

EerlijkeBankwijzer®

Case study Fair Bank Guide:

Transparency and Accountability on the Loan Portfolio of Dutch Banks



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About this report

This report has been commissioned by the Dutch Fair Bank Guide, a coalition of Oxfam Novib, Amnesty International, Friends the Earth Netherlands, FNV, PAX and World Animal Protection Netherlands. The objective of the research is to assess the level of transparency of Dutch banking groups about their contribution to the development of a sustainable society, and to encourage them to become more transparent, now and in the future. The aim of the Fair Bank Guide is to encourage corporate social responsibility by banking groups. Also it aims to enable retail clients to make more well-informed decisions which bank they choose to open a current and savings account. The research has been financed by the Dutch Fair Bank Guide coalition.

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Acronyms

ICB	Industry Classification Benchmark
NACE	Nomenclature statistique des Activités économiques dans la Communauté Européenne
NAICS	North American Industry Classification System
NVB	Nederlandse Vereniging van Banken
SBI	Standaard bedrijfsindeling (standard industry codes)

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Samenvatting

De case study 'Transparantie en Verantwoording over de Kredietportefeuille van Nederlandse Banken' is een onderzoek in opdracht van de Eerlijke Bankwijzer, een coalitie van Oxfam Novib, Amnesty International, FNV, Milieudefensie, PAX en World Animal Protection Nederland. Het onderzoek is uitgevoerd door onderzoeks- en adviesbureau Profundo.

Het doel van dit onderzoek is te beoordelen in welke mate Nederlandse bankgroepen transparant zijn over hun verantwoord kredietbeleid en hoe ze de duurzaamheidsrisico's van de bedrijfsactiviteiten van hun klanten en financieringen beheersen. Het onderzoek is gericht op de zakelijke krediet- en leningenportefeuille van banken.

De volgende bankgroepen zijn geselecteerd voor het onderzoek:

- ABN Amro;
- De Volksbank (ASN Bank en SNS);
- ING Bank;
- NIBC;
- Rabobank;
- Triodos; en
- Van Lanschot.

Uit het onderzoek blijkt dat Nederlandse bankgroepen de afgelopen jaren het niveau van transparantie en verantwoording met betrekking tot hun verantwoord kredietbeleid en de implementatie daarvan hebben verbeterd. Er is vooruitgang geboekt met betrekking tot het detailniveau waarop gebruik wordt gemaakt van standaard industriecodes om informatie te verstrekken over hun krediet- en leningenportefeuilles. Ook is vooruitgang geboekt met betrekking tot het detailniveau waarop verslag wordt gedaan van engagementactiviteiten met klanten, en de standaarden en procedures die worden gebruikt voor rapportage en verificatie.

De onderzoeksresultaten kunnen als volgt worden samengevat:

- **Verantwoordelijk kredietbeleid**

Alle bankgroepen publiceren hun verantwoord kredietbeleid en beschrijven de procedures voor toelating en selectie van bedrijven. Ze leggen ook hun engagementprocedures en -activiteiten uit. Geen van de bankgroepen publiceert een lijst van bedrijven die zijn uitgesloten van financiering. Triodos en ASN Bank (onderdeel van De Volksbank) zijn echter wel open over de samenstelling van hun zakelijke krediet- en leningenportefeuille, uitgesplitst in de bedrijven en instellingen die door de banken worden gefinancierd. Ook geven alle bankgroepen, behalve Van Lanschot, informatie over welke activiteiten zijn uitgesloten van financiering.

- **Transparantie over zakelijke kredieten en leningen**

Triodos is het meest transparant over haar zakelijke krediet- en leningenportefeuille, omdat deze bank de namen geeft van de bedrijven en organisaties die zij financiert. Ook De Volksbank scoort hoog in deze beoordelingscategorie vanwege het gedetailleerde niveau waarop de bank inzicht geeft in de samenstelling van haar zakelijke krediet- en leningenportefeuille: ASN Bank publiceert de namen van bedrijven en organisaties die zij financiert en SNS geeft uitgebreide informatie over de sectoren en industrieën die deel uitmaken van de zakelijke krediet- en leningenportefeuille.

Andere bankgroepen gebruiken standaard industrie-codes om informatie te verstrekken over hun kredietportefeuille, uitgesplitst in sectoren en industrieën. ING Bank, Rabobank en SNS (De Volksbank) gebruiken het meest gedetailleerde niveau (NACEⁱ 4 of gelijkwaardig), gevolgd door ABN Amro, die gebruik maakt van een classificatiesysteem (ICBⁱⁱ) vergelijkbaar met een combinatie van NACE-niveau 3 en 4. Van Lanschot gebruikt een combinatie van NACE-niveau 1 tot 4, en NIBC een combinatie van NACE-niveau 1, 2 en 3.

- **Openheid over engagementactiviteiten**

De Rabobank scoort het beste in de beoordelingscategorie 'openheid over engagementactiviteiten', vanwege het gedetailleerde niveau waarop de bank openheid van zaken geeft over haar engagementactiviteiten, uitgesplitst in het aantal bedrijven waarmee interactie heeft plaatsgevonden, de betreffende onderwerpen, de sectoren en regio's waarin de bedrijven actief zijn, en de resultaten van de engagementactiviteiten. ABN Amro, ING Bank en Van Lanschot publiceren ook over hun engagementactiviteiten, maar niet volledig uitgesplitst in het aantal bedrijven, de sectoren en industrieën waarin de bedrijven actief zijn en de resultaten van de engagementactiviteiten. Triodos verstrekt alleen informatie over het aantal klanten waarmee interactie heeft plaatsgevonden voorafgaand aan de financieringsbeslissing maar niet over de behandelde onderwerpen. De Volksbank en NIBC rapporteren niet over engagementactiviteiten met zakelijke klanten.

- **Verantwoording, rapportage en verificatie**

Alle bankgroepen publiceren een extern geverifieerd jaarverslag in overeenstemming met de GRI-richtlijnen voor duurzaamheidsverslaglegging. ABN Amro heeft de hoogste score voor verantwoording, rapportage en verificatie, onder andere omdat het de enige bank is die een mensenrechtenrapport publiceert in overeenstemming met het 'UN Guiding Principles Reporting Framework'. Ook is ABN Amro de enige bank die publiekelijk verwijst naar een onafhankelijk klachtmechanisme (Nationaal Contactpunt OESO-richtlijnen – NCP) en verklaart dat het zich zal houden aan de besluiten van het NCP. Ook heeft de bank procedures opgesteld om genoegdoening mogelijk te maken wanneer individuen en gemeenschappen schade oplopen door bedrijven die door de bank worden gefinancierd.

Vier bankgroepen, ABN Amro, De Volksbank, ING Bank en NIBC, hebben een publiek toegankelijke interne klachtenprocedure opgezet die niet alleen openstaat voor klachten van werknemers en klanten, maar ook voor derden die nadeel ondervinden van de zakelijke kredieten en leningen die door de bank worden verstrekt.

ⁱ NACE is de afkorting van "Nomenclature statistique des activités économiques dans la Communauté européenne", de Europese classificatie van Economische Activiteiten.

ⁱⁱ ICB is de afkorting van Industry Classification Benchmark.

Scoretabel

De analyse van de onderzoeksresultaten resulteert in de volgende scores, zie ook Table 1:

- Rabobank en Triodos delen de eerste positie (7 punten: ruim voldoende);
- ABN Amro, De Volksbank en ING Bank delen de derde positie (6 punten: voldoende);
- Van Lanschot scoort 5 punten (twijfelachtig); en
- NIBC heeft de laagste score (4 punten: onvoldoende).

Table 1 Scoretabel transparantie en verantwoording Nederlandse bankgroepen

Beoordelingscategorieën	% van totale score	ABN Amro	De Volksbank (ASN & SNS)	ING Bank	NIBC	Rabobank	Triodos	Van Lanschot
Verantwoord kredietbeleid	20%	1,8	1,8	1,8	1,3	1,8	2,0	1,5
Transparantie over zakelijke krediet- en leningenportefeuille	30%	0,5	2,0	1,0	0,	0,8	2,6	0,4
Transparantie over engagementactiviteiten	25%	1,7	0,0	1,7	0	2,5	0,8	2,1
Verantwoording, rapportage en verificatie	25%	2,2	1,8	1,7	1,6	1,6	1,4	1,4
Totale score	100%	6	6	6	4	7	7	5

Legenda: 1: zeer slecht; 2: slecht; 3: ruim onvoldoende; 4: onvoldoende; 5: twijfelachtig; 6: voldoende; 7: ruim voldoende; 8: goed; 9: zeer goed; 10: uitstekend.

Summary

The case study 'Transparency and Accountability on Loan Portfolio of Dutch Banks' has been commissioned by the Dutch Fair Bank Guide (Eerlijke Bankwijzer), a coalition of Oxfam Novib, Amnesty International, Friends the Earth Netherlands, FNV, PAX and World Animal Protection Netherlands. The research has been carried out by Profundo research and advice.

The objective of this research is to assess the level of transparency of Dutch banking groups about their responsible lending policies and how they manage sustainability risks of the business activities of clients and transactions. The research is focused on the corporate loans portfolio of banks.

The following banking groups are selected for the research:

- ABN Amro;
- De Volksbank (ASN Bank and SNS);
- ING Bank;
- NIBC;
- Rabobank;
- Triodos; and
- Van Lanschot

The research shows that, over the past years, Dutch banking groups have improved the level of transparency and accountability with regard to their responsible lending policies and the implementation thereof. Progress has been made with regard to the use of standard industry codes to provide information about their loan portfolios, as well as the level of transparency on the engagement activities with their clients and the standards and instruments used for reporting and verification.

The research findings can be summarized as follows:

- **Responsible lending policy**

All banking groups publish their responsible lending policies and describe the procedures for decision-making and selection of companies. They also explain their engagement procedures and activities. None of the banking groups publishes a list of companies that are excluded from finance. However, Triodos and ASN Bank (part of De Volksbank) are transparent about the companies and organisations that are included in their loan portfolio. All banking groups, except Van Lanschot, provide information which activities are excluded from finance.

- **Transparency of corporate loans**

Triodos is most transparent with regard to its loan portfolio, because it provides the names of the companies/organisations that are included in the loan portfolio. Also De Volksbank scores high in this assessment category, because of the detailed level of transparency level of ASN Bank and SNS with regard to the names (ASN) or the sectors and industries (SNS) that are part of their loan portfolio.

Other banking groups use standard industry codes to provide information about their loan portfolio, in terms of sectors and industries. ING Bank, Rabobank and SNS (De Volksbank), use the most detailed level (NACE 4 or equivalent), followed by ABN Amro, using a classification system (ICB) comparable with a combination of NACE digit level 3 and 4. Van Lanschot uses a combination of NACE digit level 1 to 4, and NIBC a combination of NACE digit level 1, 2 and 3.

- **Transparency on engagement activities**

Rabobank has the best performance in the assessment category ‘engagement’, as it is most transparent about its engagement activities in terms of number of companies, the topics involved, sectors and regions the companies are active in, and the results of the engagement activities. ABN Amro, ING Bank and Van Lanschot also publish about their engagement activities but not fully in terms of number of companies, sectors and industries, regions, and results of engagement. Triodos only provides information about the number of clients it has been engaged with prior to the lending decisions, and not more detailed information about the topics addressed. De Volksbank and NIBC do not report on engagement activities with corporate clients.

- **Accountability, reporting and verification**

All banking groups publish an externally verified annual report in accordance with the GRI Reporting guidelines. ABN Amro has the highest score for accountability, reporting and verification, among others because it is the only bank that publishes a human rights report in line with the UN Guiding Principles Reporting Framework and publicly states that it cooperates with an external grievance mechanism.

Four banking groups, ABN Amro, De Volksbank, ING Bank and NIBC, have established a public internal complaint procedure which is not only accessible for employees and clients but also explicitly for third parties which may be adversely impacted in regard to the corporate loans provided by the bank. ABN Amro is the only bank that publicly refers to an independent grievance mechanism (OECD National Contact Point - NCP), states that it will abide by the decisions of the NCP, and has processes in place to enable effective remedy.

Scoring table

The analysis of the research findings results in the following scores, see also Table 2:

- Rabobank and Triodos share the first position (7 points: very sufficient);
- ABN Amro, De Volksbank and ING Bank share the third position (6 points: sufficient);
- Van Lanschot scores 5 points (doubtful); and
- NIBC has the lowest score (4 points: insufficient).

Table 2 Scoring table transparency and accountability of Dutch banking groups

Assessment categories	% of total score	ABN Amro	De Volksbank (ASN & SNS)	ING Bank	NIBC	Rabobank	Triodos	Van Lanschot
Responsible lending policy	20%	1.8	1.8	1.8	1.3	1.8	2.0	1.5
Transparency of corporate loans	30%	0.5	2.0	1.0	0.8	0.8	2.6	0.4
Transparency on engagement activities	25%	1.7	0.0	1.7	0	2.5	0.8	2.1
Accountability, reporting and verification	25%	2.2	1.8	1.7	1.6	1.6	1.4	1.4
Total score	100%	6	6	6	4	7	7	5

Legend: 1: very poor; 2: poor; 3: very insufficient; 4: insufficient; 5: doubtful; 6: sufficient; 7: ample; 8: good; 9: very good; 10: excellent.

Introduction

The case study 'Transparency and Accountability on Loan Portfolio of Dutch Banks' assesses to what extent Dutch banking groups (hereinafter referred to as 'banks') are transparent about their corporate loan portfolio, in terms of the level of the portfolio breakdown in sectors and industries, the level of reporting about operational systems in place to manage (potential) sustainability risks, the identification of risk sectors, and engagement activities.

The aim of this assessment is to encourage banks to become more transparent, now and in the future, about their contribution to the development of a sustainable society. For financial institutions, transparency, among others, serves the purpose of being accountable for how they prevent potential and address actual negative effects of their investments. That information must be sufficient for stakeholders to determine the adequacy of the approach to the impact concerned. For the Fair Bank Guide, it is of major importance that customers and societal stakeholders such as NGOs, trade unions, journalists, policy makers and politicians, have access to information about the economic sectors banks are involved in, how they manage and verify ESG-risks and how they handle complaints of third parties affected by the financial decisions of banks.

This report is commissioned by the Dutch Fair Bank Guide and carried out by Profundo research and advice. The Dutch Fair Bank Guide, as well as the Fair Insurance Guide, is part of the International Fair Finance Guide Coalition (FFG).

The report is structured as follows. Chapter 1 gives information about the background of the research, such as previous research and international and Dutch standards with regard to transparency and accountability of financial institutions. In Chapter 2, the methodology and scoring model used in the assessment of the banks selected for the research is explained. Chapter 3 contains the company profiles of banks, such as brand names, number of clients, number of employees and total income, followed by an assessment of the banks on the level of transparency with regard to their loan portfolio and the implementation of their responsible lending policies. In the Chapter 4, conclusions are drawn and recommendations made based on the research findings.

Chapter 1 Background case study transparency and accountability

Since the start of the Dutch Fair Bank Guide in 2009, transparency has been a key issue. In order to compare banks on their sustainability policies and performance, to decide which bank to choose to open a bank account, or have a dialogue with banks on their sustainability performance, for consumers and societal stakeholders it is relevant to know in what sectors and companies banks invest, what are the sustainability risks involved and how banks handle these risks.

Previous case studies on transparency of Dutch banks were published in 2011, 2013 and 2015. The case study in 2015 was an international joint case study with other coalitions that are part of the Fair Finance Guide (FFG) International network. The methodology was based on the operational theme 'Transparency and Accountability', one themes covered in the FFG methodology for policy assessment. In 2016, a case study on transparency of insurance companies in The Netherlands was published.¹ All these previous case studies were broader in scope than the focus of the present case study. Previous case studies for instance involved transparency on lobbying activities, tax payments, financial services to companies in tax havens, and remuneration policies, on top of transparency on investments and loans. The present case study concentrates on transparency concerning the loan portfolio, in terms of a break-down in sectors and industries, management of sustainability risks, complaint procedures and grievance mechanisms and sustainability reporting.

1.1 FFG theme on transparency and accountability

In the Fair Finance Guide methodology for the assessment of investment and finance policies², the operational theme 'Transparency and Accountability' and related (international) standards are described and explained as follows. Furthermore, it is explained how these international standards have been translated in assessment elements that are relevant from the perspective of societal stakeholders, and the level of transparency needed to fulfill their role as watchdogs. These assessment elements have been used as research questions for this case study, to evaluate the level of transparency of Dutch banks on their loan portfolio.

1.1.1 What is at stake?

Each individual has the right to know what consequences business activities can have for his or her life and which risks he or she is exposed to in these activities. People whose lives are influenced by economic activities are unable to defend their legitimate interests if they are not fully informed on the social, economic and environmental advantages, as well as the costs and social, economic and environmental risks connected to that activity. Also, they should be informed on the possible alternatives for the proposed activity. To properly defend their social, cultural and environmental interests, social organisations also should have access to all relevant information.

For these reasons, the public right of information - with the objective to participate in a meaningful way in the decision-making process - is recorded in various international instruments. Examples are the [Universal Declaration of Human Rights](#), the [Rio Declaration on Environment and Development](#), the [OECD Guidelines for Multinational Enterprises, ISO 26000](#), and the [UN Guiding Principles on Business and Human Rights](#).

In first instance, some of these guidelines formulate obligations for governments, but the general principles are obviously applicable to all important social actors, including companies who are also obliged to be transparent on activities that can have consequences for employees, nearby residents, and others. Moreover, they should be prepared to be accountable for it and to listen to the expectations and concerns of other stakeholders. According to the Fair Bank Guide, this means that the company has to establish a formal complaints procedure.

