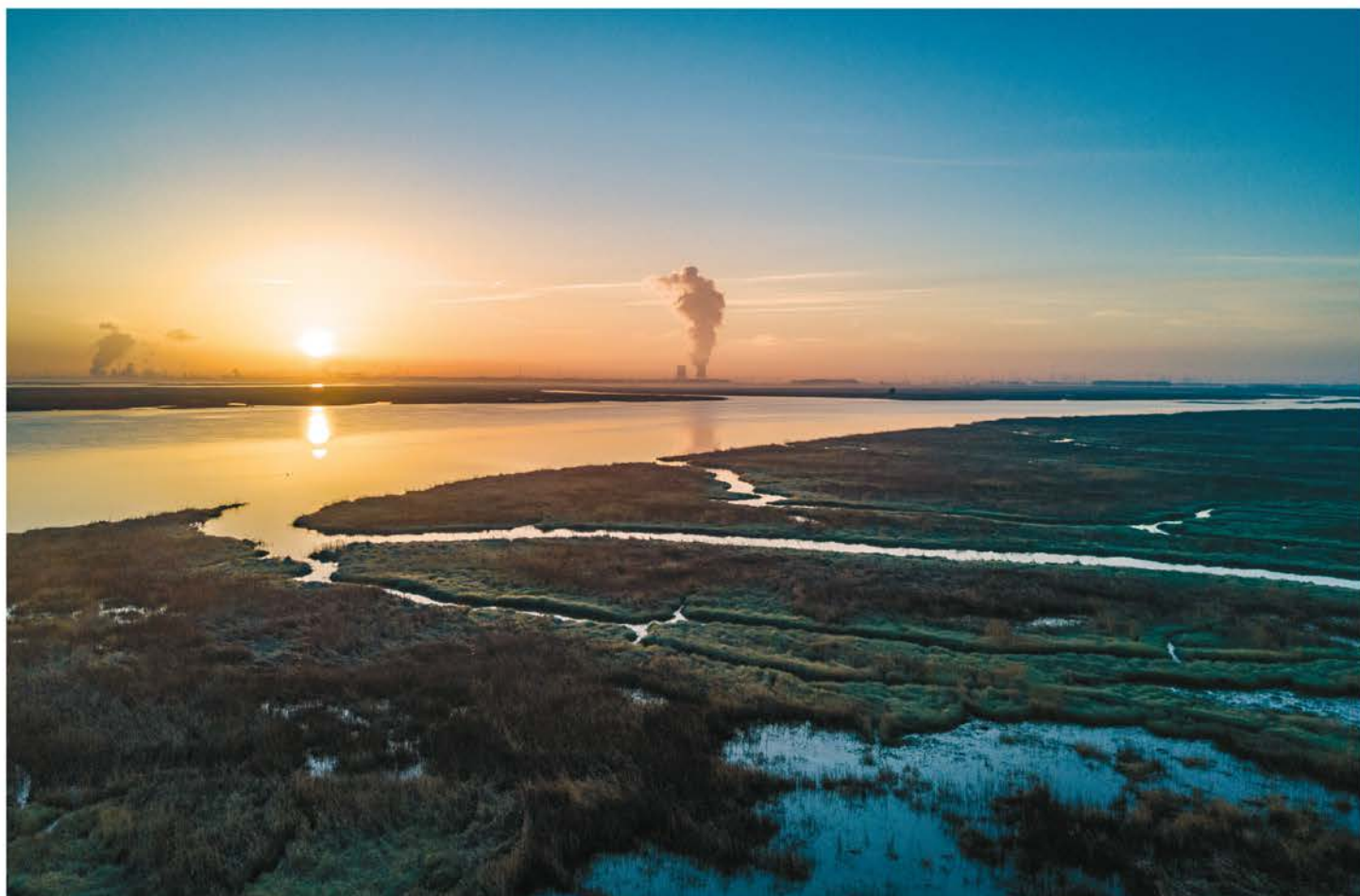


# Report 2017



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# Mission and strategy

Ever since its establishment in 1960, ASN Bank has been working towards a sustainable and just society in which people are free to make their own choices without harming others. A society without poverty, in which everyone has access to education, good housing and medical care. It is this vision that forms the foundation of our mission.

## Mission

Our economic conduct is aimed at promoting sustainability in society. We help to secure changes that are intended to put an end to processes whose harmful effects are shifted to future generations or foisted onto the environment, nature and vulnerable communities. In doing so, we do not lose sight of the necessity to yield returns in the long run that safeguard the continued healthy existence of our bank. We manage the funds that our customers entrust to us in a manner that does justice to their expectations.

To execute this mission, we have developed a twofold strategy with long-term objectives for both our banking activities and our activities in the area of sustainability.

## Sustainability strategy

Sustainability is paramount in all of ASN Bank's activities. We exercise the most influence on the world by means of loans and investments, but we also promote sustainability using our long-term goals. We equally deploy these goals to involve other parties in sustainability and increase our influence as a result.

### Loans and investments

We encourage sustainable progress in the context of our banking activities as part of de Volksbank. We do so by selecting ASN Bank's loans and investments based on our sustainability criteria. We only finance companies and sectors that fit in a sustainable future and countries that deal with people, nature and the climate in a responsible manner.

### Long-term goals

ASN Bank aims to encourage sustainable progress. That is why we have developed the following sustainability strategy: we increase our influence by encouraging others to make sustainable choices. We do so by setting ourselves long-term goals for each pillar of our sustainability policy: human rights, climate change and biodiversity. These long-term goals are the following:

- **Human rights:** all garment companies in the ASN Investment Universe are to pay their workers a living wage by 2030.
- **Climate change:** all of ASN Bank's loans and investments are to be net climate positive by 2030.
- **Biodiversity:** ASN Bank's loans and investments are to have a positive impact on biodiversity by 2030.

### Society

We encourage societal debate on sustainability, for example by communicating about our sustainability policy and long-term goals. We also organise events on the theme of sustainable choices for a wide range of customers and other stakeholders. Finally, using our community Voor de Wereld van Morgen ('For the World of Tomorrow') and through crowdfunding, we encourage innovative, young entrepreneurs who are developing sustainability projects.

## The bank's strategy

ASN Bank wants to grow, but this is not a goal in itself: we want to grow so that we can step up our efforts towards supporting sustainable progress. We can make a contribution to this by increasing our investments in sustainable businesses, projects and governments. For these reasons, we have set three growth targets for our banking activities:

### One million satisfied customers

The more customers we have, the more positive influence we can exert in making society more sustainable. That is why it is our ambition to provide our services to one million satisfied customers by 2025. We make sustainable banking accessible and attractive by good service provision and an expanded range of products and services. In doing so, we apply new information technology developments in a smart way, in accordance with the choices made by de Volksbank.

### **Growth in assets under management**

We aim for controlled growth of our assets under management. For ASN Bank, these mainly consist of our customers' savings and current-account balances. Capital that customers invest in the ASN funds goes directly to ASN Beleggingsfondsen and is therefore not invested by ASN Bank. We aim for controlled growth of savings relative to loans and investments, in connection with the sound development of our balance sheet.

### **Growth in corporate loans and investments**

We want to increase the volume of loans and investments in renewable energy by funding projects in such areas as wind and solar energy as well as by investing in green bonds. In addition, some of these loans and investments help us achieve our objective of being climate positive by 2030. We are also developing our lending operations for the healthcare sector and invest in social bonds.

# Sustainability policy

Our sustainability policy is the practical elaboration of our mission. The policy is based on the definition of sustainability in the 1987 UN report *Our Common Future*. This report was the first to call for sustainable development, defining this concept as follows: *development that meets the needs of the present without compromising the ability of future generations to meet their own needs*. Our sustainability policy has three pillars: human rights, climate change and biodiversity.

## Scope

ASN Bank's Sustainability & Research Department (S&R) prepares the sustainability policy. The ASN Bank Management Board decides on the policy as recommended by S&R. The sustainability policy applies to:

### ASN Bank

- all loans and investments on ASN Bank's balance sheet;
- the choice of social partners with which ASN Bank collaborates;
- the selection of sponsored projects;
- the selection of projects for the ASN Bank World Award and support of sustainability initiatives using crowdfunding.



### ASN Beleggingsfondsen N.V.

The manager of the ASN funds, ASN Beleggingsinstellingen Beheer B.V. (ABB), shares ASN Bank's mission. ABB's sustainability policy is based on ASN Bank's policy and underlies the decisions that ABB takes on:

- approval and disapproval of companies, countries and projects for the investment universe;
- voting at shareholders' meetings of companies in which the ASN funds invest;
- engagement with companies in the investment universe.

### De Volksbank

De Volksbank wants to make a relevant, positive contribution to society with a focus on financial resilience and sustainability. That is why it has adopted ASN Bank's sustainability policy and has set itself the goal of arriving at a climate-neutral balance sheet. ASN Bank supports de Volksbank in implementing and achieving this goal.

## Policy recognition

Three independent institutions have rated de Volksbank and ASN Bank's sustainability policy.

### Sustainalytics: 1st place

In September, de Volksbank was ranked first in the list of 339 organisations worldwide that Sustainalytics had analysed in the category of banks. Sustainalytics conducts global research into companies' sustainability, corporate governance and other policies. According to Sustainalytics, de Volksbank's high score (90 out of 100) expresses appreciation of the fact that it has adopted ASN Bank's sustainability policy.

### Oekom research: highest rating

The German company oekom research rates companies across the globe by assessing their sustainable investment policies. Companies can be rated from D- (poor) to A+ (excellent). Oekom research rated de Volksbank C+, making de Volksbank one of the three leaders in the financial sector (commercial banks and capital markets). According to oekom research, the score reflects 'the integration of sustainable and social aspects in de Volksbank's business operations and policy'.

### Fair Bank Guide

In 2017, the Fair Bank Guide studied transparency and accountability in respect of the loan portfolios held by Dutch banks. It also reviewed de Volksbank (ASN Bank, BLG Wonen, RegioBank and SNS) and gave it 6 out of 10 (sufficient). De Volksbank obtained the second-highest score on the topic 'Openness about the business loan portfolio and loan portfolio', as 'None of the banking groups publish a list of companies excluded from funding. However, Triodos and ASN Bank (part of de Volksbank) are open about the composition of their commercial loan portfolios and loan portfolios, listing the companies and institutions financed by the banks.' De Volksbank was assigned the second-highest score for 'Responsible lending policy' and 'Accountability, reporting and verification', but a low score for 'Transparency about engagement activities'.

Why has it received a low score for engagement activities? This study pertains exclusively to business loans. ASN Bank and de Volksbank extend only few business loans compared with other banks and mostly provide loans in the Netherlands. We assess all loan applications against our sustainability policy in advance. If (high) sustainability risks exist the loan does not pass the test. This way, we avoid the need for engagement, as engagement is only necessary if and when something goes wrong or threatens to go wrong. As a result, we hardly conduct engagement for business loans and the Fair Bank Guide does not assign us any points in this respect.

## Human rights policy

ASN Bank subscribes to the view that human rights are universal values: they apply everywhere, always and to everyone. Giving paramount importance to justice, freedom and equality, human rights serve to protect the human dignity of all.

### Our vision

Our interpretation of 'human rights' includes every type of human rights: civil rights, political rights and economic, social and cultural rights. In our view, a liveable climate and clean environment are also conditions for a dignified life. Human rights protect people against abuse of power by governments, which may take the form of discrimination, privacy violations and torture. Human rights also impose obligations on governments, for example the obligations to provide education and healthcare, freedom of speech and equal treatment. Human rights are laid down in international conventions.

Companies, too, have the responsibility to respect human rights. For example by safeguarding rather than violating the rights of employees, consumers and local residents.

### Foundations

The foundations of our human rights policy are the Universal Declaration of Human Rights and the international standards based on it. We are also referring here to the *Guiding Principles on Business & Human Rights* adopted by the UN Human Rights Council in June 2011. These principles are based on the work performed by the American Professor John Ruggie as the UN's Special Representative of the Secretary-General. The Ruggie Guiding Principles have been incorporated in our human rights policy paper, which includes strict criteria for assessing companies, countries and institutions.

## Climate change policy

The earth's climate has changed regularly throughout its history. The current change is primarily due to the activities of man: global warming is attributable to greenhouse gas emissions. This calls for solutions counteracting climate change with the utmost urgency, to which we, as a bank, want to contribute to the maximum extent possible. We focus on both mitigation and adaptation when implementing our climate change policy.

### Adaptation

As further global warming seems unavoidable, adaptation is a necessity. This means that we must deal with the consequences of climate change, such as drought, flooding and loss of biodiversity. Since we aim to help limit the consequences of climate change – which have become inevitable by now – adaptation is part of our climate change policy.

## Mitigation

Mitigation is necessary as well: preventing temperatures from continuing to rise, thereby limiting the climate change problem. After all, curbing the rise in temperatures increases the options for adaptation and may possibly prevent further dangerous climate change.

Mitigation and adaptation are thus strongly interrelated. We contribute as much as possible to maintaining a safe, liveable and stable climate for people and nature in this regard.

## Biodiversity policy

ASN Bank's biodiversity policy – adopted in 2010 – describes how we, as a bank, hope to contribute to maintaining and strengthening biodiversity and ecosystems. It includes a description of the sustainability criteria for biodiversity that we apply when selecting loans and investments.

## Guiding principles

We apply the definition of biodiversity given in the 1992 Convention on Biological Diversity (CBD): 'The variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.' We also pursue the objective formulated in the CBD: 'The conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources.'

## Impact perspective

To protect and enhance biodiversity, our sustainability criteria are geared towards the threats to biodiversity. According to the Millennium Ecosystem Assessment (MA), the key threats to biodiversity are: change in land use (loss of natural habitat), climate change, introduction of alien species, overexploitation and pollution. We only invest in companies that contribute to protecting or improving biodiversity. They take effective measures to prevent or offset the aforementioned threats. We avoid activities that have a major adverse impact on biodiversity, such as fossil fuels, mining, unsustainable fishery and agriculture.

## Policy changes in 2017

Our sustainability policy is laid down in policy papers. These were changed to a limited extent in 2017. The main changes were made to the human rights policy, as we tightened the policy in terms of human rights in the supply chain in line with the OECD Guidelines. The policy is expanded with the topics *due diligence* and *salient risks* (risk analysis) and *access to remedy*. Furthermore, there was overlap with the ASN Sustainability Criteria Guide, published in late December 2016, as regards processes. These were removed from the human rights policy.

Additional sustainability policy was also drafted to cover de Volksbank's activities:

- As de Volksbank lends money to categories of financial institutions other than ASN Bank, the policy for these institutions was complemented.
- De Volksbank has a portfolio of business loans to SMEs. We complemented ASN Bank's sustainability policy for this category of loans.

## The SDGs and our sustainability policy

The Sustainable Development Goals (SDGs) are seventeen goals the United Nations has set for future international development. ASN Bank recognises the importance of these goals for a global sustainable development agenda. And these goals can be found in ASN Bank's sustainability policy. We first drafted this policy 25 years ago and have tightened it more and more ever since. In 2018, we will analyse to what extent this policy corresponds to the SDGs.



Sustainable Development Goals (SDGs)



- 1 NO POVERTY
- 2 ZERO HUNGER
- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 14 LIFE BELOW WATER
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Contribution to SDGs through sustainable selection criteria



Contribution to SDGs through long-term living wage goal





Contribution to SDGs through long-term climate change goal



Contribution to SDGs through long-term biodiversity goal



# Human rights: living wage

In many countries, the minimum wage in such industries as the garment, electronics and food industries is not enough to live on and may even be too low to survive. That is particularly true for workers employed by suppliers in these industries. Not only consumers, but the companies themselves are becoming increasingly aware that this is a problem.

