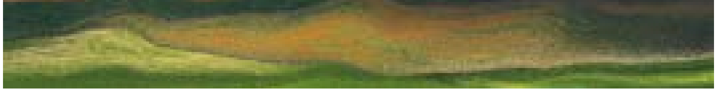
FINANCIAL SERVICES – ESG BENCHMARK REPORT 2023

Exploring the areas to truly add value

CONTENTS



1. EXECUTIVE SUMMARY

The expectations of businesses in today's world are changing dramatically. Stakeholders increasingly demand accountability for short-term profitability as well as long-term positive impact on society at large. Coupled with increasing regulations, sustainability and ESG strategy have been the center of focus for businesses.

The financial sector is at the core of the sustainability transformation and has the unique potential to facilitate this transformation in the business world through their funding and de-risking capabilities, which can act as the catalyst to propel the world on its sustainable journey.

To reap the benefits and derive value from rising ESG demands, it is important for the financial sector to establish a potent ESG strategy which not only focuses on commitments but also drives concrete actions to reduce ESG risk exposure in client portfolios. The biggest hurdle in managing ESG risks is its very identification, monitoring and client's ability to act. The ESG elements of the financial sector are so intertwined that financial institutions may miss out on the comprehensive view and end up focusing on only a few elements of ESG or a few portfolios. For example, when financial institutions seek to comply with environmental criteria, there may be a dependency on Governance and Social criteria which could be overlooked. Measuring and reporting ESG through strong ESG data management helps financial institutions to understand their sustainability performance and maintain transparency with their stakeholders.

To navigate through an ever- evolving ESG landscape, it's essential to understand overall market trends. With this report we want to provide a holistic view on the key drivers, themes, and topics of the ESG strategy of the banking and insurance sector within Europe. Our findings and insights are based on extensive desk research on18 banks and 5 insurers in Europe, through which we have analyzed publicly available information like annual reports, sustainability reports, CDP reports and other external rating agency reports.

Our findings zoom in on various ESG areas; on activities with clear focus, but also on activities that require improvement. Furthermore, with the increasing regulatory requirements on reporting, our benchmark identifies gaps in disclosure of data to become more transparent. We aim to provide a comparable viewpoint for FS companies on their disclosures, which can give an elevated sense of direction to reorient actions to meet ESG goals and ambitions.

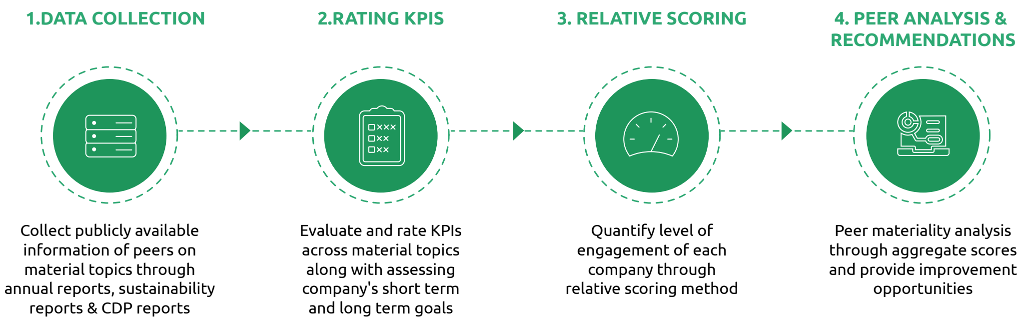
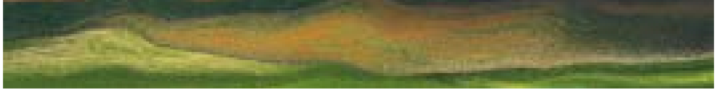


Exhibit 1: Research Methodology

PEERS BENCHMARKED

BANKING	INSURANCE
ING GROEP N.V.	NN GROUP N.V.
COÖPERATIEVE RABOBANK UA	ASR NEDERLAND N.V.
HSBC HOLDINGS PLC	ACHMEA B.V.
BARCLAYS PLC	AXA GROUP
ABN AMRO BANK N.V	AEGON N.V.
GROUPE CRÉDIT AGRICOLE	
DEUTSCHE BANK	
COMMERZBANK AG	
GROUPE BNP PARIBAS	
SOCIÉTÉ GÉNÉRALE	
DE VOLKSBANK N.V	
NORDEA BANK ABP	
GROUPE BPCE	
LANDESBANK BADEN-WURTTEMBERG (LBBW)	
DZ BANK AG	
LLOYDS BANKING GROUP	
SWEDBANK AB	
BELFIUS BANK	



2. KEY INSIGHTS ON ESG STRATEGIES

The benchmark gives us insights into financial institutions' strategies covering four material themes:
1. Products and Services
2. Internal Asset & Operations
3. Internal Governance
4. Reporting

Within these themes, we have analyzed various material topics and compared the ESG initiatives and strategies of the financial institutions to determine their relative position and areas of improvements.

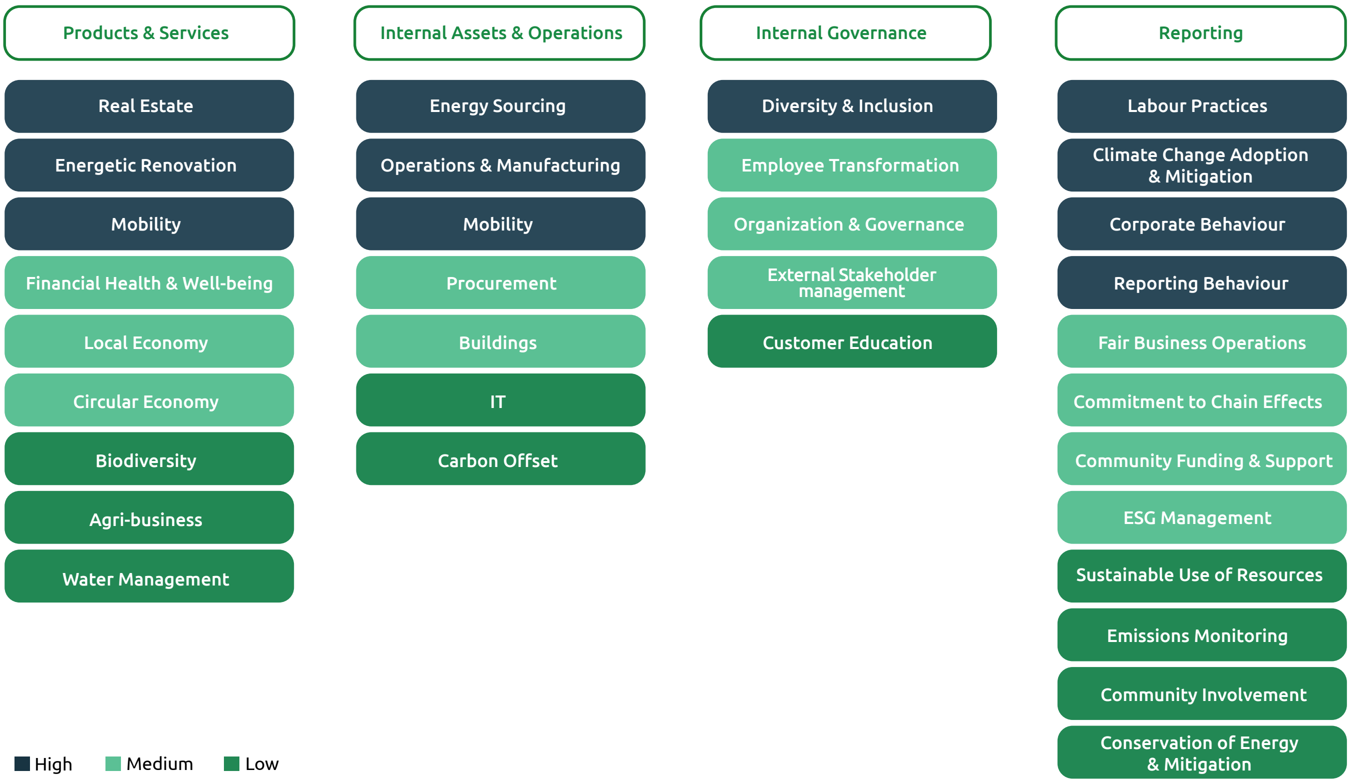
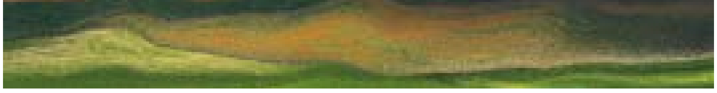


Exhibit 3: Maturity of Material Topics under ESG Benchmarking



2.1 Products and Services

The major theme which European financial institutions are working on has been sustainable products and services. The shift in consumer mindset and trends have further motivated Financial Institutions to improve sustainable products and services. As per research, 49% of customers have paid a premium for sustainable products and 45% of Dutch banking customers are paying attention to sustainability of banking products

Financial institutions have launched various sustainability offerings ranging from sustainability-linked financing to ESG advisory to their corporate and retail clients.

We have examined nine primary product segments where we saw a range of offerings being introduced. These segments include Real Estate, Energetic Renovation, Mobility, Financial Health and well-being, Local Economy, Circular Economy, Biodiversity, Agri-business, Water Management.

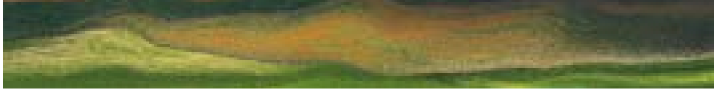
2.1.1 Real Estate

"Dutch financial institutions are ahead of other European counterparts in terms of setting ambitions and targets to further include sustainable mortgages under portfolios"

As per our findings, one of the most mature sustainable product segments has been commercial real estate and residential mortgages.

Financial institutions across Europe offer a wide range of sustainable products like green mortgages and near carbon neutral commercial real estate loans. They are also providing advisory services to clients on renovation to drive energy savings and reduce negative environmental impact. Many pan-European private bank financing mechanisms such as the Energy efficient Mortgages Action plan (EeMAP) and Energy Efficient Mortgages initiatives have also aided bank's efforts to stimulate sustainable mortgages[2].

- 94% of the banks are financing sustainable mortgages, while 80% of insurers have included additional coverages under home insurance to insure sustainable improvements in properties.
- While 100% of insurers researched have provided advisory services in implementing sustainable refurbishments and renovations to improve life of the buildings and reduce carbon emissions, only 61% of banks offer the same.
- In terms of target setting and ambition, Dutch institutions lead European financial institutions, with 87.5% of Dutch banks and insurers setting targets to extend financing and advice for sustainable homes and have also improved the energy labels of houses under their portfolio. In contrast, only 45% of European financial institutions have set targets for reducing carbon emissions in their mortgage portfolios.



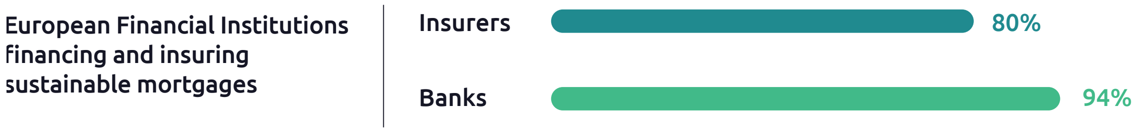


Exhibit 4: Banks vs Insurers – Sustainable Mortgage financing

Best practice

Lloyds Bank has actively supported the social housing sector, investing £15 billion since 2018 in energy-efficient homes and green infrastructure. Additionally, it has expanded its offerings to include online tools that inform customers about energy efficiency improvements in their homes[3].

The role of real estate is becoming increasingly significant in the path to climate-neutral, with buildings amounting to 40% of total energy consumption and 36% of carbon emissions in Europe[4]. In this respect, smart buildings, which have a potential to drastically reduce emissions and increase efficiency, are becoming a key focus point for financial institutions. Smart buildings make real estate spaces sustainable and offer higher savings for investors[5]. This makes it an appealing and forward-looking option for both financial institutions and investors.