More and more companies realise that transparency and accountability is not only their moral duty, but that it can also offer them an advantage. Transparency creates trust. It is the lack of sufficient information and the public perception that managers try to keep certain information secret that causes conflicts and resistance to the activities of companies. Transparency also decreases the risk of corruption. A company that is transparent and prepared to be accountable in this way acquires social approval for its activities.

For financial institutions, transparency and accountability are possibly even more important than for other companies. Contrary to other companies, as capital providers they play an important role in virtually all economic industries. And for the social and environmental consequences of all these economic activities they as investors carry a certain responsibility. To this effect, financial institutions not only have to inform the public of their own activities, but they also should be as transparent as possible about the companies, projects and governments in which they invest.

For financial institutions, transparency also provides a significant advantage in that they are able to timely recognise and solve the public concerns on activities in which they want to invest before actual conflicts arise. Therefore, multilateral development banks and a lot of export credit insurance companies all have transparency policies that ensure data is made public on all considered transactions.

When developing policies in this respect, financial institutions can make use of the international standards described below.

1.1.2 International standards

There are various international standards on transparency (both at the level of the financial institutions as a whole, as well as with respect to individual investments) and accountability. The main standards are described here.

- **Finance and investment framework and auditing**

To verify whether financial institutions meet their sustainability promises, financial institutions sometimes conduct internal audits of their credit and investment policies and framework regarding certain sectors and issues and the system put in place to implement those. This includes the due diligence processes. Based on these audits, they can establish whether their systems can be improved further.

It is even better when financial institutions conduct an external audit of their credit and investment policies and framework, including due diligence processes, regarding certain sectors and issues where they can make use of the [AA1000 Series of Standards](#) that AccountAbility has developed, a combination of norms on accountability, auditing and reporting. Another system for auditing non-financial information is ISAE 3000, published by the International Assurance and Accounting Standards Board.³ Preferably, a summary of the results of these audits is made public and discussed with stakeholders. Financial institutions should also let their sustainability report be verified externally.

This leads to the following assessment elements that are part of the methodology of the case study Transparency and Accountability on the Loan Portfolio of Dutch banks, see section 2.4:

- The financial institution describes its finance and investment framework regarding environmental and social issues and provides insight into how the financial institution ensures that investments meet the conditions set in its policies (see # 1, 2 and 3).
 - The financial institution's finance and investment framework regarding environmental and social issues is audited by a third party and the results are published (# 17).
- **Transparency on specific transactions**

It is not sufficient that financial institutions publish positive sounding policy statements. It is important that these policy statements actually lead to more sustainable investment practices. This can only be verified publicly if the financial institution provides insight into loans granted and other investments. On the financial institution's website, stakeholders should be able to find basic information on all transactions in which a financial institution is involved. And if available, the social and environmental impact assessments on these transactions also should be publicly available.

The financial institution should at least specify all regions and industries in a breakdown of its portfolio. Financial institutions often claim that they are unable to publish such information as it harms client confidentiality. This was the subject of a joint study within the framework of the IMVO covenant between banks, government, NGO's and labour unions.ⁱⁱⁱ

When financial institutions individually grant loans to companies, they can inform these clients in advance that their name could be published.^{iv} Multilateral development banks such as the World Bank, the Asian Development bank and many others have been setting a good example in this respect for years. Since 1994, the International Finance Corporation (IFC) has a strict Access to Information Policy (AIP). On its website, IFC provides extensive and comprehensive information on its activities, including its investment guidelines and its investments. When IFC finances a certain project, a lot of information on that project is available on its website, such as environmental impact assessments and environmental action plans.⁴ Another example is the Italian [Banca Etica](#), that not only publishes information on its loans (name lender, term of the loan, amount), but also on potential transactions that are pending at an external Ethics Committee. In February 2017, the international bank HSBC launched its new palm oil policy, which also requires the consent of new customers, before any financial services are provided, to HSBC being able to disclose the relationship.⁵

Commercial financial institutions could follow these examples by:

- Providing an overview in their annual report of the industrial and regional breakdown of the transactions in which they are involved. Such information is required in the GRI [Financial Services Industry Disclosures](#) (FS6). Stakeholders also quickly gain insight in the sensitive sectors and fields in which the financial institution is active;

ⁱⁱⁱ Client confidentiality was subject of a joint study - carried out by Nauta-Dutilh - within the context of the IMVO covenant between banks, government, NGO's and trade unions. The methodology of this case study has taken into account the outcome of the discussion on client confidentiality, where deemed reasonable and appropriate.

^{iv} Idem

- Providing an overview of all companies to which it has granted more than EUR10 million credit. The value of this threshold is derived from the [Equator Principles](#), but should not be limited to project finance;
- By providing basic information through their website on the companies in which they invest, such as number of clients, size, number of employees, geographical scope, sector/industry and total income;
- Obliging the companies in which they invest (in some situations) to provide information to involved communities on the social and environmental effects of their activities, such as those included in the Equator Principles for Category A transactions.

If a financial institution does not wish to publish the names of companies it invests in or finances, it may provide insight in its investments based on at least the first four digits, but preferably the first six digits, of the European Nomenclature Statistique (NACE) or comparable standards. The NACE standard is similar to the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). The main categories of the Standaard Bedrijfsindeling (Standard Company Classification) of the Dutch Centraal Bureau voor de Statistiek (Statistics Netherlands) are based on it.⁶

Furthermore, banks in Europe can publish the outcome of the European Banking Authority's annual Transparency Exercise. The Transparency Exercise "provides detailed bank-by-bank data on capital positions, risk exposure amounts and asset quality".⁷

This leads to the following assessment elements that are part of the methodology of the case study Transparency and Accountability on the Loan Portfolio of Dutch banks see section 2.4:

- The financial institution publishes the names of governments in which it invests (see # 6).
 - The financial institution publishes the names of companies which it invests in or finances (see # 4).
 - The financial institution mentions and describes all companies (on its website) to which it has granted more than USD10 million credit (see # 8).
 - The financial institution publishes a breakdown of its portfolio by region, size and industry (in line with GRI FS6) (see # 9).
 - The financial institution publishes a breakdown of its portfolio in a cross table, combining industry and region data (see # 10).
 - The financial institution publishes a sufficiently detailed breakdown, for example based on the first three digits of NACE and ISIC (see # 11).
 - The financial institution publishes a sufficiently detailed breakdown, for example based on the first four digits of NACE and ISIC (see # 12).
- **Sustainability reporting**
- The European Union's Non-Financial Information Disclosure Directive obliges European companies with more than 500 employees to publicly report on at least:⁸
- environmental matters;
 - social and employee aspects;
 - respect for human rights;
 - anticorruption and bribery issues; and
 - diversity in their board of directors.

The Directive gives companies significant flexibility in disclosing this information: companies may rely on guidelines such as the OECD Guidelines on Multinational Enterprises, ISO 26000, the United Nations Global Compact, Global Reporting Initiative Reporting Framework or the UN Guiding Principles on Business and Human Rights.

The [ISO 26000](#) guidelines have included transparency as a principle and states that an organisation is responsible “for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour.”⁹

Likewise, the OECD Guidelines for Multinational Enterprises stress the importance of the disclosure of information: companies “should ensure that timely and accurate information is disclosed on all material matters regarding their activities, structure, financial situation, performance, ownership and governance. This information should be disclosed for the enterprise as a whole, and, where appropriate, along business lines or geographic areas”.¹⁰

In addition, the United Nations Guiding Principles on Business and Human Rights (UNGPs) also expect companies to report publicly: “In order to account for how they address their human rights impacts, business enterprises should be prepared to communicate this externally, particularly when concerns are raised by or on behalf of affected stakeholders”.¹¹ Companies and financial institutions can make use of the UNGP Reporting Framework to report on their impact on human rights.

In recent years, drafting a sustainability report has become commonplace. The best known guideline for this is the [Global Reporting Initiative \(GRI\) Reporting Framework](#), of which the latest edition (G4) has been presented in May 2013. GRI encourages financial institutions to not only describe their sustainability policy, but to also measure the respective implementation. Besides the general Reporting Principles and Standard Disclosures there are also Sector Disclosures that elaborate more on the transparency requirements for specific types of companies and industries.

In cooperation with the [UNEP Finance Initiative](#) (UNEP FI) in October 2007, GRI published the Financial Services Sector Supplement with specific guidelines on product portfolios, active ownership, investing in local communities and developing accessible and honest sale of financial products.¹² GRI Sector Supplements are now called GRI Sector Disclosures.

The following requirements on transparency are laid down in the GRI Framework:

- Publication of the policy of the financial institution on specific issues and industries (FS1). If these policy documents are not publicly available, they are of less value. When people that experience harm or disadvantage from the investments made by a financial institution, they should be able to verify what standards the investments should comply with.
- Providing information on investments, divided according to region, size and sector (FS6: Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector. This indicator provides contextual information on a financial institution’s portfolio and customer base, and serves as a starting point for further engagement processes with stakeholders. It is particularly relevant when combined with information on environmental and social policies and risk assessment/screening procedures as applied to the different business lines.

- Providing information on how a financial institution deals with investments that do not (or no longer) meet the policy, the norms, or the contract conditions of the financial institution is now explicitly requested. Financial institutions should report which action they have taken in these situations (for example engagement or exclusion), whether these actions have been successful and what further steps will be taken (FS1, FS2, FS3 and FS10).
- "Voting policy/ies applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting (G4-DMA, former FS12)". This includes a "summary of voting practices during the reporting period including explanation of significant deviations from voting policies".¹³

According to the Fair Finance Guide, financial institutions should therefore publish their voting record, engagement activities regarding their investee companies, in terms of sectors, regions and topics, and an exclusion list. This enables stakeholders to assess the sustainable investment practices of a financial institution.

This leads to the following assessment elements that are part of the methodology of the case study Transparency and Accountability on the Loan Portfolio of Dutch banks, see section 2.4:

- The financial institution publishes the number of companies with which there has been interaction on social and environment topics (in line with GRI FS10) (see # 13).
 - The financial institution publishes the results of this engagement, including the topics, goals and deadlines (see # 14).
 - The financial institution publishes a sustainability report that is set up in accordance with the GRI G4 Sustainability Reporting Guidelines, which includes the Financial Services Sector Disclosures (FSSD), see # 20).
 - The financial institution's sustainability report has been verified externally (see # 21).
- **Consultation**

Respecting the interests of the stakeholders is one of the principles in the ISO 26000 guidelines: "an organisation should respect, consider and respond to the interests of its stakeholders." The document also elaborates on ways to implement an effective stakeholder dialogue as part of the social responsibility of organisations.¹⁴

Through consultation mechanisms, financial institutions can also consult social organisations on their investment policy on certain sectors and issues. In order to make such consultations effective, it is important that financial institutions translate their policy documents into a language and jargon that is comprehensible to the communities and organisations involved. Such a consultation should be a dialogue, a two-way process. When financial institutions do not take the concerns, sensitivities and other stakeholders' contributions seriously, the process is useless. Serious concerns have to lead to adapting the policy of the financial institution and the procedures followed.¹⁵

This leads to the following assessment element that is part of the methodology of the case study Transparency and Accountability on the Loan Portfolio of Dutch banks, see section 2.4:

- The financial institution reports on the consultation with civil society organisations and other stakeholders (see # 16).

- **Complaint procedures and grievance mechanisms**

Financial institutions are also accountable to local communities and other stakeholders for involvement in specific investments. The companies themselves are primarily responsible for the social and environmental effects of their activities; any grievances of communities should first be directed at them. However, this does not absolve a financial institution from the obligation to ensure that all investees meet the standards set by the financial institution in its sector and the issue policies. Therefore, the Fair Finance Guide considers it important that financial institutions introduce an independent complaint procedure for local communities and other stakeholders that experience negative effects of activities in which the financial institution invests and for social organisations that defend wider social and environmental interests. They can submit a complaint if they experience that a given investment does not comply with the policy of the financial institution.

Most multilateral development banks and more export credit insurance companies dispose of a grievances procedure.^v In the United Nations Guiding Principles on Business and Human Rights, John Ruggie, the *Special Representative of the Secretary-General of the United Nations on the issue of Human Rights and Transnational Corporations*, mentions the lack of grievances procedures as a weak point of companies. Also, in all initiatives of financial institutions that want to guarantee compliance with human rights for the companies in which they invest, this is lacking. In an earlier report Ruggie indicated that "In the absence of an effective grievance mechanism, the credibility of such initiatives and institutions may be questioned."¹⁶ For non-judicial grievance mechanisms, both State-based and non-State-based, to be effective, the UNGPs expect it to be:¹⁷

- Legitimate;
- Accessible;
- Predictable;
- Equitable;
- Transparent;
- Rights-compatible; and
- A source of continuous learning.

According to the Office of the High Commissioner for Human Rights, banks are expected to have grievance mechanisms in place (their own, or one they partipate in or cooperate with). Furthermore, banks are expected to enable remediation to communities and individuals that have been adversely impacted by the activities of companies that are financed by the bank. Bank should respect stakeholder preferences with respect to use of a grievance mechanism or other legitimate processes, 'and engage with the latter in good faith'.¹⁸ Although limited in scope, the OECD National Contact Points can be considered as a grievance mechanism.¹⁹ Financial institutions should therefore cooperate with OECD National Contact Points if stakeholders prefer to use it as a grievance mechanism.

This leads to the following assessment elements that are part of the methodology of the case study Transparency and Accountability on the Loan Portfolio of Dutch banks, see section 2.4:

^v See e.g. the World Bank Inspection Panel, the IFC and MIGA Compliance Advisor Ombudsman, the ERBD Independent Recourse Mechanism and the JBIC Examiners for Environmental Guidelines.

- The financial institution establishes publicly available internal complaints procedures for individuals and communities which may be adversely impacted by its activities (see # 22).
- The financial institution shall abide by the decisions of an independent grievance mechanism for individuals and communities which may be adversely impacted by its activities (see # 23).

1.2 Developments in The Netherlands

1.2.1 NVB Guidelines

Transparency of financial institutions has also become a focus of attention in politics. On a national level, in response to a resolution of the Dutch Parliament, June 2015, the Ministry of Finance agreed to call on the Dutch banking sector to develop a protocol on transparency regarding their loan portfolio, to guarantee the right of information of consumers in retail banking to know how their savings are invested.²⁰ Previously, in March 2015, the NVB (Netherlands Bankers' Association) had organized a dialogue with multiple stakeholders from society and government, to come to terms about the level of transparency needed in sustainability reporting. This has been followed-up by two publications by the NVB: 'Helderheid over duurzaamheid' in September 2015 and the 'Protocol transparante rapportage over kredietverlening' in May 2016.²¹

The NVB has taken several initiatives to improve the transparency level of their members, of which the following recommendations are relevant for this case study:²²

- Transparency about the loan portfolio in terms of types of clients (consumers, companies, financial institutions, governments, others);
- Breakdown of the corporate loans portfolio in sectors and industries (3 to 4 digit level of NACE);
- Transparency about engagement activities with corporate clients in terms of the number of clients engaged with and results of engagement, in terms of number of clients that have adapted their policies and/or number of clients the bank has terminated its relationship with, because of (unsuccessful) engagement.

1.2.2 Dutch banking sector agreement

In October 2016, Dutch banks, NGOs, trade unions, the Ministry of Finance and the Ministry of Foreign Affairs, signed the 'Dutch Banking Sector Agreement' on international responsible business conduct regarding human rights. The establishment of the agreement was coordinated by the Social and Economic Council of the Netherlands (SER). All parties and banks adhering to this agreement confirm the responsibility of corporations, including the banking sector, to respect human rights in accordance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The scope of the agreement is corporate loans and project finance activities. In signing the agreement, banks are, among others, committed to carry out a human rights due diligence procedure as part of the decision-making process, to carry out joint value chain mapping analyses in risk sectors, and to provide reliable information on actual and potential human rights impacts for a publicly accessible human rights information and assessment tool.²³

The agreement sets a framework for transparency by financial institutions (chapter 6), which is based on the NVB publications mentioned in section 1.2.1, the UN Guiding Principles Reporting Framework, the publication of banks' investment universe, plus additional reporting within the context of the covenant focused on the identification of the most severe human rights impacts. Additionally, within the context of the covenant, a temporary working group has studied client confidentiality vis a vis transparency, primarily when it comes to reporting about engagement. The outcomes of the study have been incorporated in the methodology of this case study, where deemed reasonable and appropriate.

Chapter 2 Methodology

2.1 Aims and objectives

For the Fair Bank Guide, transparency of banks is key, as it is important that customers and societal stakeholders such as NGOs, trade unions, journalists, policy makers and politicians, have access to information about the economic sectors banks are involved in, how they manage and verify ESG-risks and how they handle complaints of third parties affected by the financial decisions of banks.

The Fair Bank Guide is interested to know, what, up till now, have been the consequences of the recommendations of the NVB on sustainability reporting, and whether it has led to more transparency regarding the financial relationships of Dutch banks with companies active in sensitive sectors and industries such as palm oil, intensive farming, coal, clothing, arms and oil. The Fair Bank Guide is also interested to know to what extent banks report about their engagement strategies with corporate clients, either to encourage improvements, or in response to (reported) controversies.

2.2 Research group

The case study focuses on the following banks:

- ABN Amro
- De Volksbank (ASN Bank and SNS)
- ING Bank
- NIBC
- Rabobank
- Triodos Bank
- Van Lanschot

2.3 Research methods

The research for the case study Transparency & Accountability is based on desk research, based on an analysis of public information provided by banks. After completing a draft assessment, the banks have been given the opportunity to check and comment on the assessment.