We believe this calls for action and have selected the garment industry for this. As sustainability also involves the people who make our clothes under conditions that we would not accept here in the Netherlands. Wages are an express human rights risk in the garment industry. In many production countries, the minimum wage is two to three times as low as a living wage, as organisations such as WageIndicator have calculated. When we were looking for an industry and issue to focus on in particular, the living wage in the garment industry was an obvious choice.

That is why we have set ourselves the following long-term goal:

***All garment companies in the ASN Investment Universe are to pay their workers a living wage by 2030.***

## What is a living wage?

A living wage allows workers to meet their own basic needs and those of their families. This covers: food, clothing, housing, education and healthcare. In addition, they should be able to save around ten percent of their pay for unexpected costs. The amount of this living wage differs from country to country.

## The importance of a living wage

The introduction of a living wage does not just help raise the standard of living of workers and their families – it is often a catalyst for the improvement of other working conditions as well. For example, the likelihood of child labour decreases if parents earn enough money.

## Garment industry

The focus of our work towards living wages is on the garment companies that were approved for the ASN Investment Universe on 1 April 2016. One of these companies, Gap, was disapproved in late 2016 as it no longer met other criteria of our sustainability policy. We do, however, continue to engage with this company on the subject of a living wage. Consequently, we are now focusing on the following fourteen companies: Adidas, Amer Sports, Asics, Asos, Esprit, Gap, Gildan Activewear, H&M, Inditex, KappAhl, Lojas Renner, Marks & Spencer, Nike and Puma.

We performed a baseline measurement at the fourteen garment companies in 2016, asking them whether they had a vision on and/or a goal for living wages and whether this goal was embedded in policy and procedures. We also assessed how transparent companies were about this. The outcome was a score per company on a scale of 0 to 5, resulting in an average score for the companies of 2.87. We informed the companies of the results while also stating the reasons.

As no bank had ever used this method before, we called on the Impact Centre Erasmus to assist us with the baseline measurement. This Centre shares our conviction that interested parties should have access to the method. This is how we help develop social impact measurement.

## Activities in 2017

We are aiming for the score of 2.87 from the baseline measurement to show a ten percent improvement to 3.16 in 2018. That is why, in 2017, we initiated engagement with the fourteen garment companies. We collaborated with Triodos Bank and asset manager MN in this respect. They co-signed the letters we sent to the garment companies and participated in the telephone conversations we had with the companies.

## Guide *Garment companies and living wage*

A major tool in this engagement was the guide we published in March 2017 entitled *Garment companies and living wage – A practical implementation tool for companies*. It describes how companies can start introducing a living wage and how they can step up their efforts in this area using a due diligence process. This means that companies:

- 1 draft a living wage policy;

- 2 identify the wage gap;
- 3 determine an approach to living wages;
- 4 report on this.

This step-by-step plan ensues from the United Nations Guiding Principles on Business and Human Rights (UNGPs). We have actively circulated this guide by emailing and calling the companies and by sending each company a letter containing recommendations specifically for that company. Thirteen companies responded.

### Second measurement

We performed a second measurement in September, which revealed slight improvement. As the table shows, most companies – with a few exceptions – still have a long way to go in implementing a living wage. We do see progress in several companies. The average was 3.07 (2016: 2.87).

Using experiences from practice and in consultation with stakeholders, we will continue tightening and improving the living wage measurement method. The third measurement will be performed in 2018. An updated version of the method will then be used, which may mean that interim objectives will be adjusted.

<i>Company</i>	<i>Score 2017 (0-5)</i>	<i>Score 2016 (0-5)</i>
H&M	4.00	4.00
Puma	4.00	3.86
Adidas	3.71	3.50
Gildan	3.58	3.25
M&S	3.57	3.40
Inditex	3.43	3.42
Esprit	3.43	3.28
Asos	3.14	3.10
KappAhl	3.00	2.86
Nike	2.86	2.60
Gap	2.57	2.43
Amer Sports	2.29	1.10
ASICS	2.25	2.30
Lojas Renner	1.14	1.14

### Collaboration with Mazars

At the end of 2017, we started collaborating with Mazars for our long-term goal 'living wage'. This international accounting firm has expertise in this area, as it initially – supported by the United Nations working group on Business and Human Rights – drew up frameworks to safeguard the quality of corporate human rights reporting.

Assisted by Mazars, we will judge the garment companies more critically in 2018. To this end, we are improving the method we use to measure living wages at garment companies. Mazars assesses to what extent the measurement is in line with the UN labour and human rights principles, and Mazars specialists will provide an independent guarantee for the measurement. This serves as guidance for our discussions with garment companies about ways to introduce improvements.

# Promoting human rights

To encourage sustainable development we take part in debates, platforms and other initiatives. We also involve as many relevant parties as possible in our long-term goals to increase our influence.

## Living wage

In the context of living wage, we talked with ACT (Action, Collaboration, Transformation), ETI (Ethical Trading Initiative), Better Buying and Solidaridad in 2017.

### Living Wage Lab

On 22 June we gave presentations at the Living Wage Lab, organised by Hivos and Fair Food. We presented our living wage strategy and outlined the due diligence process for the garment industry described in the *Garment companies and living wage* guide.

### Living Wage Week

From 6 to 12 February 2017 we organised Living Wage Week, mainly through social media, to highlight the importance of living wages in the garment industry. Together with our partnering NGOs, including Solidaridad, we explained what a living wage is and uncovered the myths and facts about wages in the garment industry. Our community Voor de Wereld van Morgen ('For the World of Tomorrow') gave practical tips about buying fair clothes. In the context of this week, the ASN Foundation donated money to the Woman Power Fashion project of the Clean Clothes Campaign. This project helps women in the garment industry to stand up for a living wage. Sustainability magazine P+ published a special edition, to which we contributed with *ASN Bank's guide to a living wage in the textile industry*.

## Consultations and exerting influence

We actively took part in human rights consultations and were committed to this issue in a broad sense.

### IMVO-Bankenconvenant (IRBC Dutch Banking Sector Agreement)

We participated in the IRBC Dutch Banking Sector Agreement on de Volksbank's behalf. Companies operating abroad run the risk of damaging the environment and violating human rights there. At the same time, the international role of the Netherlands offers opportunities to strengthen sustainable developments throughout the world. For that reason, the government – and the Social and Economic Council of the Netherlands (SER) in particular – endeavours to promote international responsible business conduct (IRBC). The SER states that banks have a duty of care to identify the main human rights risks in their activities.

This means that we must recognise the salient risks and determine an approach to reduce and mitigate them. To make this possible, we ask companies to safeguard the duty of care. ASN Bank carries out this activity for the entire Volksbank, approaching companies financed by de Volksbank and ASN Bank as well as the companies in which ASN Beleggingsfondsen N.V. invests.

Under the Banking Sector Agreement, we tightened our human rights policy on several points in 2017. The main adjustment pertained to access to remedy for potential human rights violations, which now enables potential victims of human rights violations to voice their complaints through the complaints procedure on de Volksbank's website.

### HUMAN Round Table

We were present at the HUMAN Round Table that the Dutch Association of Investors for Sustainable Development (VBDO) organised in October 2017. The subject of the meeting was human rights reporting by companies.

### Forum on Business and Human Rights

In November 2017 we attended the UN's annual Forum on Business and Human Rights in Geneva. Together with MN and Triodos Bank, we presented our work on living wages. The theme of the conference was 'remedy': remediation opportunities for victims of human rights violations. In 2018, we will develop this topic in more detail together with the Dutch Banking Association (NVB) with the aim of facilitating access to remedy for victims.

### Support for Child Labour Duty of Care legislative bill

Along with 21 other companies, we supported the Child Labour Duty of Care legislative bill, a private member's bill of Member of Parliament Attje Kuiken of the PvdA labour party. She proposed to introduce a duty of care at Dutch companies to prevent them from supplying goods and services created using child labour. The 22 companies seconded the bill in a letter to the Senate and the House of Representatives.

Tony's Chocolonely, the initiator of the letter, drew attention to this position through advertisements published in early December 2017. These advertisements featured several companies that had signed the letter, including ASN Bank and co-signatory Rabobank in one advertisement.

The House of Representatives passed the bill. The Senate deferred a decision until 2018.

# Human rights: engaging the pharmaceutical industry

Pharmaceutical companies manufacture medicines, which makes them indispensable to human health and welfare. It follows that the pharmaceutical industry is part of a sustainable society. However, in practice we regularly see ethical misconduct in the industry. The sustainable, responsible policy that many pharmaceutical companies have in place does not always lead to responsible practices.

On behalf of ASN Beleggingsfondsen N.V., we have been engaged in intensive dialogue with pharmaceutical companies in the investment universe of ASN Duurzaam Aandelenfonds since 2015 to tackle the misconduct. In 2015 these were AstraZeneca and GlaxoSmithKline; we added Novartis and Novo Nordisk in 2016.

## Contact in 2017

In 2017, we again attended the shareholders' meetings of the four pharmaceutical companies and raised the same subjects as in 2016: their payments to healthcare professionals, the remuneration of their sales staff and transparency in that regard. All four pharmaceutical companies received their scorecards for 2016. We also discussed a specific topic, such as product safety, reporting of misconduct, external audits and the marketing budget, with each company. Robeco joined some of the discussions as an investor.

## Engagement with other pharmaceutical companies

In 2017 we also engaged in dialogue with six other pharmaceutical companies in the investment universe, but less intensively. These were: Astellas Pharma, Bristol-Myers Squibb, BTG, Indivior, Merck and Orion. We sent these companies their scorecards for 2016 by email, along with questions about their payments to healthcare professionals and the remuneration of their sales staff. Orion was the only company to respond to its scorecard and to send additional information, but this has not resulted in a higher score.

## Follow-up on pharma engagement

At the end of 2017, we prepared new scorecards for all ten pharmaceutical companies. We sent these scorecards to the companies in early 2018, again accompanied by questions about their payments to healthcare professionals and the remuneration of their sales staff. In 2018, too, we will attend the annual general meetings of AstraZeneca, GlaxoSmithKline, Novartis and Novo Nordisk to raise our critical questions again and talk with them if possible.

Subsequently, we will evaluate the trajectory. We want to gain insight into any changes at the companies. This will result in a decision about the status of the pharmaceutical companies, with three options:

- 1 We believe that the company has made sufficient progress and end the engagement.
- 2 The progress is insufficient; we end the engagement and remove the company from the ASN Investment Universe.
- 3 The progress is insufficient and we continue the engagement.



# Climate change: carbon neutrality

The emission of greenhouse gases, mainly CO<sub>2</sub> (carbon dioxide), is causing today's rapid global warming. This climate change adversely affects nature and people's well-being. It is vital that the world reach a turning point in its emissions by 2030 at the latest if we are to slow down global warming. After that, as soon as possible – but definitely no later than around 2050 – a net carbon neutral situation must have been created, meaning that no additional CO<sub>2</sub> is released into the atmosphere. That was the conclusion of *The Emissions Gap Report 2015* by the United Nations Environment Programme (UNEP).

## Long-term goal: carbon neutrality by 2030

Financial institutions can promote a net carbon neutral situation by influencing the carbon footprints of companies and projects they invest in. They exert this influence through their investment decisions and by starting discussions with companies about their carbon emissions. We have laid down this responsibility in our long-term climate change goal:

***All of ASN Bank's loans and investments are to achieve full net climate neutrality by 2030.***

### From climate neutral to climate positive

The urgency of remaining within safe limits of climate change is as great as ever. That is why we decided in early 2018 to adjust our objective from climate neutral to climate positive.

This means that the total of all of ASN Bank's loans and investments will have a positive impact on the climate by 2030. In other words, through our loans and investments we avoid more carbon emissions than we produce. We calculate the emissions or avoided emissions for all loans and investments in the bank balance sheet and place these figures in the carbon profit and loss account. In doing so, we convert the emission of the various greenhouse gases into CO<sub>2</sub> equivalents based on international standards. If the carbon profit (the emissions avoided) exceeds the carbon loss (the emissions), we have a climate positive balance sheet.

We want to take the lead once again and send a message by setting this more stringent climate change goal.

### Scope of the long-term goal

ASN Bank is still the only bank in the world with a climate change objective that applies to its entire balance sheet. That is why we serve as an important example; we use our climate change goal to encourage other, larger financial institutions to follow in our footsteps. Our parent company, de Volksbank, was the first to adopt our climate neutrality objective in 2016.

When we drafted the objective, the management of the ASN Investment Funds was part of ASN Bank. In organisational terms, the management has since been transferred to de Volksbank (under the direction of the ASN Bank Management Board). That is why we calculate the carbon emissions of ASN Bank and ASN Beleggingsfondsen separately but consider both figures to determine to what extent we have achieved the objective.

### Climate change strategy

The following choices result in lower carbon emissions of ASN Bank's banking activities:

- As regards the energy sector: we only finance energy generation from renewable energy sources, such as wind and solar energy.
- We finance energy-saving measures, low-energy buildings and energy efficiency.
- We do not want to invest in the extraction, production and refining of fossil materials and their use by companies to generate electricity.
- We prefer to invest in companies that save energy.

## Development of the climate change objective

### Achieved portion of the climate change objective in %

Profit and loss in kilotonnes of CO <sub>2</sub> equivalents		ASN Bank	Other assets under management	Total
2016	Profit	293	128	421
	Loss	400	211	611
	<b>Achieved</b>	<b>73.1%*</b>	<b>60.60%</b>	<b>68.80%</b>
2017	Profit	356	173	529
	Loss	373	298	670
	<b>Achieved</b>	<b>95.40%</b>	<b>58.30%</b>	<b>78.90%</b>

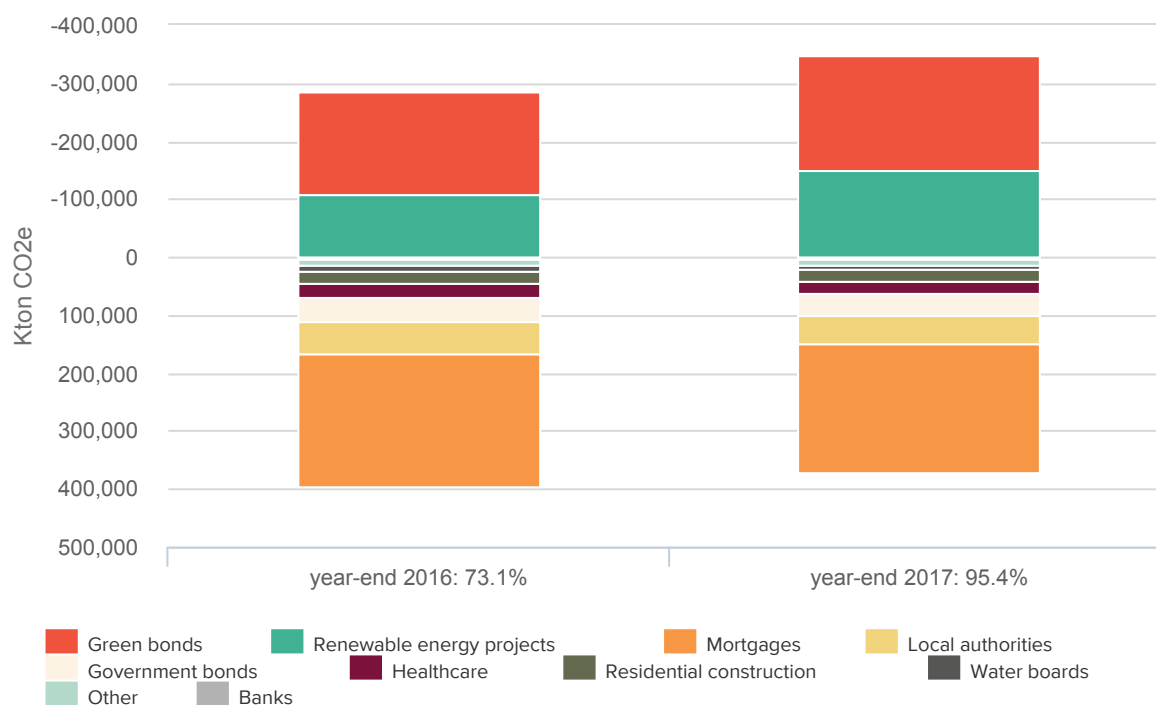
\* ASN Bank's climate neutrality for 2016 has been adjusted from 77.6% to 73.1% as we brought a financed fund in line with our CO<sub>2</sub> method. As a result, ASN Bank's total climate neutrality and other assets under management has been adjusted from 71.7% to 68.8%.