ADVISORY SERVICES ON BUILDING RENOVATIONS

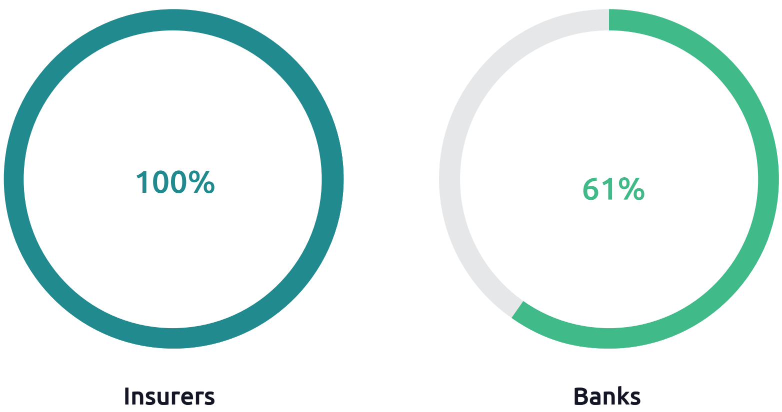


Exhibit 5: Insurers vs Banks - Advisory on Building Renovations

TARGETS AND AMBITIONS TO INCREASE FINANCING AND IMPROVE ENERGY LABELS OF MORTGAGE PORTFOLIO

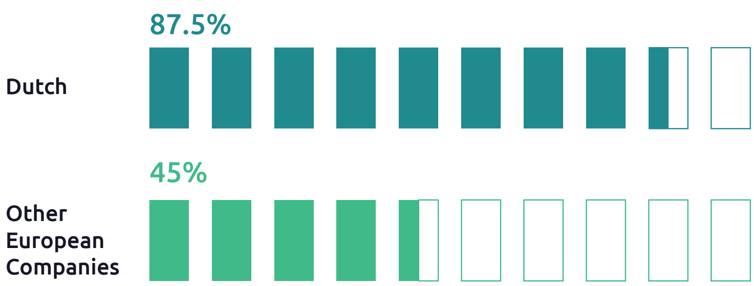
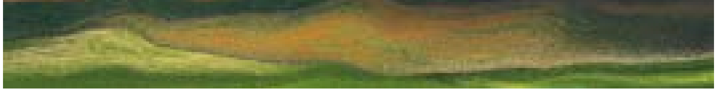


Exhibit 6: Dutch vs Other European Peers - Sustainable Real Estate Financing Targets



2.1.2 Energy Renovation

"Banks and insurers are bolstering Europe on its path to energy transition, with more than 80% of banks and insurers financing and investing in Energy transition projects"

In line with Europe's vision of improving energy performance to reach climate, energy, and pollution reduction targets, banks and insurance companies have extended their offerings from financing energy transition of buildings for both residential and corporate spaces to advising on improving energy systems and driving infrastructural renewable energy sourcing.

- 89% of the banks have provided financing to renewable energy projects and energy transition compared to 80% of insurers, who have invested and provided coverage for clean energy production.
- 75% of Dutch financial institutions have provided financing and insurance for eco-repairs, while only 60% of other European financial institutions have extended offerings towards this.
- Banks are more ambitious than insurers, with 67% of banks setting targets to increase renewable energy financing and contribute to low carbon energy production, while only 60% of insurance companies have set targets to improve investments and underwriting in sustainable energy sources.

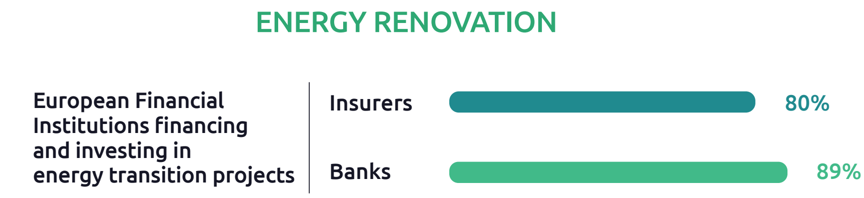


Exhibit 7: Insurers vs Banks - Financing Energy Transition Projects

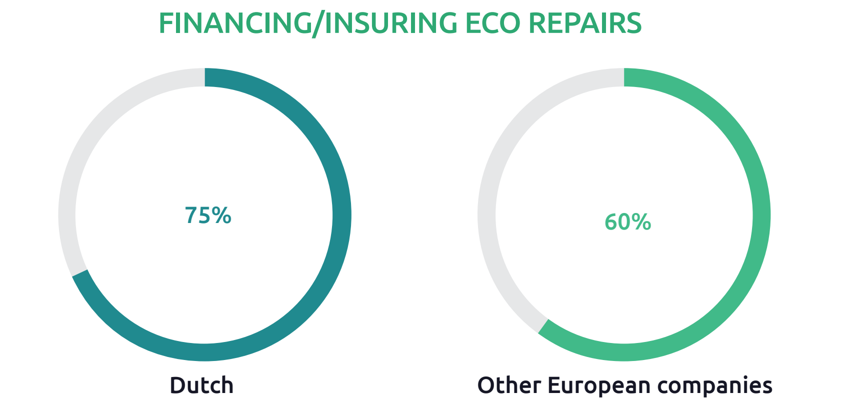


Exhibit 8: Dutch vs Other European Peers - Financing Eco Repairs

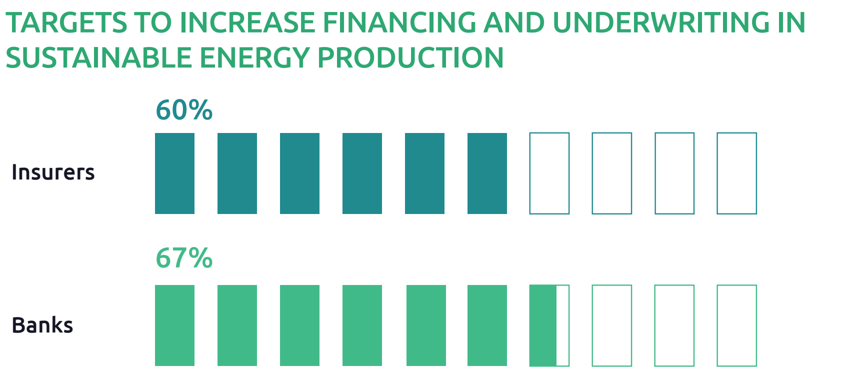


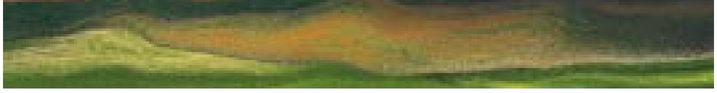
Exhibit 9: Insurers vs Banks - Targets on Financing/Insuring Sustainable Energy

Through our research, we have found that as the transition to cleaner energy sources improves, hydrogen stands out as an efficient future alternative to fossil fuels. Energy sourcing through low-carbon hydrogen sources has been gaining traction, as clean hydrogen produced with renewable energy is able to decarbonize carbon-intense sectors. Hydrogen can be easily converted into electricity and can be stored in batteries and grids, which makes it an ideal source of energy to manage variable supply and demand of energy.

Even though green hydrogen production costs three times as much as other hydrogen production methods, companies remain interested in pursuing it, owing to its versatility, energy storage capability and key element for decarbonization. Financial institutions will be at the helm of driving this green hydrogen revolution by providing financing and advisory services to carbon heavy industries, and guide companies across all aspects of value chain.

Best Practice

Rabobank has taken innovative steps that go beyond traditional financing practices. It has collaborated with other European banks to establish a dedicated fund aiming at financing local energy cooperatives, particularly for collective solar projects. Additionally, Rabobank has shown its commitment to eco-friendly initiatives by providing support through national funds and green loans. It further supports the "Energy as a Service" proposition by funding companies that provide sustainable assets as services to third parties[6].

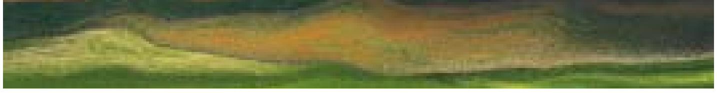


2.1.3 Mobility

"Dutch financial institutions can learn from their European counterparts in establishing ecosystem partnerships, as 65% of European players have introduced new and sustainable mobility offers in collaboration with various organizations and value chain partners"

The reliance on fossil fuelled powered vehicles has significantly added to woes of climate change, contributing as much as 25% of total Europe's gas emissions. 75% of these transport emissions come from road transport[7]. With growing awareness of the need to shift to greener mobility, financial institutions have contributed to this transition by offering financing to shift to electric vehicles, providing charging stations to customers and closely partnering with automobile companies to further promote electric vehicles (EV).

- 72% of banks have provided loans for transition to EV and non-fossil fuelled powered vehicles, while 60% of insurers have extended insurance coverage for electric vehicles.
- In terms of proactively partnering with automobile companies to launch special offers, Dutch financial institutions are behind their European peers, with only 50% of Dutch companies forming partnerships in mobility ecosystem, while 65% of other European financial institutions have been working with EV makers to promote new business models with improved offerings.
- While 67% of the banks have set targets to further improve their offerings and improve share of EV in their mobility loans portfolio, only 40% of insurers have set targets and have ambitions to further improve underwriting of EVs.



Best Practice

NN, has gone beyond insuring electric vehicles. It has launched separate offerings to expand their involvement in this sector. NN introduced "Electrifleet" to advise on the purchase or lease of EVs, install charging stations, and improve driving styles for chauffeurs. They have also launched "Hello Mobility" to promote sustainable car repair services by leveraging data from vehicle dashboards[8].

Exhibit 10: Insurers vs Banks - Financing/Insuring EVs

PARTNERSHIP WITH AUTOMOBILE COMPANIES TO PROMOTE NEW BUSINESS MODELS AND OFFERINGS

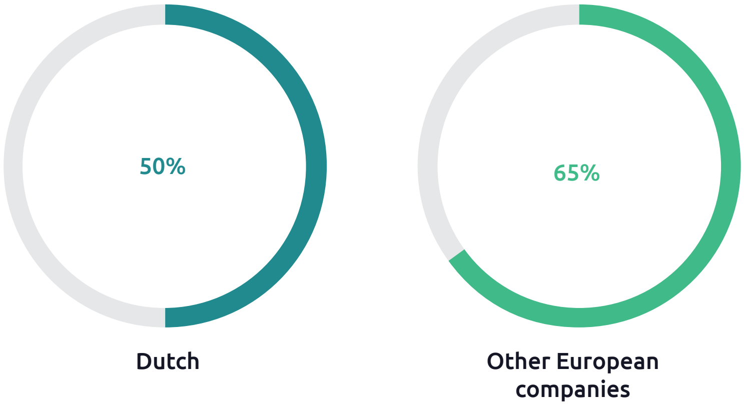


Exhibit 11: Dutch vs Other European Peers - Partnerships in Automotive Ecosystem

TARGETS TO INCREASE FINANCING AND UNDERWRITING TO ELECTRIC VEHICLES

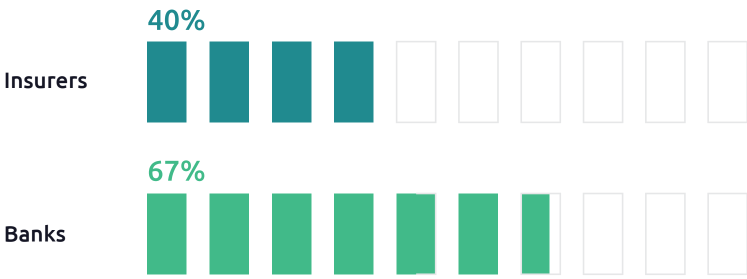
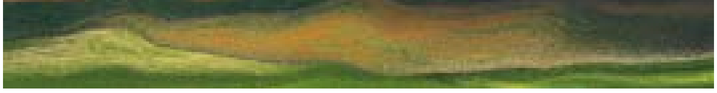


Exhibit 12: Insurers vs Banks - Targets to Improve Financing/Insurance to EVs



It's encouraging to note that there are several emerging areas where financial institutions can continue to make a positive impact. Biodiversity, financial well-being, circular economy and the local economy hold vast potential for financial institutions to extend their offerings and contribute positively to society.

2.1.4 Biodiversity

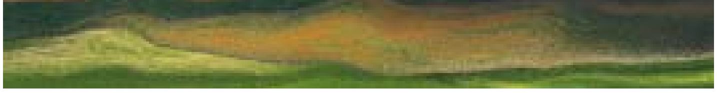
"Biodiversity has become an emerging topic for both banks and insurers, as financial institutions set commitments in line with the increasing conventions and initiatives on biodiversity protection driven by governments and regulators".

Besides climate change, biodiversity loss is regarded as another major concern for the world. Financial services play a crucial role in addressing this issue, as they have the capacity to promote biodiversity protection and discourage support for businesses with adverse effects on biodiversity.

Financial institutions have taken steps to reduce their exposure to fossil fuels, but the majority have significant potential to develop metrics and tools to track accurately the impact of their financing activities on biodiversity – both directly and indirectly.

Financial institutions are also collaborating with governmental agencies to develop methodologies and frameworks to quantify and assess the impact of their businesses on biodiversity. Various global initiatives and foundations, including the Partnership for Biodiversity Accounting Financials (PBAF), Convention on Biological Diversity (CBD), and Finance for Biodiversity Pledge, actively support governments and organizations in developing standards to effectively assess and disclose biodiversity-related risks and opportunities.

- Only 39% of banks were found to provide financing to biodiversity protection compared to 80% of insurance companies which improved impact investments on Biodiversity.
- Both insurers and banks have room for improvement in working with other agencies developing standards and frameworks for biodiversity risk reduction. Only 39% of banks have introduced methodologies and tools to measure biodiversity risk, while only 40% of insurers have initiated similar efforts.



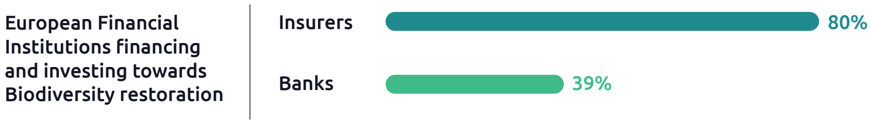


Exhibit 13: Insurers vs Banks - Financing/Investing in Biodiversity Restoration

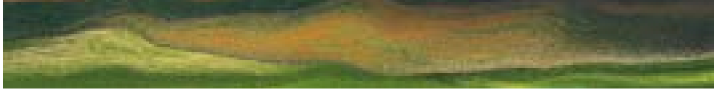
FINANCIAL INSTITUTIONS DEVELOPING METHODOLOGIES AND FRAMEWORKS FOR BIODIVERSITY RISK MEASUREMENT AND REDUCTION

Exhibit 14: Banks vs Insurers - Developing Methodologies for Biodiversity Risk Measurement

Best Practice

Barclays is actively partnering with biodiversity-focused foundations to support their initiatives for biodiversity restoration, including incorporating relevant parameters in financing.