2.4 Research questions

The research focuses on the investment category corporate credits. The banks are assessed regarding their transparency on the following topics, based on international transparency standards and the NVB Guidelines:

- **Responsible lending policy (4 questions)**
 1. Does the bank publish its responsible lending policy, including all themes and sectors that are relevant for the policy?
 2. Does the bank describe the way its responsible lending policies are implemented, which procedures are followed, what instruments are used (e.g. screening, engagement) and how agreements are monitored?
 - a. Procedures for decision-making and selection of companies; integration of sustainability factors in client contracts and agreements;
 - b. Engagement policies and activities to improve the sustainability policies and performance of companies in the loan portfolio and procedures in place in response to reported controversies;

3. Does the bank publish a list of companies that are excluded from financing? (In case of a positive answer to question 4-7, this is also considered a positive answer to this question).

- **Transparency on corporate loans (9 questions)**

The level of detail in reporting about loans to companies, governments and other assets the bank invests in, in terms of:

4. Does the bank publish the names of companies the bank finances?
5. Does the bank publish the names of banks to which (short and long-term) loans are issued?
6. Does the bank publish the names of governments which have been granted a credit by the bank or a banking syndicate the bank participates in?
7. Does the bank publish the names of other organisations/institutions the bank finances (such as semi-public institutions (hospitals, etc.) and housing corporations)?
8. Does the bank publish the names and give a description of companies (on the website) to which the bank has granted more than USD 10 million credit?
9. Does the bank publish a break-down of corporate loans by region, size and industry?
10. Does the bank publish give a break-down of its portfolio in a cross table, combining industry and region data?
11. Does the bank use standard industry codes (NACE, ISIC, etc.) on 3-digit level level? (In case of positive answers to question 4, 5 and 7 this is also considered a positive answer to this question.)
12. Does the bank use of standard industry codes (NACE, ISIC, etc.) on 4-digit level? (In case of positive answers to question 4, 5 and 7 this is also considered a positive answer to this question.)

- **Engagement activities and strategies (3 questions)**

The following questions concern the dialogue and engagement activities with corporate clients:^{vi}

13. Does the bank publish the number of companies with whom there has been interaction on social and environment topics (in line with GRI FS10)?
14. Does the bank publish its engagement activities with companies, in terms of sectors, regions and topics?
15. Does the bank publish the results of engagement, in terms of status (ongoing or closed), progress made, or in case of an unsuccessful engagement, exclusion of the company?

- **Accountability, reporting and verification (8 questions)**

16. Does the bank publish details regarding the consultation with civil society organisations and other stakeholders?
17. Does the bank publish an externally verified report about the implementation of its responsible lending policy?
18. Does the bank publish a detailed and externally verified overview of goals and success ratios of the engagement interaction?
19. Does the bank report in line with or equivalent to the UN Guiding Principles Reporting Framework, including the eight overarching questions of the UN Guiding

^{vi} Information on clients can be provided anonymously or aggregated.

Principles Reporting Framework?

20. Does the bank publish a sustainability report that is set up in accordance with the GRI G4 Sustainability Reporting Guidelines, which includes the Financial Services Sector Disclosures (FSSD)?
21. Is the bank’s sustainability report audited by an external party, which checks whether reporting is done according to GRI G4 guidelines?
22. Has the bank established an internal complaint procedure which is publicly accessible for employees, clients and third parties which may be adversely impacted in regard to the corporate loans provided by the bank?
23. Does the bank cooperate in grievance mechanisms for individuals and communities which may be adversely impacted by its finance activities, and does it respect the decisions made by this independent grievance mechanism?

2.5 Scoring model

The research focuses on the category corporate credits and will result in one score which will be calculated as follows:

- For every question, a score of ‘0’ (no) or ‘1’ (yes) is granted, and in some case 0.5;
- Positive answers on some questions will automatically lead to points on other questions. This is indicated in Table 3;
- The scoring table is divided in four categories which all account for a percentage of the total score;
- The final score is rounded off to a whole number between 1 and 10;
- A commitment made in writing to improve on one or more of the assessment elements within one year will be rewarded with 1 extra point, on top of the final score of 1 to 10. The final score awarded cannot exceed 10.

Table 3 Scoring model

Indicator	% of total score	# ^{vii} of questions	Possible score	Comment
Policy	20	4	0-2	In case a bank gives the names of all companies, governments and others it invests in, or in other words publishes an inclusion list (see Q. 4-8), this automatically leads to a score for Q. 3.
Transparency of corporate loans	30	9	0-3	In case a bank gives a break-down of its corporate loans portfolio on a 4-digit level (Q. 12), this automatically leads to a score for Q. 11. In case a bank gives the names of all companies, governments and others it invests in (Q. 4-8), this automatically leads to a score for Q. 11 and 12.
Engagement	25	3	0-2.5	

^{vii} In case a question is not applicable for an individual bank, the # of questions will be adapted in the scoring table of that bank.

Indicator	% of total score	#vii of questions	Possible score	Comment
Accountability, reporting and verification	25	8	0-2.5	
Subtotal		24	0-10	
Commitment to improve			0-1	
Total			(A-D)+E	The final score awarded cannot exceed 10.

2.6 Planning

Table 4 gives an overview of the planning of the case study.

Table 4 Planning

Activity	Deadline
Start of the project	21 April 2017
Send draft methodology to banks for comments	8 June 2017
Deadline banks for feedback on draft methodology	27 June 2017
Analysis of annual reports and other publications	25 July – 5 September 2017
Send draft assessment to banks for comments	5 September 2017
Deadline banks for feedback on draft assessment	3 October 2017
Send draft report to banks	31 October 2017
Deadline banks for feedback (factual errors in summary and conclusions only) on draft report	7 November 2017
Send final report to banks	30 November 2017
Publication date	6 December 2017

Chapter 3 Profiles and assessments of eight banking groups

3.1 ABN Amro

3.1.1 Company profile

ABN Amro Group N.V. (ABN Amro) is a global bank with headquarters in the Netherlands. ABN Amro offers retail, private and corporate banking services primarily in the Netherlands with selective operations internationally.²⁴ The group has a global presence, with activities in more than 16 countries, including Belgium, France, Germany, Hong Kong and the United States, and serves approximately 6.8 million customers worldwide.²⁵

ABN Amro is controlled at 70% by NL Financial Investments (NLFI), which represents the Dutch State.²⁶ The remaining 30% of the shares of ABN Amro are held and managed by the Stichting Administratiekantoor Continuïteit ABN Amro Group (STAK AAG). Participation in ABN Amro is possible by buying and holding depository receipts issued by STAK AAG and listed on the Amsterdam stock exchange.²⁷

In the Netherlands, ABN Amro operates under the following brand names: ABN Amro, ALFAM, Alpha Credit Nederland, Credivance, Defam, Direktbank, Florius, GreenLoans, International Card Services and MoneYou, which also operates in Belgium, Germany and Austria. In addition, ABN Amro operates in France and Germany under Banque Neuflyze, and in Germany only under Bethmann Bank.²⁸

At the end of 2016, ABN Amro had 21,664 employees worldwide (full time equivalent basis), of which 17,507 were in the Netherlands.²⁹ Over the financial year 2016, total income of the group amounted to € 8.2 billion, of which € 6.5 billion came from the Netherlands, and customer deposits totalled € 228.8 billion.³⁰

3.1.2 Analysis of relevant investment categories

Table 5 provides an analysis of the investment categories relevant for ABN Amro. As can be seen in the table, ABN Amro is active in all five different investment categories.

Table 5 Analysis of relevant investment categories ABN Amro (in € billion)

Investment category	Asset type	Value at end of 2016	%	Relevant
Corporate credits	Loans and credits to companies (MNEs/SMEs)	96.1	24.4%	Yes
Project finance	<i>(included in loans to companies)</i>			Yes
Investments own account	Government bonds	34.9	8.8%	Yes
	Shares & corporate bonds	1.7	0.4%	
	Derivatives	14.4	3.6%	
	Real estate & securities	3.2	0.8%	
	Other/undefined	61.4	15.6%	
Mortgages	Mortgage loans	152.1	38.5%	Yes
	Other balance sheet assets	30.8	7.8%	
	Total balance sheet assets	394.5	100%	

Investment category	Asset type	Value at end of 2016	%	Relevant
Asset management	Assets under management	322.7		Yes

Source: ABN Amro (2017, March), *Annual Report 2016*, p. 51, 161, 252, 289, 299, 301.

3.1.3 Assessment of transparency and accountability loan portfolio

Table 6 presents the assessment of transparency and accountability of ABN Amro with regard to its loan portfolio. The assessment is explained in further detail below the table. The assessment resulted in a score of 6 points, see Table 7.

Table 6 Assessment ABN Amro

	Responsible lending policy	Yes/no	Score	Documentation
1	Does the bank publish its responsible lending policy, including all themes and sectors that are relevant for the policy?	yes	1	Sustainability Risk Policy / Sector policies / Cross-sectoral policies / Sustainability Risk Management Framework / Sustainability Risk Policy for Lending
2	Does the bank describe the way its responsible lending policies are implemented, which procedures are followed, what instruments are used (e.g. screening, engagement) and how agreements are monitored?			
a	Procedures for decision-making and selection of companies; integration of sustainability factors in client contracts and agreements.	yes	1	Sustainability Risk Policy for Lending
b	Engagement policies and activities to improve the sustainability policies and performance of companies in the loan portfolio and procedures in place in response to reported controversies.	yes	1	Sustainability Risk Policy for Lending
3	Does the bank publish a list of companies that are excluded from financing? (In case of a positive answer to question 4-8, this is also considered a positive answer to this question).	Activities not companies	0.5	Exclusion list
	<i>Subtotal</i>		<i>3.5</i>	
	Transparency on corporate loans			
4	Does the bank publish the names of companies the bank finances?	no	0	
5	Does the bank publish the names of banks to which (short and long-term) loans are issued?	no	0	
6	Does the bank publish the names of governments which have been granted a credit by the bank or a banking syndicate the bank participates in?	no	0	
7	Does the bank publish the names of other organisations/institutions the bank finances (such as semi-public institutions (hospitals, etc.) and housing corporations?	no	0	

8	Does the bank publish the names and give a description of companies (on the website) to which the bank has granted more than USD 10 million credit?	no	0	
9	Does the bank publish a break-down of corporate loans by region, size and industry?	yes	0.5	Overview total assets 2016
10	Does the bank publish give a break-down of its portfolio in a cross table, combining industry and region data?	no	0	
11	Does the bank use standard industry codes (NACE, ISIC, etc.) on 3-digit level? (In case of positive answers to question 4, 5, and 7 this is also considered a positive answer to this question.)	yes	1	Overview total assets 2016
12	Does the bank use of standard industry codes (NACE, ISIC, etc.) on 4-digit level? (In case of positive answers to question 4, 5, and 7 this is also considered a positive answer to this question.)	no	0	Overview total assets 2016
<i>Subtotal</i>			<i>1.5</i>	
Engagement activities and strategies				
13	Does the bank publish the number of companies with whom there has been interaction on social and environment topics (in line with GRI FS10)?	yes	1	AR16 p. 187-188 / Human Rights Report 2016 p. 23-31.
14	Does the bank publish its engagement activities with companies, in terms of sectors, regions and topics?	Sectors not regions/ topics	0.5	
15	Does the bank publish the results of engagement, in terms of status (ongoing or closed), progress made, or in case of an unsuccessful engagement, exclusion of the company?	Approval/ rejection not progress	0.5	
<i>Subtotal</i>			<i>2</i>	
Accountability, reporting and verification				
16	Does the bank publish details regarding the consultation with civil society organisations and other stakeholders?	yes	1	Website info Stakeholder Engagement
17	Does the bank publish an externally verified report about the implementation of its responsible lending policy?	Client approval, not total loan portfolio	0.5	AR16 p. 17, 80, 187-188, 377-379.
18	Does the bank publish a detailed and externally verified overview of goals and success ratios of the engagement interaction?	Goals yes /success ratio no	0.5	AR16 p. 187-188, 377-379.
19	Does the bank report in line with or equivalent to the UN Guiding Principles Reporting Framework, including the eight overarching questions of the UN Guiding Principles Reporting Framework?	yes	1	Human Rights Report 2016
20	Does the bank publish a sustainability report that is set up in accordance with the GRI G4 Sustainability Reporting Guidelines, which includes the Financial Services Sector Disclosures (FSSD)?	yes	1	AR16 p. 2, 377-379.

21	Is the bank's sustainability report audited by an external party, which checks whether reporting is done according to GRI G4 guidelines?	yes	1	AR16 p. 377-379.
22	Has the bank established an internal complaint procedure which is publicly accessible for employees, clients and third parties which may be adversely impacted in regard to the corporate loans provided by the bank?	yes	1	Website info Stakeholder Engagement
23	Does the bank cooperate in grievance mechanisms for individuals and communities which may be adversely impacted by its finance activities, and does it respect the decisions made by this independent grievance mechanism?	yes	1	Website info Stakeholder Engagement
<i>Subtotal</i>			<i>7.0</i>	

The assessment of transparency and accountability of ABN Amro with regard to its loan portfolio can be summarised as follows:

- **Responsible lending policy**

ABN Amro has developed an overarching Sustainability Risk Policy and Sustainability Risk Management Framework as well as a Sustainability Risk Policy for Lending, and an exclusion policy that restricts certain activities. On top of that the bank has developed cross-sector (Animal Welfare; Climate Change; Human Rights) and sector specific policies (Agriculture; Chemicals and Pharma; Commercial Real Estate; Defence; Energy; Extractive Industries; Manufacturing; Transportation).³¹

ABN Amro explains how the responsible lending policies are implemented. The assessment of sustainability risks is part of the due diligence processes carried out in the context of client approval. Furthermore, the bank explains what procedures are followed and instruments are used (screening, engagement) to monitor whether corporate clients live up to the standards.³² The bank publishes a list of activities that are excluded from financing, such as activities resulting in the infringement of the rights of indigenous and/or vulnerable groups without their Free Prior and Informed Consent (FPIC). ABN Amro does not publish a list of companies that are excluded from credits and loans.³³

- **Transparency on corporate loans**

ABN Amro does not publish the names of companies, governments, or other organisations and institutions the bank finances.³⁴ In line with the NVB commitments, ABN Amro is transparent about the loan portfolio in terms of a breakdown in types of clients (consumers, companies, financial institutions, governments, others). Furthermore, ABN Amro publishes a break-down of corporate loans by size and industry, not by region, and uses ICB Industry codes on a 4-digit level, which is comparative with a combination of NACE level 3 and 4.

- **Engagement activities and strategies**

Engagement with clients is part of the client acceptance process and requests for finance, and is carried out by the Central Sustainability Risk department. In 2016, the department advised on 499 cases, rejected 15 cases and approved 315. In 167 cases, the approval was granted under the condition that these clients need to improve their policies and/or performance within a given certain timeframe. ABN Amro gives a break-down of these cases in sectors, not in regions or topics discussed. A total of 179 clients were subject to specific human rights due diligence, compared with 160 clients in 2015. It is not clear what other topics have been discussed with clients. ABN Amro discloses the number of clients that have not been accepted or finance requests rejected.³⁵

The bank does not give information about progress made. According to ABN Amro, an area requiring further improvement is more stringent follow-up on conditions for improvement and transparency in engagement trajectories with clients.³⁶

- **Accountability, reporting and verification**

ABN Amro publishes an integrated Annual Report with information about its financial as well as its sustainability performance, based on the GRI G4 Sustainability Reporting Guidelines. The implementation of the GRI G4 guidelines as well as the reporting on the implementation of the sustainable lending policy has been externally audited by Ernst & Young (EY). ABN Amro comprehensively reports about its dialogue with societal stakeholders and provides the names of the organisations and topics addressed.³⁷ ABN Amro does report in line with the UN Guiding Principles Reporting Framework in the separate Human Rights Report 2016. The bank has publicly available internal complaint procedures in place, also refers to an external dispute settlement system (OECD National Contact Point (NCP) for employees, clients and third parties which may be adversely impacted in regard to the corporate loans provided by the bank, and has processes in place to enable effective remedy: "If our stakeholders – in the broadest sense of the word – feel that ABN AMRO fails to observe or inadequately observes the OECD guidelines in its operations, they have recourse to the OECD National Contact Point (NCP). The NCP's role includes contributing to the resolution of issues that arise from the alleged non-observance of the OECD guidelines in specific instances. ABN Amro will abide by the decisions of the NCP. In addition, we are investigating how we might increase meaningful accountability, specifically targeting groups who appear to lack access to remedy, such as indigenous peoples and vulnerable groups. Please refer to our Human Rights Report 2016 for a more detailed description of the processes the bank has in place to enable effective remedy."³⁸

Table 7 Scoring table ABN Amro

	Indicator	% of total score	# of questions	score	conversion factor	points
A	Policy	20	4	3.5	(3.5/4)*2	1.8
B	Transparency of corporate loans	30	9	1.5	(1.5/9)*3	0.5
C	Engagement	25	3	2.0	(2/3)*2.5	1.7
D	Accountability, reporting and verification	25	8	7.0	(7/8)*2.5	2.2
	Subtotal					6.2
E	Commitment to improve					
	Total			(A-D)+E		6

3.2 De Volksbank

3.2.1 Company profile

De Volksbank N.V. ("de Volksbank") is a Dutch bank with a focus on mortgage, payment and savings products for the retail market.³⁹ De Volksbank is primarily active in the Netherlands, with over 3 million customers in 2016, of which 1.3 million were current account customers.⁴⁰ Outside of the Netherlands, Volksbank has customers in the United Kingdom, Switzerland and the rest of the European Union.⁴¹

Between 2006 and 2013, SNS REAAL (now SRH N.V.), the former parent company of De Volksbank (as SNS Bank), was a publicly traded company. In 2013, as part of a restructuring plan of SNS REAAL, the group was nationalised, with the shares being transferred to NL Financial Investments (NLFI). In 2015, SNS REAAL's shares in SNS Bank were transferred directly to NLFI, and the group's insurance activities were sold.⁴² On 31 December 2016, SNS Bank's subsidiaries, ASN Bank and RegioBank merged with SNS Bank to become one legal entity, and SNS was renamed de Volksbank. As a result, ASN Bank, RegioBank and SNS are now brands of De Volksbank.⁴³

De Volksbank operates four brands: ASN Bank, BLG Wonen, RegioBank and SNS. Together, these subsidiaries provide banking and investment services for a wide-range of customers.⁴⁴ ZwitserlevenBank, which is a collaboration between De Volksbank and pension insurer Zwitserleven (part of Vivat), has been discontinued in 2017.⁴⁵

At the end of December 2016, De Volksbank had 3,354 employees (full time equivalent basis).⁴⁶ Over the financial year 2016, total income amounted to € 1.0 billion, and total customer savings stood at € 36.6 billion.⁴⁷

3.2.2 Analysis of relevant investment categories

Table 8 provides an analysis of the investment categories relevant for De Volksbank. As can be seen in the table, De Volksbank is active in all five different investment categories.