ASN Bank's climate neutrality increased by 22.3 percentage points in 2017, from 73.1% to 95.4% for the balance sheet. We made a carbon profit as we financed considerably more renewable energy projects, avoiding 43 kilotonnes more carbon emissions than at year-end 2016. We also invested more in green bonds, which translated into the avoidance of an additional 16 kilotonnes of carbon emissions.

Carbon emissions were reduced by 27 kilotonnes on the carbon loss side. This was mainly driven by the redemption of some of the private loans, resulting in 12 kilotonnes fewer carbon emissions. Also, carbon emissions of the mortgage portfolio dropped by 9 kilotonnes, and we invested less money in government bonds.

The figures of other assets under management are impacted by the transfer of assets invested by the former SNS funds to the ASN Sustainable Mixed Funds. The assets invested grew significantly as a result, leading us to attribute more emissions to ourselves. The increase was negated to a limited extent as ASN Groenprojectenfonds and Energiefonds Overijssel avoided more emissions than they did in 2016. More information about the carbon emissions of the ASN Investment Funds can be found in the annual report of ASN Beleggingsfondsen N.V.

### Carbon neutrality balance



# Climate change: leading the way

ASN Bank's impact on climate change is limited. That is why a major component of our climate change strategy is to encourage other financial institutions – whose balance sheets are more sizeable than ours – to follow our example. This is how we increase our influence on essential changes.

## Platform Carbon Accounting Financials (PCAF)

Financial institutions can influence the carbon footprints of companies by considering those footprints in their investment decisions and by engaging in dialogue about the carbon footprints of companies that they invest in or that they finance.

That fact underlies the Platform Carbon Accounting Financials (PCAF), which we initiated in 2015. PCAF is one of the first initiatives in which financial institutions work together on reducing carbon emissions. Its members are the banks ABN AMRO, ASN Bank, Triodos Bank and de Volksbank, pension funds PMT and PME, asset managers ACTIAM, Achmea Investment Management, APG, MN and PGGM, and development bank FMO. At the Paris climate change conference, they signed the Dutch Carbon Pledge to commit themselves to joining forces for the climate. Insurer Achmea Investment Management joined PCAF in 2017.

### PCAF final report: a uniform, transparent method

The PCAF members had planned to spend two years on developing a uniform and transparent method that financial institutions could use to set and measure carbon targets. In early December, the final report containing the method – *Paving the way towards a harmonised carbon accounting approach for the financial sector* – was published according to schedule. On 12 December 2017 ASN Bank's Managing Director, Arie Koornneef, presented the report to Marcel Beukeboom, the Dutch climate envoy for the One Planet Summit that French President Macron had organised in Paris.

The report contains methods for measuring the carbon impact of listed shares, project loans, government bonds, mortgages, corporate loans and real estate. The report is public, as the PCAF members seek to encourage other financial institutions to start using these methods.

PCAF's position is that measurement of and reporting on the carbon footprints of loans and investments are means to the ultimate end: reduction of negative carbon impacts in line with the Paris Climate Agreement.

### The future of PCAF

PCAF will continue as a working group of the Sustainable Finance Platform chaired by the Dutch Central Bank (DNB) for at least two years. Its members will share best practices, discuss dilemmas, collaborate to improve the methods and, moreover, internationally promote the method developed.

## Promoting the climate change goal

In 2017, we participated as an advocate in national and international forums, such as the CDP (formerly the Carbon Disclosure Project) and the United Nations Environment Programme Finance Initiative (UNEP FI).

The market for green bonds is booming. Green bonds are a good investment opportunity for ASN Bank, provided that they meet our criteria. That is why we presented our carbon impact measurement method to parties offering green bonds.

We presented our climate change goal to the Dutch Central Bank (DNB), which published a report on climate risks for the Dutch financial sector in October 2017.

ASN Bank chairs the Climate Change Working Group of the Sustainability Platform (Platform Duurzaamheid) of the Dutch Banking Association (NVB). This Working Group works on the annual Banks' Climate Statement, in which twelve banks undertake to be transparent about the consequences that their loans and investments have for the climate.

We wrote several blogs on climate change, such as "What often goes wrong with '100 percent climate neutral'" on the website [duurzaambedrijfsleven.nl](http://duurzaambedrijfsleven.nl). On our own website we wrote "Will Rutte III Government follow ASN Bank?", in which we advocate a climate revolution in the Netherlands.

## Offering customers a perspective for action

Our customers are asking for a perspective for action in the area of climate change. We gladly follow up on their request and did so in the following ways in 2017.

### ZonnepanelenDelen

We drew customers' attention to the option of investing in solar panels through ZonnepanelenDelen ('solar panel sharing'). This initiative raised 500,000 euros in three days, which was sufficient to finance 8,911 additional solar panels in Amsterdam. The panels will be installed on the roof of the Nissan factory at the Port of Amsterdam, turning this roof into the largest solar roof of the Province of Noord-Holland. As it is a collective solar roof, consumers who do not have a roof suitable for solar panels can still benefit from solar energy. ASN Groenprojectenfonds and the sustainability fund of the Municipality of Amsterdam also jointly provided funding for this solar roof. The solar panels are expected to generate 2.7 million kilowatt hours of solar power every year, which roughly equals the consumption of nine hundred households.

### Kies voor Klimaat

In the run-up to the elections for the House of Representatives in March 2017, we participated in Urgenda's campaign *Kies voor Klimaat* ('choose the climate'), in which CEOs of large Dutch companies spoke out for climate action. The campaign aimed to emphasise the urgency of climate change and its consequences with a view to the elections, calling on politicians to place the climate and energy high on the agenda.

### Special offers and tips in Goedgeld

In our Goedgeld ('good money') customer magazine, we regularly devoted attention to the climate and energy efficiency. In the March edition, we focused on slimwoner.nl and on what customers themselves can do to reduce their home's energy consumption. Next to an interview with Urgenda leader Marjan Minnesma in the November edition, we published tips from Urgenda for people seeking to reduce their climate footprint.

At the end of 2017, Natuur & Milieu again organised the Warme Huizendagen ('warm home days') on slimwoner.nl, giving homeowners a discount on insulation and other energy-saving measures. Nearly one thousand ASN customers requested a quotation for sustainability measures for their homes. The campaign was supported by an item in Goedgeld about insulation and energy-saving measures.

# Biodiversity: positive impact

Biodiversity is ‘... the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.’ This is the definition of the Convention on Biological Diversity (CBD). Together with 186 other countries, the Netherlands signed this Convention in Rio de Janeiro in 1992.

## Long-term biodiversity goal

ASN Bank endorses the CBD’s vision: ‘By 2050, biodiversity is valued, conserved, restored and wisely used, maintaining ecosystem services, sustaining a healthy planet and delivering benefits essential for all people.’ We want to accept our responsibility for this, so we – as the first bank in the world – have set a long-term biodiversity goal, which may be briefly summarised as ‘no net loss’. Put differently:

***All loans and investments of ASN Bank and ASN Beleggingsfondsen are to have a positive impact on biodiversity by 2030.***

We want to make a positive contribution to nature and the diversity of species within it. We will do so by reducing our negative impact on biodiversity and increasing our positive impact, with the ultimate goal of contributing to stable, robust ecosystems.

## The importance of biodiversity

Nature supplies many things that are essential to our lives; they are referred to as ecosystem services. Important ecosystem services are clean water, food, a living environment, fuel, building materials, medicines, oxygen, nutrients, water purification, protection against erosion, sun and harmful radiation, pollination of crops and recreation.

The world is suffering a tremendous loss of biodiversity, with two hundred to two thousand species disappearing every year, mainly at the hands of man. The main cause is agriculture, followed at a distance by climate change, deforestation, ecosystem fragmentation, infrastructure, water pollution and acidification of oceans and coral reefs. If a species becomes extinct, this may trigger a chain reaction disrupting the proper functioning of the ecosystem of which the species formed part. The ecosystem will then cease to supply the ecosystem services that are essential to us.

## Circular business operations

Companies that are committed to biodiversity opt for circular business operations, which is also the principle underlying the Sustainable Development Goals (SDGs). A company starting circular operations provides similar products or services, but puts far less pressure on ecosystems. ASN Bank, with 170 people in an office, hardly has an ecological footprint. However, our customers’ savings and investment money is invested in companies, countries and projects that do place pressure on biodiversity. If we are to run a circular business, we must reduce the ecological footprint of our balance sheet.

## Strategy

We aim to have a positive impact on biodiversity with the help of the following strategies:

- We are developing a method to calculate our ecological footprint and monitor progress, and are improving the quality of the data on our ecological footprint. By publishing our endeavours, we assist financial institutions in obtaining more insight into their impact on biodiversity and becoming more aware of this. Moreover, we are nationally and internationally promoting our method and experiences, seeking to inspire other financial institutions to reduce their biodiversity loss.
- We aim to reduce the biodiversity loss for which our loans and investments are responsible. The first step is to identify which loans and investments have the greatest impact, such as a few food and paper companies in which our equity funds invest. To this end, we may, for instance, collaborate with companies that are front-runners in reducing their ecological footprints.
- We are exploring ways in which we can increase biodiversity gains. Examples include investing in nature development (the ASN Forest in the Bentwoud forest), renewable energy and the circular economy, and collaborating with nature organisations and water companies.

### Collaboration is key

We are not doing all this alone: this is such a new activity for a bank that we need expert help. That is why we work together with many different parties, sharing our knowledge while we, in turn, learn from others. There needs to be a joint effort by a great many people and organisations worldwide if we are to protect biodiversity and thus keep the planet habitable for future generations. Achieving that goal may seem impossible at the moment, but it is precisely for this reason that it is crucial that we work together to do so.

### Activities in 2017

The method for calculating biodiversity gains and losses is still under development. The subject matter is far more complex than the climate method. Not only do a clear measurement unit (CO<sub>2</sub> equivalents) and extensive data exist for the latter method, but there is also much wider recognition of the urgency of the climate change problem. As a result, the climate method has a head start over the method for measuring biodiversity.

Being the first bank to formulate a biodiversity objective, we tackle the problem in three ways: we raise awareness of the problem, we stimulate the development of ecological impact databases, and we take the first steps in developing a method for measuring biodiversity impact.

In 2017, we expeditiously worked on the further development of the method in collaboration with PRé Consultants and CREM, a sustainable development agency. This resulted in a new measurement of our ecological footprint based on a further improved method.

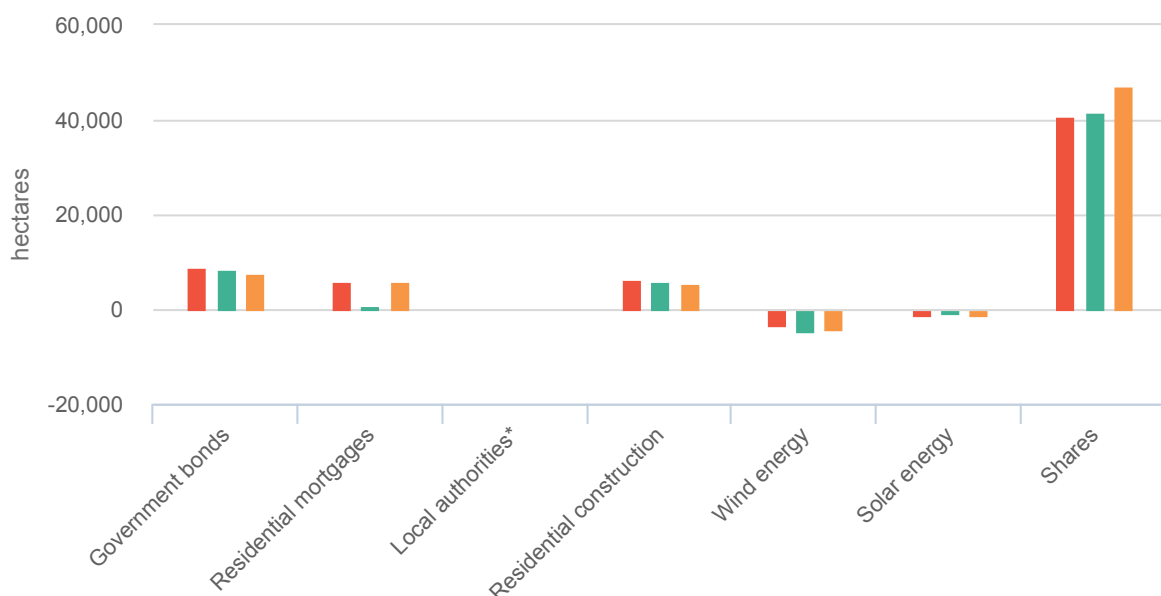
### Progress

New calculations were made for the years 2014, 2015 and 2016 to calculate the biodiversity impact for each asset class. This impact is expressed as the number of hectares where all biodiversity has disappeared (negative impact) or has fully recovered (positive impact). Wind farm and solar energy investments have a positive impact on biodiversity, whereas all other asset classes still have a negative impact.

In the next few years we will be working towards our 'positive biodiversity impact' goal in two ways: we will reduce the negative impact as far as possible and increase the positive impact as far as possible. We may increase our positive impact, for example, by funding forests, nature restoration and renewable energy, as well as by circular activities that reduce the use of raw materials and land.

The graph shows the measurements of the various asset classes for the past few years. In 2018, we will review the method we used for this and will examine how we can improve it.

### Biodiversity impact in ha



\* These values are so small that they are not visible in the graph.

■ 2014   ■ 2015   ■ 2016



The measurement allowed us to draw two main conclusions:

- The ecological footprint of the ASN funds' equity investments exceeds that of other types of investment and funding. A factor playing a role was that a relatively large amount of money flowed into the funds in early 2017 as the self-managed funds of the other de Volksbank brands were converted into ASN Sustainable Mixed Funds. This had a negative impact on our ecological footprint.
- The project loans for renewable energy and the climate bonds in the bank balance sheet are also conducive to biodiversity. Nature surrounding wind turbines – including offshore – and solar farms is left in peace, which promotes biodiversity.

### The future

Although we are labouring in an international context to bring about such matters as a measurement unit for the biodiversity impact, much uncertainty remains. We cannot say how we will achieve the long-term goal either, but we are determined to achieve it.

# Biodiversity: promoting the goal

The process of reaching our long-term biodiversity goal has proven to be just as important as the formulation and working out of the goal itself. It is a process of collaboration, discussion and inspiration. Examples are our efforts to obtain good information about our ecological footprint; we share our insight on this point with fellow banks, thereby enhancing their insight into their own footprints. We also try to convince them of the need for change and the options they have in this regard.

## Platform Biodiversity Accounting Financials (PBAF)

In early 2017, we teamed up with ACTIAM to launch the Platform Biodiversity Accounting Financials (PBAF). PBAF has two goals: the first is to gain an understanding of the biodiversity loss for which financial institutions are responsible, and the second is to identify methods for biodiversity measurement. Experts and front-runners from the financial sector work together on this. The participating financial institutions determine the agenda, with substantive support being provided by the experts. Two sessions with the participants have now been held. PBAF will be continued in 2018.