It has partnered with Blue Marine Foundation to support their goal in ensuring at least 30% of the ocean worldwide is effectively protected and 70% is sustainably managed by 2030. Barclays' sustainable and transition financing target includes financing for categories related to nature and biodiversity such as sustainable food, agriculture, forestry, aquaculture, and fisheries. It has also revamped their buildings through re-greening to enhance biodiversity restoration[9].



2.1.5 Financial health and well-being

"Financial inclusion, whose benefits and risks were magnified during pandemic is yet to gain significance in financial institutions' commitments, as seen from the low proportionate of financial institutions setting targets"

Financial health and well-being have increasingly gained significance, in the face of pandemic induced economic crisis which has exposed majority of world to financial vulnerabilities. To address these challenges, companies have introduced specialized offerings aimed at promoting financial inclusion and providing guidance on financial well-being.

- While 72% of banks have invested in projects to drive financial inclusion, 80% of insurers have improved coverage to marginalized communities to drive inclusion.
- Financial inclusion, which was increasingly viewed essential during pandemic is yet to gain momentum amongst banks and insurers alike, with only 22% of banks and 40% of insurers setting targets to promote financial inclusion.

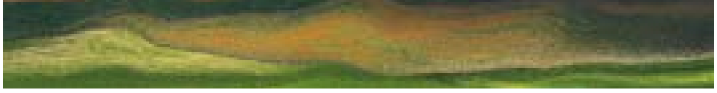
Best Practice

NN has curated niche products such as Pension Funds and Respect funds to offer premium health benefit programmes for all insurance and pension customers in Slovakia and Hungary. It has also introduced long term care option in the Czech Republic, which supports families to look after elderly or disabled relatives. NN Future Matters Programme looks to empower young people to tackle societal challenges by using innovation and entrepreneurship[10].

Exhibit 15: Insurers vs Banks - Financing/Insurance towards Financial Inclusion

TARGETS TO ALLOCATE MORE FUNDS AND EXPAND OFFERINGS

Exhibit 16: Banks vs Insurers - Targets to Expand offerings towards Financial Inclusion



2.1.6 Local economy

"Expanding financial products and ESG awareness to local economies is seen increasingly important, with SMEs forming the backbone of Europe's economy, representing about 99% of all businesses in the European region"

Expanding services to the local economy has been increasingly considered to be a key competitive lever in the European financial market, given the fact that SMEs form the backbone of Europe's economy, representing about 99% of all businesses in the European region[11].

Financial institutions have recognized the importance of supporting local businesses, marginalized communities and have introduced various products and initiatives. These initiatives include funds to support local business incubators, protective risk exposure covers, and investments in new sustainable local business models.

- While 63% of Dutch financial institutions have improved financing and investments to sustainable business models, only 55% of other European players have provided financial products to local businesses.
- However, both banks and insurers have room for improvement in setting specific targets for expanding support to the local economy. Only 33% of banks have set targets to increase funding for the local economy, and merely 20% of insurers have established targets to enhance underwriting for sustainable local businesses.

Best Practice

ABN AMRO has been actively supporting SMEs to explore sustainable ways of businesses. ABN AMRO's Transition Loan encourages SMEs to take steps towards sustainability.

The interest rate is determined in part by the company's ability to achieve a sustainability goal that it determines together with the bank when first taking out the loan. The bank also launched a platform to support SMEs and a special website containing relevant information and easy-to-use solutions[12].

Exhibit 17: Dutch vs Other European Companies - Financing/Investing Sustainable local businesses.

TARGETS TO ENHANCE FUNDING AND UNDERWRITING TO LOCAL BUSINESSES

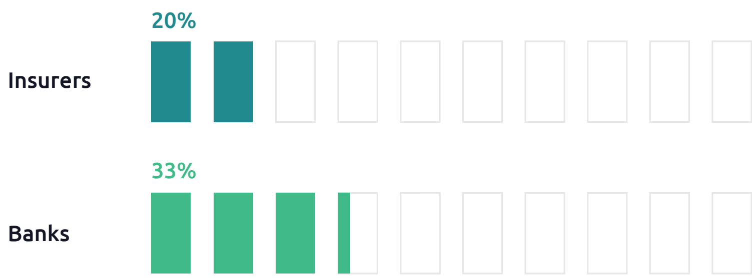
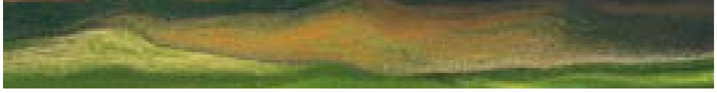


Exhibit 18: Insurers vs Banks - Targets to promote new offerings to local businesses



2.1.7 Circular economy

"Insurers have been at the forefront of introducing circular products and services, as more than 80% of insurers have launched sustainable claims by prioritizing repair over replace"

One of the building blocks of the European Green deal is Circular Economy. The transition to circular economy is expected to reduce pressure on natural resources, through the principles of Reduce, Reuse and Recycle. In these lines, financial institutions are promoting circular themes and companies through financing to circular business, circularity themed sustainability bond and advisory to companies.

- Dutch financial institutions performed better than their European counterparts in circular businesses, with 75% of Dutch banks and insurers providing financing to circular business, compared to 55% of their European counterparts.
- 80% of Insurance companies were found to own circular business as subsidiaries, through which they prioritized repair and recycle of products insured over replacement, compared to 50% of banks who extended circular banking products.
- Insurers have been ahead of banks in setting circularity targets, as 40% of Insurers compared to 22% of banks have set targets to increase investments and financing to circular businesses.

Best Practice

ASR has acquired stakes in Soople and Fixxer with an aim to enhance its capabilities in the area of property maintenance and repair work, while also gaining access to new technologies and market opportunities. This will enable ASR to take the next step in its strategy as a sustainable non-life insurer and to invest in sustainable damage repair. By setting up an efficient chain and creating scale, it can offer sustainable damage repair at the same or lower costs[13].

FINANCING AND INSURING CIRCULAR BUSINESSES

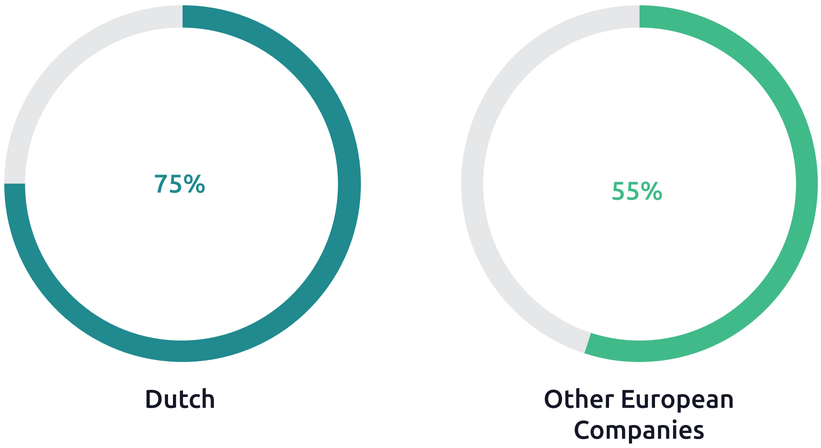


Exhibit 19: Dutch vs Other European Companies - Financing/Insuring Circular Businesses

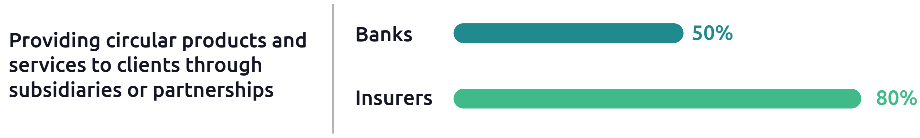


Exhibit 20: Banks vs Insurers - Circular Products to Clients through Subsidiaries and Partnerships

TARGETS AND AMBITIONS TO FURTHER IMPROVE FINANCING AND INVESTMENTS IN CIRCULAR BUSINESSES

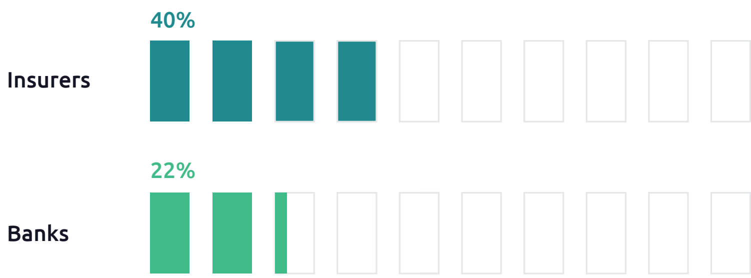
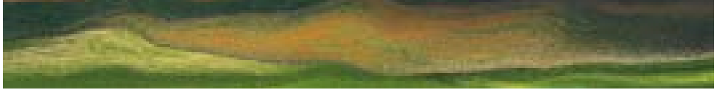


Exhibit 21: Insurers vs Banks - Targets to Improve Financing/Investments to Circular Businesses

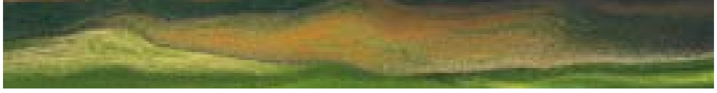


2.2 Internal Assets & Operations

The path to becoming completely sustainable cannot be solely achieved by engaging customers and investors with sustainable products. Key is to follow the philosophy of sustainability in essence and imparting ESG parameters into its own business and operations first, considering the environmental and social impacts.

European banks have placed sustainability at the heart of their operations and have been progressing further by taking steps such as monitoring and reducing internal emissions, setting net-zero targets, engaging with sustainable vendors and offsetting emissions.

We have examined banks' efforts to decarbonize their internal assets and operations across 7 segments. These segments include Buildings, Energy Sourcing, IT, Mobility, Procurement, Operations and Carbon Offset.



2.2.1 Energy Sourcing

"Energy transition has been a major agenda for banks and insurers alike, as close to 80% of insurers and 90% of banks have started sourcing renewable energy either through direct on-site production or energy attribute certificates"

The process and modes by which companies source their energy consumption has drawn increased attention, since generating electricity represents the second largest share of greenhouse gas emissions. To reduce emissions internally, businesses are looking to adopt cleaner energy sources.

European financial institutions have been increasingly adopting Renewable energy to power their operations, in line with European Government's target of increasing renewable energy share in total consumption to 42.5% by 2030[14].

While banks and insurers are looking to source renewable energy through on-site renewable energy sources and power purchase agreements, a transitional tool has also been to acquire energy attribute certificates and green tariffs, which prove the veracity of renewable energy sourcing of banks.

- 89% of banks and 80% of insurers have started sourcing their energy consumption requirements from renewable energy either through direct on-site production or energy attribute certificates.
- In terms of initiatives to reduce energy consumption, Dutch companies are behind their European counterparts, with only 50% of Dutch companies adopting energy reduction initiatives, while 60% of European counterparts have processes in place to reduce energy consumption.

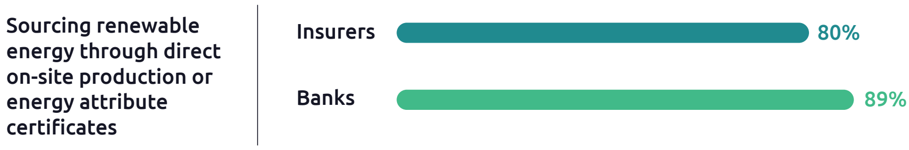


Exhibit 22: Insurers vs Banks - Sourcing Renewable Energy

ENERGY REDUCTION INITIATIVES IN PLACE

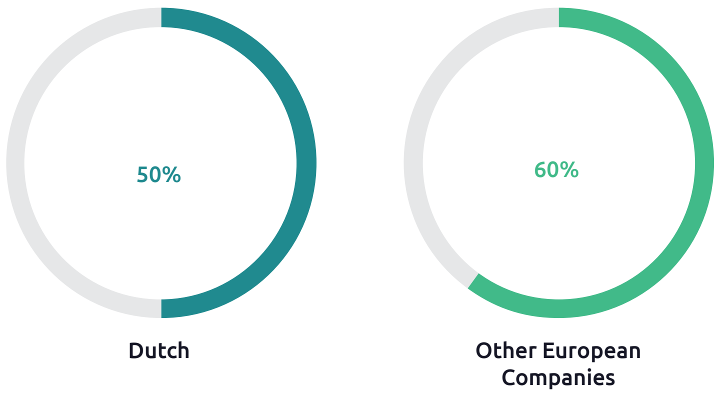


Exhibit 23: Dutch vs Other European Companies - Energy Reduction Initiatives

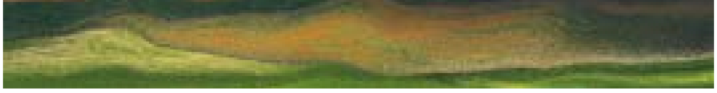
TARGETS TO REDUCE DEPENDENCE ON TRADITIONAL SOURCES OF ENERGY AND TRANSITION TO RENEWABLE ENERGY

Exhibit 24: Targets to Improve Renewable Energy Sourcing

- 60% of banks have set targets to further reduce dependence on traditional sources of energy and shift to renewable energy, while 80% insurers have set targets for the same.