Table 8 Analysis of relevant investment categories De Volksbank (in € billion)

Investment category	Asset type	Value at end of 2016	%	Relevant
Corporate credits	Loans and credits to companies (MNEs/SMEs)	2.6	4.2%	Yes
Project finance	<i>(included in loans to companies)</i>			Yes
Investments own account	Government bonds	3.8	6.2%	Yes
	Shares & corporate bonds	0.9	1.4%	
	Derivatives	1.5	2.5%	
	Real estate & securities			
	Other/undefined	5.0	8.2%	
Mortgages	Mortgage loans	44.8	72.8%	Yes
	Other balance sheet assets	2.9	4.8%	
	Total balance sheet assets	61.6	100.0%	
Asset management	Assets under management	2.6		Yes

Source: De Volksbank (2017, March), *Annual Report 2016*, p. 59, 110, 120, 121, 184, 195, 197.

3.2.3 Assessment of transparency and accountability loan portfolio

Table 9 presents the assessment of transparency and accountability of De Volksbank with regard to its loan portfolio. The assessment is explained in further detail below the table. The assessment resulted in a score of 6 points, see Table 10.

Since January 2017, ASN Bank and SNS operate under one banking licence, and under the name of De Volksbank. De Volksbank has decided that all brands operating under De Volksbank will apply the ASN Sustainability Criteria. On top of the Annual Report of De Volksbank, ASN Bank has also published its own sustainability report (2016). Where relevant, differences between ASN Bank and SNS have been taken into account in the assessment and scoring of De Volksbank.

Table 9 Assessment De Volksbank

	Responsible lending policy	Yes/no	Score	Documentation
1	Does the bank publish its responsible lending policy, including all themes and sectors that are relevant for the policy?	yes	1	Guide ASN Sustainability Criteria
2	Does the bank describe the way its responsible lending policies are implemented, which procedures are followed, what instruments are used (e.g. screening, engagement) and how agreements are monitored?			
a	Procedures for decision-making and selection of companies; integration of sustainability factors in client contracts and agreements.	yes	1	Guide ASN Sustainability Criteria
b	Engagement policies and activities to improve the sustainability policies and performance of companies in the loan portfolio and procedures in place in response to reported controversies.	yes	1	Guide ASN Sustainability Criteria / ASN website info engagement
3	Does the bank publish a list of companies that are excluded from financing? (In case of a positive answer to question 4-8, this is also considered a positive answer to this question).	ASN*	0.5	
<i>Subtotal</i>			<i>3.5</i>	
Transparency on corporate loans				
4	Does the bank publish the names of companies the bank finances?	ASN*	0.5	AR ASN Bank, p. 51-55.
5	Does the bank publish the names of banks to which (short and long-term) loans are issued?	no	0	
6	Does the bank publish the names of governments which have been granted a credit by the bank or a banking syndicate the bank participates in?	ASN*	0.5	AR ASN Bank, p. 51-55.
7	Does the bank publish the names of other organisations/institutions the bank finances (such as semi-public institutions (hospitals, etc.) and housing corporations)?	ASN*	0.5	AR ASN Bank, p. 51-55.
8	Does the bank publish the names and give a description of companies (on the website) to which the bank has granted more than USD 10 million credit?	ASN*	0.5	AR ASN Bank, p. 51-55.

8	Does the bank publish a break-down of corporate loans by region, size and industry?	yes	1	AR ASN Bank, p. 51-55; SME Portfolio
10	Does the bank publish give a break-down of its portfolio in a cross table, combining industry and region data?	yes	1	AR ASN Bank, p. 51-55; SME Portfolio
11	Does the bank use standard industry codes (NACE, ISIC, etc.) on 3-digit level? (In case of positive answers to question 4, 5, and 7 this is also considered a positive answer to this question.)	yes	1	AR ASN Bank, p. 51-55; SME Portfolio
12	Does the bank use of standard industry codes (NACE, ISIC, etc.) on 4-digit level? (In case of positive answers to question 4, 5 and 7 this is also considered a positive answer to this question.)	yes	1	AR ASN Bank, p. 51-55; SME Portfolio
<i>Subtotal</i>			6	
Engagement activities and strategies				
13	Does the bank publish the number of companies with whom there has been interaction on social and environment topics (in line with GRI FS10)?	no	0	
14	Does the bank publish its engagement activities with companies, in terms of sectors, regions and topics?	no	0	
15	Does the bank publish the results of engagement, in terms of status (ongoing or closed), progress made, or in case of an unsuccessful engagement, exclusion of the company?	no	0	
<i>Subtotal</i>			0	
Accountability, reporting and verification				
16	Does the bank publish details regarding the consultation with civil society organisations and other stakeholders?	yes	1	AR16 p. 29-31.
17	Does the bank publish an externally verified report about the implementation of its responsible lending policy?	yes	1	AR16 p. 31, 257-259, 267-272.
18	Does the bank publish a detailed and externally verified overview of goals and success ratios of the engagement interaction?	n.a.	n.a.	
19	Does the bank report in line with or equivalent to the UN Guiding Principles Reporting Framework, including the eight overarching questions of the UN Guiding Principles Reporting Framework?	no	0	
20	Does the bank publish a sustainability report that is set up in accordance with the GRI G4 Sustainability Reporting Guidelines, which includes the Financial Services Sector Disclosures (FSSD)?	yes	1	AR16 p. 257.
21	Is the bank's sustainability report audited by an external party, which checks whether reporting is done according to GRI G4 guidelines?	yes	1	AR16 p. 257.
22	Has the bank established an internal complaint procedure which is publicly accessible for employees, clients and third parties which may be adversely impacted in regard to the corporate loans provided by the bank?	yes	1	'Uw mening'

23	Does the bank cooperate in grievance mechanisms for individuals and communities which may be adversely impacted by its finance activities, and does it respect the decisions made by this independent grievance mechanism?	no	0
	<i>Subtotal</i>		5

* Only applies to ASN Bank, not to De Volksbank as a whole

The assessment of transparency and accountability of De Volksbank with regard to its loan portfolio can be summarised as follows:

- **Responsible lending policy**

De Volksbank (ASN Bank, BLG Wonen, RegioBank, SNS) applies the ASN Sustainability Criteria for corporate credits and loans and investments on own account.⁴⁸

De Volksbank invests attracted savings in mortgage loans. The bank does not provide any new business loans to Dutch SMEs. The bank only does business with customers that meet the Customer Acceptance Policy of De Volksbank.⁴⁹ ASN Bank, among others, finances mortgage loans, housing corporations, local governments, renewable energy and health care.⁵⁰

De Volksbank engagement policies are part of the ASN Sustainability Criteria. De Volksbank does not publish a list of companies that are excluded from credits and loans. ASN Bank however, discloses its loan portfolio.⁵¹

- **Transparency on corporate loans**

In line with the commitments of NVB, De Volksbank is transparent about its loan portfolio in terms of a breakdown in types of clients (consumers, companies, financial institutions, governments, others).⁵² Furthermore, De Volksbank (ASN Bank and SNS) publishes a breakdown of corporate loans by size, industry and region and uses SBI industry codes in the publication of its SME portfolio, which is comparative with NACE level 4. ASN Bank publishes the names of companies, governments and other organisations and institutions the bank finances. This is not the case at group level (De Volksbank).⁵³

- **Engagement activities and strategies**

De Volksbank does not report about its engagement activities with corporate clients. For De Volksbank, it is part of its lending policy to select companies and transactions that contribute to a sustainable society and economy and not to provide loans to risk sectors. It is not fully clear what type of engagement takes place to further improve the sustainability policies and performance of corporate clients.

- **Accountability, reporting and verification**

De Volksbank publishes an integrated Annual Report with information about its financial as well as its sustainability performance, based on the GRI G4 Sustainability Reporting Guidelines. The implementation of the GRI G4 guidelines as well as the reporting on the implementation of the sustainable lending policy has been audited externally by Ernst & Young (EY). The following procedures were applied: “performing an external environment analysis and obtaining insight into relevant social themes and issues and the characteristics of the organization; evaluating the appropriateness of the reporting policy and its consistent application, including the evaluation of the results of the stakeholders’ dialogue and the reasonableness of management’s estimates; evaluating the design and implementation of the reporting systems and processes related to the non-financial information; inquiry of management and relevant staff at corporate and brand level responsible for the sustainability strategy, policies and performance; inquiry of relevant staff responsible for providing the information in the report, carrying out internal control procedures on the data and consolidating the data in the non-financial information.”⁵⁴

De Volksbank reports about its dialogue with societal stakeholders but does not provide comprehensive information about the names of the organisations and topics addressed.⁵⁵ Furthermore, the bank does not share details on engagement activities with corporate clients. As part of its human rights policy, ASN Bank has performed a baseline measurement with regard to payment of a living wage at the fourteen garment companies in the ASN Investment Universe in 2016 and has formulated the long-term goal that all garment companies in the ASN Investment Universe are to pay their workers a living wage by 2030.⁵⁶ De Volksbank (ASN Bank and SNS) has publicly available complaints procedures in place that are also open for NGOs and other stakeholders. De Volksbank does not report in line with the UN Guiding Principles Reporting Framework. There are no independent grievance mechanisms in place.⁵⁷

Table 10 Scoring table De Volksbank

	Indicator	% of total score	# of questions	score	conversion factor	points
A	Policy	20	4	3.5	$(3.5/4)*2.0$	1.8
B	Transparency of corporate loans	30	9	6.0	$(6/9)*3$	2.0
C	Engagement	25	3	0.0	$(0)*2.5$	0.0
D	Accountability, reporting and verification	25	7	5.0	$(5/7)*2.5$	1.8
	Subtotal					5.6
E	Commitment to improve					
	Total			(A-D)+E		6

3.3 ING Bank

3.3.1 Company profile

ING Groep N.V. ("ING") is a publicly-listed company and a global bank based in the Netherlands.⁵⁸ The group provides retail and wholesale banking services to over 35.8 million customers.⁵⁹ ING is active in over 40 countries, including activities in North and South America, as well as Asia and the Pacific.⁶⁰ In Belgium, Luxembourg and the Netherlands ING has a leading position in the retail and wholesale banking segments.⁶¹

The group operates primarily under the ING brand, with activities in the Netherlands also including Bank Mendes Gans brand.⁶² Until December 2015, ING also had insurance activities through NN Group.⁶³ ING has been in a divestment process of this subsidiary since 2014 and, as of April 2016, ING's remaining stake in NN Group has been sold, as part of an agreement with the European Commission to divest all insurance and investment management activities.⁶⁴

At the end of 2016, ING had 51,943 employees worldwide (full time equivalent basis), 13,660 of which were employed in the Netherlands.⁶⁵ Over the financial year 2016, total income amounted to € 17.5 billion, of which € 5.8 million originated from the Netherlands, and customer deposits totalled € 522.9 billion, including € 315.7 billion in savings.⁶⁶

3.3.2 Analysis of relevant investment categories

Table 11 provides an analysis of the investment categories relevant for ING. As can be seen in the table, ING is active in all five different investment categories.

Table 11 Analysis of relevant investment categories ING (in € billion)

Investment category	Asset type	Value at end of 2016	%	Relevant
Corporate credits	Loans and credits to companies (MNEs/SMEs)	176.2	20.9%	Yes
Project finance	<i>(included in loans to companies)</i>			Yes
Investments own account	Government bonds	71.9	8.5%	Yes
	Shares & corporate bonds	15.7	1.9%	
	Derivatives	40.7	4.8%	
	Real estate & securities	0.1	0.0%	
	Other/undefined	183.1	21.7%	
Mortgages	Mortgage loans	318.6	37.7%	Yes
	Other balance sheet assets	38.8	4.6%	
	Total balance sheet assets	845.1	100%	
Asset management	Assets under management	65.0		Yes

Source: ING Groep (2017, March), Annual Report 2016, p. 111, 140-143, 145, 152; ING Groep (n.d.), "Private Banking," online: https://www.ing.lu/web/ING/EN/Personal/PrivateBanking/Expertise/PB_ING_PRIVATE_BANKING_EN, viewed in July 2017.

3.3.3 Assessment of transparency and accountability loan portfolio

Table 12 presents the assessment of transparency and accountability of ING with regard to its loan portfolio. The assessment is explained in further detail below the table. The assessment resulted in a score of 6 points, see Table 13.

Table 12 Assessment ING

	Responsible lending policy	Yes/no	Score	Documentation
1	Does the bank publish its responsible lending policy, including all themes and sectors that are relevant for the policy?	yes	1	ESR Framework
2	Does the bank describe the way its responsible lending policies are implemented, which procedures are followed, what instruments are used (e.g. screening, engagement) and how agreements are monitored?			
a	Procedures for decision-making and selection of companies; integration of sustainability factors in client contracts and agreements.	yes	1	ESR Framework / AR16
b	Engagement policies and activities to improve the sustainability policies and performance of companies in the loan portfolio and procedures in place in response to reported controversies.	yes	1	ESR Framework / AR16
3	Does the bank publish a list of companies that are excluded from financing? (In case of a positive answer to question 4-8, this is also considered a positive answer to this question).	Activities not companies	0.5	
	<i>Subtotal</i>		<i>3.5</i>	
	Transparency on corporate loans			
4	Does the bank publish the names of companies the bank finances?	no	0	
5	Does the bank publish the names of banks to which (short and long-term) loans are issued?	no	0	
6	Does the bank publish the names of governments which have been granted a credit by the bank or a banking syndicate the bank participates in?	no	0	
7	Does the bank publish the names of other organisations/institutions the bank finances (such as semi-public institutions (hospitals, etc.) and housing corporations?	no	0	
8	Does the bank publish the names and give a description of companies (on the website) to which the bank has granted more than USD 10 million credit?	no	0	
9	Does the bank publish a break-down of corporate loans by region, size and industry?	yes	1	AR16 p. 163-164, 168-169, 255, 272.
10	Does the bank publish give a break-down of its portfolio in a cross table, combining industry and region data?	no	0	
11	Does the bank use standard industry codes (NACE, ISIC, etc.) on 3-digit level? (In case of positive answers to question 4, 5, and 7 this is also considered a positive answer to this question.)	yes	1	
12	Does the bank use of standard industry codes (NACE, ISIC, etc.) on 4-digit level? (In case of positive answers to question 4, 5, and 7 this is also considered a positive answer to this question.)	yes	1	
	<i>Subtotal</i>		<i>3</i>	

Engagement activities and strategies			
13	Does the bank publish the number of companies with whom there has been interaction on social and environment topics (in line with GRI FS10)?	yes	1 AR16 p. 17, 57.
14	Does the bank publish its engagement activities with companies, in terms of sectors, regions and topics?	sectors not topics / regions	0.5 AR16 p. 17, 57.
15	Does the bank publish the results of engagement, in terms of status (ongoing or closed), progress made, or in case of an unsuccessful engagement, exclusion of the company?	not on progress on set conditions	0.5 AR16 p. 17, 57.
<i>Subtotal</i>			<i>2.0</i>
Accountability, reporting and verification			
16	Does the bank publish details regarding the consultation with civil society organisations and other stakeholders?	yes	1 AR16 p. 440-443.
17	Does the bank publish an externally verified report about the implementation of its responsible lending policy?	yes	1 AR16 p. 16, 56-57, 67-68, 427.
18	Does the bank publish a detailed and externally verified overview of goals and success ratios of the engagement interaction?	Not on progress on set conditions	0.5 AR16 p. 16, 56-57, 67-68, 427.
19	Does the bank report in line with or equivalent to the UN Guiding Principles Reporting Framework, including the eight overarching questions of the UN Guiding Principles Reporting Framework?	no	0
20	Does the bank publish a sustainability report that is set up in accordance with the GRI G4 Sustainability Reporting Guidelines, which includes the Financial Services Sector Disclosures (FSSD)?	yes	1 AR16 p 67-68, 427.
21	Is the bank's sustainability report audited by an external party, which checks whether reporting is done according to GRI G4 guidelines?	yes	1 AR16 p 67-68, 427.
22	Has the bank established an internal complaint procedure which is publicly accessible for employees, clients and third parties which may be adversely impacted in regard to the corporate loans provided by the bank?	yes	1 ING Group Whistleblower Policy.
23	Does the bank cooperate in grievance mechanisms for individuals and communities which may be adversely impacted by its finance activities, and does it respect the decisions made by this independent grievance mechanism?	no	0
<i>Subtotal</i>			<i>5.5</i>

The assessment of transparency and accountability of ING with regard to its loan portfolio can be summarised as follows:

- **Responsible lending policy**

ING has developed an Environmental and Social Risk (ESR) Framework to manage social and environmental risks related to operations of and transactions with corporate clients and to support clients to seek continuous improvement in environmental and social practices. ING also explains how companies are screened and monitored, and the engagement activities carried out to improve corporate clients' policies and performance.