## EU Community of Practice

In 2015 and 2016, twelve financial institutions worked together in the Community of Practice Financial Institutions and Natural Capital (CoP FiNC). ASN Bank was one of the founders of this Community. Participants shared their experiences and insights regarding the role of biodiversity in their investment and finance policies. Following the successful completion of this CoP FiNC, the CoP FiNC was launched at European level in 2017.

The European CoP FiNC's goals include: attempting to arrive at a definition of biodiversity loss, sharing experiences and methods, and helping one another to set biodiversity goals. Participants are financial institutions throughout the European Union and biodiversity consultants. Parties that market innovative financial climate and biodiversity products have also joined the Community. They may be investment funds, as well as parties enabling banks to invest in nature. To that end, they develop ways to make money from nature, for example by restoring nature reserves, through ecotourism and by selling FSC-certified timber.

The questions raised in 2017 included the following:

- What is the definition of biodiversity loss?
- In what unit is that loss expressed? Possible units are species richness or the number of species that have disappeared per square metre.
- How do you measure the unit selected? Many biodiversity studies have been conducted and a large amount of data exists, but financial institutions cannot use them as a basis for their management.
- How can financial institutions offset the biodiversity loss? In other words, how can they ensure that the biodiversity increases in new and existing projects they finance? Examples are bat and bird nest boxes in homes and the use of responsible materials such as FSC-certified timber.

Answers to these questions are being prepared in the EU Business @ Biodiversity Platform.

## EU Business @ Biodiversity Platform

We actively took part in the Community of Practice of the EU Business @ Biodiversity Platform, which has approximately fifteen members. The participants of this platform discuss the connection between commercial activities and biodiversity at the level of the European Union. It was set up by the European Commission.

## Biodiversity Week

From 12 to 18 June 2017, we organised Biodiversity Week. In this week, our communications – on social media in particular – focused on the importance of biodiversity in order to increase awareness of our long-term goal.

We also announced our collaboration with Natuur & Milieu and Stichting De Noordzee in this week. Together, we aim to give marine life in North Sea wind farms a firm boost. Trawling is forbidden within offshore wind farms, which creates a protected area. Artificial reefs are placed in this area, offering shelter to fish such as cod and sea bass, and providing a substrate for shellfish, anemones and cold-water corals. Natuur & Milieu and Stichting De Noordzee will study the development of marine life in the protected area. The results will enable them to issue recommendations for nature development in other wind farms.

# Acting as a lever for sustainable progress

In ASN Bank's sustainability strategy, its role as a 'driving force' is important. We aim to encourage sustainable progress by publicly working towards our sustainability goals in collaboration with other parties. In doing so, we allow ourselves to be vulnerable and we take risks. We report not only our successes, but also issues that we struggle with, such as the method for measuring our ecological footprint. Of course, our sustainability policy must result in an increasingly sustainable balance sheet, but our goal reaches beyond merely stating sustainable loans and investments in our balance sheet – key is the process that we follow to make this balance sheet more sustainable.

## Principles underlying the leverage strategy

By putting the process of enhancing sustainability first, we use ourselves as a lever to initiate a larger movement in the financial world. In this way, we seek to encourage and inspire other parties, and other financial institutions in particular.

This leverage strategy is based on the following principles:

- We work bottom-up, starting from concrete questions in the form of long-term goals.
- To the extent possible, we involve other financial institutions and external stakeholders in the development and elaboration of the methods for achieving our long-term goals. We do so to challenge and encourage them to do the same.
- We collaborate with external experts to ensure the independence of the methods.
- We make our methods, measurements and the results available to everyone (open source).

## Memberships and declarations

Set out below is an overview of memberships and expressions of support as well as declarations signed by ASN Bank, stating the year of signing. The partnerships relating to long-term goals for human rights, climate change and biodiversity are stated on the page concerned.

### CoP FiNC (2014)

An ASN Bank initiative, the Community of Practice Financial Institutions and Natural Capital (CoP FiNC) brings together financial institutions to share their hands-on experience and discuss how the financial sector may contribute to maintaining and improving biodiversity.

### Dutch Green Building Council (2015)

ASN Bank is a member of the Dutch Green Building Council (DGBC), an independent not-for-profit network organisation committed to making the urban environment more sustainable. With its efforts, DGBC aims to play a major role in the transition to a circular economy that allows for enjoyable and healthy living and working. In 2016 Jort Bakker, Head of Sustainable Loans at ASN Bank, joined the Board of DGBC.

### Global Compact (2007)

The Global Compact is an initiative of the United Nations that encourages companies to include and abide by ten principles in the areas of human rights, employment, the environment and corruption.

As Arie Koornneef, our Managing Director, puts it: 'In 2007 ASN Bank signed the Global Compact to express its long-standing and continuous commitment to the ten goals of this international UN initiative. That commitment continues with full intensity. This report shows how we implemented it in 2017.'

### IRBC Dutch Banking Sector Agreement (2016)

Banks in the Netherlands asked the Dutch Banking Association to create an IRBC agreement for the banking sector (IRBC stands for International Responsible Business Conduct). We support this wholeheartedly. After all, it is the financial sector in particular that – through its loans and investments – exercises a major influence on the sustainability of society, both nationally and internationally. We signed the Agreement on 28 October 2016, along with the Dutch Banking Association, other financial institutions, the government, trade unions and non-governmental organisations.

### IRBC Agreement on Sustainable Garments and Textiles (2016)

On 6 October 2016, ASN Bank was the first bank to sign a statement of support for the Agreement on Sustainable Garments and Textiles. The Agreement signifies a joining of forces by parties in the garment industry, working together to improve the sustainability of the international garment and textile production chain.

### Nederlandse Vereniging van Duurzame Energie (2015)

ASN Bank has a seat on the members' council of Nederlandse Vereniging van Duurzame Energie (Dutch Society for Sustainable Energy). This initiative furthers the use of renewable energy and promotes the interests of many companies operating in the renewable energy sector.

### NVB Sustainability Platform (2014)

We are affiliated with the Sustainability Platform (Platform Duurzaamheid) of the Dutch Banking Association (NVB). The ten member banks are, among other, to create solutions to the issue of climate change and to protect human rights in international commercial chains.

### Platform Biodiversity Accounting Financials (2017)

In early 2017, we teamed up with ACTIAM to launch the Platform Biodiversity Accounting Financials (PBAF). PBAF has two goals: the first is to gain an understanding of the biodiversity loss for which financial institutions are responsible, and the second is to identify methods for biodiversity measurement. Experts and front-runners from the financial sector work together on this. The participating financial institutions determine the agenda, with substantive support being provided by the experts. Two sessions with the participants have now been held. PBAF will be continued in 2018.

### Platform Carbon Accounting Financials (PCAF) (2015)

The twelve Dutch financial institutions joined together in the Platform Carbon Accounting Financials (PCAF) drafted the Dutch Carbon Pledge in the run-up to the climate change conference in Paris. In this document, they called on negotiators to pay due regard to the role that investors and financial institutions can play in the achievement of climate change objectives.

ASN Bank is the initiator and chair of this platform. PCAF members aim to develop a joint method for measuring the climate impact of their loans and investments. The final report was published in 2017. Piet Sprengers of ASN Bank, PCAF Chairman: 'After two years of hard work, we have now achieved a fine result thanks to the unique collaboration of twelve financials. We now need to build on this result and truly start using the method. That is why we will continue PCAF for two more years, so that we will keep encouraging and inspiring one another. In the end, what matters is that we use our influence as a financier and investor to help curb the rise in temperatures, ensuring that it will remain within safe margins.'

### Platform Energy Efficient Financials (2016)

On 13 April 2017, the PEEF platform was officially launched during the Green BuildInvest Initiative at Building Holland in RAI Amsterdam. After CSR Netherlands (MVO Nederland) and ASN Bank had taken the lead during Springtij Forum in 2016, the platform was transferred to Invest-NL (Nederlands Investerings Agentschap; NIA). PEEF members work together on concepts that will enable the transition to heating without natural gas. As this will require a district-focused approach, during the 2017 Springtij Forum de Volksbank actively contributed to a session with PEEF members to facilitate this district-focused approach towards making homes more sustainable.

### Other memberships and declarations

- Cancun Business and Biodiversity Pledge (2016)
- Carbon Disclosure Project 2007
- De Groene Zaak (2012)  
De Groene Zaak merged with MVO Nederland on 1 January 2018.
- United Nations Environment Programme – Finance Initiative (UNEP FI)
- Equator Principles (2010)
- IRBC working group of the Dutch Banking Association

- Klimaatcoalitie (2015)
- Montréal Pledge (2015)
- MVO Nederland (2012)
- Natural Capital Finance Alliance (2012)
- Paris Pledge (2015)
- SDGI Agenda (2016)
- Statement by Financial Institutions on Energy Efficiency (2015)
- EU Statement on Conflict Minerals (2015)
- Support for Child Labour Duty of Care legislative bill (2017)

# Sustainable impact of savings

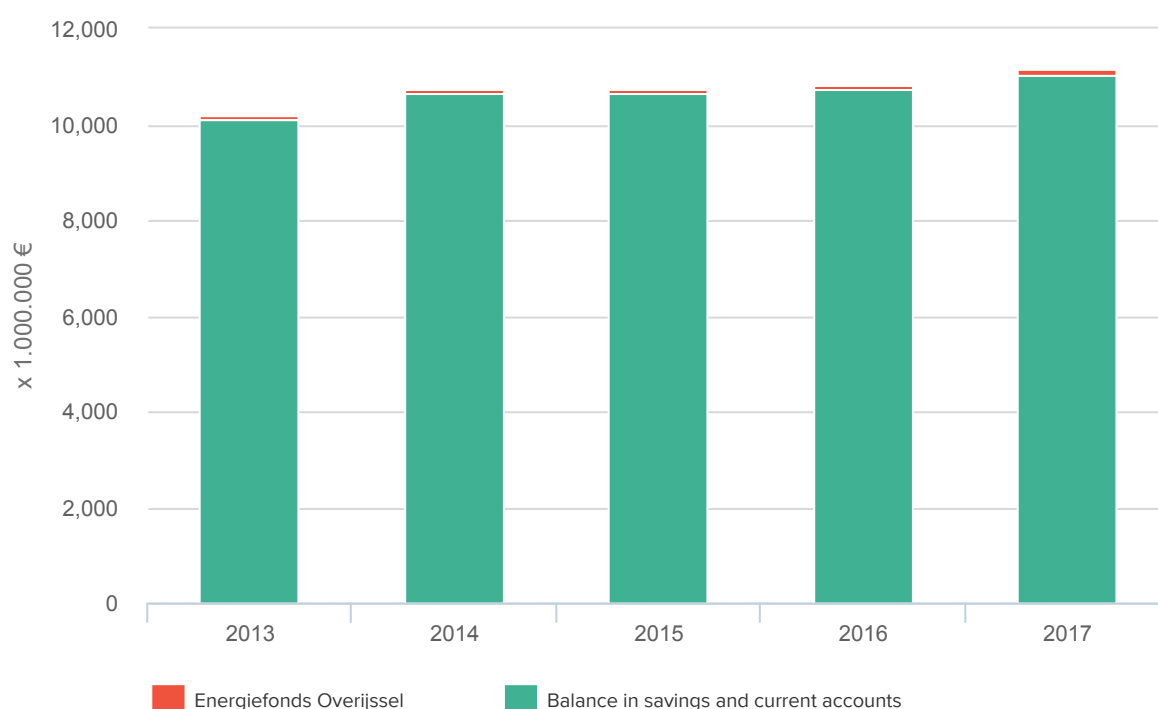
The money that customers entrust to us is invested such that it contributes to sustainable progress. We finance matters that fit in a liveable world, now and in the future. We do invest in such matters as renewable energy, housing, healthcare and companies and countries that respect people and planet, but we do not invest in the arms industry, child labour, nuclear energy, coal, oil or gas.

Based on our sustainability criteria and financial criteria, we select categories including bonds and private loans to authorities (countries, provinces and municipalities), home loans, water boards, healthcare institutions, housing corporations, education, culture and leisure, and renewable energy. This diversification creates a good balance between the various sectors with a view to responsible risk spreading.

## Development of assets under management

Total assets under management at ASN Bank grew by 334 million euros.

### Assets under management



## Loans and investments

ASN Bank's loans and investments can be divided into the following two categories:

- Loans and advances to customers, which covers business loans and private loans. It also comprises the item *financial institutions*, which includes a private loan extended to Woonhuishypotheek B.V. to fund residential mortgages.
- Investments, which covers investments in primarily government bonds and in green and social bonds.

Loans and investments decreased by 411 million euros, from 11,029 million euros to 10,618 million euros.

### Loans and investments

(in millions of euros)	12/31/2017	12/31/2016
Loans and advances to customers	6,153	6,173
Investments	4,473	4,856
<b>Total loans and investments</b>	<b>10,626</b>	<b>11,029</b>



### Loans and advances to customers

<i>Breakdown by funded activity (in millions of euros)</i>	2017	2016
Home loans	4,504	4,529
Local authorities	273	344
Renewable energy	411	293
Health and welfare services	266	279
Residential construction	397	411
Water extraction and management	223	259
Development assistance	42	24
Nature and agriculture	23	3
Education, culture and leisure	4	5
Other	10	26
<b>Total loans and advances to customers</b>	<b>6,153</b>	<b>6,173</b>

Business loans consist primarily of project loans of at least 1 million euros. In our business lending activities, we focus on the following industries:

- renewable energy (wind energy, solar energy, decentralised energy supplies);
- housing, including social housing;
- social property;
- care and welfare.

ASN Bank provides business loans to sustainability projects without a green certificate. In 2017, we disbursed loans totalling 277 million euros. In all, investments in business loans increased by 174 million euros to 550 million euros. In addition, we agreed to arrange loans of over 33 million euros.

By means of private loans, we finance companies and institutions in categories including water management, housing corporations and local authorities. A total sum of 161 million euros was repaid on the private loan portfolio. We did not provide any new private loans.

### Investments

<i>Breakdown by counterparty (in millions of euros)</i>	2017	2016
Government bonds	2,797	3,202
Home loans	447	503
Local authorities	413	293
Renewable energy	476	460
Rail transport	195	203
Development assistance	11	9
Other	134	186
<b>Total investments</b>	<b>4,473</b>	<b>4,856</b>

We invest in types of financing that keep financial risks controllable and that are in line with our sustainability policy, for example in bonds issued by governments that meet our sustainability criteria and in green and social bonds. In 2017, we added more than 100 million euros in bonds.

### Equator Principles

The *Equator Principles* for large project loans require the loans to meet the social and environmental criteria set by the International Finance Corporation (IFC). ASN Bank has adopted the Equator Principles, which reaffirms its policy to provide loans only to projects that are developed in a socially responsible manner and are in line with the requirements for sound sustainability policies.

In addition to our own sustainability criteria, we apply the Equator Principles to all the projects we finance whose total value exceeds 10 million US dollars (we apply the converted amount of 8 million euros as a limit). The Equator Principles distinguish three project categories, ranging from a potential significant adverse impact on the environment and human rights (category A) to a low impact (C). In 2017, we did not provide any loans subject to the Equator Principles.

# Main loan and investment categories

We can influence sustainable development through our funding, private loans and investments in our balance sheet. How did we do this in 2017?

## Government bonds

The Dutch Central Bank and the European Central Bank require de Volksbank to maintain part of its assets in readily marketable investments such as government bonds, which are loans extended to countries' governments. Governments provide basic facilities such as housing, education and healthcare and rules to protect nature, for example – matters that are important now and in the sustainable world of tomorrow. We only invest in the government bonds of countries that meet our sustainability criteria.

The government bond portfolio declined by 405 million euros. This is the result of purchases and sales of government bonds as well as revaluations. As at 31 December, we held government bonds from eight countries: Germany, the Netherlands, Belgium, France, Austria, Ireland, Sweden and Luxembourg.