Best Practice

ASR has been sourcing energy from renewable sources through the installation of 15000+ solar panels on their office building roofs. This helped it transition its electricity consumption to carbon neutral. ASR has set a target to limit its purchased energy consumption for their head office to 50Kwh/m2 gross floor areas by 2030[15].



2.2.2 Operations

"Banks have been ahead of insurers in implementing waste management initiatives, as 90% of banks compared to only 40% of insurers have initiatives in place to safely dispose and recycle waste"

Green banking, which primarily focuses on lowering or eliminating the negative environmental impact caused by internal operations, has gained prominence recently.

Leading financial institutions have outlined ambitious timelines and plans to decarbonize their operations. They have strengthened their climate centricity through deployment of green operations and processes, supply chain, and sustainable building propositions. Banks have also adopted various ESG parameters in their operations such as prioritizing eco-friendly practices, responsible resource usage, waste reduction, pollution mitigation, and fostering equitable and safe working conditions.

- While 89% of banks have taken initiatives to manage their waste production and safely dispose it, only 40% of insurers have taken steps towards the same.
- Insurers are ahead of banks in recycling paper and using eco-friendly paper, as 80% of insurers have taken initiatives to reduce and recycle paper, while only 63% of banks have implemented initiatives towards the same.
- Other European institutions are found to be more forward looking and ambitious in creating timelines on reducing waste than their Dutch counterparts. 45% of European financial institutions have targets in place to reduce and improve waste management, while only 37.5% of their Dutch counterparts have published ambitions for the same.

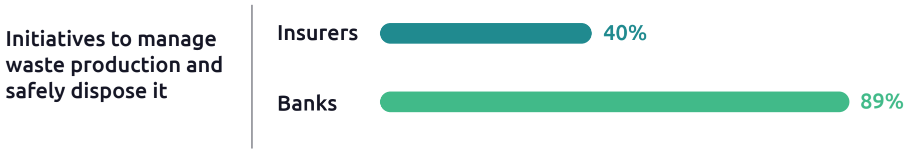


Exhibit 25: Insurers vs Banks - Managing Waste Production Safely

PAPER RECYCLING AND USING ECO-FRIENDLY PAPER

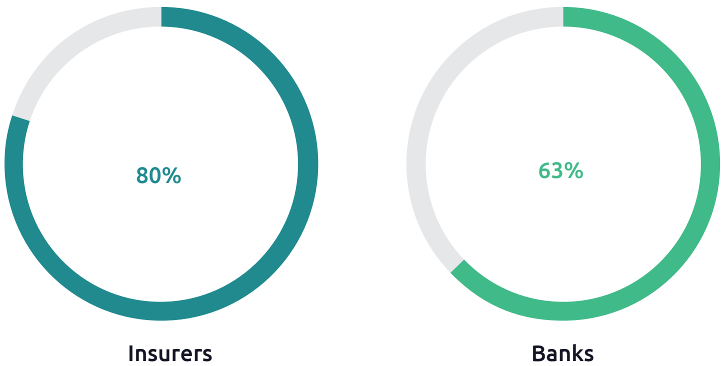


Exhibit 26: Insurers vs Banks - Paper recycling and Eco-friendly paper usage

TARGETS TO REDUCE WASTE AND IMPLEMENT ECO-FRIENDLY OPERATIONS

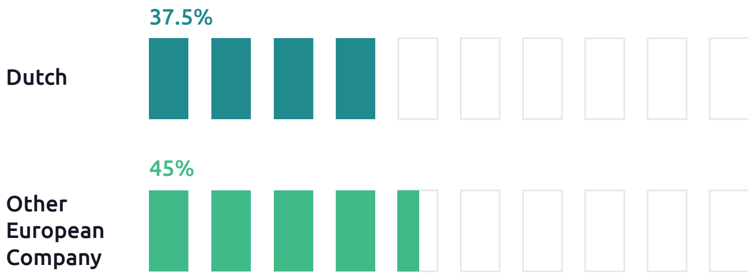
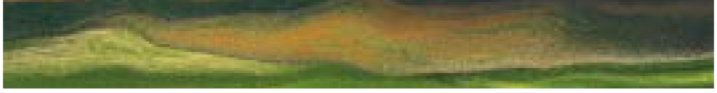


Exhibit 27: Dutch vs Other European Countries - Targets to Reduce Waste

Best Practice

AXA has taken initiatives to reduce the footprint of its operations on all scopes of emissions. It procured 64% of office paper from recycled sources and tackled its waste management by installing sorting garbage cans on each floor and having recycling awareness campaigns.

It has also set targets to further reduce office and marketing & distribution paper per FTE by 20%, reduce unsorted waste per FTE by 10% and reduce water consumption per FTE by 10% by 2025[16].



2.2.3 Mobility

"Dutch banks and insurers are ahead of their European counterparts in reducing travel related emissions, as 87% of Dutch companies compared to a mere 30% of European companies have designed and implemented travel policies to reduce internal emissions"

Shifting employee's commute preference to sustainable and greener ways is essential for companies, given the fact that total transport emissions amount to about a quarter of European region's GHG emissions. By encouraging sustainable commuting options among employees, companies are not only cutting emissions, but also cost incurred on employee's mobility. Initiatives adopted by financial institutions include shuttle services, public transport subsidies, car sharing, charging stations for Electric vehicles and allowances for journeys on e-bikes. Sustainable ways of commuting also have a positive impact on individuals' well-being and improve a firm's attractiveness and retention.

- 83% of banks have leased electric vehicles which were allocated for office commute, while only 40% insurers have taken initiatives to have EVs in their leased vehicle portfolio.
- In terms of designing travel policies to reduce internal emissions, Dutch companies are ahead of their European counterparts, with 87% of Dutch banks and insurers implementing travel policies to reduce travel and curb emissions, while only 30% of European companies have communicated travel policies.

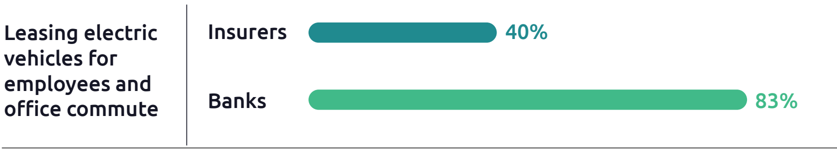


Exhibit 28: Insurers vs Banks - Leasing EVs for Employees Commute

TRAVEL POLICIES IN PLACE TO REDUCE INTERNAL EMISSIONS

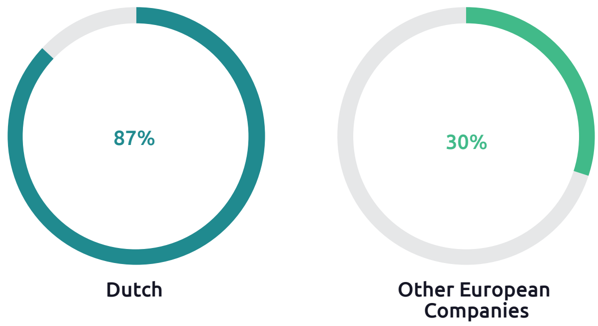


Exhibit 29: Dutch vs Other European Companies - Travel Policies to reduce Internal Emissions

TARGETS TO INCREASE LEASE OF EVs AND SUSTAINABLE COMMUTE OPTIONS

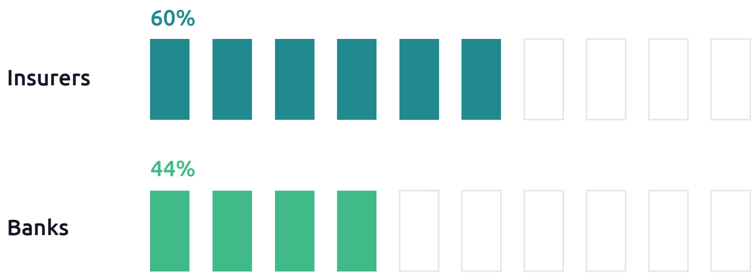
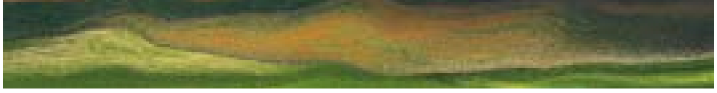


Exhibit 30: Insurers vs Banks - Targets to Increase Sustainable Commute Options

- Both banks and insurers are yet to progress forward in setting targets with sustainable commute and mobility, as only 44% of banks and 60% of insurers have set targets to increase leased electric vehicles and sustainable commute options.

Best Practice

ABN AMRO promotes the use of electric cars among its employees with availability of charging stations at corporate offices. The bank also actively promotes a bicycle plan by offering special budgets and dedicated space for parking and charging of e-bikes. The bank has also joined the "Anders Reizen" coalition which includes an agreement among 40 Dutch corporates to reduce their carbon emissions from commuting by 50% in 2030 compared to 2016 levels. It has also decreased its travel budget and implemented a new travel policy in 2022.[17]



2.2.4 IT

"The need to commit to a holistic IT strategy over fragmented silos of IT systems is critical for driving energy savings and efficiency, as IT systems typically account to 6-9% of total electricity consumption[18]"

The need for enhanced customer experience has increased the traction of digitization of financial services, which in turn requires significant resources to power data centers, servers and other infrastructure.

Financial institutions have started the journey of simplifying and setting in motion eco-friendly IT innovations like algorithmic efficiency, asset and resource optimization (hardware, power and storage), virtualization, server consolidation, and smart recycling. Financial institutions have also started tracking the Power Usage Effectiveness and further reducing it through data center rationalization.

- 44% of banks have started investing in clean technology solutions such as green coding, energy management software, along with embedding ESG parameters into these solutions, while 40% of insurers have taken initiatives in clean technology deployment.
- The majority of banks and insurers are yet to set targets and programs to optimize their IT models, with only 22% of banks and 20% of insurers set ambitions and communicated their action plan towards the same.

Exhibit 31: Insurers vs Banks - Investing in Clean Technology

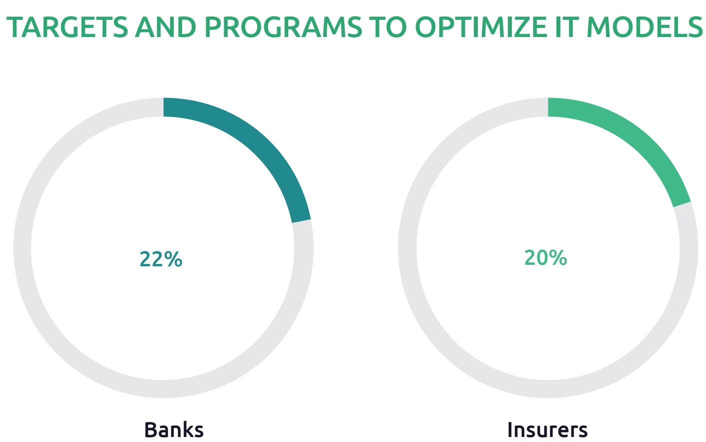
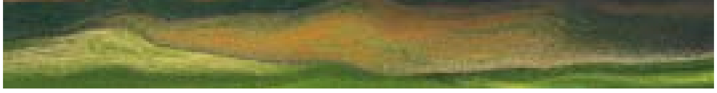


Exhibit 32: Targets to Optimize IT models



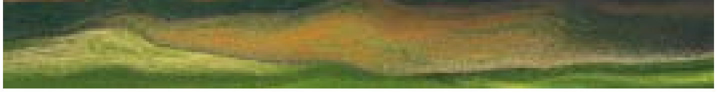
As organizations continue to invest in digital technologies, the IT carbon footprint is set to expand as well. Despite this, so far, sustainable IT has not been a priority for most organizations. It is paramount for financial institutions to adopt sustainable IT practices and append this to the overall sustainability strategy, since it will not only leave a greener footprint, but also unleash the potential of smart technologies to drive environmental innovations and improvements in sustainability performance.

AI has emerged as a key technological advancement for institutions to combat their issues related to ESG, and specifically for financial institutions, who have started adopting this technology to bridge the data gaps and automate recording of emissions data. AI enabled use cases have the potential to drive positive climate actions by identifying patterns, accurately forecast and make predictions on businesses' impact on ESG topics. The efficiency gains facilitated by effective adoption of AI has the potential to create visible positive impact on the bottom line. AI enabled predictive analytics has potential to forecast ESG performance of financial institutions based on past data and ongoing trends. This helps companies in setting realistic goals and taking a pragmatic approach towards the path to sustainability. But the actual benefits of optimizing and efficiency accompanied by AI can't be fully realized unless the very adoption of AI is designed in a sustainable way.

In the upcoming years, we will see how companies can look to implement Sustainable AI, which produces the same benefits with reduced carbon footprint and emissions. Companies will begin to view AI to be more than a technological tool; it has the potential to become a larger strategy to address climate change.