The ESR consists of the following themes and sectors, and also involves an exclusion policy that restricts certain activities:⁶⁷

- Animal Welfare;
- Manufacturing;
- Defence/Controversial Weapons;
- Human Rights;
- The environment;
- Mining and Metals;
- Energy;
- Pornography;
- Fisheries;
- Protected Areas;
- Forestry and Agro-commodities;
- Ship Breaking;
- Genetic Engineering; and
- Gambling.

The application of the ESR Framework requires the involvement of the front office - the departments which have direct client contact and originate transactions - and risk management - the departments which provide control over the front office activities. Client due diligence is performed as part of the client acceptance process. The front office will first check whether the client activity is in line with ING's values, its underlying human rights and environmental management and ING's ESR Exclusion Policy.⁶⁸

In 2016, 4,433 wholesale lending engagements were assessed under the ESR policy framework, of which 86% was categorised as low risk, 8% as medium risk and 5% as high risk. For high risk companies advice by the central ESR Department is required. In 2016, this department issued 214 advices which followed a deeper ESR assessment. Out of 214 cases related to high-risk, 47% received positive advice, 26% negative and 27% were granted positive advice subject to conditions.⁶⁹

The bank does not publish a list of companies that are excluded from credits and loans.

- **Transparency on corporate loans**

ING does not publish the names of companies, governments, or other organisations and institutions the bank finances. In line with the NVB commitments, ING is transparent about its loan portfolio in a breakdown in terms of types of clients (consumers, companies, financial institutions, governments, others). Furthermore, ING publishes a break-down of corporate loans by size, industry, and region, but not in a cross table, combining industry and region data. The industry classification used for the break-down of its loan portfolio is based on NACE digit levels 4.⁷⁰

- **Engagement activities and strategies**

Engagement with clients is part of the client acceptance process and monitoring transactions in risk sectors. ING discloses information about the number of clients and transactions that have been assessed, the percentage of clients categorised as low, medium or high sustainability risk and a break-down of the risk sectors involved (manufacturing, mining and metals, chemicals, forestry and agrocommodities). It is not clear what topics have been discussed with clients. Out of 214 cases related to high-risk engagement, 47% received ESR positive advice, 26% negative and 27% were granted positive advice subject to conditions. ING does not report on progress made with regard to the conditions that have to be met by corporate clients as part of client of transaction approval.⁷¹

- **Accountability, reporting and verification**

ING Group publishes an integrated Annual Report with information about its financial as well as its sustainability performance, based on the GRI G4 Sustainability Reporting Guidelines (comprehensive option). The implementation of the GRI Guidelines as well as the sustainable lending policy has been externally audited by KPMG. The review consists of “performing an analysis of the external environment, obtaining an understanding of relevant social trends and issues, and of the organization’s business; evaluating the appropriateness of the reporting criteria and its consistent application, including the evaluation of the reasonableness of management’s estimates; evaluating the design and implementation of the reporting systems and processes related to the non-financial information; interviewing management and relevant staff at corporate and business level responsible for the sustainability’s strategy and policy; interviewing relevant staff responsible for providing the non-financial information, carrying out internal control procedures on the data and consolidating the data as included in the non-financial information; an analytical review of the trends and data submitted for consolidation at corporate level; reviewing relevant data and evaluating internal and external documentation, based on limited sampling, to assess the accuracy of the information in scope.”⁷²

ING comprehensively reports about its dialogue with societal stakeholders and provides the names of the organisations and topics addressed.⁷³ The bank does not report in line with the UN Guiding Principles Reporting Framework. ING has internal complaint procedures and for third parties: “third parties can report alleged irregularities of a general, operational and financial nature - including issues relating to accounting, administration and internal control.”⁷⁴ There is room for improvement though, in the wording and the findability. ING Group could make it more clear that the complaints procedure can be used by third parties that may be adversely impacted by the bank’s lending decisions. Furthermore, currently the web pages regarding handling complaints cannot be found easily as they are hid under ‘whistleblower policies’. ING does not have independent grievance mechanisms in place.

Table 13 Scoring table ING

	Indicator	% of total score	# of questions	score	conversion factor	points
A	Policy	20	4	3.5	(3.5/4)*2	1.8
B	Transparency of corporate loans	30	9	3.0	(1/9)*3	1
C	Engagement	25	3	2.0	(2/3)*2.5	1.7
D	Accountability, reporting and verification	25	8	5.5	(5.5/8)*2.5	1.7
	Subtotal					6.2
E	Commitment to improve					
	Total			(A-D)+E		6

3.4 NIBC

3.4.1 Company profile

NIBC Bank N.V. ("NIBC") is a corporate and retail bank based in the Netherlands.⁷⁵ NIBC offers debt, mezzanine and equity financing services, capitalisation advice, and leveraged and structured finance services to corporate customers, with a focus on family and mid-size businesses.⁷⁶ To retail customers, the group offers residential mortgage, online saving and investment products.⁷⁷ NIBC serves around 600 businesses and 400,000 retail customers in the Netherlands, Belgium, Germany and the United Kingdom.⁷⁸

NIBC was a publicly-traded company until 1999, when it was privately acquired by two European pension funds. In 2005, a consortium of international financial institutions and investors organised by J.C. Flowers & Co purchased the entirety of NIBC's share capital.⁷⁹ At the end of June 2016, NIBC acquired SNS Securities, renamed NIBC Markets, allowing NIBC to solidify its corporate banking activities to include equity and debt capital markets, private placements, M&A and equity research.⁸⁰ NIBC solely operates under the NIBC brand name, including NIBC Direct, the group's brokerage activities in Germany for retail clients.⁸¹

At the end of 2016, NIBC employed 704 employees (on a full time equivalent basis) at the end of December 2016, of which 579 were based in the Netherlands.⁸² Over the financial year 2016, total income was € 395 million, of which € 320 million originated from the Netherlands, and customer deposits stood at € 11.8 billion, of which € 9.7 billion were savings from the retail banking segment.⁸³

3.4.2 Analysis of relevant investment categories

Table 14 provides an analysis of the investment categories relevant for NIBC. As can be seen in the table, NIBC is active in all five investment categories.

Table 14 Analysis of relevant investment categories NIBC (in € billion)

Investment category	Asset type	Value at end of 2016	%	Relevant
Corporate credits	Loans and credits to companies (MNEs/SMEs)	8.5	36.0%	Yes
Project finance	<i>(included in loans to companies)</i>			Yes
	Government bonds			Yes

Investment category	Asset type	Value at end of 2016	%	Relevant
Investments own account	Shares & corporate bonds			
	Derivatives	1.8	7.7%	
	Real estate & securities			
	Other/undefined	1.6	7.0%	
Mortgages	Mortgage loans	9.0	38.3%	Yes
	Other balance sheet assets	2.6	11.1%	
Total balance sheet assets		23.6	100%	
Asset management	Assets under management	1.6		Yes

Source: NBIC Bank (2017, March), *Annual Report 2016*, p. 110, 173-181, 226.

3.4.3 Assessment of transparency and accountability loan portfolio

Table 15 presents the assessment of transparency and accountability of NIBC with regard to its loan portfolio. The assessment is explained in further detail below the table. The assessment resulted in a score of 4 points, see Table 16.

Table 15 Assessment NIBC

	Responsible lending policy	Yes/no	Score	Documentation
1	Does the bank publish its responsible lending policy, including all themes and sectors that are relevant for the policy?	yes	1	Sustainability Policy / Sustainability Risk Management Policy
2	Does the bank describe the way its responsible lending policies are implemented, which procedures are followed, what instruments are used (e.g. screening, engagement) and how agreements are monitored?			
a	Procedures for decision-making and selection of companies; integration of sustainability factors in client contracts and agreements.	yes	1	
b	Engagement policies and activities to improve the sustainability policies and performance of companies in the loan portfolio and procedures in place in response to reported controversies.	no	0	
3	Does the bank publish a list of companies that are excluded from financing? (In case of a positive answer to question 4-8, this is also considered a positive answer to this question).	Activities not companies	0.5	
<i>Subtotal</i>			2.5	
Transparency on corporate loans				
4	Does the bank publish the names of companies the bank finances?	no	0	
5	Does the bank publish the names of banks to which (short and long-term) loans are issued?	no	0	
6	Does the bank publish the names of governments which have been granted a credit by the bank or a banking syndicate the bank participates in?	n.a.	n.a.	

7	Does the bank publish the names of other organisations/institutions the bank finances (such as semi-public institutions (hospitals, etc.) and housing corporations?	no	0	
8	Does the bank publish the names and give a description of companies (on the website) to which the bank has granted more than USD 10 million credit?	no	0	
9	Does the bank publish a break-down of corporate loans by region, size and industry?	yes	1	AR16 8, 42, 91, 249-250, 256-257.
10	Does the bank publish give a break-down of its portfolio in a cross table, combining industry and region data?	yes	1	
11	Does the bank use standard industry codes (NACE, ISIC, etc.) on 3-digit level? (In case of positive answers to question 4, 5 and 7 this is also considered a positive answer to this question.)	no	0	
12	Does the bank use of standard industry codes (NACE, ISIC, etc.) on 4-digit level? (In case of positive answers to question 4, 5 and 7 this is also considered a positive answer to this question.)	no	0	
<i>Subtotal</i>			2	
Engagement activities and strategies				
13	Does the bank publish the number of companies with whom there has been interaction on social and environment topics (in line with GRI FS10)?	no	0	
14	Does the bank publish its engagement activities with companies, in terms of sectors, regions and topics?	no	0	
15	Does the bank publish the results of engagement, in terms of status (ongoing or closed), progress made, or in case of an unsuccessful engagement, exclusion of the company?	no	0	
<i>Subtotal</i>			0	
Accountability, reporting and verification				
16	Does the bank publish details regarding the consultation with civil society organisations and other stakeholders?	yes	1	AR16 20, 59, 62-65.
17	Does the bank publish an externally verified report about the implementation of its responsible lending policy?	New clients / transactions not total loan portfolio	0.5	AR16 p 60, 332-333, 339-340.
18	Does the bank publish a detailed and externally verified overview of goals and success ratios of the engagement interaction?	n.a	n.a.	
19	Does the bank report in line with or equivalent to the UN Guiding Principles Reporting Framework, including the eight overarching questions of the UN Guiding Principles Reporting Framework?	no	0	
20	Does the bank publish a sustainability report that is set up in accordance with the GRI G4 Sustainability Reporting Guidelines, which includes the Financial Services Sector Disclosures (FSSD)?	yes	1	AR16 6, 9, 60, 332-335.

21	Is the bank's sustainability report audited by an external party, which checks whether reporting is done according to GRI G4 standards?	yes	1	AR16 6, 9, 60, 332-335, 338-340.
22	Has the bank established an internal complaint procedure which is publicly accessible for employees, clients and third parties which may be adversely impacted in regard to the corporate loans provided by the bank?	yes	1	NIBC Bank N.V. Complaints procedure
23	Does the bank cooperate in grievance mechanisms for individuals and communities which may be adversely impacted by its finance activities, and does it respect the decisions made by this independent grievance mechanism?	no	0	
<i>Subtotal</i>			4.5	

The assessment of transparency and accountability of NIBC with regard to its loan portfolio can be summarised as follows:

- **Responsible lending policy**

NIBC has developed a Sustainability Policy and a Sustainability Risk Management Policy for lending and investment management. On top of that the bank has developed cross-sector (Environment Supplement; Human Rights Supplement; Indirect Investment Policy) and sector specific policies (Financial Institutions Policy; Food, Agri, Retail & Health Policy; Industrials Manufacturing Policy; Infrastructure Policy; Oil Gas Policy; Real Estate Policy; Renewables Policy; Retail Services; Shipping Policy).⁸⁴

NIBC explains how the responsible lending policies are implemented. The bank integrates the assessment of Environmental & Social issues into its decision-making processes. Screening on sustainability risks is part of the client approval process. Clients and transactions are categorized in low, medium, high and maximum risk. NIBC does not accept clients in the category maximum risk. NIBC monitors, during the regular monitoring process of our transactions, "the continuous E&S performance of its clients and transactions in order to identify sensitive areas requiring attention and find ways to achieve continual improvement in the implementation of its Sustainability Policy." It is not fully clear which strategies and procedures are used to engage with clients for further improvement of their sustainability policies.⁸⁵ The bank publishes a list of activities that are excluded from financing but does not publish a list of companies that are excluded from credits and loans.⁸⁶

- **Transparency on corporate loans**

NIBC does not publish the names of companies, governments, or other organisations and institutions it finances. In line with the NVB commitments, NIBC is transparent about the loan portfolio in terms of a breakdown in types of clients (consumers, companies, financial institutions, others).⁸⁷ Furthermore, NIBC publishes a break-down of corporate loans by size, sector, industry and region, and uses NACE industry classification system with a combination of 1st, 2nd and 3rd reporting level but not on a 4th level.⁸⁸ The bank does not publish the names of companies, governments, or other organisations and institutions it finances.

- **Engagement activities and strategies**

According to the GRI Content Index, by policy, all corporate clients and transactions (100%) are subject to sustainability screening. In cases where potential issues are identified, NIBC interacts with clients to mitigate or avoid harm. For certain sectors, additional measures are implemented. For example, for potential financings in the shipping sector, NIBC interacts on environmental and social issues with clients of all potential financings as part of its commitments under the Responsible Ship Recycling Standards (RSRS). NIBC does not report the number of companies or the percentage where further interaction has taken place. Therefore, no points can be granted for this assessment category.⁸⁹

- **Accountability, reporting and verification**

NIBC publishes an integrated Annual Report – separate reports for the holding and for the bank - with information about its financial as well as its sustainability performance, based on the GRI G4 Sustainability Reporting Guidelines (option core). No third party assurance has been performed on the non-financial key figures which have been presented in the report for NIBC Holding N.V., whereas third party assurance was performed on the non-financial key figures for NIBC Bank N.V., carried out by Ernst & Young (EY). These non-financial key figures include the percentage of new corporate loans which have been screened on social and environmental standards during the reporting period (100%), the number of project finance transactions closed in line with Equator Principles (2) and the number of new (potential) clients/transactions for which an increased sustainability risk assessment was identified by a third party toolkit assessment (28). This does not include monitoring of existing client files with sustainability risks nor clients for which the increased risk assessment has not (yet) been completed as the transaction is still in an early stage or was cancelled in an early stage. In these situations, NIBC performs enhanced sustainability due diligence into potential material environmental, social, and governance aspects that are of potential concern.⁹⁰

NIBC reports about its dialogue with societal stakeholders and does provide the names of the organisations and topics addressed in an appendix of the Annual report. According to NIBC, since 2010, it has steadily developed its sustainability agenda in close consultation with our stakeholders. NIBC defines stakeholders as any group or individual affected directly or indirectly by its activities: clients, employees, investors, regulators, rating agencies and society at large. The engagement takes place via different channels that range from ongoing dialogue to direct requests for feedback. Twice a year, NIBC carries out a materiality assessment based on consultation with its stakeholders.⁹¹

NIBC does not report in line with the UN Guiding Principles Reporting Framework. The bank has published internal complaint procedures for clients and other stakeholders but does not have independent grievance mechanisms in place.⁹²

Table 16 Scoring table NIBC

	Indicator	% of total score	# of questions	score	conversion factor	points
A	Policy	20	4	2.5	(2.5/4)*2	1.3
B	Transparency of corporate loans	30	8	2	(2/8)*3	0.8
C	Engagement	25	3	0	(0/3)*2.5	0
D	Accountability, reporting and verification	25	7	4.5	(4.5/7)*2.5	1.6
	Subtotal					3.7
E	Commitment to improve					
	Total			(A-D)+E		4

3.5 Rabobank

3.5.1 Company profile

Coöperatieve Rabobank U.A. (Rabobank) is an international financial services provider based in the Netherlands. The group offers products and services in the areas of banking, capital management, leasing, insurance and real estate.⁹³ Rabobank serves over 8.7 million customers worldwide, of which 7.5 million in the Netherlands.⁹⁴ The group is active in 40 countries in Europe, North America, Australia and New Zealand, Latin America and Asia.⁹⁵

Rabobank is structured as a cooperative and is therefore held by its members through the General Members Council. Rabobank has a total of 1.9 million members represented through local councils and local supervisory boards.⁹⁶

Worldwide, Rabobank has a number of subsidiaries and associates servicing the group's customers. The group's main brands in the Netherlands and abroad are: Rabobank, ACC Loan Management, MyOrder, Obvion, Rembrandt, DLL, BPD Europe, Bouwfonds IM, and FGH Bank.⁹⁷ The group holds significant shares (above 20%) in the following banks: Banco Terra, Banco Regional, NMB, Zanaco, Banco Sicredi and DFCU.⁹⁸ Rabobank also hold a 29% interest in Achmea.⁹⁹

At the end of 2016, Rabobank had 40,029 employees worldwide (full time equivalent basis).¹⁰⁰ Over the financial year 2016, total income of the group added to € 12.8 billion and total deposits from customers amounted to € 347.7 billion.¹⁰¹

3.5.2 Analysis of relevant investment categories

Table 17 provides an analysis of the investment categories relevant for Rabobank. As can be seen in the table, Rabobank is active in all five investment categories.