## Home loans

Private residential mortgages are our largest loan and investment category. We finance mortgages of our affiliated brands of de Volksbank N.V.: RegioBank, SNS and BLG Wonen. These mortgages meet our sustainability criteria. By providing this financing, we ensure that people can buy a home of their own – as with financing in the social housing sector. What is more, financing mortgages is in line with our policy to invest our customers' savings in a responsible manner – which also means: carrying minimal risks.

### Working on climate impact

Energy consumption of homes is a major source of CO<sub>2</sub> emissions in the Netherlands. Within the framework of our long-term climate change goal, we aim to reduce our mortgage portfolio's climate impact. De Volksbank seeks to achieve climate neutrality in all its loans and investments. That is why it wants to make the mortgage portfolio more sustainable, for example by adding such sustainability measures to the homes for which the mortgages were provided that they move from the low energy labels E, F and G to label A or B. De Volksbank is working on this by informing customers and encouraging them to take energy-saving measures. It deploys, for instance, the following means to this end:

- Direct special offers for customers, such as an offer to buy, lease or share solar panels and a discount on insulation through [slimwoner.nl](http://slimwoner.nl) during the Warme Huizendagen ('warm home days').
- The brands of de Volksbank providing mortgages inform customers about energy-efficient living through various channels.
- De Volksbank ensures that energy-efficient living is incorporated in the advice given to customers, for example by training advisers and including sustainability improvement in mortgage software and the advisory report.
- Products and services are being developed for customers to promote energy-efficient living.

De Volksbank collaborates with partnering NGOs in this.

### Slimwoner.nl

Within this context de Volksbank and its brands ASN Bank, BLG Wonen, RegioBank and SNS are the main partners of [slimwoner.nl](http://slimwoner.nl), the website launched by Natuur & Milieu in 2015. Slimwoner.nl offers homeowners well-founded, independent advice on saving energy in and around the house. The website alleviates the administrative burden, offering them the option of having insulation work carried out by reliable, certified parties. Group buying allows [slimwoner.nl](http://slimwoner.nl) to offer fair prices, which makes it easy for homeowners to make their homes sustainable.

### Campaign: Give your home a warm coat

In the spring, we supported the publicity campaign Geef je huis een warme jas ('give your home a warm coat'), launched by our partnering NGO Natuur & Milieu. The aim of this campaign was to urge homeowners to take insulation measures by drawing their attention to the [slimwoner.nl](http://slimwoner.nl) website. De Volksbank also supported this campaign, seeking to help its mortgage customers and other customers to make their homes more energy efficient and thus reduce their carbon emissions. This contributes to achieving the climate change objective.

## Local authorities

Local and regional authorities, such as municipalities and provinces, play an important role in a society's functioning. If we have approved a country's government bonds based on our sustainability criteria for government bonds, the local authorities have also automatically been approved. In this category, we provide loans to Dutch municipalities and provinces.

## Renewable energy

The funding of renewable energy projects substantially adds to ASN Bank's objective of having a net climate positive balance sheet by 2030. Market conditions for renewable energy project loans were still challenging in 2017, which was caused by several factors:

- There were only a few (new) projects applying for a loan without a 'green certificate' in the Netherlands. Most renewable energy loans in the Netherlands benefit from the subsidy (SDE+) and tax policies (Green Certificate). As a result, renewable energy projects mostly qualify for funding by green banks rather than regular banks.
- Interest rates remained extremely low across the globe. Various large projects in the portfolio (mostly outside the Netherlands) needed to have their loans refinanced. Thanks to low interest rates and good results in the past, project owners could stipulate much lower rates. At the same time, the amounts of the loans rose as project owners took out a single loan to cover several solar or wind farms.
- Competition was fierce: many banks are interested in financing sustainability projects that are also financially feasible, and more and more insurers and pension funds are entering this market. Parties from Asia and the United States also joined recently. The solar and wind market is developing into a raw materials market.
- The increase in the number of large parties active in the international market for renewable energy projects has consequences for the amounts of the loans ('ticket size'). Projects are divided into a smaller number of loans with a higher amount per loan. Large or larger banks often have the advantage on this point. The minimum ticket size of projects may be too high for ASN Bank.

In 2018, too, we will continue to seek early cooperation with developers of renewable energy projects. We want to retain our leading role in the shaping of the energy transition, which – thankfully – is now widely supported.

## Renewable energy – wind energy

These were the largest refinancings in the area of wind energy in 2017:

### Belwind

Belwind was the first offshore wind project *and* the first foreign project in ASN Bank's balance sheet. We have participated in the syndicate of banks that co-financed the construction of Belwind since July 2009. At the time, we provided 35 million euros, out of a total of more than 600 million euros. In the first refinancing, at the end of 2015, we provided 50 million euros. The project needed to be refinanced again at the end of 2017. This time we participated with a loan of 60 million euros, resulting in a saving of 30,568 tonnes of CO<sub>2</sub>.

### Northwind

Wind farm Northwind is situated off the Belgian coast, next to Belwind. With an availability of over 97 percent – i.e. the wind farm sits idle for only 3 percent of the time due to malfunctions and maintenance – the wind farm is doing extremely well. Previously, we financed the farm with 27 million euros. In 2017 we were able to refinance Northwind with 44.5 million euros, resulting in a saving of 32,647 tonnes of CO<sub>2</sub>.

## Renewable energy – solar energy

These were the largest new loans and refinancings in the area of solar energy in 2017:

### Sonnedit

In 2017, one of the world's largest independent solar energy producers, Sonnedix, acquired nine existing solar farms in France. This dovetails with the trend of professionalisation and consolidation in the wind and solar energy market. Whereas a loan used to be contracted for every farm separately, energy producers are now increasingly demanding financing for several parks per loan. Previously, we financed one Sonnedix farm, namely Centrale Photovoltaïque de Toul-Rosières. We now refinanced the nine Sonnedix farms with more than 48 million euros. The farms are already operational and show fine production figures. Together, they reduce CO<sub>2</sub> emissions by 14,848 tonnes.

## Fieva

Solar farm Fieva consists of forty solar farms on roofs in Flanders, boasting a total installed capacity of 12.8 megawatt peaks (MWp). The farms are operational, perform well and annually save 1.4 tonnes of CO<sub>2</sub>. We financed Fieva with more than 15 million euros.

## Green bonds and climate bonds

Green bonds and climate bonds allow us to invest in fixed-income securities in the fields of renewable energy, energy reduction and biodiversity. This fairly new category is a welcome addition to the bank's balance sheet. These bonds contribute considerably to achieving our climate change objective of being fully carbon neutral by 2030. Furthermore, they improve risk diversification in the bank balance sheet and fit in well with our sustainability policy. The following green bonds and climate bonds were newly added to the portfolio in 2017:

### NRW Bank Green Bond

We participated in climate bonds of NRW Bank, the development bank of the German state of North Rhine-Westphalia, for more than 29 million euros. Through these bonds, we invest in forestry, environmental protection and technological innovation, as well as in social, cultural and scientific initiatives. Not only does NRW Bank use renewable energy for its own activities, it also promotes the use of this energy by customers.

### Nordic Investment Bank Environmental Bond

We participated in climate bonds of the Nordic Investment Bank (NIB) for more than 14 million euros. This bank finances projects improving the environment of the Scandinavian and Baltic countries. NIB provides customers in the private and public sectors with long-term loans and guarantees for investment projects that are in line with its mission. The climate bonds are used to finance projects in the areas of clean transport, climate change adaptation, energy efficiency and renewable energy.

### KfW Green Bond

We participated in green bonds of Kreditanstalt für Wiederaufbau (KfW) for more than 22 million euros. The proceeds from the bonds are used exclusively to finance projects in the context of the KfW Renewable Energies Programme – Standard. This loan programme supports the generation of electricity from wind, water, photovoltaic cells, biomass and other renewable sources of energy. Oekom research, a leading rating agency in the area of corporate social responsibility, assigned the climate bonds the highest rating.

## Renewable energy – energy efficiency

Switching to renewable energy is not enough to counteract climate change; it is also vital that the amount of energy consumed globally is reduced. That is why we finance funds that focus predominantly on energy efficiency.

### Green for Growth Fund

We purchased bonds of the Green for Growth Fund I for 25 million US dollars (more than 21 million euros). This fund is a public-private partnership investing in energy conservation and renewable energy and, as a result, in the reduction of carbon emissions. It aims to bring about a system change in energy consumption in countries in Eastern Europe and Central Asia (EECA) and the Middle East and North Africa (MENA), seeking a reduction in carbon emissions of at least 20 percent.

The Green for Growth Fund uses thirty percent of the fund assets to directly finance renewable energy projects, such as wind and solar farms, geothermal energy, biogas and small-scale hydropower projects. In addition, the fund provides at least seventy percent of the fund assets to small- and medium-sized enterprises and private individuals in the form of loans through financial institutions. These loans are earmarked for the installation of energy-saving measures, such as the installation of LED lighting and insulation in the homes of private individuals and the purchase of sustainable production lines at SMEs. Finally, the fund supports a network of local experts who are increasing awareness of energy conservation in this region.

### Nationaal Energiebespaarfonds

ASN Bank has committed itself to funding Nationaal Energiebespaarfonds since 2014. This fund provides Energy Saving Loans (*Energiebespaarleningen*) to enable homeowners and homeowners' associations to finance energy-saving measures inside and outside their homes. The national government, Rabobank and ASN Bank have filled the fund, making a total of 300 million euros available. In August, the fund reached the mark of 100 million euros in outstanding loans.

## Health and welfare services

ASN Bank has been providing private loans to the healthcare sector for many years. Our provision of services to this sector fits in well with our human rights sustainability pillar.

## Residential construction

We provide funding and private loans to housing corporations. These corporations have a social objective: they provide good, affordable housing, specifically for low-income households. They increasingly add environmental goals to this social objective, which makes them eligible for financing by ASN Bank. Each housing corporation has been individually assessed against our sustainability criteria.

## Water extraction and management

In the Netherlands, water management is very important indeed. It has always been the responsibility of water boards, which play a key role in the development of our living environment. Water companies produce drinking water and sometimes also greywater, and distribute it in their market areas. The activities of water boards and water companies touch on the pillars of our sustainability policy.

Clean drinking water and water for agriculture and horticulture are indispensable to the citizens of the Netherlands. Water companies are responsible for drinking water production, but the water quality is affected by discharges authorised by water boards.

Water boards are essential in addressing the consequences of climate change (mitigation). As it rains more often and harder, the water levels of rivers and ditches are rising, just like the sea level. This causes a higher risk of flooding. By contrast, river and groundwater levels are falling in summer. Associated problems are desiccation, water pollution and the influx of salt seawater in the west of the Netherlands. One of the water boards' duties is to make policy and plans for water storage and to discuss them with the authorities responsible for spatial planning. Some water boards share their knowledge with countries that are at risk from the rising sea level, such as Bangladesh.

Nature and biodiversity are highly dependent on water, and desiccation or salinisation of the soil may have a great impact on local biodiversity. Water boards determine how verges and banks will be mown, thereby affecting biodiversity. They also influence the availability of sufficient water for plants and animals living in and around the water.

## Development assistance

We invest in funds that help developing countries reduce poverty, counteract climate change and combat the ensuing consequences.

### Global Climate Partnership Fund

ASN Bank has invested in the Global Climate Partnership Fund since 2016 and expanded its stake to 42 million euros in 2017. The Global Climate Partnership Fund finances investments in renewable energy and energy efficiency in developing countries, both directly and through qualified financial institutions. This involves small and medium-sized projects counteracting climate change. Some of these projects seek to generate renewable energy using the sun, wind, biomass and hydropower. Other projects focus on energy conservation, for example in the form of insulation or the purchase of modern, energy-efficient equipment. For instance, the fund finances solar panels for nomads in Mongolia and energy-efficient equipment for a Bengal garment factory.

## Nature and agriculture

Nature and agriculture are closely intertwined. Agriculture is essential to the food supply, but agricultural companies depleting the soil and polluting the environment are harmful to nature. That is why, when investing in agriculture and related sectors, we must be critical of how they deal with nature. Agricultural companies that protect nature, enhance biodiversity and ensure proper working conditions may make a significant contribution to a sustainable future.

### eco.business Fund

In 2017, we acquired a share of 25 million US dollars (more than 21 million euros) in the eco.business Fund. This public-private partnership promotes biodiversity and is supported by government investments. Through selected partner banks in Latin America, the fund provides loans to companies in the agriculture, fishery, forestry and ecotourism sectors. The fund's risk profile may attract private impact investors who wish to support sustainable practices in Latin America.



# ASN Bank's loans and investments in 2017

All the loans and investments for which ASN Bank used the money in the savings accounts and current accounts at ASN Bank as at 31 December 2017 are listed below.

Counterparty	Amounts in thousands of euros
<b>Government bonds</b>	<b>2,796,877</b>
Germany	1,130,696
The Netherlands	612,685
Belgium	445,355
Austria	258,835
France	197,516
Ireland	81,586
Luxembourg	44,101
Sweden	26,103
<b>Home loans and other loans and advances to customers</b>	<b>4,951,716</b>
Woonhuishypotheek B.V.	4,500,000
Lowland Mortgage Backed Securities 3 B.V.	447,411
Various retail customers	4,305
<b>Local authorities</b>	<b>685,912</b>
Unedic (France)	103,742
Caisse d'Amortissement de la Dette Sociale (France)	103,210
Nederlandse Waterschapsbank N.V.	53,930
North Rhine-Westphalia	53,488
IDF (France)	44,132
Gemeente Venlo	39,084
BNG Bonds	32,141
Gemeente Enschede	30,000
Gemeente Rotterdam	25,000
Gemeente Middelburg	24,250
BNG SRI Bonds	22,269
Gemeente Zwolle	18,000
Gemeente Nieuwegein	15,000
Gemeente Hengelo	12,000
Gemeente Kaag & Braassem	10,000
Gemeente Apeldoorn	10,000
Gemeente Pijnacker	7,000
Gemeente Kampen	7,000
Gemeente Boxmeer	6,800
Gemeente Weststellingwerf	6,000
Gemeente Montfoort	6,000
Gemeente Zevenaar	5,000
Gemeente Vlissingen	5,000
Gemeente Maassluis	5,000
Gemeente Gorinchem	5,000

Gemeente Schijndel	5,000
Gemeente Leiden	4,500
Gemeente Heusden	4,167
Gemeente Sluis	3,733
Gemeente Bunschoten	3,600
Gemeente Oldenzaal	3,333
Gemeente Nijkerk	3,000
Gemeente Elburg	2,800
Gemeente De Ronde Venen	2,400
Gemeente Krimpen	2,333
Gemeente Hoogezand	1,000
Gemeente Culemborg	1,000
<b>Renewable energy</b>	<b>887,709</b>
<b>Renewable energy, wind energy</b>	<b>171,601</b>
Belwind NV	60,233
Northwind NV	43,554
Westermeerwind B.V.	28,449
Global Tech I Offshore Wind GmbH	15,985
C-Power N.V.	15,507
Rentel N.V.	7,288
Dif Renewable Energy Fund	585
<b>Renewable energy, solar energy</b>	<b>177,104</b>
Sonnedix Aloe Holdings	47,401
Centrale Photovoltaïque de Toul-Rosières 2	39,288
Fieva VOF	14,462
Lavansol II SAS	11,854
Centrale Photovoltaïque du Gabardan 2	11,662
Newsolar SAS	9,364
Belfuture 2 CVBA	8,353
Belfuture CVBA	7,628
Lavansol M7 SAS	6,369
SECP Olmo SAS	5,740
FPV Pascialone SAS	5,707
NPG Willebroek N.V.	4,911
FPV Santa Lucia SAS	4,365
<b>Green &amp; Climate Bonds</b>	<b>475,541</b>
European Investment Bank Climate Awareness Bond	166,439
FMO Sustainable Bond	126,829
NRW Bank Green Bond	123,975
Nordic Investment Bank Environmental Bond	24,412
KFW Green Bond	22,889
TenneT Green Bonds	10,997
<b>Energy efficiency</b>	<b>63,463</b>
Green for Growth Fund	21,097
Energiefonds Overijssel I B.V. en Energiefonds Overijssel II B.V.	15,000
Nationaal Energiebespaarfonds	10,000
Unica Financial Services B.V.	5,321
Eteck Warmte New Babylon B.V.	2,913
Eteck B.V.	2,246