Best Practice

ABN AMRO reduced its IT carbon footprint through innovative solutions, resource optimization and energy efficient initiatives. Its data centers run on 100% renewable energy. Energy efficiency of data centers improved from 1.83 PUE in 2012 to 1.34 PUE in 2021. It has also obtained an ecolabel for laptops and hardware equipment. ABN AMRO implemented a Sustainable IT Toolbox including green coding and dynamic resource allocation. It leverages digital twin technology to transition to sustainable banking solutions.[19]



2.3 Internal Governance

Companies are realizing that good governance is essential for building trust with investors, customers, and other stakeholders. This includes ensuring that boards of directors are diverse and independent, and that there are effective mechanisms in place for oversight and accountability.

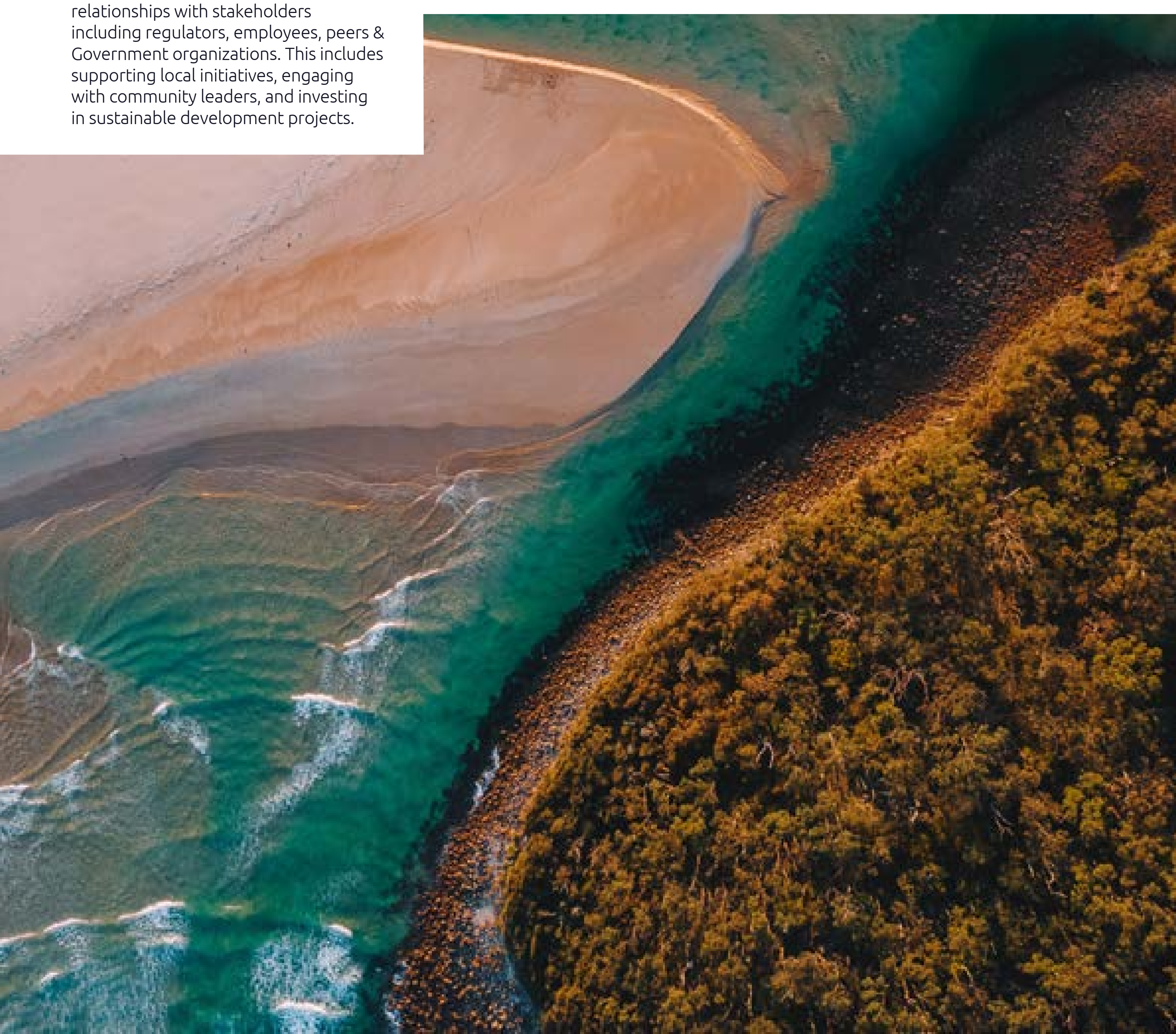
Companies are also recognizing the importance of engaging with the local communities in which they operate and are taking steps to build positive relationships with stakeholders including regulators, employees, peers & Government organizations. This includes supporting local initiatives, engaging with community leaders, and investing in sustainable development projects.

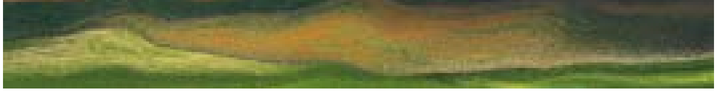
Companies are realizing that a strong social license to operate is essential for long-term success and are taking proactive steps to build trust with their stakeholders.

Recognizing the need for responsible and transparent practices, financial institutions establish comprehensive frameworks that oversee decision-making, risk management, and compliance. They have launched a spectrum of initiatives, including partnering with NGOs, appointing ESG-focused leaders at board level, offering ESG advisory to clients, conducting sustainability-oriented training for employees, and ensuring diversity and inclusion across organizational tiers.

For our study, we have identified five broad domains - Employee transformation, External stakeholder engagement, Organization & governance, Customer education and Diversity & Inclusion - through which banks are strengthening their internal governance.

Our benchmarking study highlights a proactive approach amongst financial sector companies in Europe as they significantly expand their efforts in the realms of Diversity & Inclusion and Employee Transformation.





2.3.1 Diversity & Inclusion

"Diversity and Inclusion have been one of the top priorities of European financial institutions, as the representation of varied and diverse groups would bring diverse perspectives and values integrated into work environment"

Diversity and inclusion have emerged as one of the central themes in the strategies of European banks. Recognizing the inherent value of diversity, many institutions are aligning their efforts with the belief that a diverse workforce fosters innovation and contributes to progress toward sustainable development goals

- A remarkable 94% of European banks have made gender diversity a top priority in shaping their board compositions, compared to 80% of insurers.
- Insurers have focused more than banks on improving other D&I themes, with 80% of insurers compared to 50% of banks focusing on promoting varied diversities across ethnicity, minorities, and physical abilities.
- While 65% of European financial institutions have set targets to drive their D&I representation upwards, 63% of Dutch players have set targets to improve the share of their D&I representations.

Best Practice

AXA's board of directors comprises 53% women. The company also promotes diversity across age, ethnicity, minority status, and physical abilities within its workforce, spanning 51 countries [20].

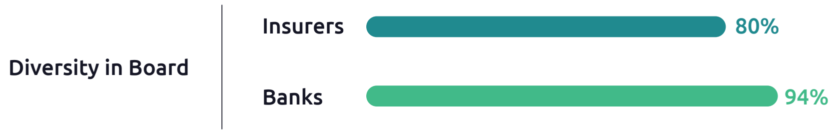


Exhibit 33: Insurers vs Banks - Diversity in Board

OTHER DIVERSITY ACROSS WORKFORCE (AGE, ETHNICITY, MINORITY, PHYSICAL ABILITIES)

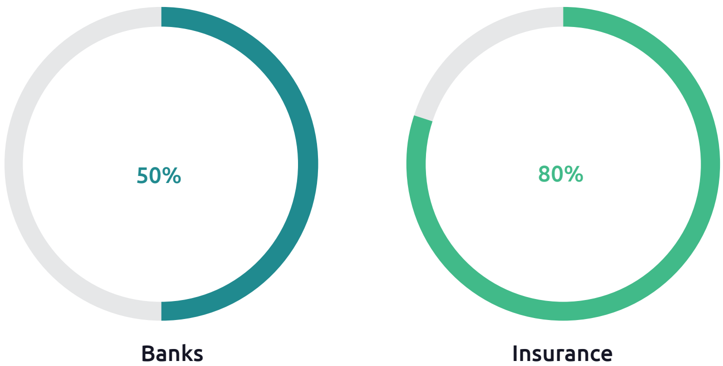


Exhibit 34: Banks vs Insurers - Other Diversity across Workforce

TARGETS SET TO IMPROVE D&I REPRESENTATION AMONGST THE ORGANIZATION

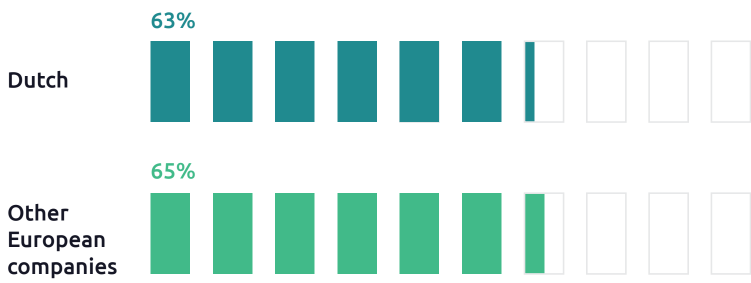
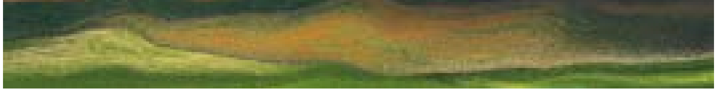


Exhibit 35: Dutch vs Other European Companies - Targets to Improve D&I representation



2.3.2 Employee Transformation

"Even as European financial institutions have been driving employee transformation through training, engagement in community works, and ESG-linked incentives, it is crucial to understand the different personas of various departments and their impact on ESG. This understanding is essential to improve awareness and drive actions at the integral level of employees".

Companies are increasingly recognizing the importance of engaging with their employees, raising awareness, providing training, and fostering employee engagement as part of their broader sustainability objectives.

Employee transformation is gaining prominence to instill a culture of environmental and social responsibility, encouraging active participation in achieving sustainability goals.

- In our research, we found that 78% of banks are deeply committed to enhancing their employees' involvement in communities and networks, while 60% of insurance companies are actively contributing to employee networks.
- 83% of European banks have provided employees with a sustainability training compared to 60% of insurers.
- Dutch financial institutions are yet to further improve their targets to drive employee transformation as only 38% of Dutch banks and insurers have set targets to drive employee engagement and ESG awareness amongst the organization (compared to 40% of their European peers).

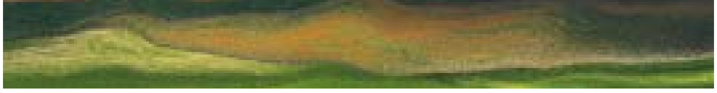


Exhibit 36: Insurers vs Banks - Employee Involvement in Communities/Networks

PROVIDING EMPLOYEES WITH SUSTAINABILITY TRAINING

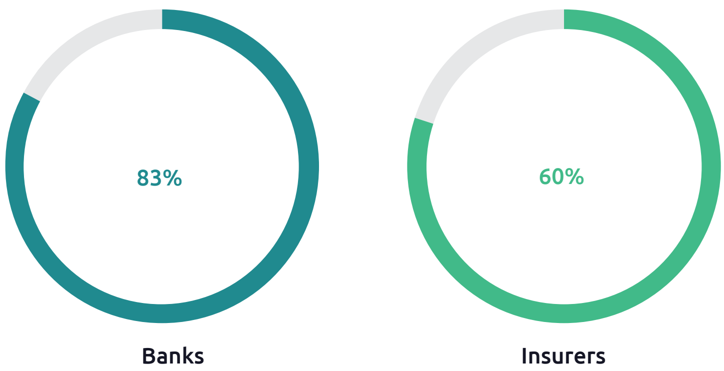


Exhibit 37: Banks vs Insurers - Sustainability Trainings to Employees

TARGETS TO DRIVE EMPLOYEE TRANSFORMATION

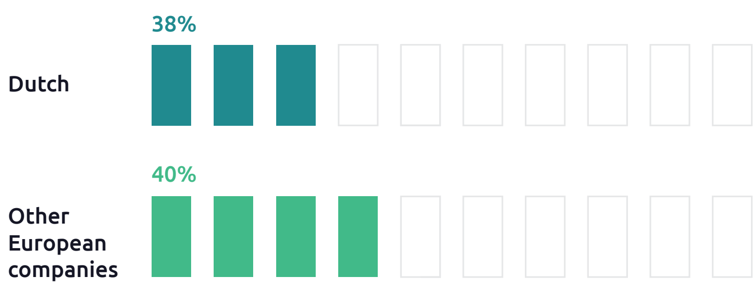


Exhibit 38: Dutch vs Other European Companies - Targets to drive Employee Transformation

ABN Amro bank's 'Purpose Walk' initiative immerses employees in inspiring narratives linked to the bank's sustainability objectives[21].

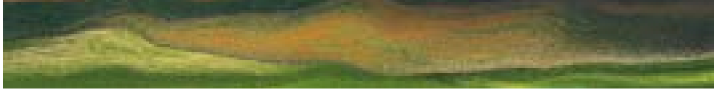
Furthermore, 36% of banks have successfully integrated sustainability-related Key Performance Indicators (KPIs) into their employee performance assessment, compared to 50% of insurance companies participating in this initiative. Swedbank's Performance Development process, for instance, sets individual performance criteria aligned with the bank's overall strategic direction, with sustainability as a vital component. Executive performance is evaluated based on results that ensure the bank's long-term sustainability, impacting their remuneration through fixed salary adjustments over time[22].

