambitious, time-bound shift from animal protein to plant and alternative proteins in order to decrease animal protein consumption.	New.	
Substantial changes to elements			
No.	2018 Text	No.	2020 Text
4	Companies prevent conflict over land rights and acquire natural resources only with free, prior and informed consent (FPIC) of the land users involved.	4	Companies prevent conflict over land rights and acquire natural resources only with free, prior and informed consent (FPIC) of peoples with customary tenure rights.
20	Companies conduct water scarcity impact assessments and prevent negative impacts in water scarce regions.	21	Companies conduct water scarcity impact assessments in water scarce regions.
21	Companies do not start new operations in areas where water scarcity is pre-existing and operations would compete with the needs of communities.	22	Companies have comprehensive mitigation measures in place to address community and ecosystem water requirements in areas where environmental impact assessments identify that significant impacts to water resources are likely.

Aside from changes to the elements themselves, there have been no significant changes to the scoring guidelines in the theme 'Food'.

2.5 Forestry

Table 11 Overview of new, removed and changed elements

Substantial changes to elements			
No.	2018 Text	No.	2020 Text
7	Companies prevent conflict over land rights and acquire natural resources only with free, prior and informed consent (FPIC) of the land users involved.	7	Companies prevent conflict over land rights and acquire natural resources only with free, prior and informed consent (FPIC) of peoples with customary tenure rights.

Aside from changes to the elements themselves, there have been no significant changes to the scoring guidelines in the theme 'Forestry'.

2.6 Housing and Real Estate

There have been no significant changes in the theme 'Housing and Real Estate'.

2.7 Manufacturing Industry

Table 12 Overview of new, removed and changed elements

New and removed elements			
No.	Element text	Action	
4	Enlarging plastics production capacity is unacceptable.	New.	
5	Companies commit to reduce their plastic footprint and publicly report their plastic footprint disclosure, which includes the amount in units of plastic used and what kinds of plastic are used for what purpose.	New.	
Substantial changes to elements			
No.	2018 Text	No.	2020 Text
8	Companies conduct water scarcity impact assessments and prevent negative impacts in water scarce regions.	8	Companies conduct water scarcity impact assessments in water scarce regions.
9	Companies do not start new operations in areas where water scarcity is pre-existing and operations would compete with the needs of communities.	9	Companies have comprehensive mitigation measures in place to address community and ecosystem water requirements in areas where environmental impact assessments identify that significant impacts to water resources are likely.

Aside from changes to the elements themselves, there have been no significant changes to the scoring guidelines in the theme 'Manufacturing'.

2.8 Mining

Table 13 Overview of new, removed and changed elements

New and removed elements			
No.	Element text	Action	
24	Asbestos mining is unacceptable.	New.	
	Metallurgical coal mining is unacceptable.	Removed.	
Substantial changes to elements			
No.	2018 Text	No.	2020 Text
6	Companies reduce extractive waste and manage and process this in a responsible way.	6	Companies reduce extractive waste and manage and process this in a responsible way by adequately tracking, reviewing and acting to improve their tailings risk management and by adopting a zero-failure objective to tailings storage facilities.
8	Companies conduct water scarcity impact assessments and prevent negative impacts in water scarce regions.	8	Companies conduct water scarcity impact assessments in water scarce regions.

9	Companies do not start new operations in areas where water scarcity is pre-existing and operations would compete with the needs of communities.	9	Companies have comprehensive mitigation measures in place to address community and ecosystem water requirements in areas where environmental impact assessments identify that significant impacts to water resources are likely.
15	Companies prevent conflict over land rights and acquire natural resources only with free, prior and informed consent (FPIC) of the land users involved.	15	Companies prevent conflict over land rights and acquire natural resources only with free, prior and informed consent (FPIC) of peoples with customary tenure rights.

Aside from changes to the elements themselves, there have been no significant changes to the scoring guidelines in the theme 'Mining'.

2.9 Oil and Gas

Table 14 Overview of new, removed and changed elements

Substantial changes to elements			
No.	2018 Text	No.	2020 Text
8	Companies conduct water scarcity impact assessments and prevent negative impacts in water scarce regions.	8	Companies conduct water scarcity impact assessments in water scarce regions.
9	Companies do not start new operations in areas where water scarcity is pre-existing and operations would compete with the needs of communities.	9	Companies have comprehensive mitigation measures in place to address community and ecosystem water requirements in areas where environmental impact assessments identify that significant impacts to water resources are likely.
13	Companies prevent conflict over land rights and acquire natural resources only with free, prior and informed consent (FPIC) of the land users involved.	13	Companies prevent conflict over land rights and acquire natural resources only with free, prior and informed consent (FPIC) of peoples with customary tenure rights.

Aside from changes to the elements themselves, there have been no significant changes to the scoring guidelines for the theme 'Oil and Gas'.

2.10 Power Generation

Table 15 Overview of new, removed and changed elements

Substantial changes to elements			
No.	2018 Text	No.	2020 Text
13	Companies prevent conflict over land rights and acquire natural resources only with free, prior and informed consent (FPIC) of the land users involved.	13	Companies prevent conflict over land rights and acquire natural resources only with free, prior and informed consent (FPIC) of peoples with customary tenure rights.

Aside from changes to the elements themselves, there have been no significant changes to the scoring guidelines for the theme 'Power Generation'.

3 Changes in operational themes

3.1 Consumer Protection

There have been no substantial changes to the elements in the theme 'Consumer Protection'.

The following changes have been made to the scoring guidelines for the theme 'Consumer Protection':

- The different elements will be assessed for the financial institution as a whole, no differentiation will be made for different product categories.

3.2 Financial Inclusion

There have been no substantial changes to the elements in the theme 'Financial Inclusion'.

The following changes have been made to the scoring guidelines for the theme 'Financial Inclusion':

- The different elements will be assessed for the financial institution as a whole, no differentiation will be made for different product categories.

3.3 Remuneration

Table 16 Overview of new, removed and changed elements

New and removed elements		
No.	Element text	Action
	The bonus is a maximum of 10% of the fixed annual salary.	Removed.
12	The financial institution applies its remuneration policy to the entire group, including the Board of Directors, the directors (in case of a 2-tier board structure), the senior management and risk takers.	New.

Aside from changes to the elements themselves, the following changes have been made to the scoring guidelines for the theme 'Remuneration':

- The scope category 'Risk Takers' has been deleted. Instead, the remuneration policies for risk takers is now included in a new element;
- For element 4, the financial institution is required to report either on the basis of the salary ratio between the CEO and the lowest salary paid by the financial institution, or on the basis of the salary ratio between the CEO and the Median salary at the financial institution.

3.4 Transparency and Accountability

Table 17 Overview of new, removed and changed elements

New and removed elements			
No.	Element text	Action	
6	The financial institution mentions and describes mentions and describes all companies (on its website) to which it grants new credit.	New.	
21	The financial institution has complaint mechanisms for clients and non-clients.	New.	
Substantial changes to elements			
No.	2018 Text	No.	2020 Text
5	The financial institution mentions and describes all companies (on its website) to which it has granted more than USD10 million credit	5	The financial institution mentions and describes all companies (on its website) to which it has granted credit.

Aside from changes to the elements themselves, the following changes have been made to the scoring guidelines for the theme 'Transparency and Accountability':

- The scoring guidelines for element 22 on grievance mechanisms have been aligned with similar elements in the Methodology.