Vaanster VIII B.V.	1,230
Eteck Warmte Yours B.V.	959
Eteck Warmte Vijverberg B.V.	675
Eteck Warmte Waldo B.V.	673
Eteck Warmte Leidschenhof B.V.	551
Vaanster XIV B.V. 'Terras aan de Maas'	508
BTES Art Court B.V.	429
Eteck Warmte Solidhof B.V.	393
Impax New Energy Investors II	344
Eteck Warmte Motel One B.V.	308
Eteck Warmte Wibautveste B.V.	272
Eteck Warmte Drunen B.V.	232
Eteck Warmte Oosterhaar B.V.	175
Vaanster VII B.V.	137
<b>Health and welfare services</b>	<b>265,784</b>
Academisch Ziekenhuis Maastricht	30,975
Universitair Medisch Centrum Groningen	24,894
Stichting Zorggroep Noord- en Midden Limburg	15,325
ZON PTC B.V.	12,500
Stichting Volckaert	12,125
Stichting MagentaZorg	11,524
Stichting GGZ Noord- en Midden Limburg	10,800
Stichting Arduin	9,533
Stichting GGZ Breburg Groep	8,320
Stichting Dimence Groep	8,252
Stichting St. Elisabeth Ziekenhuis	8,250
Stichting ZorgSaam Zeeuws-Vlaanderen	7,000
Stichting Antonius Ziekenhuis	6,835
Stichting Christelijke Zorgcombinatie Zwolle en omgeving	6,480
Stichting Dimence	6,400
Stichting Zorg en Verpleging Goeree-Overflakkee	6,000
Stichting VieCuri, Medisch Centrum voor Noord-Limburg	6,000
Stichting Protestants Christelijk Ziekenhuis Ikazia	5,850
Stichting Argos Zorggroep	5,600
Stichting Treant Zorggroep	5,074
Academisch Medisch Centrum Amsterdam	5,000
Stichting Antoni van Leeuwenhoek Ziekenhuis	5,000
Stichting Catharina Ziekenhuis	4,667
Stichting voor Regionale Zorgverlening SVRZ	4,400
Regionale Stichting Zorgcentra De Kempen	4,275
Stichting Dr. Bernard Verbeeten Intsituu	3,975
Stichting Maastricht Radiology Oncology	3,150
Stichting De Hoogstraat Revalidatie	3,120
RW OG B.V.	2,990
Stichting Tragel Zorg	2,925
Stichting Amphia	2,800
Stichting Sint Franciscus Gasthuis	2,500
Stichting Saxenburgh Groep	2,250
Stichting HagaZiekenhuis	1,514

Stichting Eemhoven Beheer	1,437
Stichting Amarant Groep	1,413
Promens Care	1,215
Stichting Interakt Contour Groep	915
Stichting Woon & Zorgcentrum 'Herfszon'	848
Stichting Odion	684
Stichting Talant	544
Stichting Zorgverlening 's-Heeren Loo	509
Stichting Reinaerde	460
Stichting Frion	395
Stichting Heliomare	338
Radar	329
De Driestroom	185
Stichting Aveleijn/SDT	83
Stichting Libra Revalidatie & Audiologie	74
Stichting Perspektief	52
<b>Residential construction</b>	<b>396,801</b>
Woonstichting SSW	45,246
Stichting Ymere	25,000
Stichting Duwo	25,000
Stichting Eigen Bouw	23,660
Woningstichting Rochdale	20,000
Stichting R&B Wonen	20,000
Stichting de Woonmensen/SJA	15,000
Stichting Area Wonen	13,438
Woningstichting Eigen Haard	13,000
Stichting Woonbeheer Betuwe	13,000
Woningbouwvereniging Bergopwaarts	11,300
Stichting Waterweg Wonen	11,000
Woonstichting Domesta	10,911
Stichting Portaal	10,000
Stichting Woonbedrijf SWS.Hhvl	10,000
Woningstichting Servatius	10,000
Laurentius	10,000
Stichting de Alliantie	8,950
Stichting Woonstede	8,500
Bouwwerenging Onze Woning	8,000
Woonstichting Triada	7,500
Woningstichting SWZ	7,500
Woningstichting Goede Stede	7,081
Stichting Woondiensten Enkhuizen	7,067
Stichting Trivire	6,364
Stichting de Leeuw van Putten	6,059
Stichting Woonvisie	5,059
Stichting Steelande Wonen	5,000
Woonstichting Groninger Huis	5,000
Woningstichting Weststellingwerf	5,000
Woningstichting Leusden	4,600
Stichting Beheer Gebouw Drie-X-Factoren	4,320

Woonstichting Vaals	4,000
Stichting Omnivera GWZ	3,850
Stichting Mijande Wonen	3,750
Stichting Warmande	2,400
Nieuw Hengelman OG B.V.	157
Stichting S.C.C. de Lèghe Polder	89
<b>Waterwinning en -beheer</b>	<b>223,424</b>
Waterschap Brabantse Delta	28,500
Waterschap Rijn en IJssel	20,000
Waterschap Rivierenland	20,000
Waterschap Hollandse Delta	16,500
Waterschap Scheldestromen	15,000
Waterschapshuis Wetterskip Fryslân	15,000
Waterschap De Dommel	15,000
Hoogheemraadschap van Schieland en Krimpenerwaard	13,200
Waterschap Aa & Maas	12,500
Hoogheemraadschap Hollands Noorderkwartier	10,567
Hoogheemraadschap Amstel, Gooi en Vecht	10,000
Hoogheemraadschap van Rijnland	8,000
Waterschap Zuiderzeeland	7,000
Gemeenschappelijke Regeling Waterschapsbedrijf Limburg	6,750
Waterschap Roer en Overmaas	6,240
Waterschap Drents Overijsselse Delta	6,000
Waterschap Noorderzijlvest	5,000
Waterschap Vechtstromen	5,000
Waterschap Vallei Veluwe	2,500
Hoogheemraadschap De Stichtse Rijnlanden	667
<b>Rail transport</b>	<b>195,426</b>
ÖBB-Infrastruktur Bau AG	101,285
Eurofirma	57,735
SNCF	36,406
<b>Development assistance</b>	<b>52,204</b>
Global Climate Partnership Fund SA, SICAV-SIF	41,691
FMO shares	10,513
<b>Nature and agriculture</b>	<b>23,243</b>
Eco-Business Fund	20,845
Nationaal Groenfonds	2,398
<b>Education, culture and leisure</b>	<b>4,188</b>
Stichting kinderopvang 2Samen	1,360
Bibliotheek Vlissingen	1,285
Stichting Texels Museum	1,178
Monumentenfonds Brabant N.V.	238
Stichting Aktie en Informatiecentrum Lelystad	127
<b>Other</b>	<b>143,043</b>
Council of Europe Development Bank	108,539
TenneT	25,121
Boei B.V.	4,397
CAI Westland	4,286
Stichting Watertoren Buitenlust	272

Wereldwinkels	143
Stichting Ideële winkel	123
VOF Yuan	114
Smit Hergebruik B.V.	48
<b>Total</b>	<b>10,626,327</b>

# Energiefonds Overijssel

ASN Bank has managed Energiefonds Overijssel since 2012. This fund of the Province of Overijssel makes a financial contribution to companies, housing corporations and projects that save energy or generate energy from renewable sources. In this way, the fund contributes to employment, business acumen, innovation and the Province of Overijssel's ambition of 20% of the total energy consumption consisting of new energy in 2023. Energiefonds Overijssel celebrated its fifth anniversary in 2017. Despite a rough start in the midst of the financial crisis, the fund has accomplished a lot in five years' time. At the end of 2017, the 200 million euros of the fund were fully used for loans and investments, commitments and reservations for follow-up financing.

## The future of Energiefonds Overijssel

As the Province continues to back its renewable energy ambition, it has converted Energiefonds Overijssel into a revolving fund. This means that the fund will continue to support energy-saving and energy-generation initiatives in the years ahead.

## Projects

In 2017, the projects financed by Energiefonds Overijssel included the following:

- A new invention by S4 Energy – a combination of batteries and a flywheel – makes a new type of energy storage possible. As the system is efficient and able to rapidly amp up or down, it fits perfectly in the energy transition. Grid manager TenneT put the first system into use. S4 Energy and Energiefonds Overijssel collaborate as S4 Ancillary Services I B.V. to enable the development of the system.
- The building of Hogeschool Viaa in Zwolle, dating from the 1960s, has energy label G. The building will be made more sustainable as the entire exterior will be replaced, raising the energy label to A. The new front – with a light façade and lots of glass – gives the school an open appearance to match its distinct character. The sustainability measures bring climate solutions to the attention of students and their parents.
- WOAB Overijssel B.V. offers a housing subscription (*Woningabonnement*) as a comprehensive solution for homeowners. WOAB gives homeowners tailored advice about making their homes more sustainable, provides the financial investment and arranges for the measures to be carried out. The homeowner takes out a subscription, giving him the certainty that the energy saving promised will be achieved under certain conditions. The projects jointly produce savings of more than 2 million kilowatt hours of electricity and more than 500,000 m<sup>3</sup> of gas.
- Brouwer Biocentrale in Balkbrug is a biocombustion plant that converts wood chips into heat and electricity to supply green steam and power. The steam, ninety percent of the output, is supplied entirely to Friesland Campina and replaces 5.5 million cubic metres of natural gas. The green power is fed into the grid.

# Engagement with and contributions to society

We actively fulfil our role in society, seeking to discuss and tackle important social issues together with other parties. Without the commitment and participation of individuals and organisations this would not be possible.

We foster sustainable progress by participating in social platforms, and sometimes we take the initiative to launch such a platform. These are mainly platforms that are compatible with our sustainability pillars – human rights, climate change and biodiversity. We also take part in debates on other issues affecting our mission, during the events that we organise and on other occasions.

Finally, we actively contribute to sustainability initiatives and projects and to sustainable organisations. We donate money to our partnering NGOs. We promote sustainability initiatives through our community Voor de Wereld van Morgen (For the World of Tomorrow), through sponsorship and by means of the ASN Foundation's donations.

## Meetings and debates

A positive approach is our guiding principle in debates and meetings, where we want to offer our customers and other discussion partners a perspective for action. We also set great store by letting young people have their say. As we believe that sustainability is also about the options that future generations have to secure their prosperity and welfare, the input of young people is indispensable to a sustainable future. We organised several meetings. The two meetings below were expressly intended for young people.

### ASN Live in debate: the voice of the new generation

On 15 March elections for the Dutch House of Representatives were held, whose outcome influenced the future of our country. During *ASN Live: A Debate* at the Hague University of Applied Sciences on Wednesday 22 February 2017, students, politically active youngsters and young, sustainable entrepreneurs debated topics that make a difference for young people and their future.

### ACT.

On Sunday 24 September, we welcomed approximately one thousand people at ACT. Amsterdam festival site Thuishaven had been turned into a sustainability paradise for one afternoon, where guests listened to special speakers, including Jelmer Mommers of De Correspondent, Liliane Ploumen and Daan Roosegaarde. In addition, there was a lot to do, to taste and to experience, with visitors testing their climate knowledge at the Big Climate Quiz, applying with the intergalactic employment agency and become a climate hero in the Coll-ACT-ion Transformation Tunnel. All tickets for ACT. were sold and visitors rated it 8.3 out of 10.

### NRC Live about the energy transition

We also worked together with NRC on the subject of energy. During NRC Live, held at WTC Rotterdam in five evenings in February to June, several topics in the area of energy transition were discussed. On the NRC Live website, we published opinion articles connected with the relevant topic. The series was concluded with *The Big Energy Debate*, at which visionaries, opinion leaders and front-runners in politics, science and the energy sector discussed the challenges that the Dutch energy supply will face in the (near) future. One of the speakers was Piet Sprengers, Head of Sustainability & Research at ASN Bank.

## Social media

On social media, too – especially Facebook and Twitter – we encourage debate on sustainability. Issues eliciting much response include food, housing and carbon emissions, with nearly 500 replies being received in response to a Facebook post on vegetarian food. The post extensively covered the climate impact of meat, as well as other choices affecting the climate, such as flying and the number of children. Posts on tiny houses, deposits for non-disposable items, the carbon emissions of cows and the rationale of the existence of zoos also gave cause for much response.



## Partnering NGOs

In 2017, we supported the projects of partnering NGOs in five different areas. On behalf of customers with an ASN Ideaalsparen account or an ASN Credit Card, we donated total amounts of 1.5 million euros and 126,790 euros, respectively. These donations went towards the following projects:

### Fair trade

- Oxfam Novib: fair trade for farmers in Mozambique.
- Solidaridad: better working conditions in garment factories in Asia.

### Anti-child labour

- Plan Nederland: end child labour in Nepal's rural areas.
- Cordaid: education for children in Congo.

### Renewable energy

- Natuur & Milieu: campaign on energy conservation and renewable energy campaigns, and the advice site on these topics, slimwoner.nl.
- De Rijke Noordzee: improving biodiversity in the North Sea.
- Urgenda: Wadden Islands to be climate neutral by 2020.

### Anti-arms industry

- Amnesty International: Human Rights Capacity Building Programme (HURICAP) and Center of International Justice (CIJ) in The Hague.
- War Child: help for war children in Congo.

### Care & welfare

- National Foundation for the Elderly (Nationaal Ouderenfonds): Elderly Ombudsman and Supplementation Fund (Suppletiefonds).
- Royal Dutch Guide Dog Foundation (KNGF Geleidehonden): KNGF Campus.

### Other partners

In addition to the ten theme partners, ASN Bank supported diverse partnering NGOs and social activities in 2017. A few examples are given below:

- On behalf of customers with an ASN Jeugdsparen account, we make an annual donation to Cordaid and Nationaal Fonds Kinderhulp. In 2017, Cordaid and Kinderhulp jointly received a donation of 426,221 euros (in 2016: 391,578 euros). These donations from ASN Bank will be used for children's projects in Africa and the Netherlands. Since the start of ASN Jeugdsparen in 2002, we have donated more than 3.68 million euros for vulnerable children in this way.
- We sponsored the story contest of the organisation Particuliere Initiatieven in Ontwikkelingssamenwerking (Partin) on the website KleineGoedeDoelen. The authors of the best three stories on small-scale projects in developing countries were awarded a cash prize.

## Voor de Wereld van Morgen

ASN Bank uses the community Voor de Wereld van Morgen ('For the World of Tomorrow') to help sustainable entrepreneurs, including start-ups, move forward. People with innovative ideas for a better world can join the ever-growing platform, where 786 companies are currently active. ASN Bank helps the entrepreneurs in terms of publicity, expertise and coaching. Once a year For the World of Tomorrow organises the ASN Bank Wereldprijs (World Award), a competition in which entrepreneurs can win start-up capital. In collaboration with One Planet Crowd, For the World of Tomorrow has also supported crowdfunding projects since 2016. Furthermore, the website of For the World of Tomorrow contains blogs to inspire consumers to make more sustainable choices. In 2017, approximately 468,000 people visited the website [www.voordewereldvanmorgen.nl](http://www.voordewereldvanmorgen.nl), an increase of 97% compared to 2016. The number of new projects launched was 174.