Table 17 Analysis of relevant investment categories Rabobank (in € billion)

Investment category	Asset type	Value at end of 2016	%	Relevant
Corporate credits	Loans and credits to companies (MNEs/SMEs)	184.6	27.9%	Yes
Project finance	<i>(included in loans to companies)</i>			Yes
Investments own account	Government bonds	27.6	4.2%	Yes
	Shares & corporate bonds	1.4	0.2%	

Investment category	Asset type	Value at end of 2016	%	Relevant
Mortgages	Derivatives	42.4	6.4%	Yes
	Real estate & securities	0.3	0.0%	
	Other/undefined	71.2	10.7%	
	Mortgage loans	206.5	31.2%	
	Other balance sheet assets	128.6	19.4%	
Total balance sheet assets		662.6	100.0%	
Asset management	Assets under management	6.7		Yes

Source: Rabobank (2017, March), *Annual Report 2016*, p. 167, 213, 214, 217, 218, 221 and 341.

3.5.3 Assessment of transparency and accountability loan portfolio

Table 18 presents the assessment of transparency and accountability of Rabobank with regard to its loan portfolio. The assessment is explained in further detail below the table. The assessment resulted in a score of 7 points, see Table 19.

Table 18 Assessment Rabobank

	Responsible lending policy	Yes/no	Score	Documentation
1	Does the bank publish its responsible lending policy, including all themes and sectors that are relevant for the policy?	yes	1.0	Sustainability Policy Framework
2	Does the bank describe the way its responsible lending policies are implemented, which procedures are followed, what instruments are used (e.g. screening, engagement) and how agreements are monitored?			
A	Procedures for decision-making and selection of companies; integration of sustainability factors in client contracts and agreements.	yes	1.0	Sustainability Policy Framework
B	Engagement policies and activities to improve the sustainability policies and performance of companies in the loan portfolio and procedures in place in response to reported controversies.	yes	1.0	Sustainability Policy Framework
3	Does the bank publish a list of companies that are excluded from financing? (In case of a positive answer to question 4-8, this is also considered a positive answer to this question).	Activities not companies	0.5	
<i>Subtotal</i>			<i>3.5</i>	
Transparency on corporate loans				
4	Does the bank publish the names of companies the bank finances?	no	0.0	
5	Does the bank publish the names of banks to which (short and long-term) loans are issued?	no	0.0	
6	Does the bank publish the names of governments which have been granted a credit by the bank or a banking syndicate the bank participates in?	no	0.0	

7	Does the bank publish the names of other organisations/institutions the bank finances (such as semi-public institutions (hospitals, etc.) and housing corporations?)	no	0.0	
8	Does the bank publish the names and give a description of companies (on the website) to which the bank has granted more than USD 10 million credit?	no	0.0	
9	Does the bank publish a break-down of corporate loans by region, size and industry?	yes, size and industry	0.5	Loan portfolio Rabobank
10	Does the bank publish give a break-down of its portfolio in a cross table, combining industry and region data?	no	0.0	
11	Does the bank use standard industry codes (NACE, ISIC, etc.) on 3-digit level? (In case of positive answers to question 4, 5 and 7 this is also considered a positive answer to this question.)	yes	1.0	Leningenportefeuille Rabobank
12	Does the bank use of standard industry codes (NACE, ISIC, etc.) on 4-digit level? (In case of positive answers to question 4, 5 and 7 this is also considered a positive answer to this question.)	yes	1.0	Leningenportefeuille Rabobank
<i>Subtotal</i>			<i>2.5</i>	
Engagement activities and strategies				
13	Does the bank publish the number of companies with whom there has been interaction on social and environment topics (in line with GRI FS10)?	yes	1.0	AR16, p. 80, 136-138.
14	Does the bank publish its engagement activities with companies, in terms of sectors, regions and topics?	yes	1.0	AR16, p. 80, 136-138.
15	Does the bank publish the results of engagement, in terms of status (ongoing or closed), progress made, or in case of an unsuccessful engagement, exclusion of the company?	yes	1.0	AR16, p. 80, 136-138.
<i>Subtotal</i>			<i>3.0</i>	
Accountability, reporting and verification				
16	Does the bank publish details regarding the consultation with civil society organisations and other stakeholders?	yes	1.0	AR16, p. 135.
17	Does the bank publish an externally verified report about the implementation of its responsible lending policy?	yes	1.0	AR16, p. 6, 78-80, 119-121, 123-124.
18	Does the bank publish a detailed and externally verified overview of goals and success ratios of the engagement interaction?	yes	1.0	AR16, p. 78-80, 119-121, 123-124, 136-138.
19	Does the bank report in line with or equivalent to the UN Guiding Principles Reporting Framework, including the eight overarching questions of the UN Guiding Principles Reporting Framework?	no	0.0	
20	Does the bank publish a sustainability report that is set up in accordance with the GRI G4 Sustainability Reporting Guidelines, which includes the Financial Services Sector Disclosures (FSSD)?	yes	1.0	AR16, p. 6, 119, 121, 123, 124.

21	Is the bank's sustainability report audited by an external party, which checks whether reporting is done according to GRI G4 guidelines?	yes	1.0	AR16, p. 6, 119, 121, 123, 124.
22	Has the bank established an internal complaint procedure which is publicly accessible for employees, clients and third parties which may be adversely impacted in regard to the corporate loans provided by the bank?	no	0.0	
23	Does the bank cooperate in grievance mechanisms for individuals and communities which may be adversely impacted by its finance activities, and does it respect the decisions made by this independent grievance mechanism?	no	0.0	
<i>Subtotal</i>			<i>5.0</i>	

The assessment of transparency and accountability of Rabobank with regard to its loan portfolio can be summarised as follows:

- **Responsible lending policy**

Rabobank has developed a public Sustainability Policy Framework which explains its responsible lending and responsible investment policies, differentiated in cross-cutting themes (Environment; Human Rights; Labour Standards; Anti-Corruption; Animal Welfare; Biodiversity; Gene Technology; Investing in Agricultural Commodities Derivatives; Land Governance) and sector policies (Armaments Industry; Biofuels; Cocoa; Coffee & Cotton; Extractive Industries; Fishery; Forestry; Livestock Farming; Palm Oil; Ship Recycling; Soy; Sugarcane).¹⁰²

Rabobank explains how the responsible lending policies are implemented and what procedures are followed and instruments used (screening, engagement) to monitor whether corporate clients live up to the standards. The bank publishes a list of activities that are excluded from financing but does not publish a list of companies that are excluded from credits and loans.¹⁰³

- **Transparency on corporate loans**

The bank does not publish the names of companies, governments, or other organisations and institutions the bank finances.¹⁰⁴ In line with the NVB commitments, Rabobank is transparent about the loan portfolio in terms of a breakdown in types of clients (consumers, companies, financial institutions, governments, others).¹⁰⁵ Furthermore, Rabobank publishes a break-down of corporate loans by size and industry, not by region, and uses the NAICS classification system at the most detailed level possible and comparable to the fourth level of NACE.

- **Engagement activities and strategies**

Rabobank publishes the number of companies with whom there has been interaction on social and environment topics in terms of sectors, regions and topics, and also discloses the results of engagement, in terms of status (ongoing or closed), progress made, or in case of an unsuccessful engagement, exclusion of the company. In 2016, the central sustainability department of Rabobank was involved in engagements regarding 88 issues with 47 clients in the area of environment, human rights, labour rights and governance. According to Rabobank, the engagements have contributed to the “upgrading of housing facilities for employees and the restoration of forests and other high value conservation areas that had been damaged. In four cases the client relationship has been terminated as a result of engagement activities.¹⁰⁶ There is room for improvement in the continuity of engagement reporting. Engagement processes can take several years. Currently, it is not possible for external stakeholders to compare the progress of individual companies with previous years. By numbering or coding companies, the progress of companies in certain sectors can be assessed.

- **Accountability, reporting and verification**

Rabobank publishes an integrated Annual Report with information about its financial as well as its sustainability performance, based on the GRI G4 Sustainability Reporting Guidelines, externally verified by PricewaterhouseCoopers (PwC).¹⁰⁷ The implementation of its responsible lending policy including engagement interactions with clients is also externally verified.¹⁰⁸ Rabobank publishes about its dialogue with societal stakeholders and provides the names of the organisations and topics addressed.¹⁰⁹ Rabobank does not report in line with or equivalent to the UN Guiding Principles Reporting Framework. The bank has internal complaint procedures for clients, not for third parties which may be adversely impacted in regard to the corporate loans provided by the bank. Rabobank does not have an independent grievance mechanism in place.

Table 19 Scoring table Rabobank

	Indicator	% of total score	# of questions	score	conversion factor	points
A	Policy	20	4	3.5	(3.5/4)*2	1.8
B	Transparency of corporate loans	30	9	2.5	(2.5/9)*3	0.8
C	Engagement	25	3	3.0	(3/3)*2.5	2.5
D	Accountability, reporting and verification	25	8	5.0	(5/8)*2.5	1.6
	Subtotal					6.7
E	Commitment to improve					
	Total			(A-D)+E		7

3.6 Triodos Bank

3.6.1 Company profile

Triodos Bank N.V. (Triodos) is a European sustainable bank based in the Netherlands. The group provides retail and corporate banking, as well as asset management services to its 652,000 customers.¹¹⁰ The group is active in the Netherlands, Belgium, the United Kingdom, Spain and Germany.¹¹¹ Across its locations of activities, Triodos operates under the Triodos Bank brand.

Triodos is structured such that the bank's shares are managed by the Foundation for the Administration of Triodos Bank Shares (SAAT). Participation in Triodos is possible by buying and holding depositary receipts issued by the SAAT. These are not listed, but held on a trading platform maintained directly by Triodos. Holders may not hold more than 10% of the depositary receipts. The only holders with a participating interest above 3% are Rabobank and Delta Lloyd.¹¹²

Over the year 2016, Triodos had on average 1,089 employees (full-time equivalent basis), of which on average 528.8 were located in the Netherlands.¹¹³ As at December 2016, Triodos' total income amounted to € 217.6 million, of which € 104.6 million from its activities in the Netherlands.¹¹⁴ Total deposits from customers accounted for € 8.0 billion, of which € 5.2 billion were from savings.¹¹⁵

3.6.2 Analysis of relevant investment categories

Table 20 provides an analysis of the investment categories relevant for Triodos. As can be seen in the table, Triodos is active in all five investment categories. However, in the category 'investments own account,' Triodos only invests in government bonds and in banks—included under 'other'. Given that the Fair Bank Guide assesses company-related investment policies, Triodos is not assessed on the category 'investments own account.'

Table 20 Analysis of relevant investment categories Triodos (in € billion)

Investment category	Asset type	Value at end of 2016	%	Relevant
Corporate credits	Loans and credits to companies (MNEs/SMEs)	4.3	47.5%	Yes
Project finance	<i>(included in loans to companies)</i>			
Investments own account	Government bonds			Yes
	Shares & corporate bonds	1.9	20.9%	Yes
	Derivatives			
	Real estate & securities			
	Other/undefined	1.1	11.7%	
Mortgages	Mortgage loans	0.8*	9.0%	
	Other balance sheet assets	1.0	10.9%	Yes
	Total balance sheet assets	9.1	100.0%	
Asset management	Assets under management	4.4		

* Includes all private loans, i.e. residential sustainable mortgages and overdraft on current accounts.

Source: Triodos Bank (2017, April), *Annual Report 2016*, p. 35, 74, 88, 92 and 136.

3.6.3 Assessment of transparency and accountability loan portfolio

Table 21 presents the assessment of transparency and accountability of Triodos Bank with regard to its loan portfolio. The assessment is explained in further detail below the table. The assessment resulted in a score of 7 points, see Table 22.

Table 21 Assessment Triodos

	Responsible lending policy	Yes/no	Score	Documentation
1	Does the bank publish its responsible lending policy, including all themes and sectors that are relevant for the policy?	yes	1	Minimum Standards
2	Does the bank describe the way its responsible lending policies are implemented, which procedures are followed, what instruments are used (e.g. screening, engagement) and how agreements are monitored?			
a	Procedures for decision-making and selection of companies; integration of sustainability factors in client contracts and agreements.	yes	1	Lending strategy /Minimum Standards
b	Engagement policies and activities to improve the sustainability policies and performance of companies in the loan portfolio and procedures in place in response to reported controversies.	yes	1	Lending strategy / Minimum Standards
3	Does the bank publish a list of companies that are excluded from financing? (In case of a positive answer to question 4-8, this is also considered a positive answer to this question).	yes	1	Know where your money goes
	<i>Subtotal</i>		4	
	Transparency on corporate loans			
4	Does the bank publish the names of companies the bank finances?	yes	1	Know where your money goes
5	Does the bank publish the names of banks to which (short and long-term) loans are issued?	no	0	
6	Does the bank publish the names of governments which have been granted a credit by the bank or a banking syndicate the bank participates in?	n.a.	n.a.	
7	Does the bank publish the names of other organisations/institutions the bank finances (such as semi-public institutions (hospitals, etc.) and housing corporations?	yes	1	Know where your money goes/Our approach to lending
8	Does the bank publish the names and give a description of companies (on the website) to which the bank has granted more than USD 10 million credit?	yes	1	
9	Does the bank publish a break-down of corporate loans by region, size and industry?	yes	1	Know where your money goes/Our approach to lending

10	Does the bank publish give a break-down of its portfolio in a cross table, combining industry and region data?	yes	1	idem
11	Does the bank use standard industry codes (NACE, ISIC, etc.) on 3-digit level? (In case of positive answers to question 4, 5 and 7 this is also considered a positive answer to this question.)	yes	1	Know where your money goes/Our approach to lending
12	Does the bank use of standard industry codes (NACE, ISIC, etc.) on 4-digit level? (In case of positive answers to question 4, 5 and 7 this is also considered a positive answer to this question.)	yes	1	Know where your money goes/Our approach to lending
<i>Subtotal</i>			7	
Engagement activities and strategies				
13	Does the bank publish the number of companies with whom there has been interaction on social and environment topics (in line with GRI FS10)?	yes, all companies	1	GRI Index
14	Does the bank publish its engagement activities with companies, in terms of sectors, regions and topics?	no	0	GRI Index / Active engagement
15	Does the bank publish the results of engagement, in terms of status (ongoing or closed), progress made, or in case of an unsuccessful engagement, exclusion of the company?	no	0	GRI Index / Active engagement
<i>Subtotal</i>			1	
Accountability, reporting and verification				
16	Does the bank publish details regarding the consultation with civil society organisations and other stakeholders?	yes	1	AR16 p. 8, 222, 223, 225, 226.
17	Does the bank publish an externally verified report about the implementation of its responsible lending policy?	yes	1	AR16 p. 8, 222, 223, 225, 226.
18	Does the bank publish a detailed and externally verified overview of goals and success ratios of the engagement interaction?	n.a.	n.a.	
19	Does the bank report in line with or equivalent to the UN Guiding Principles Reporting Framework, including the eight overarching questions of the UN Guiding Principles Reporting Framework?	no	0	
20	Does the bank publish a sustainability report that is set up in accordance with the GRI G4 Sustainability Reporting Guidelines, which includes the Financial Services Sector Disclosures (FSSD)?	yes	1	AR16 p. 8, 222, 223, 225, 226.
21	Is the bank's sustainability report audited by an external party, which checks whether reporting is done according to GRI G4 guidelines?	yes	1	AR16 p. 222, 223, 225, 226.
22	Has the bank established an internal complaint procedure which is publicly accessible for employees, clients and third parties which may be adversely impacted in regard to the corporate loans provided by the bank?	no	0	

23	Does the bank cooperate in grievance mechanisms for individuals and communities which may be adversely impacted by its finance activities, and does it respect the decisions made by this independent grievance mechanism?	no	0
	<i>Subtotal</i>		4

The assessment of transparency and accountability of Triodos with regard to its loan portfolio can be summarised as follows:

- **Responsible lending policy**

Triodos has developed public Minimum Standards to select the companies the bank finances or invests in. The minimum standards are divided in three cross-cutting themes, and underlying issues, sectors and industries, which also specify which products and processes are excluded from financing.¹¹⁶

- Human dignity:
 - Health and safety: alcohol, gambling, pornography, tobacco and weapons;
 - Human rights: conflict minerals, human rights and labour rights.
- Planet awareness:
 - Animals: animal testing, factory farming, fisheries, and fur and specialty leather;
 - Environment: biodiversity, deforestation, energy, genetic engineering, hazardous substances and contamination, natural resources and mining, water.
- Governance:
 - Accounting and remuneration, corruption, taxes, violation of legislation, codes and conventions.

Next, Triodos explains its sustainable lending policy. The bank identifies sustainable sectors and selects businesses and projects that will deliver social, cultural or environmental benefits. Triodos evaluates the quality and motivation of the people involved in a loan application, ensures that selected projects meet the absolute criteria and closely monitors how the loan is actually used. Engagement with companies takes place prior to the lending decision. It is not fully clear what type of engagement takes place after the loan application, in case the loan is not used according to the lending criteria.