Best Practice

Approximately 5,000 employees of AXA were granted long-term incentives known as Restricted Shares which are subject to a Sustainability underpin i.e. minimum AXA's ranking in the DJSI to be met. The weight of environmental and social criteria in profit sharing schemes (20 000+ employees) has been enhanced in 2022.

Additionally, some banks, like Lloyd Bank, go the extra mile in supporting employees with initiatives such as childcare services, emergency funds for childcare needs, and customized arrangements during school holidays[24].

These efforts reflect a growing commitment among companies to engage their workforce in sustainable practices while enhancing their overall well-being.



2.3.3 Customer Education

"Financial institutions possess a unique ability to raise awareness and influence customer behavior, fostering the adoption of cleaner and greener financial products"

Financial institutions are placing growing emphasis on actively engaging and educating their customers about sustainability.

Many companies have expanded their offerings to provide ESG-related advisory services and monitor and evaluate their customers' sustainability efforts.

- Insurers are ahead of banks in providing ESG advisory and raising awareness. While 100% of insurers have initiated programs to engage customers, only 67% of banks have taken steps towards the same.
- However, only 17% of banks and 20% of insurers have set targets to educate customers on materiality of ESG factors related to their financial products.

BNP Paribas, for instance, conducts targeted meetings with clients on energy and ecological transition[25].

Best Practice

Nordea educates clients on climate change impacts through diverse channels, including engagement campaigns, webinars, podcasts, social media, fund magazine articles, newsletters, and external media partnerships. Additionally, the bank sustains digital engagement via personalized 1:1 messages in the mobile app, focusing on sustainability insights and offerings. Nordea's modern mobile platform provides customers with insights into the environmental impact of their everyday spending[26].

LBBW bank provides customers advisory on buying or renovating properties with a KfW analysis of energy efficiency, legal obligations, anticipated costs, and necessary work to achieve the efficiency house standard [27].

Banks' shift from an internally focused approach to a collaborative model has enabled them to form partnership ecosystems with EV manufacturers, renewable energy producers, agricultural societies, NGOs and other entities.

In the coming years, we will see competing firms such as banks, fintech and insurers forming strategic partnerships to address growing ESG requirements from customers and regulators. One of the potential use-cases which bank-fintech partnerships can bring to the financial world is to deploy customized and improved ESG-linked products to corporate clients. This can help banks meet their sustainability regulatory requirements. Whilst bank partnerships with fintech and data providers can also lead in developing new data capabilities and enabling informed decision making on ESG.

Exhibit 39: Insurers vs Banks - ESG Advisory and Raising Awareness

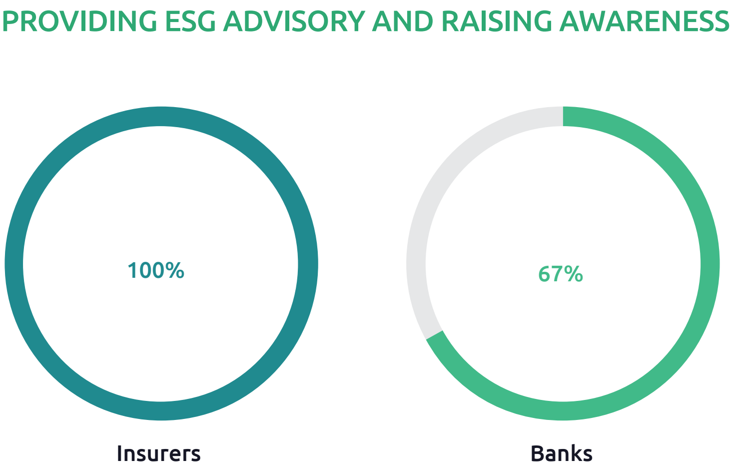


Exhibit 40: Banks vs Insurers - Customer Engagement Initiatives

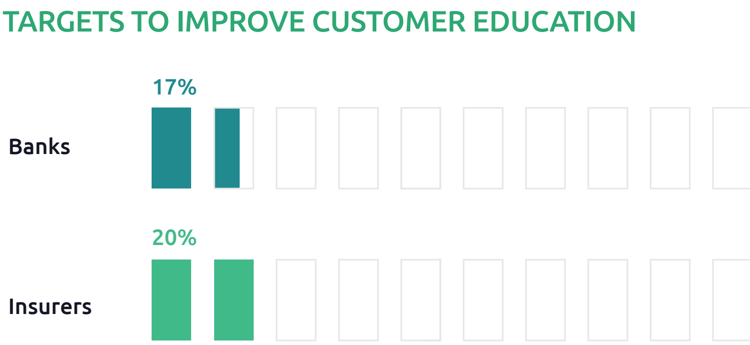


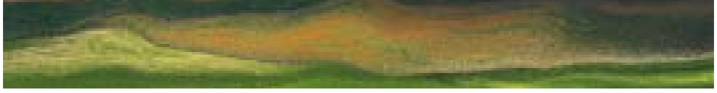
Exhibit 41: Banks vs Insurers - Targets to improve Customer Education

2.4 Reporting

The reporting element of the ESG benchmarking study focuses on generating insights on the reporting and communication quality in the non-financial reports of financial institutions. To accomplish this, we have developed a comprehensive set of metrics that meticulously assess the clarity, transparency, and comprehensiveness of non-financial reports produced by these organizations. Our analysis covers the three fundamental pillars of ESG: Environmental, Social, and Governance. By emphasizing the communicative aspect, we aim to provide valuable insights into how these institutions convey their ESG commitments, strategies, and achievements.

We want to help organizations gain a deeper understanding of their reporting strengths and identify areas where improvements are needed. By identifying gaps in communication, we enable financial institutions to not only meet regulatory requirements but also foster genuine engagement with stakeholders, bolster their reputation, and enhance their contributions to a sustainable future.

In the pursuit of a sustainable and environmentally responsible financial sector, it is imperative to assess the performance of banks operating both within specific nations and across the broader European landscape. In the pages that follow, we present our findings, highlight best practices, and offer recommendations that can assist European financial institutions in elevating the quality of their non-financial reporting and, by extension, their overall ESG performance.



2.4.1 Environmental Reporting Quality

One key observation emerges when examining the environmental performance of Dutch banks in comparison to their European counterparts. When considering an aggregate of all environmental elements, there may appear to be minimal disparities. However, upon closer examination of specific environmental factors, distinctive variations come to light. In this section, we will highlight environmental sustainability elements that show the largest discrepancy between Dutch and European banks.

2.4.1.1 Scope Emission Monitoring: Scope 3 Reporting

Scope 3 emissions, encompassing an organization's entire carbon footprint, are crucial for sustainability. Banks have been effectively managing direct (Scope 1) and purchased electricity (Scope 2) emissions, however Scope 3 emissions reporting poses unique challenges, as they extend beyond their immediate operations, involving a wide range of sources throughout the value chain.

In the context of Dutch banks, there is a strong awareness of the significance of Scope 3 emissions. Several frameworks are in place to guide their strategies, recognizing the need to include emissions from suppliers and clients to achieve a comprehensive carbon footprint reduction.

In contrast, European banks are yet to catch up with their Dutch counterparts in reporting financed emissions in their Scope 3 strategies. An overall strategy to incorporate Scope 3 emissions in the coming years needs to be further enhanced, to better communicate Scope 3 initiatives.

Financial institutions' significant exposure to carbon intensive sectors made it a strategic imperative to quantify and monitor transition risks. The necessary transition to sustainable and low carbon economy has the potent to devaluate collaterals and assets of financial institutions. Hence banks have tightened their risk assessment and monitoring models and have initiated diversifying investment portfolios, integrating ESG into investment decisions, stress testing, engaging with experts and developing effective risk management strategies.

Lack of industry standards to include transition risk under risk management have also left banks to bring together their own tools and methodologies to quantify transition risk and actively monitor. European Banking authority has taken strides towards supporting financial institutions in improving transparency in disclosure of transition risk through creation of Green Asset Ratio (GAR) and Banking Book Taxonomy Alignment Ratio (BTAR).

Best Practice

Rabobank includes scope 3 emissions for specific portfolios in their impact calculations by following the PCAF methodology. It shows a quantitative overview of financed emissions for the specific portfolios identified by the NZBA, and how the emissions are decreased compared to the previous year. In the future, all the client's relevant Scope 3 emissions will be included. Rabobank also discusses the methodology used to calculate Scope 3 emissions, leading to increased transparency[28].

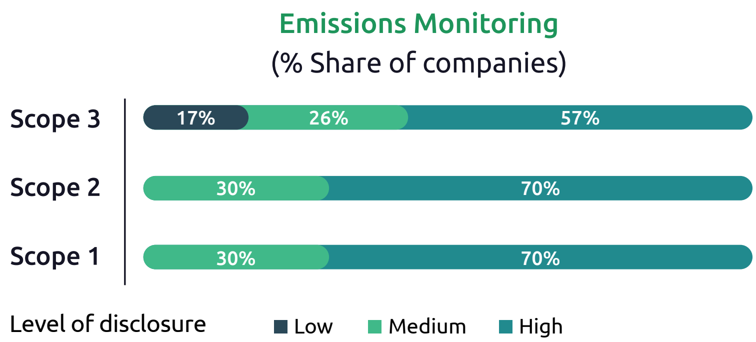


Exhibit 42: Emissions Monitoring

2.4.1.2 Sustainable Use of Resources: Increase share of renewable substances and materials

The focus on increasing the use of renewable substances and materials is pivotal in the environmental sustainability strategies of European banks. This commitment involves prioritizing renewable resources like bio-based and recycled materials, aligning with climate change mitigation and resource conservation goals, and promoting a sustainable, circular economy.

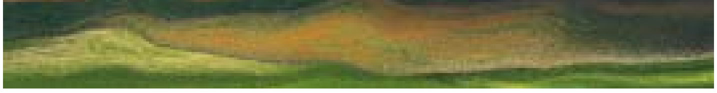
In terms of reporting quality on this environmental metric, European banks outshine their Dutch counterparts.

Best Practice

Barclays has invested in the tech start-up ECOncrete through the program Sustainable Impact Capital Investment. This start-up restores marine ecosystems through its ecological concrete technology, which captures carbon and improves water quality.

Barclays also invests in sustainable building design and operations, as 57% of the buildings have a third-party verified green building certification. Barclays has a Sustainable and Impact Banking team, focused on advising clients on emerging climate technologies to stimulate the use of sustainable materials and clean energy[29].

One of the best practices is collaborating with relevant external organizations. Collaboration with renewable technology providers and active knowledge-sharing initiatives can further accelerate the sustainable material transition. By collaborating with external organizations, financial institutions can offer clients valuable insights into sustainable alternatives for raw material use. In addition, by investing in new technologies or start-ups, financial institutions can accelerate sustainable material solutions. These collaborations should lead to the realization of a clear strategy for sustainable use of resources, that include quantitative transparency regarding the performance for the relevant financed sectors over the years.



2.4.1.3 Conservation of Energy & Mitigation: Waste management

The metric of waste management plays a crucial role in the environmental sustainability strategy for European banks. Actively addressing waste generation and implementing effective waste management practices are key components of their commitment to a greener future. The focus on waste management is of utmost importance as it directly addresses the pressing issues of resource depletion and environmental pollution, while also contributing to the development of a more circular economy.

When comparing the reporting quality on this waste management metric, European banks surpass their Dutch counterparts. European banks have made notable progress in implementing comprehensive waste management strategies.

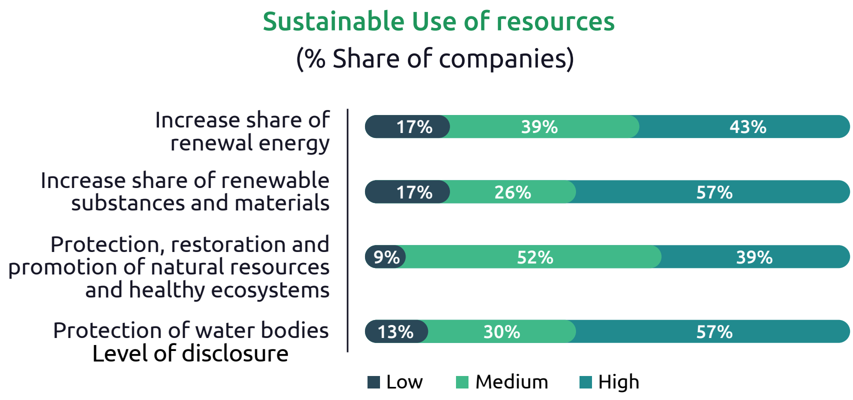


Exhibit 43: Sustainable Use of Resources

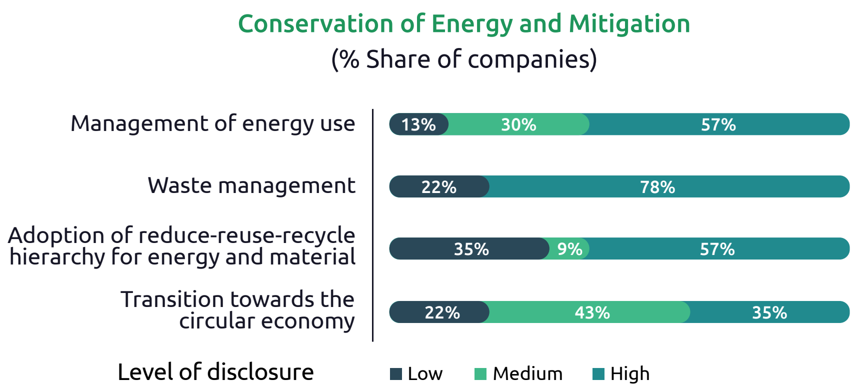
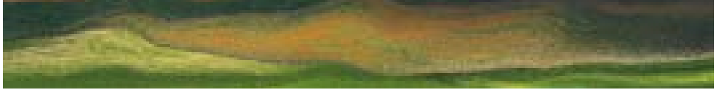


Exhibit 44: Conservation of Energy and Mitigation

Best Practice

Lloyds Banking Group has elaborate targets on waste management. The organization sets short- and long-term targets, and is transparent regarding their performance compared to a selected base-year, and emphasizes that operational waste includes general waste, plastics, food waste, and other lower-volume waste categories. In addition, Lloyds is transparent regarding the undertaken activities and impact in the past year, what the activities are planned for the following year, and how the organization is planning on reaching the 80% waste reduction target for 2025[30]. Based on this quantitative and qualitative transparency, leading to a clear strategy where the organization can steer on and be held accountable to, Lloyds is considered an example for other financial organizations.