### Tenth ASN Bank Wereldprijs

We organised the ASN Bank Wereldprijs (ASN Bank World Award) for the tenth time and received no fewer than 243 applications. We approved 136 projects, divided into three categories: people & society, nature & the environment, and climate protection. The jury was headed by Ynzo van Zanten and its other members were Merel Rumping, Joszi Smeets, Marius Smit, Faiza Oulahsen, Ineke van Zanten, Olof van der Gaag and Marieke Eyskoot. The jury selected thirty projects based on originality, feasibility, impact and completeness. These projects entered an intensive process in which the initiators were coached and refined their plans. In the end, six finalists remained. The winners were announced during the prize-giving on 15 November:

- *Somnox*, the world's first sleeping robot (people & society);
- *Klippa*, the digital receipt (nature & the environment);
- *SunData*, the world's largest database for solar energy yields, which checks whether solar panels work properly (climate protection). SunData also won the public award.

### Crowdfunding For the World of Tomorrow

The crowdfunding activities were expanded in 2017. On the OnePlanetCrowd crowdfunding platform, ASN Bank supports crowdfunding campaigns of sustainable entrepreneurs who meet our sustainability criteria. In this way, we help sustainable entrepreneurs move forward and contribute to a more sustainable society. We supported four projects and campaigned a few weeks for each individual project. ASN customers enthusiastically joined in, helping these sustainable entrepreneurs to raise new funding.

- *Moyee Coffee*: the funding of FairChain Coffee reached the target of 250,000 euros within 48 hours. This enabled Moyee Coffee to buy the harvest of the 2017 season.
- *The Ketchup Project*: these entrepreneurs make ketchup from Kenyan surplus tomatoes. In six weeks' time, they raised a total of 68,000 euros.
- *Seepje*, which reached the final of the ASN Bank World Award in 2014, raised 300,000 euros in 36 hours for the development of sustainable washing-up liquid.
- *Bundles*, a fledgling company offering circular white goods, reached the target amount of 250,000 euros after a campaign that lasted a few weeks.

## Sponsorship

ASN Bank sponsors initiatives of enterprising optimists who aim to contribute to a sustainable world. At the same time, we intend to increase our brand awareness and bring sustainability to the attention of a wider audience. Activities sponsored included the following:

### Wildlife Film Festival in Rotterdam

In 2017, we again sponsored the Wildlife Film Festival in Rotterdam. This four-day festival is devoted entirely to nature films and attracted more than 4,500 visitors. During the final evening on 29 October, we presented the ASN Awareness Award to the much-discussed documentary *A Plastic Ocean*.

### BabybeGood

From 22 to 26 February, RAI Amsterdam was the scene of the Negenmaandenbeurs (maternity fair). At this fair BabybeGood organised the Pure Baby Plaza, where sustainable baby products were being promoted. A start-up square had been set up in collaboration with ASN Bank, where six entrepreneurs from the For the World of Tomorrow community presented their product or service by means of workshops. This is how we introduced visitors to sustainable products and services for their babies and gave the entrepreneurs the opportunity to present themselves to an interesting target audience. The workshops were highly successful and were well-received by both visitors and the fair organisers.

### Plastic Whale

In 2016, ASN Bank – together with Plastic Whale – was the very first to have a boat made out of recycled plastic recovered from the Amsterdam canals. Plastic Whale uses these boats to take people 'plastic fishing' in order to clean the canals. We continued this sponsorship in 2017, letting the ASN Bank boat sail the Amsterdam waters with its sustainability mission.

## ASN Foundation

Through the ASN Foundation, ASN Bank makes financial contributions to projects and organisations that further our mission. We support projects across the globe. The organisation requesting the donation must be based in the Netherlands.

In 2017, ASN Bank donated 300,000 euros to the ASN Foundation, which used the money to support 58 projects for a total amount of 300,048 euros. The donations ranged from 1,500 to 15,000 euros. Recipients of large donations included Stichting Jalihal and Stichting Dienstencentrum Gered Gereedschap. Stichting Jalihal uses the donation to plant one million trees in five years' time together with local farmers in the Sangli District in India. The donation to Stichting Dienstencentrum Gered Gereedschap has been earmarked for a training project for young unemployed girls and women in Congo, many of whom were sexually abused during the war.

#### List of donations and sponsorship

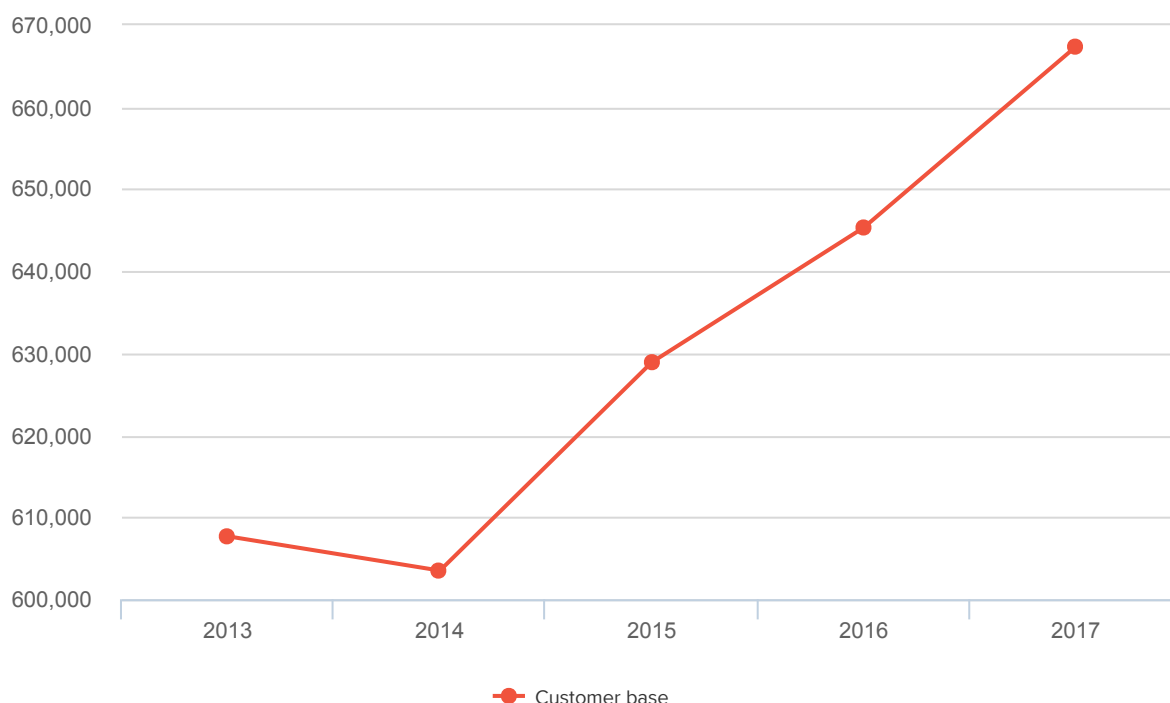
<i>Organisation</i>	<i>Amounts in euros</i>	<i>Details</i>
Ten theme partners	1,500,000	On behalf of customers with an ASN Ideaalsparen account
Ten theme partners	196,973	Donation of the Interchange fees that ASN Bank receives from credit card organisation ICS for payments made with the ASN Credit Card
Cordaid Kinderstem, Cordaid Memisa and Nationaal Fonds Kinderhulp	426,221	On behalf of customers with an ASN Jeugdsparen account
ASN Foundation	300,000	Financial contributions in 2017: 58 projects
ASN Bank World Award	42,583	Divided among three winners
Trees for All	22,500	Nationaal bossenfonds; planting of woodland
WFFR	18,150	Wildlife Film Festival
Baby be good	15,434	Pure Baby Plaza at the Negenmaandenbeurs maternity fair
Plastic Whale	15,125	Sponsorship of the 2017 ASN Boat
Movies that Matter	14,405	Annual human rights film festival
Human Rights Watch	10,000	Human Rights Weekend
Miscellaneous donations	77,218	16 beneficiaries
<b>Total</b>	<b>2,638,609</b>	

# Customers and services

With a net number of 22,053 new customers in 2017, growth of the customer base was stronger than in 2016 (2016: 16,426). Some of the new customers were previously customers of SNS investmentfunds. As SNS started to only offer the ASN funds in 2017, a number of SNS customers switched to ASN Bank and took their investments with them.

## Development of customer base

### Customer base



### Number of retail customers, by age

Age	2017	2016	Growth	Growth in %
Below the age of 18	101,525	95,473	6,052	6.3%
Aged 18 to 34	94,693	87,708	6,985	8.0%
Aged 35 to 64	307,940	310,374	-2,434	-0.8%
Aged 65 and over	142,532	134,310	8,222	6.1%

## Money can buy happiness

On 25 January 2017 our new campaign, themed *Money can buy happiness*, was launched on TV and in online media. We are targeting a wider audience with this campaign. We want to be open and optimistic. We believe that a little bit of goodness is good too, as everyone makes sustainable choices in their own way. *Money can buy happiness* shows how we encourage sustainable progress using money. Our goal is to convince all of the Netherlands that the choice for ASN Bank is a natural one. After all, the more people join us, the more impact we have on sustainable progress.

## Campaigns

Animals are the stars in our campaigns, such as Gewoontedier (Creature of Habit), Eendagsvlieg (One Day Fly), Roze Brilslang (Rosy-Spectacled Cobra) and the Na-aap (Monkey-see Monkey-do). Sometimes we use TV advertising, but more frequently we engage in online advertising, online videos, radio advertising and social media. The savings campaign from 15 May to 14 July was all about the forest: we planted a tree in the ASN Forest in the Bentwoud forest for every new savings account that was actively put into use. This resulted in the planting of nearly 4,500 trees. In the second half of the year, the campaigns revolved around *ASN Climate Bank*, the *climate bank of the Netherlands*. We supported this slogan with the 9 we had received from the Fair Bank Guide in 2016 for our climate change theme.

## Products

In May 2017 MoneyView, an independent organisation that compares the products of banks and insurers, awarded the terms and conditions of ASN Ideaalsparen and ASN Depositsparen the highest number of stars. This means that these accounts offer the saver more options than comparable accounts at other banks. What is positive, according to MoneyView, is that customers can open a savings account with ASN Bank without necessarily having an ASN current account, and that they can withdraw money from their deposits free of charge if they use it to make their home more sustainable.

### Customer base, by product

Product	2017	2016	Growth	Growth in %
ASN Bankrekening	165,075	152,096	12,979	8.50%
ASN Betalen zelfstandigen	7,159	3,802	3,357	88.30%
ASN Jongerenrekening	30,649	25,308	5,341	21.10%
ASN Juniorrekening	7,998	4,653	3,345	71.90%
ASN Studentenrekening	883	-	883	
ASN Ideaalsparen	497,570	491,083	6,487	1.30%
ASN Jeugdspaarrekening	74,905	71,420	3,485	4.90%
ASN Beleggingsrekening	65,290	66,061	-771	-1.20%

## Interest policy

Savings are important to ASN Bank, as we use them to finance sustainability projects and sustainable institutions and activities. Unfortunately, current low interest rates make saving unattractive and we, too, were forced to lower the main savings rates by 0.1 percentage point on two occasions. Savers seem to have become accustomed to low rates by now, as the savings balance rose. On our website, we explain the basis for ASN Bank's market rate of interest. In summary:

- Interest rates on the money and capital markets; money market rates in particular have been extremely low for a long time.
- The balance between savings that the bank receives and the money it lends.
- The costs we incur for services such as online & mobile banking and customer service. We keep these costs as low as possible.
- The savings rates of other banks. If our savings rates were much lower than those of other banks, some of our customers would withdraw their savings and we would not be able to finance as many sustainability projects and sustainable institutions and activities as we do now.

## ASN Doelbeleggen and ASN Duurzame Mixfondsen

With the aim of helping customers to grow their capital despite low interest rates, we introduced ASN Doelbeleggen in early September. By means of an easy-to-use calculation tool, the customer determines the original investment or the target amount, the duration and the investment risk. On this basis, the customer selects one of the five new ASN Duurzame Mixfondsen (Sustainable Mixed Funds), each having its own risk-return profile.

ASN Doelbeleggen anticipates people's increased responsibility for wealth creation for such matters as pension, study or initial capital needed to buy a home. ASN Doelbeleggen is not all about investment; it provides customers with tools for building up capital that is instantly accessible at any time and to do so in a sustainable and flexible way. The calculation tool gives customers insight into expected returns and the maximum loss of the mixed fund selected. If the value of the fund does not develop as projected, they will be informed.

### ASN Studentenrekening

On 6 September, we launched the student account ASN Studentenrekening for students aged 17 to 26. As we are responsive to this target group's situation, the account permits overdrafts to a maximum of 250 euros, which are free of charge for three days every month. Students do not pay monthly charges for the account, not even for mobile payment. They do, however, receive 0.2% variable interest on the balance in the account.

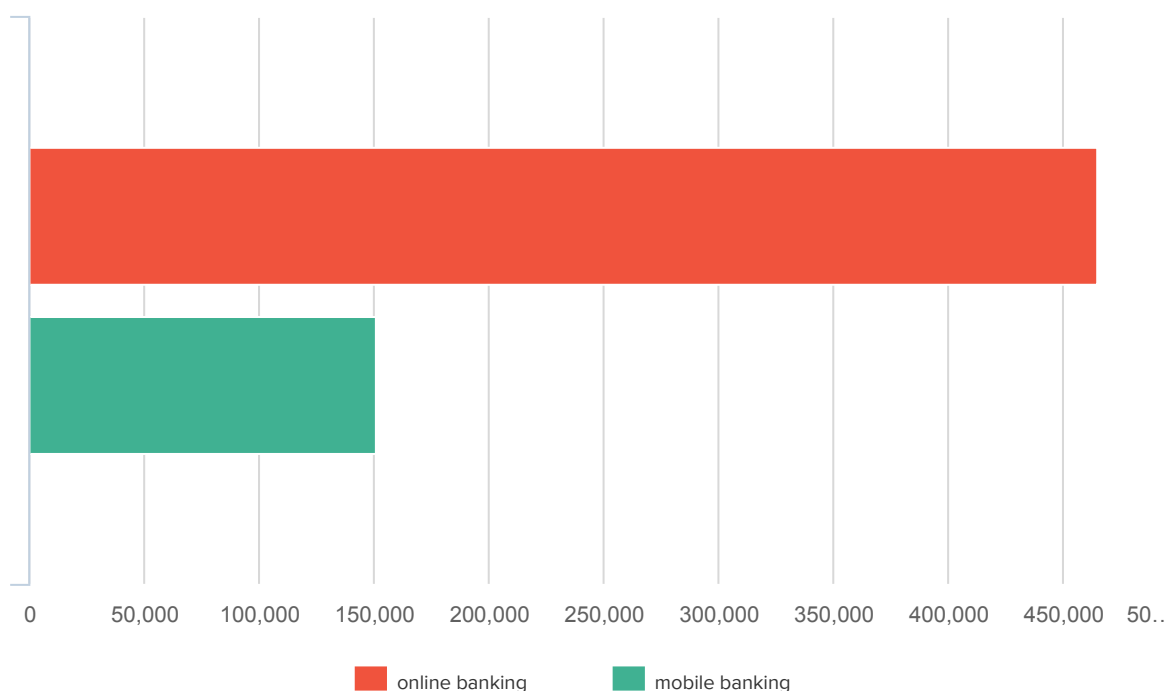
### New current-account cards and the ASN Credit Card

In November, we introduced our new bank cards and a new ASN Credit Card. The entirely new designs show abstract pictures of animals – parrot, whale and rhinoceros.

## Service improvements

When improving our services, we address customers' wishes as far as possible. As those wishes obviously vary widely, we like to give customers a choice. For example, we stopped sending paper bank statements on 15 December 2017 and, by doing so, met the requests of customers seeking to reduce paper consumption. Customers wishing to continue to receive paper statements may easily indicate this online.