Triodos does not publish a list of companies that are excluded from financing but instead publishes an inclusion list of companies and organisations it finances.¹¹⁷

- **Transparency on corporate loans**

Triodos publishes information about its loan portfolio in terms of names of companies, in a breakdown in terms of types of clients (consumers, companies, financial institutions, governments, others) – in line with the NVB commitment – and in sectors and countries. Companies are only listed on the website after they have given permission and the details are complete and correct. Companies and organisations for which the information is incomplete cannot be found on the 'Know where your money goes' section of the corporate website. Triodos does not provide information on loans to other banks.¹¹⁸

- **Engagement activities and strategies**

Engagement with companies takes place with all companies prior to the lending decision. It is part of the lending policy to select companies and transactions that contribute to a sustainable society and economy and not to provide loans to risk sectors. It is not fully clear what type of engagement takes place to further improve the sustainability policies and performance of corporate clients, or in case the use of the loan does not take place according to the loan agreement.¹¹⁹ Triodos' GRI Index states: "Interaction on environmental and social issues are relevant to all of the companies we engage with. This is direct in dealing with organisations we finance and suppliers and managed through our Research department in relation to some investment funds.¹²⁰ The webpage 'Active engagement' only reports in detail about its engagement activities with companies that are part of the sustainability funds of the bank, not about engagement with corporate clients.¹²¹

- **Accountability, reporting and verification**

Triodos publishes an integrated Annual Report with information about its financial as well as its sustainability performance, based on the new GRI Sustainability Reporting Guidelines which replaced its G4 guidelines. The new standards have to be included in reports from 2018, but Triodos has chosen to implement them already in the 2016 report.¹²²

The implementation of the GRI guidelines as well as the sustainable lending policy is audited externally by PricewaterhouseCoopers (PwC). The review was limited to interviews with management and staff, applying analytical procedures on the sustainability information, evaluating the design and implementation of the reporting systems and processes related to the sustainability information, and an evaluation of the results of the stakeholders' dialogue and the reasonableness of management's estimates.¹²³ Full points have been granted for these elements of the assessment.

Triodos does not publish about the results of engagement activities, nor reports about the implementation of its human rights policies (in line with the UN Guiding Principles on Business and Human Rights). Triodos has an internal complaints procedure for clients, not necessarily for other individuals or communities affected by the bank's lending decisions. Therefore, no points were granted for these elements. Triodos does not have an independent grievance mechanism in place.¹²⁴

Table 22 Scoring table Triodos

	Indicator	% of total score	# of questions	score	conversion factor	points
A	Policy	20	4	4	(4/4)*2.0	2.0
B	Transparency of corporate loans	30	8	7	(7/8)*3	2.6
C	Engagement	25	3	1	(1/3)*2.5	0.8
D	Accountability, reporting and verification	25	7	4	(4/7)*2.5	1.4
	Subtotal					6.8
E	Commitment to improve					
	Total			(A-D)+E		7

3.7 Van Lanschot

3.7.1 Company profile

Van Lanschot N.V. ("Van Lanschot") is a bank based in the Netherlands, which specialises in private and merchant banking, and in asset management.¹²⁵ The group's client base is primarily in the Netherlands, although Van Lanschot is also present in Belgium, Switzerland, the United Kingdom and the United States.¹²⁶ Van Lanschot provides services to private clients, institutional investors, financial institutions, enterprises and corporations, and public and semi-public entities.¹²⁷

Van Lanschot is a listed public-limited company. 99.9% of the company's ordinary shares are held by a trust, Stichting Administratiekantoor van gewone aandelen A Van Lanschot, from which depositary receipts have been issued and are listed on Euronext Amsterdam.¹²⁸ Van Lanschot is the holding company of F. van Lanschot Bankiers N.V.¹²⁹ Van Lanschot operates in the Netherlands under the following brands: Van Lanschot, Evi, Hypotrust, Kempen Capital Management and Kempen & Co.¹³⁰

Van Lanschot made significant acquisitions in the last year. First, in July 2016, the group acquired Allshare B.V, an IT company that provides back-office solutions for financial institutions.¹³¹ Then, in August 2016, Van Lanschot acquired Staalbankiers private banking activities to add to the group's asset management activities.¹³² Finally, in June 2017, Van Lanschot and UBS agreed on Van Lanschot acquiring UBS's domestic wealth management activities in the Netherlands.¹³³ This will include client relationships and employees of wealth management, as well as the products and services of UBS Netherlands. Assets under management included account for approximately € 2.6 billion.¹³⁴

At the end of 2016, Van Lanschot had 1,670 employees (full-time equivalent basis).¹³⁵ Total income over the financial year 2016 amounted to € 524.4 million, with € 465.7 million originating from the Netherlands.¹³⁶ Total deposits from customers amounted to € 9.7 billion at the end of December 2016, of which savings totalled € 4.4 billion.¹³⁷

3.7.2 Analysis of relevant investment categories

Table 23 provides an analysis of the investment categories relevant for Van Lanschot. As can be seen in the table, Van Lanschot is active in four of the five different investment categories. Van Lanschot's recent acquisition of UBS Netherlands is not included in this table, as it has not yet been consolidated by the group.

Table 23 Analysis of relevant investment categories Van Lanschot (in € billion)

Investment category	Asset type	Value at end of 2016	%	Relevant
Corporate credits	Loans and credits to companies (MNEs/SMEs)	1.4	9.1%	Yes
Project finance	<i>(included in loans to companies)</i>			No
Investments own account	Government bonds	0.8	5.6%	Yes
	Shares & corporate bonds	0.1	1.0%	
	Derivatives	0.3	2.1%	
	Real estate & securities			
	Other/undefined	3.7	25.0%	

Investment category	Asset type	Value at end of 2016	%	Relevant
Mortgages	Mortgage loans	6.2	41.9%	Yes
	Other balance sheet assets	2.3	15.4%	
	Total balance sheet assets	14.9	100.0%	
Asset management	Assets under management	59.6		Yes

Source: Van Lanschot (2017, March), *Annual Report 2016*, p. 5, 59, 92, 177, 180, 181 and 182.

3.7.3 Assessment of transparency and accountability loan portfolio

Table 24 presents the assessment of transparency and accountability of Van Lanschot with regard to its loan portfolio. The assessment is explained in further detail below the table. The assessment resulted in a score of 5 points, see Table 25.

Table 24 Assessment Van Lanschot

	Responsible lending policy	Yes/no	Score	Documentation
1	Does the bank publish its responsible lending policy, including all themes and sectors that are relevant for the policy?	yes	1	Details Verantwoord Kredietbeleid/ Verantwoord ondernemen-beleid voor financiële instellingen
2	Does the bank describe the way its responsible lending policies are implemented, which procedures are followed, what instruments are used (e.g. screening, engagement) and how agreements are monitored?			
a	Procedures for decision-making and selection of companies; integration of sustainability factors in client contracts and agreements.	yes	1	
b	Engagement policies and activities to improve the sustainability policies and performance of companies in the loan portfolio and procedures in place in response to reported controversies.	yes	1	
3	Does the bank publish a list of companies that are excluded from financing? (In case of a positive answer to question 6-9, this is also considered a positive answer to this question).	no	0	
	<i>Subtotal</i>		3	
	Transparency on corporate loans			
4	Does the bank publish the names of companies the bank finances?	no	0	
5	Does the bank publish the names of banks to which (short and long-term) loans are issued?	no	0	
6	Does the bank publish the names of governments which have been granted a credit by the bank or a banking syndicate the bank participates in?	n.a.	n.a.	
7	Does the bank publish the names of other organisations/institutions the bank finances (such as semi-public institutions (hospitals, etc.) and housing corporations?	no	0	

8	Does the bank publish the names and give a description of companies (on the website) to which the bank has granted more than USD 10 million credit?	no	0	
9	Does the bank publish a break-down of corporate loans by region, size and industry?	yes	1	AR16, p. 5, 28-29, 59-61, 120-126; 2016 CSR Supplement p. 9-10.
10	Does the bank publish give a break-down of its portfolio in a cross table, combining industry and region data?	no	0	
11	Does the bank use standard industry codes (NACE, ISIC, etc.) on 3-digit level? (In case of positive answers to question 4, 5 and 7 this is also considered a positive answer to this question.)	no	0	
12	Does the bank use of standard industry codes (NACE, ISIC, etc.) on 4-digit level? (In case of positive answers to question 4, 5 and 7 this is also considered a positive answer to this question.)	no	0	
<i>Subtotal</i>			1	
Engagement activities and strategies				
13	Does the bank publish the number of companies with whom there has been interaction on social and environment topics (in line with GRI FS10)?	yes	1	2016 CSR Supplement p. 9-10; AR16 p. 60.
14	Does the bank publish its engagement activities with companies, in terms of sectors, regions and topics?	Sectors/ topics not regions	0.5	2016 CSR Supplement p. 9-10.
15	Does the bank publish the results of engagement, in terms of status (ongoing or closed), progress made, or in case of an unsuccessful engagement, exclusion of the company?	yes	1	
<i>Subtotal</i>			2.5	
Accountability, reporting and verification				
16	Does the bank publish details regarding the consultation with civil society organisations and other stakeholders?	yes	1	AR16 p. 16, 22, 246-247; 2016 CSR Supplement p. 5-8.
17	Does the bank publish an externally verified report about the implementation of its responsible lending policy?	yes	1	AR16 p. 246-247; 2016 CSR Supplement.
18	Does the bank publish a detailed and externally verified overview of goals and success ratios of the engagement interaction?	Progress made, no ratios	0.5	AR16 p. 246-247; 2016 CSR Supplement.
19	Does the bank report in line with or equivalent to the UN Guiding Principles Reporting Framework, including the eight overarching questions of the UN Guiding Principles Reporting Framework?	no	0	

20	Does the bank publish a sustainability report that is set up in accordance with the GRI G4 Sustainability Reporting Guidelines, which includes the Financial Services Sector Disclosures (FSSD)?	yes	1	AR16 p. 16, 20, 246-247.
21	Is the bank's sustainability report audited by an external party, which checks whether reporting is done according to GRI G4 guidelines?	yes	1	AR16 p. 246-247.
22	Has the bank established an internal complaint procedure which is publicly accessible for employees, clients and third parties which may be adversely impacted in regard to the corporate loans provided by the bank?	no	0	
23	Does the bank cooperate in grievance mechanisms for individuals and communities which may be adversely impacted by its finance activities, and does it respect the decisions made by this independent grievance mechanism?	no	0	
<i>Subtotal</i>			4.5	

The assessment of transparency and accountability of Van Lanschot with regard to its loan portfolio can be summarised as follows:

- **Responsible lending policy**

Van Lanschot has developed a responsible lending policy 'Details van het Verantwoord Kredietbeleid', differentiated in the following themes:¹³⁸

1. Human rights;
2. Fundamental labour standards;
3. The environment;
4. Anti-corruption;
5. Weapons;
6. Fur;
7. Gambling;
8. Porn;
9. Animal testing;
10. Nuclear energy.

On top of that, Van Lanschot developed a policy for financial institutions it has a banking relationship with. Banks need to commit to a minimum of four out of nine international standards:¹³⁹

1. UN Global Compact;
2. OECD Guidelines for MNEs;
3. UNEP Finance Initiative;
4. Equator Principles;
5. UN PRI
6. Responsible investment or lending policies for risk sectors, themes or sectors;
7. Policy against money laundering and financing of terrorist activities (FATF, Wolfsberg, etc);
8. A policy targeted at a reduction of the environmental footprint of the bank's own operations and/or that of its clients;
9. Publication of a sustainability report in line with the GRI-B reporting standards.

Next, Van Lanschot explains the implementation of its responsible lending policy. Before corporate clients are accepted, Van Lanschot carries out client due diligence (CDD) procedures, which include establishing information about clients, such as the origin of their assets. The procedures also include the assessment of involvement in financial and economic crimes, such as money laundering or financing terrorism. As part of CDD, Van Lanschot tests new corporate borrowers on its responsible lending criteria 'at the gate'. In case (potential) clients do not meet the responsible lending criteria, or are involved in controversies, Van Lanschot will start a dialogue with these companies, as part of its engagement strategy. In case of (the potential risk of) human rights violations, (potential) clients need to identify potential human rights risks, explain how they will prevent adverse human rights impacts in the future, and make an improvement plan for the coming six months. Van Lanschot recommends that the 'UN Protect, Respect and Remedy Framework' is used as a guidance.¹⁴⁰

Van Lanschot does not publish a list of companies nor a list of activities that are excluded from finance. Therefore, no point is granted for this element.

- **Transparency on corporate loans**

Van Lanschot does not publish the names of companies, governments, or other organisations and institutions the bank finances. In line with the NVB commitments, Van Lanschot is transparent about its loan portfolio in a breakdown in terms of types of clients (consumers, companies, financial institutions, others) and in terms of sectors, size and region. Over half of its loan portfolio consists of mortgages, primarily to high net-worth individuals. Next, Van Lanschot provides loans to SMEs, in the sectors construction and infrastructure, capital assets, building materials, services, financial holding companies, retail, transport and logistics, real estate, leisure, agriculture, food and beverages, and non-food. The loan portfolio and credit risk are concentrated in the Netherlands (97%). Van Lanschot states that lending in Belgium and Switzerland is limited and has a low risk profile.¹⁴¹ According to Van Lanschot, the bank has 27 'potentially high risk' corporate borrowers in 'sensitive sectors' (e.g. clothing, wood-based products and other manufacturing) which import from or have production facilities in non-western countries: "Potential risks in this regard include illegal logging, poor working conditions, human rights violations and serious environmental pollution. Only two of the 27 cases relate to borrowers with an indirect involvement in the arms sector." According to Van Lanschot it has virtually zero corporate credit exposure in, in sustainability terms, sensitive sectors such as agriculture and fishing, chemicals, utilities, and oil and gas, nor borrowers with production located in low-wage countries.¹⁴² It is not fully clear whether Van Lanschot uses standard industry codes to indicate the sectors represented in its loan portfolio. However, the level of detail is comparative with a combination of NACE digit level 1 to 4, and not fully on a 4 digit level.

- **Engagement activities and strategies**

Kempen Capital Management on behalf of Van Lanschot carries out engagement activities with fund managers and investees. On top of that, the bank reports about its engagement activities with 27 borrowers (Van Lanschot clients) that are active in risk sectors: "We engaged the borrower on the precise risks and how the company in question might go about mitigating them. Many borrowers appreciate our engagement and have already responded by taking the necessary measures. There is a small group for which further improvement is still possible, and it is these that we will continue to monitor particularly actively."¹⁴³ Furthermore, Van Lanschot mentions a contact with a financial institution that had not developed a sufficient sustainability policy, after which Van Lanschot divested.¹⁴⁴

- **Accountability, reporting and verification**

Van Lanschot reports about its dialogue with stakeholders.¹⁴⁵ Furthermore, the bank publishes an Annual Report in line with international annual reporting guidelines such as those from the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI). The implementation of the GRI G4 guidelines as well as the sustainable lending policy is audited externally by PricewaterhouseCoopers (PwC). The review consists of interviews with management and staff, applying analytical procedures on the sustainability information, evaluating the design and implementation of the reporting systems and processes related to the sustainability information, an evaluation of the results of the stakeholders' dialogue and the reasonableness of management's estimates, and reviewing internal and external documentation to determine whether the sustainability information, including the disclosure, presentation and assertions made in the sustainability reporting, is substantiated adequately.¹⁴⁶ Full points have been granted for these elements of the assessment.

Van Lanschot publishes about the results of engagement activities with clients, in terms of progress made, not in a break-down of number of companies. The bank does not report about the implementation of its human rights policies (in line with the UN Guiding Principles on Business and Human Rights). Van Lanschot has an internal complaints procedure for individuals which is not open for external parties that may be affected by the bank's lending decisions. The bank also does not have an independent grievance mechanism in place. Therefore, no points were granted for these elements.

Table 25 Scoring table Van Lanschot

	Indicator	% of total score	# of questions	score	conversion factor	points
A	Policy	20	4	3	(3/4)*2	1.5
B	Transparency of corporate loans	30	8	1	(1/8)*3	0.4
C	Engagement	25	3	2.5	(2.5/3)*2.5	2.1
D	Accountability, reporting and verification	25	8	4.5	(4.5/8)*2.5	1.4
	Subtotal					5.4
E	Commitment to improve					
	Total			(A-D)+E		5

Chapter 4 Conclusions and recommendations

This report is focused on the level of transparency and accountability with regard to the loan portfolio of the following Dutch banks:

- ABN Amro;
- De Volksbank (ASN Bank and SNS);
- ING Bank;
- NIBC;
- Rabobank;
- Triodos; and
- Van Lanschot.

In this chapter, based on the research findings, conclusions are drawn to what extent banks meet the commitments made by the NVB;¹⁴⁷

1. Transparency about the loan portfolio in terms of types of clients:
 - consumers;
 - companies;
 - financial institutions;
 - governments;
 - others.
2. Breakdown of the corporate loans portfolio in sectors and industries (3 to 4 digits NACE);
3. Transparency about engagement activities with corporate clients in terms of number of clients engaged with and results of engagement, in terms of number of clients that have adapted their policies and/or number of clients the bank has terminated its relationship with, because of (unsuccessful) engagement.

Furthermore, conclusions are drawn to what extent banks meet the criteria with regard to transparency and accountability developed by the Fair Bank Guide.

The conclusions are presented by using the following assessment categories:

- Responsible lending policy;
- Transparency of corporate loans;
- Engagement activities and strategies;
- Accountability, reporting and verification.