However most Dutch banks are yet to demonstrate a comprehensive waste management strategy. On the other hand, ING stands out with its proactive approach. The bank has implemented policies and initiatives that prioritize waste management, emphasizing waste reduction, recycling, and responsible disposal practices within their operations[31]



2.4.2 Social Reporting Quality

Just as our exploration into environmental performance revealed subtle yet crucial distinctions between Dutch and European banks, a similar journey into the realm of social reporting quality uncovers intriguing insights. While an overall assessment may suggest relative alignment between Dutch and European banks, a closer examination of specific social factors unveils notable variations.

In this section, we delve into the intricacies of social sustainability reporting, focusing on elements that illuminate the most significant disparities between Dutch financial institutions and their European counterparts.

2.4.2.1 Fair Business Operations: Combating bribery & corruption

The concept of combating bribery and corruption is crucial for banks as it ensures ethical practices, maintains trust in the financial system, and protects stakeholders' interests. Transparency in reporting plays an important role in identifying and eradicating bribery and corruption, holding organizations accountable, and promoting a fair and trustworthy banking environment.

Recent fines for bribery and corruption have also underscored the importance of combating these illicit activities in the banking sector. Regulators and authorities are increasingly demanding stricter adherence to anti-money laundering regulations and more robust measures to prevent illicit financial activities.

The spotlight on anti-money laundering practices reinforces the significance of transparent reporting and continuous background checks in ensuring the integrity and accountability of Dutch banks and the broader banking community.

In the context of all Dutch banks, they stand out by reporting on continuous background checks as part of their anti-bribery measures. Dutch banks openly mention dedicated teams or divisions responsible for anti-bribery checks and report on their efforts.

Best Practice

ABN AMRO mentions its Systematic Integrity Risk Analysis (SIRA), a framework used to monitor risks associated with bribery, corruption, fraud, money laundering and terrorist financing. It reports the number of reported violations for each year, the sanctions taken and the status of the follow-up investigation of the Foundation for Banking Ethics Enforcement[32].

This transparent approach demonstrates a commitment to robust internal controls and due diligence processes. As stated, it is likely that Dutch banks have significantly increased their efforts and communication due to recent fines for bribery and corruption.

In contrast, many European banks have anti-bribery policies but have not been effectively reporting on continuous background checks or dedicated teams responsible for them. An elaborate explanation of the undertaken actions, how anti-competitive controls are adjusted to be future proof, and what action is undertaken in case of an identified incident is limited compared to the Dutch counterparts. This raises concerns about the effectiveness of their anti-bribery programs and their commitment to combating bribery within their organizations.

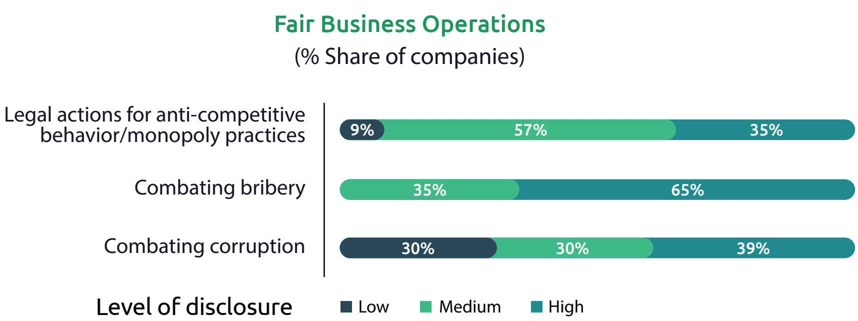
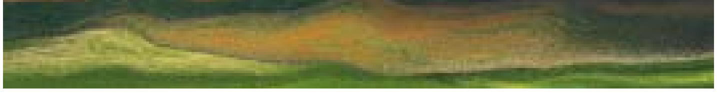


Exhibit 45: Fair Business Operations



2.4.3 Governance Reporting Quality

Much like our examination of environmental and social performance that unveiled nuanced differences between Dutch and European banks, our journey into the realm of governance reporting promises to reveal enlightening insights. While an initial assessment may hint at an overall harmony between Dutch financial institutions and their European counterparts, a more meticulous exploration of specific governance factors exposes distinct variations. In this section, we embark on a comprehensive analysis of governance sustainability reporting, with a sharp focus on elements that cast a spotlight on the most significant divergences between Dutch banks and their European peers.

2.4.3.1 Reporting Behavior: Compliance with standards and requests

Compliance with standards and requests is a critical metric that plays a pivotal role in the ESG reporting of both Dutch and European banks. Adhering to established sustainability standards and addressing stakeholder requests demonstrates a commitment to transparency, accountability, and responsible business practices.

By aligning with internationally recognized frameworks such as the Global Reporting Initiative (GRI) or the Task Force on Climate-related Financial Disclosures (TCFD) and upcoming CSRD, banks can provide comprehensive and standardized reporting that enables stakeholders to assess their sustainability performance.

European banks excel in reporting quality focused on compliance with standards and requests, surpassing their Dutch counterparts. European banks demonstrate a remarkable commitment to sustainability frameworks like the Global Reporting Initiative (GRI) reporting structure. They have proactively embraced the recommendations from regulatory bodies and successfully integrated ESG considerations into their core business strategies. With a strong focus on stakeholder engagement, European banks effectively address information requests and concerns, fostering transparency and trust in their reporting practices.

Best Practice

The quality of reporting among Dutch banks varies significantly. While the ING[33] and the Volksbank[34] prepare their annual reports in accordance with the Global Reporting Initiative, the Rabobank has decided to shift from this initiative to the International Reporting Framework. Also, ABN AMRO follows this framework to comply with the Non-Financial Reporting Directive of the European Union[35].

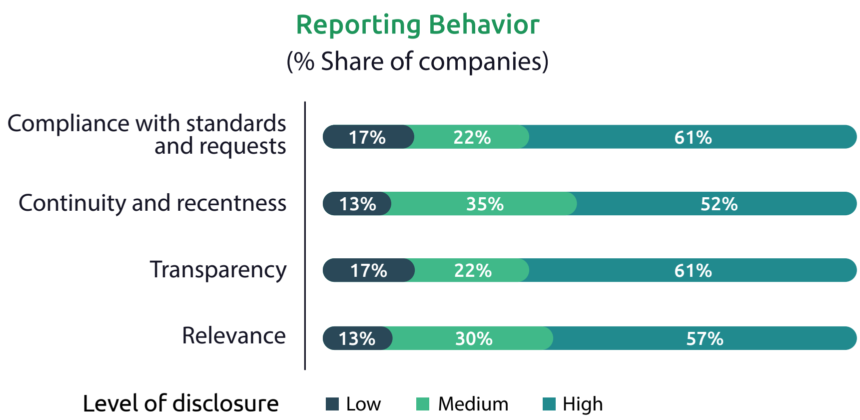
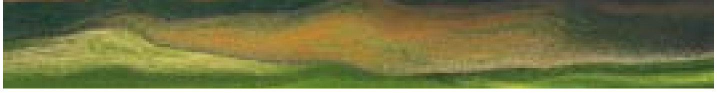


Exhibit 46: Reporting Behavior



2.4.4 General Improvement Areas

This section summarizes the sustainability metrics which institutions should overall improve in their public reports.

2.4.4.1 Conservation of Energy & Mitigation

First, the analyzed banks score relatively low on the sustainability metric of adoption of reduce-reuse-recycle hierarchy for energy and material. It should be noted that the European banks score higher compared to the Dutch banks, but even here there is significant room for improvement.

Overall, it is essential for financial institutions to outline clear strategies that demonstrate their commitment to reducing energy consumption and promoting the sustainable use of materials.

This involves not only setting targets but also providing transparent reporting on progress made towards these objectives. Unfortunately, this level of detail and quantification is lacking in the sustainability reports of numerous banks. While there are initiatives to reduce energy usage at the office and recycle paper, the provided information remains very limited.

Best Practice

Barclays has not only articulated a clear water management strategy but also devised a comprehensive plan to reduce energy usage. It has outlined an action plan for the adoption of more sustainable solutions in the realms of cement and steel[36].

Barclays also actively supports the energy transition by investing in the engineering business entity – Naked Energy. This organization is focused on heat decarbonization by deploying renewable heating solutions as solar thermal. As still 90% of heat consumption comes from fossil fuels, this collaboration significantly contributes to Barclays efforts to increase renewable energy usage[37].

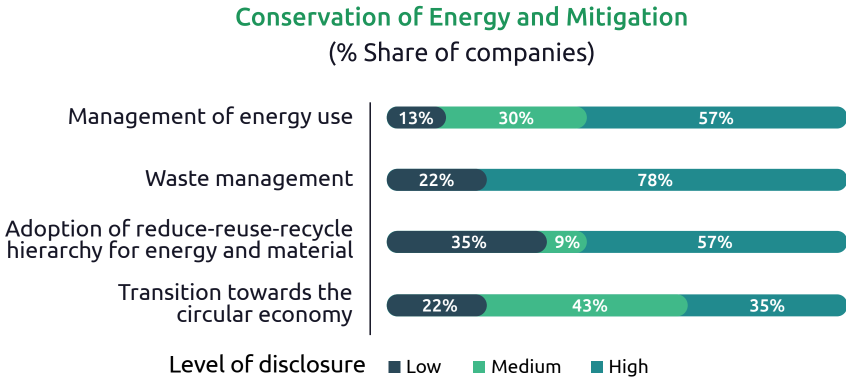


Exhibit 47: Conservation of Energy and Mitigation

For pollution control, it is encouraging to note that many banks have strategies in place to support industries in their efforts to reduce pollution. These strategies often focus on de-polluting industries and promoting cleaner practices.

There is an increasing number of banks joining the United Nations Plastic Pollution Treaty. This treaty represents a collective commitment to address the critical issue of plastic pollution, and the participation of more banks signifies a broader acknowledgment of the financial sector's role in tackling environmental challenges.

2.4.4.2 Other Emission Monitoring

Two other sustainability metrics that scored relatively low are valuation of hazardous gasses and pollution control. Banks by their very nature do not have a direct link to activities that emit hazardous gases or engage in pollution control measures. However, the importance of these metrics should not be understated. While banks may not be directly involved in activities that emit hazardous gases or manage pollution control, their role in financing various industries and projects is undeniable. Therefore, it becomes crucial to gain insight into how banks' investments are related to these two-sustainability metrics.

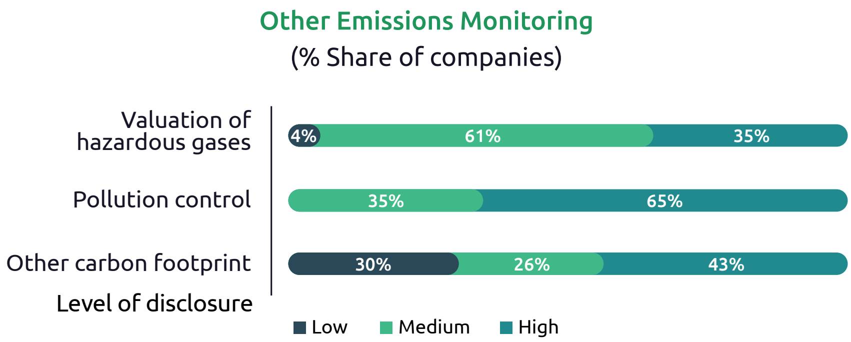
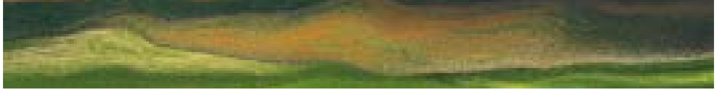


Exhibit 48: Other Emissions Monitoring



They often rely heavily on external data sources to report their client portfolio's impact on these metrics. This dependence on external data can introduce complexities and challenges in providing comprehensive insights into the valuation of hazardous gases and pollution control.

2.4.4.3 Labour Practices

Within the realm of labor practices, European banks stand out for their comprehensive reporting. European banks frequently dedicate substantial sections of their public reports to workforce diversity.

They acknowledge the importance of cultivating teams that represent a wide range of backgrounds, experiences, and perspectives. This dedication is shown by the provision of detailed statistics and insights into their diversity initiatives.

Also, gender equality has become a prominent theme in their reports. Many of these banks have implemented robust policies and initiatives to bridge the gender gap within their workforce. Their commitment to achieving gender balance is reflected in their transparent reporting, which often includes metrics and progress updates.

In addition, maintaining a conducive and safe working environment is a priority for banks. They emphasize the importance of providing employees with workplaces that foster well-being, respect, and inclusivity. Reports often highlight programs aimed at creating an atmosphere where all employees can thrive.

This is in line with the detailed reporting on training management, considered critical component of any organization's labor practices. European banks recognize this and often showcase their efforts in training management in their reports.

They outline strategies for employee skill enhancement, leadership development, and continuous learning, reflecting a commitment to nurturing talent.

All banks show a strong overall commitment to reporting and are regularly assessing their diversity efforts, which contributes to their higher scores in workforce diversity reporting within the ESG framework. However, when comparing the reporting practices of European banks and Dutch banks, some differences emerge. Dutch banks tend to score higher in workforce diversity reporting due to their emphasis on regular check-ins on diversity and inclusion efforts.

These regular assessments allow Dutch banks to track their progress, identify areas for improvement, and implement necessary measures to enhance diversity and inclusion within their organizations.

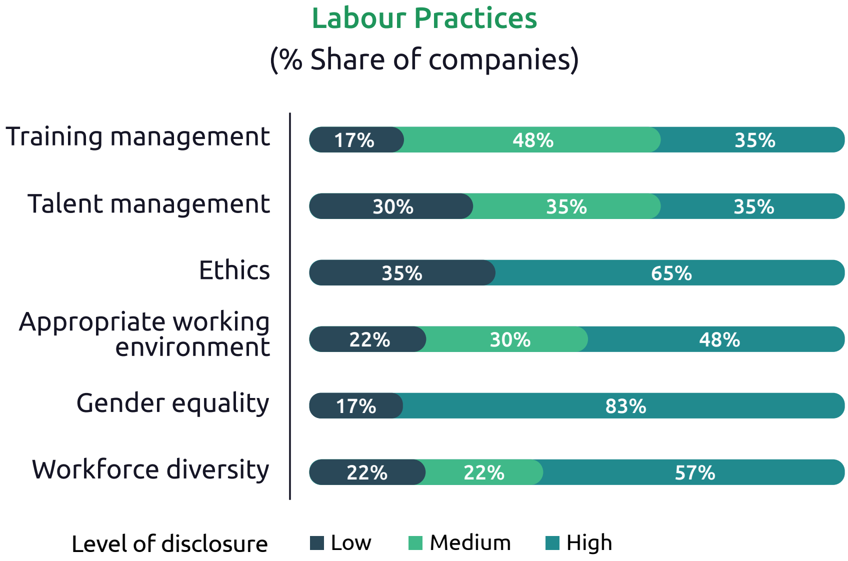
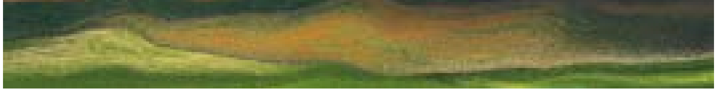


Exhibit 49: Labour Practices

Best Practice

De Volksbank participated in the Cultural Barometer38, an initiative of the Statistics Netherlands (CBS), to gain insights in the cultural diversity of their organization. This shows that the bank is focused on continuously improving on this metric in the organization.



3. CONCLUSION

The essence of performance of ESG can only be truly captured when viewed from various facets.

A comprehensive ESG outlook across the organization can help not only in effectively communicating the progress to shareholders, but also to monitor and drive sustainability initiatives on a continuous basis.

Through our benchmarking study, we were able to conduct an extensive analysis giving insights on the level of engagement of financial institutions across key material topics, thereby deducing the maturity of topics and identifying emerging trends.

Our benchmarking studies have been evolving on a year-on-year basis, factoring changing landscape and including a multitude of ESG initiatives across financial services sector.

Under **Products and Services**, Real Estate, Mobility and Energetic Renovation emerged as key material topics which saw proactive efforts and offerings from a higher proportion of insurers and banks.

While the majority of banks have initiated financing across all key product segments, insurers have extended additional coverage and underwriting towards the same. Since unawareness and lack of knowledge have been major impediments for consumers in choosing sustainable offerings, few financial institutions have also included advisory and consultation under their core offerings.

Although, we see further scope of improvement to realize added value from customer engagement. Areas such as biodiversity, financial health & well-being and circular economy are some of the emerging areas which will see improved offerings and engagement by financial institutions in the near future.

Financing and underwriting smart buildings and hydrogen energy projects will be a key element which financial institutions pursue going forward, given the vast potential of savings in emissions and scalable financing and investment schemes which can be offered to customers.

The focus of financial institutions under decarbonizing **Internal Assets and Operations** has been found to be towards reducing emissions from their buildings, mobility and daily operations. Acquiring green building certifications and clean mobility options for employees along with safe disposal of waste and paper recycling have been areas where the majority of financial institutions have taken initiatives.

But the majority of organizations are yet to establish concrete targets towards multiple key areas and communicating the progress, which will be key for both progressing towards net zero ambitions as well as transparency towards regulations.

Even as adoption of Sustainable data practices has been to the extent of deploying low code software and investing clean tech solutions, a holistic Sustainable IT strategy and advanced technologies of AI and predictive analytics will be a driving factor and will lead the financial institutions forward in harnessing the combined strength of data and sustainability.

The **Internal Governance**, which channelizes and empowers the capabilities of strategies, people and systems has been found to be heavily focused on topics such as Diversity and Inclusion, which all banks and insurers have consciously taken efforts to support.

Even as organizations have taken strides towards imbibing sustainability amongst employees through trainings, communities and remuneration linked KPIs, an overall strategy is essential and yet to be deployed by majority of peers, which understands each employees' functional persona and enables them to understand their impact on sustainability and help incorporate sustainable practices consciously.

Fundamental changes in how banks and insurers will look at partnerships with competing firms will truly revolutionize the financial sector and bring about a truly innovative and holistic sustainable ecosystem.

With stringent reporting guidelines mandated by regulatory authorities, financial institutions have raised their efforts to disclose data. In this regards, our analysis touches upon material topics and specifically highlights the gaps between Dutch and Other European institutions' disclosure quality.

While all the financial institutions have fared well in improving their governance structures and scoring on Governance aspect of ESG reporting, the Environmental and Social pillars of ESG are to be further worked on to bring more transparency in the disclosures. Corporate Social Responsibility Disclosure (CSRD) which strengthens the disclosure rules concerning Social and Environmental information will further necessitate banks and insurers to comprehensively integrate data from all the stakeholders and will require greater efforts from financial institutions in meeting future compliance norms.

As per our research findings, we foresee that several key topics are poised to take center stage for financial institutions soon.

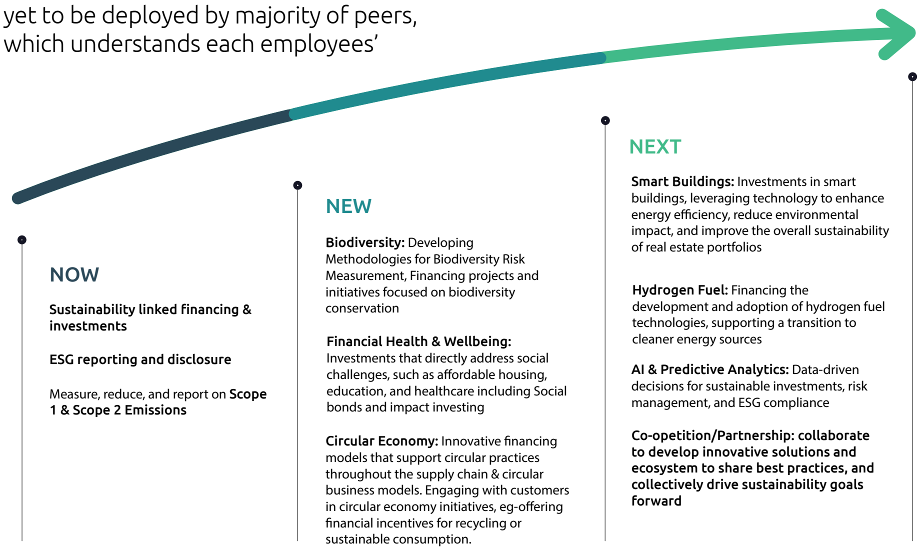
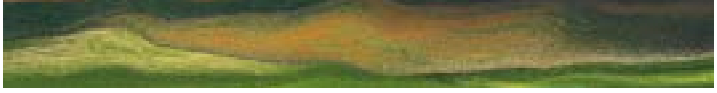


Exhibit 50: Evolving ESG Landscape



Embracing the power of granular data is not just a choice; it is a transformative opportunity for financial institutions. Beyond mere compliance, organizations can leverage this data to drive innovation, positioning themselves as pioneers in sustainable solutions for their organization and their clients.

By harnessing the insights derived from this data, companies can share powerful narratives of their sustainable endeavors, forging trust and transparency with their valued customers. But it does not end there. This wealth of internal data is not just a compliance checkbox, but rather a goldmine of strategic insights. It empowers organizations to not only meet sustainability regulations but to also navigate their future.

Steering on crucial sustainability KPIs, this data becomes the compass guiding organizations toward a stable, resilient, and future-proof future. Committing to ESG is not just about meeting standards; it's about shaping a thriving, purpose-driven, and enduring organizational legacy.

To comply with the impending disclosure requirements which are going to be launched by European authorities, it is essential not just to be prepared to present data for a particular regulation, but to ensure the data is being captured at all levels, to ensure an organization will be able to streamline reporting and meet standards of all new regulations.

4. WHY CAPGEMINI?

Through our proven capabilities, we can help you transform the potential opportunities into growth stories and be a partner along your transformation journey, in areas such as ESG intelligence & Data strategies, ESG Data Hub & Generative AI for Sustainability, Sustainable Products/Services, Sustainable IT transformation & Intelligent Process Performance (IPP), Sustainable Academy, External Stakeholder Engagement, and many more other areas.

We bring knowledge and experience, on regulation, strategy, technology, and implementation to help our clients accelerate and achieve their sustainability ambitions through data mastery.

We are Champions building end-to-end data platforms.

- We have built and implemented multiple data platforms for the public sector, financial institutions, and corporates across the world.
- Our end-to-end approach includes all dimensions required to foster platform adoption and usage (user centric approach, ecosystem growth capabilities).
- We are experts on climate disclosures standards, ESG regulations and methodologies.
- We have analyzed various climate disclosure standards and built an extensive knowledge of the regulatory landscape.
- We have led more than 100 projects over the last 6 months on regulatory topics.
- We support corporates and financial services implementing climate standards (PCAF framework, SBTI standards, GHG protocol, PACTA, analyzing the impacts of CSR norms and standards on client portfolio strategy and complying with regulatory requirements (Taxonomy, SFDR, CSRD).
- We have developed a unique vision and value proposition with our strategic partners.
- We have a strong partnership with the Linux-OS climate data platform.
- We have global partnerships with multi-region cloud platforms and leverage their expertise to develop joint Go-to-Market strategies and offers.
- We have been sharpening our Sustainability knowledge and have delivered 65+ Research reports and Point of Views on Sustainability.
- We are a CDP Gold accredited partner; CDP has recognized the competencies and experience of Capgemini in helping corporates and financial institutions through their decarbonization journey.
- We master the entire decarbonation chain and emission reduction plans across industry sectors.
- We assisted over 250 corporates in the entire decarbonization chain including the definition of their emission reduction trajectories.
- Our in-depth analysis of over 400 companies' emissions data and decarbonization solutions enriched our 25 sectorial blueprints and knowledge of industries decarbonization levers.
- We help our clients in measuring their ESG performance from the data strategy to the reporting.
- We help our clients reduce their environmental impacts since 2011 across all sectors, defining Net Zero strategies & news business models, implementing sustainable products & services and Green IT, and leveraging data for risk modeling, trajectory modeling data modeling for carbon accounting and reporting purposes.
- We bring together a unique blend of capabilities, technologies and expertise and foster synergies between our capabilities to address all climate transition challenges, from commitment to sustainable achievements.

WANT TO KNOW MORE

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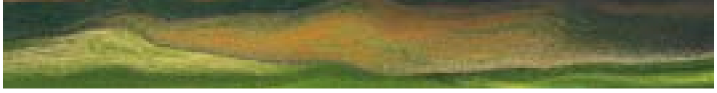

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As the strategy, innovation, design and transformation brand of the Capgemini Group, Capgemini Invent enables CxOs to envision and shape the future of their businesses. Located in more than 36 offices and 37 creative studios around the world, it comprises a 10,000+ strong team of strategists, data scientists, product and experience designers, brand experts and technologists who develop new digital services, products, experiences and business models for sustainable growth. Capgemini Invent is an integral part of Capgemini, a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of over 360,000 team members in more than 50 countries. With its strong 55-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2022 global revenues of €22 billion.

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