4.1 Responsible lending policy

To what extent are Dutch banks transparent about the implementation of their responsible lending policy? From the analysis the following conclusions are drawn:

- All of the banks publish their responsible lending policies and describe the procedures for decision-making and selection of companies.
- Five banks - ABN Amro, ING Bank, Rabobank, Triodos and Van Lanschot describe engagement policies and activities to improve the sustainability policies and performance of companies in the loan portfolio as part of client acceptance and approval of transactions. However, in the case of ING Bank there is room for improvement in explaining the procedures in case of reported controversies or not meeting the agreed conditions to improve the sustainability policies and performance of companies in the loan portfolio. Also De Volksbank has engagement procedures in place. NIBC does not clearly report about engagement strategies in place.
- Triodos and ASN Bank publish the names of companies, organisations and institutions that are included in their loan portfolio, which also makes it clear which companies are not included in the loan portfolio. Therefore, points are granted for publishing a list of companies that are excluded from financing, even though the banks in fact do not publish an exclusion list. The other banks do not publish which companies, organisations and institutions are included in their loan portfolio or excluded from finance.
- All banks, except Van Lanschot, publish which activities are excluded from finance.

See Table 26 for an overview of transparency on the responsible lending policies of the selected banks.

Table 26 Transparency on responsible lending policies of Dutch banks

Responsible lending policy	ABN Amro	De Volksbank (ASN & SNS)	ING	NIBC	Rabobank	Triodos	Van Lanschot
The bank publishes its responsible lending policy, including all themes and sectors that are relevant for the policy.	yes	yes	yes	yes	yes	yes	yes
The bank describes the procedures for decision-making and selection of companies; integration of sustainability factors in client contracts and agreements.	yes	yes	yes	yes	yes	yes	yes
The bank describes the engagement policies and activities to improve the sustainability policies and performance of companies in the loan portfolio and procedures in place in response to reported controversies.	yes	yes	yes	no	yes	yes	yes
The bank publishes a list of companies that are excluded from financing.	no	ASN*	no	no	no	yes	no
The bank publishes a list of activities that are excluded from financing.	yes	yes	yes	yes	yes	yes	no

* Only applies to ASN Bank, not to De Volksbank as a whole

4.2 Transparency of corporate loans

The following conclusions are drawn from the analysis of transparency on corporate loans in the annual reporting of Dutch banks:

- In line with the NVB commitments, all of the selected banks are transparent about their loan portfolio in terms of types of clients:
 - consumers;
 - companies;
 - financial institutions;
 - governments; and
 - others.
- Six banks, ABN Amro, De Volksbank, ING Bank, NIBC, Rabobank, Triodos and to a large extent Van Lanschot, report in line with the NVB recommendation of giving a break-down of the corporate loan portfolio on a 3 to 4 digit level of NACE industry codes.
- The level of transparency on corporate loans in terms of names of companies or use of standard industry codes can be differentiated as follows:
 - Triodos gives the most detailed breakdown of its loan portfolio, an overview of all companies and organisations that are part of its loan portfolio; De Volksbank partly (only ASN Bank publishes the names of companies, not SNS).
 - De Volksbank, ING Bank and Rabobank give the most detailed breakdown of their loan portfolio in terms of sectors and industries. Rabobank uses NAICS industry codes on a 6 digit level and De Volksbank (SNS) uses the SBI industry codes, on a level of detail comparative with NAICS 6 digit level and NACE 4 digit level. ING Bank uses NACE 4 digit level.
 - Third in level of transparency in terms of the use of industry codes is ABN Amro, using a classification system (ICB) comparable with a combination of NACE digit level 3 and 4;
 - Fourth in level of transparency in terms of use of industry codes is Van Lanschot, using a combination of NACE digit level 1 to 4;
 - Fifth in level of transparency is NIBC, using a combination of NACE digit level 1, 2 and 3.
- Five Banks, De Volksbank, ING Bank, NIBC, Triodos and Van Lanschot publish a break-down of corporate loans by region, size and industry, of which De Volksbank, NIBC and Triodos also publish a cross table, combining industry and region data. ABN Amro and Rabobank publish a break-down of corporate loans by size and industry, not by region.
- Triodos publishes the names of the companies, organisations and institutions it finances; De Volksbank partly (only ASN Bank publishes the names of companies, not SNS).
- None of the banks publishes the names of other banks to which loans are issued.
- ASN Bank publishes the names of (local) governments which have been granted a credit by the bank. For NIBC, Triodos and Van Lanschot this investment category is not applicable, as they do not provide loans to governments. ABN Amro, ING Bank, Rabobank and SNS (De Volksbank) do not publish the names of governments that are part of their loan portfolio.
- No bank except De Volksbank (partly) and Triodos publishes the names and give a description of companies to which the bank has granted more than USD 10 million credit.

See Table 27 for an overview of transparency on corporate loans by the selected banks.

Table 27 Transparency on corporate loans by banks

Loan portfolio	ABN Amro	De Volksbank	ING Bank	NIBC	Rabobank	Triodos	Van Lanschot
The bank is transparent about the loan portfolio in terms of types of clients	yes	yes	yes	yes	yes	yes	yes
The bank publishes the names of companies the bank finances.	no	ASN*	no	no	no	yes	no
The bank publishes the names of banks to which (short and long-term) loans are issued.	no	no	no	no	no	no	no
The bank publishes the names of governments which have been granted a credit by the bank or a banking syndicate the bank participates in.	no	ASN*	no	n.a.	no	n.a.	n.a.
The bank publishes the names of other organisations/institutions the bank finances (such as semi-public institutions (hospitals, etc.) and housing corporations.	no	ASN*	no	no	no	yes	no
The bank publishes the names and give a description of companies (on the website) to which the bank has granted more than USD 10 million credit.	no	ASN*	no	no	no	yes	no
The bank publishes a break-down of corporate loans by region, size and industry.	partly	yes	yes	yes	partly	yes	yes
The bank publishes give a break-down of its portfolio in a cross table, combining industry and region data.	no	yes	no	yes	no	yes	no
The bank uses standard industry codes (NACE, NAICS, ISIC, etc.) on 2-digit level.	yes	yes	partly	partly	yes	yes	no
The bank uses standard industry codes (NACE, ISIC, etc.) on 3-digit level.	yes	yes	yes	no	yes	yes	no
The bank uses standard industry codes (NACE, ISIC, etc.) on 4-digit level.	no	yes	yes	no	yes	yes	no

n.a. = not applicable; * Only applies to ASN Bank, not to De Volksbank as a whole

4.3 Engagement activities and strategies

The following conclusions are drawn from the research into the engagement activities and strategies of Dutch banks:

- Rabobank gives the most detailed breakdown of its engagement activities. Rabobank reports about the number of corporate clients engaged with, the number of corporate clients that have adapted their policies and/or the number of corporate clients the bank has terminated its relationship with because of (unsuccessful) engagement. Furthermore, Rabobank gives information about its engagement activities with companies in terms of sectors, regions and topics. There is room for improvement in the continuity of engagement reporting. Engagement processes can take several years. Therefore, it is recommended that companies get an individual code or number, to make it possible for external stakeholders to compare the progress of individual companies with previous years.
- Three banks, ABN Amro, ING Bank and Van Lanschot are belonging to the subtop with regard to the level of transparency about their engagement activities. They publish the number of corporate clients that are or have been part of engagement activities as part of client approval and monitoring transactions in risk sectors. ABN Amro and ING Bank publish a breakdown of clients that have been accepted or not accepted. ABN Amro admits that there is room for improvement in the follow-up and monitoring of the agreed conditions for improvement and transparency in engagement trajectories with clients. ING does not clearly report about the status and results of engagement processes.
- With regard to the indicator ‘publication of engagement activities in terms of sectors, regions and topics’, ING Bank gives a breakdown in terms of the risk sectors it is involved in, but not in terms of regions and topics. ABN Amro gives a breakdown of sectors, partly in terms of topics but not in terms of regions. Van Lanschot gives a breakdown in risk sectors, not in topics and regions.
- Triodos reports about the number of clients it has been engaged with prior to the lending decision (all) but does not provide detailed information about the topics addressed.
- NIBC and De Volksbank do not report on engagement activities with corporate clients.

See Table 28 for an overview of engagement reporting of the selected banks.

Table 28 Comparison engagement reporting of banks

Engagement	ABN Amro	De Volksbank	ING Bank	NIBC	Rabobank	Triodos	Van Lanschot
The bank publishes the number of companies with whom there has been interaction on social and environment topics.	yes	no	yes	no	yes	yes	yes
The bank publishes its engagement activities with companies, in terms of sectors, regions and topics.	partly	no	partly	no	yes	no	partly
The bank publishes the results of engagement, in terms of status (ongoing or closed), progress made, or in case of an unsuccessful engagement, exclusion of the company.	partly	no	no	no	yes	no	yes

4.4 Accountability, reporting and verification

The following conclusions are drawn from the analysis of reporting standards used by the selected Dutch banks:

- The GRI G4 Sustainability Reporting Guidelines have been superseded by the new GRI Standards, released on 19 October 2016. Companies using the GRI Standards, are recommended to use the new GRI Standards for all reports published on or after 1 July 2018.¹⁴⁸ Triodos has chosen to implement them the new standard already in the 2016 annual report. All other banks publish an integrated annual report with information about their financial as well as their sustainability performance, based on the GRI G4 Sustainability Reporting Guidelines. With regard to all banks, the application of GRI reporting standards is audited by an external party.
- All banks report about their consultation with civil society organisations and other stakeholders. However, the level of transparency differs from bank to bank:
 - ABN Amro, ING Bank, NIBC and Rabobank provide the names of the organisations and topics addressed;
 - De Volksbank, Triodos and Van Lanschot report about their dialogue with societal stakeholders, but do not provide comprehensive information about the names of the organisations and topics addressed.
- Five banks, De Volksbank, ING Bank, Rabobank, Triodos and Van Lanschot, publish an externally verified report about the implementation of their responsible lending policy, aimed to obtain limited assurance. In the case of ABN Amro and NIBC the verification concerns client approval and new transactions, not the total loan portfolio.
- Rabobank publishes a detailed and externally verified overview of goals and success ratios of the engagement interaction. Also the engagement activities of ABN Amro, ING Bank and Van Lanschot are externally verified. However, these three banks are not granted a full score, as the engagement reporting is not complete, in terms of covering the total loan portfolio (ABN Amro), progress on meeting conditions as part of the loan agreement (ING Bank), or a breakdown of the progress made in terms of number of companies (Van Lanschot), see section 4.3.
- Only ABN Amro publishes a human rights report in line with the UN Guiding Principles Reporting Framework, including the eight overarching questions of the UN Guiding Principles Reporting Framework.
- Four banks, ABN Amro, De Volksbank, ING Bank and NIBC, have established a public internal complaint procedure which is not only accessible for employees and clients but also for third parties which may be adversely impacted in regard to the corporate loans provided by the bank. There is room for improvement though, with regard to the findability of the web pages regarding handling complaints, as currently they cannot be found easily or the procedures are hidden under 'whistleblower policies', as is the case with ING. ABN Amro also refers to the National Contact Point (NCP) as an external dispute settlement system to handle complaints from stakeholders and communities that might be affected by the lending decisions of the bank and states that it will abide by the decisions of the NCP.
- Only ABN Amro publicly states that it cooperates with an independent grievance mechanism in place (NCP).

Table 29 Comparison accountability, reporting and verification by banks

Accountability, reporting and verification	ABN Amro	De Volksbank	ING Bank	NIBC	Rabobank	Triodos	Van Lanschot
The bank publishes details on the consultation with civil society organisations and other stakeholders.	yes	yes	yes	yes	yes	yes	yes
The bank publishes an externally verified report about the implementation of its responsible lending policy.	partly	yes	yes	partly	yes	yes	yes
The bank publishes a detailed and externally verified overview of goals and success ratios of the engagement interaction.	partly	n.a.	partly	n.a.	yes	n.a.	partly
Does the bank report in line with or equivalent to the UN Guiding Principles Reporting Framework, including the eight overarching questions of the UN Guiding Principles Reporting Framework?	yes	no	no	no	no	no	no
Does the bank publish a sustainability report that is set up in accordance with the GRI G4 Sustainability Reporting Guidelines, which includes the Financial Services Sector Disclosures (FSSD)?	yes	yes	yes	yes	yes	yes	yes
Is the bank's sustainability report audited by an external party, which checks whether reporting is done according to GRI G4 guidelines?	yes	yes	yes	yes	yes	yes	yes
Has the bank established an internal complaint procedure which is publicly accessible for employees, clients and third parties which may be adversely impacted in regard to the corporate loans provided by the bank?	yes	yes	yes	yes	no	no	no
Does the bank cooperate with an independent grievance mechanism for individuals and communities which may be adversely impacted by its finance activities, and does it respect the decisions made by this independent grievance mechanism?	yes	no	no	no	no	no	no

4.5 Scoring table

Table 30 presents the scores based on the assessment of transparency and accountability by Dutch banks. The scores are based on the performance in four categories. Weighting factors are applied to determine the percentage of each category as part of the total score. The performance of the selected banks (scale 1-10) can be summarized as follows:

- Rabobank and Triodos have the highest scores (7);
- ABN Amro, De Volksbank and ING Bank share the third position; (6);
- Van Lanschot has the sixth position in the ranking (5);
- NIBC has the lowest score (4).

Looking in more detail, the differences in performance on the different assessment categories can be summarized as follows:

- **Responsible lending policy**

All banks have a responsible lending policy. On top of that, Triodos is transparent about the companies and organisations that are included and not included in its loan portfolio. Other banks, except Van Lanschot, provide information which activities are excluded from finance.

- **Transparency of corporate loans**

Triodos is most transparent with regard to its loan portfolio, because it provides the names of the companies/organisations that are included in the loan portfolio. Also De Volksbank scores high in this assessment category, because of the high transparency level of ASN Bank and SNS with regard to the names (ASN) or the sectors and industries (SNS) that are part of their loan portfolio.

- **Transparency on engagement activities**

Rabobank has the highest score in the assessment category ‘engagement’, as it is most transparent about its engagement activities in terms of number of companies, the topics involved, sectors and regions the companies are active in, and the results of the engagement activities.

- **Accountability, reporting and verification**

ABN Amro has the highest score for accountability, reporting and verification, among others, because the bank is the only one that publishes a human rights report in line with the UN Guiding Principles Reporting Framework, cooperates with an external grievance mechanisms and has processes in place to enable effective remedy.

Table 30 Scoring table transparency and accountability of Dutch banks

Assessment categories	% of total score	ABN Amro	De Volksbank (ASN & SNS)	ING Bank	NIBC	Rabobank	Triodos	Van Lanschot
Responsible lending policy	20%	1.8	1.8	1.8	1.3	1.8	2.0	1.5
Transparency of corporate loans	30%	0.5	2.0	1.0	0.8	0.8	2.6	0.4
Transparency on engagement activities	25%	1.7	0.0	1.7	0.0	2.5	0.8	2.1
Accountability, reporting and verification	25%	2.2	1.8	1.7	1.6	1.6	1.4	1.4
Total score		6	6	6	4	7	7	5

Legend: 1: very poor; 2: poor; 3: very insufficient; 4: insufficient; 5: doubtful; 6: sufficient; 7: ample; 8: good; 9: very good; 10: excellent.

4.6 Recommendations

Over the past years, Dutch banks have improved the level of transparency and accountability with regard to their responsible lending policies and the implementation thereof. Progress has been made with regard to the use of standard industry codes to provide information about their loan portfolios, as well as the level of transparency on the engagement activities with their clients and the standards and instruments used for reporting and verification.

For societal stakeholders, such as the Dutch Fair Bank Guide coalition, it is important that they can have insight in the responsible lending policies of Dutch banks, the risk sectors and type of risks their clients are involved in, how banks and their clients manage these risks, and what improvements and corrections are made in case of not meeting the responsible lending criteria of the banks or in case of reported controversies.

Based on the research findings and conclusions, the following recommendations can be made:

1. Banks should give a detailed level of transparency about the companies and organisations that are included and not included in their loan portfolio by publishing the names of companies and organisations that are included in their loan portfolio and which companies are excluded because they do not meet the responsible lending standards;
2. Banks should be transparent about the companies and activities that are excluded from financing;
3. Banks should disclose the names of companies to which the bank has granted more than € 1 million credit. There are no legal constraints that prevent banks from providing this type of information. If disclosure of companies is set as a condition in contracts with clients, there is no violation of client confidentiality. If disclosure is not set as a condition in ongoing contracts, banks can still announce client disclosure in their general conditions, and include it in contracts with new clients. Currently, names of clients of syndicated loans can be published without legal objections;
4. Banks should give a detailed level of transparency about the sectors, industries and regions their clients are active in a cross table, combining industry and region data. The level of detail needs to be sufficient in order to give clients and other stakeholders insight in the financing of clients active in risk sectors. Therefore, it is recommended that banks use the highest level of detail of standard industry codes (NAICS digit 6, NACE/ISIN digit 4);
5. Banks should publish the number of companies with which there has been interaction on social and environment topics (in line with GRI FS6 and FS10);
6. In case of engagement activities with clients, banks should be transparent about the number of companies that are part of an engagement trajectory, the sectors, industries and regions they are active in, the topics involved and the status and results of the engagement activities;
7. Banks should publish an externally verified sustainability report that is set up in accordance with the most up-to-date GRI Sustainability Reporting Guidelines;
8. Banks should publish an externally verified report about the implementation of their responsible lending policies and their engagement activities with clients;
9. Banks should publish a report in line with or equivalent to the UN Guiding Principles Reporting Framework, including the eight overarching questions of the UN Guiding Principles Reporting Framework;

10. Banks should establish an internal complaint procedure which is publicly accessible and easily to be found for employees, clients and third parties which may be adversely impacted by the corporate loans and project finance provided by the bank;
11. Banks should establish and/or cooperate with an independent grievance mechanism for individuals and communities which may be adversely impacted by its finance activities, and respect the decisions made by this independent grievance mechanism;
12. Banks should have processes to enable remediation for individuals and communities which may be adversely impacted by its finance activities.

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