Number of unique customers with:



### ASN Mobiel Betalen app

Customers with Android telephones containing NFC chips have been able to make contactless payments with their mobile phones since the beginning of August. Until 1 April 2018, use of the app is free of charge for customers with an ASN Bankrekening current account. After that, use of the app costs € 0.50 per month, per person and per account. ASN Mobiel Betalen is always free of charge with the ASN Studentenrekening and ASN Jongerenrekening accounts.

### Website transformation rewarded with a prize

Our website, [www.asnbank.nl](http://www.asnbank.nl), was transformed entirely. It was turned into a responsive website, making it suitable for use on computers, telephones and tablets. At the same time, it had a facelift and now boasts a new design, new graphics and a different typeface. In the autumn, the public chose the website as the Best Website of the Year 2017 in the banks and investment category. We were also awarded the third prize in this category for the most popular website.

### PSD2 – a new service for current account customers

We made preparations for complying with Payment Services Directive 2, or PSD2. These new European rules for payment services will enter into force in 2018 and will apply to all banks in Europe, bringing about a step change in payment services. Consumers with current accounts will be given more freedom with two new services:

- Customers will soon be able to give another party permission to request their payment details from banks where they have a current account. This other party may be another bank or a non-financial institution, which brings all accounts together in one place to give the customer insight and a clear overview.
- Some parties will allow customers to make payments directly from their account(s).

Both services can only be used if the customer takes the initiative and expressly gives us permission to execute the request. Our point of departure remains that we manage customers' personal and financial information in a secure, responsible way. This also entails that we inform our customers in a clear and timely manner; we started doing so in 2017.

### Customer data enrichment

The statutory requirements set on the information we request from new customers have become more stringent. We are now also required to ask corporate clients about the use of their accounts. This often leads to irritation and some customers regard our questions as unethical. The data of retail customers must also be enriched. As we are obliged to inquire about full first names, birth name and partner's name, a driver's licence cannot be used as proof of identity any longer.

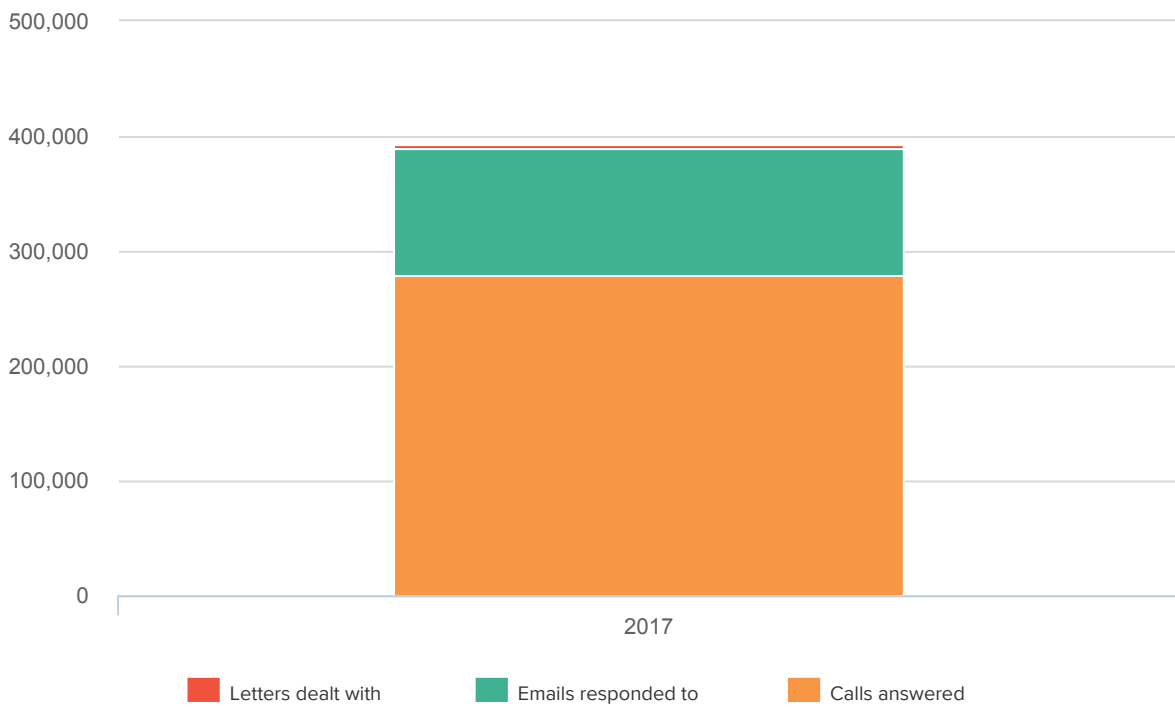
### Customer satisfaction and NPS

Customer satisfaction is an important principle underpinning our services. We put our customers' interests first, focusing our services on people rather than processes. We listen to our customers, take their complaints seriously and admit mistakes. The number of complaints dropped in 2017. The customer satisfaction survey conducted by de Volksbank revealed that our customers gave us a rating of 8.0 at the end of 2017 (year-end 2016: 8.0). Our goal is to receive at least 8 points.

The Net Promoter Score (NPS) reflects the degree to which customers recommend a particular service provider or supplier. To calculate this score, customers are asked: 'What is the likelihood, on a scale from 0 to 10, that you will recommend this company to family, friends or colleagues?' Then, the percentage of customers giving 0 to 6 is deducted from the percentage of customers giving 9 or 10. This means that the NPS can be either positive or negative. The NPS remained fairly stable throughout the year. ASN Bank achieved an NPS of +17 for the last quarter of 2017, as against +14 at the end of 2016. Our target is an NPS of +22.

In 2017, we implemented various improvements in our services to enhance customer satisfaction, particularly with regard to payments. We also experimented with actively approaching new customers, calling them to ask whether they were satisfied and whether there was anything we could do for them. As the satisfaction of these customers was significantly higher than that of customers we had not called, we will continue the experiment. Service improvement remains a focal point.

Services by telephone, email and letter



**Second place in the Banking Monitor of the Consumers' Association**

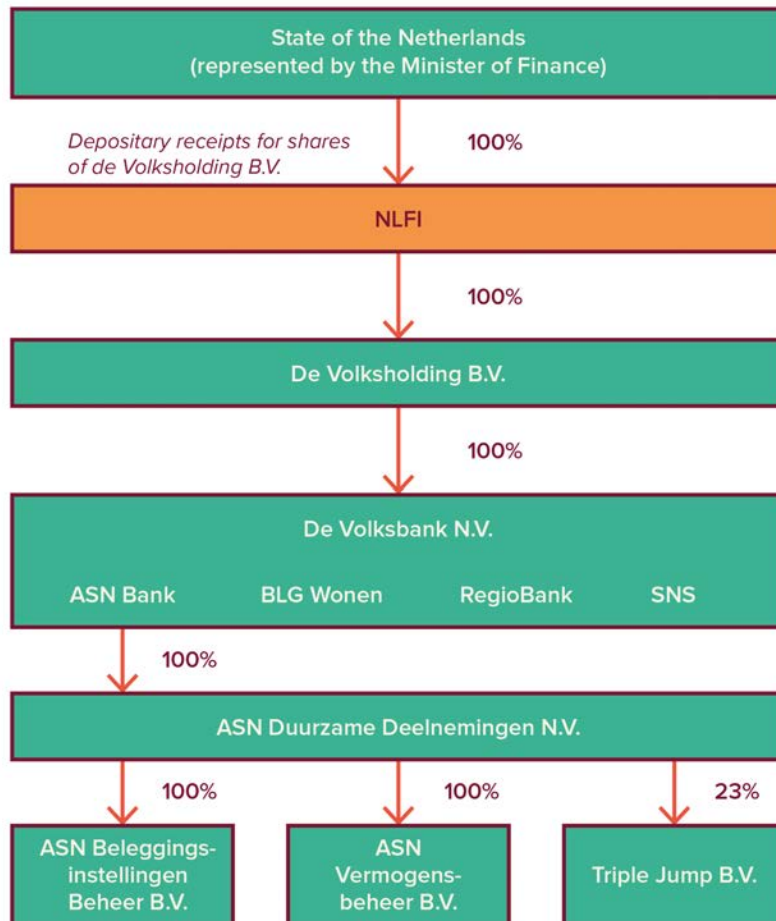
More than 11,000 people participated in the Dutch Consumers' Association's annual panel survey of banks. ASN Bank received an overall rating of 8.9 and ranked second together with KNAB, whereas RegioBank – a brand of de Volksbank – ranked first.



# Organisation

ASN Bank became a brand of de Volksbank on 1 January 2017, together with BLG Wonen, RegioBank and SNS. A new public limited company was also incorporated, ASN Duurzame Deelnemingen N.V. The ASN Bank Management Board makes up the management board of this company. ASN Beleggingsinstellingen Beheer B.V. (ABB) comes under this new public limited company.

The diagram shows the ownership structure. NLFI (NL financial investments) is a shareholder in Volksholding B.V. The State of the Netherlands has transferred the shares in this company to NLFI.



The relationship between ASN Bank and the ASN funds has changed

ASN Duurzame Deelnemingen N.V. manages ASN Beleggingsinstellingen Beheer B.V. (ABB). ASN Beleggingsfondsen N.V. comes under ABB. ABB prepared for its own management licence from the Dutch Authority for the Financial Markets (AFM) in 2017 and obtained the licence on 22 December 2017. ABB will acquire the portfolio and risk management of the ASN funds from ACTIAM – the AIF manager that has conducted this management for several years – in the course of 2018. ABB is part of de Volksbank as an independent fund manager.

As a result, the allocation of roles between ASN Bank and ABB in the sustainability activities for the ASN funds changes as follows.

## ABB's responsibilities

ABB is responsible for the sustainability activities associated with fund management:

- engagement with companies in which the funds invest;
- the selection of investments for the funds' universe;
- voting at shareholders' meetings of the companies in which the funds invest.

### ASN Bank's role

ASN Bank has an advisory and/or executive role in these activities, carrying responsibility for the joint sustainability policy of ASN Bank and ASN Beleggingsfondsen, analysing companies and countries for ASN Beleggingsfondsen and formulating advice. ABB, the management board of ASN Beleggingsfondsen, decides on acceptance to the investment universe on the basis of this advice. On the instructions of ASN Beleggingsfondsen, ASN Bank engages with companies in which the ASN funds invest, such as companies in the pharmaceutical industry.

### Our long-term goals

In the past few years, ASN Bank has formulated three long-term sustainability goals. ASN Bank and ABB work together on achieving these goals.

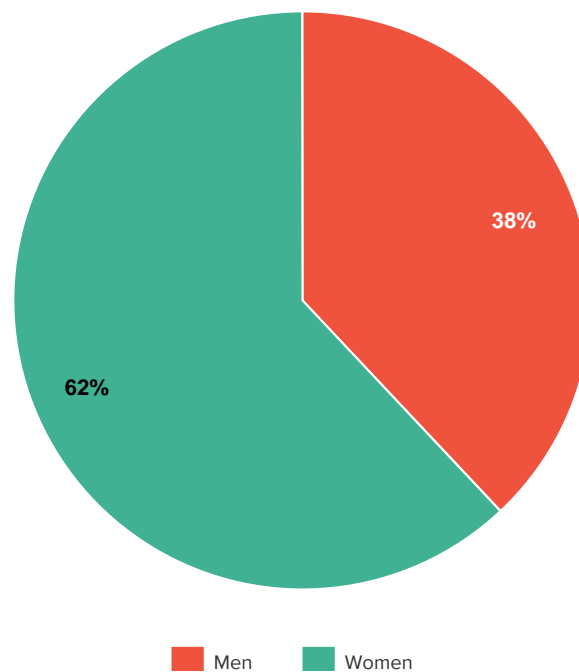
### More information

Sustainability information about the funds can be found in the annual and interim reports of ASN Beleggingsfondsen N.V.

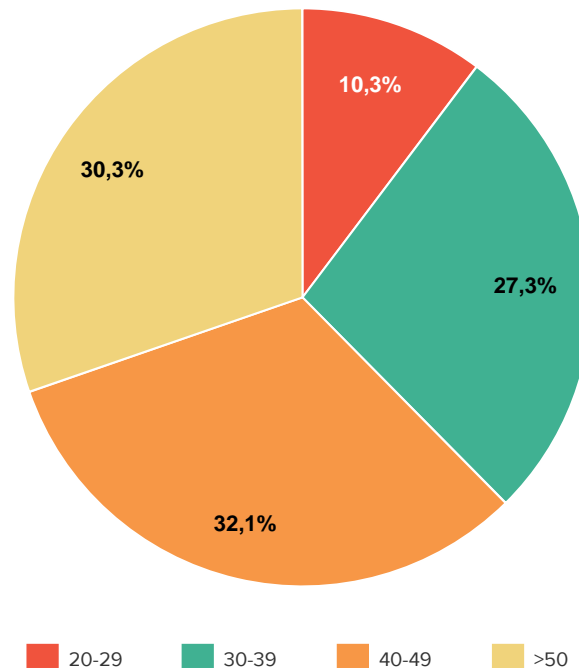
## Employees

The number of permanent employees increased by 4 to 165. The number of FTEs increased to 153.2.

### Ratio of man to women



## Ages of employees



## ASN Bank Management Board

On 1 July Ewoud Goudswaard, who had been ASN Bank's Managing Director since 2001, left our company. We thank him for his tremendous efforts and the drive he demonstrated in expanding ASN Bank. Under his leadership, the number of customers rose from 150,000 to 650,000, and assets under management rose from 1.5 billion to 14.5 billion euros (ASN Bank and ASN Beleggingsfondsen). His focus on sustainable banking enabled ASN Bank to grow into a driver of sustainability in the financial sector and within de Volksbank.

Director Jeroen Jansen left the company on 1 September 2016. He had been working at ASN Bank since 2000, and as a Director since 2005. Active in his focus area of sustainability & research, he has made a major contribution to the development of the bank's sustainability policy. Being ultimately responsible for marketing & communication, he was the driving force behind ASN Bank's image as a sustainable bank and an initiator of sustainable development.

Arie Koornneef and Joyce van der Est have constituted ASN Bank's Management Board since 1 July and will stay the bank's course as a driver of sustainability in the financial sector. Joyce van der Est has been a Director of ASN Bank since 2015. She has been responsible for the bank's operations since 2003, between 2013 and 2015 in the position of Deputy Director. Arie Koornneef has been a Director of ASN Bank since 1 April 2017. He previously held the positions of Marketing Strategy & Innovation Director at de Volksbank and Marketing Director at SNS. Before that, he was active for Youth for Christ and Simavi.

## Remuneration report

This remuneration report deals with the remuneration, remuneration policy and developments in the remuneration policy of the ASN Bank Management Board in 2017. The remuneration policy of the ASN Bank Management Board is in line with de Volksbank's remuneration policy. The remuneration is composed of a fixed annual income, a pension contribution and other fringe benefits. Management Board members are not entitled to any variable remuneration.

## Remuneration of the ASN Bank Management Board

(in thousands of euros)	Fixed salary		Pension		Other		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Ewoud Goudswaard <sup>1</sup>	105	208	14	20	27	45	146	273
Jeroen Jansen <sup>2</sup>	-	116	-	13	-	23	-	152
Arie Koornneef <sup>3</sup>	123	-	14	-	28	-	164	-
Joyce van der Est	145	143	20	20	28	29	193	192
<b>Total</b>	<b>373</b>	<b>467</b>	<b>48</b>	<b>53</b>	<b>83</b>	<b>97</b>	<b>503</b>	<b>617</b>

<sup>1</sup> Ewoud Goudswaard's remuneration for 2017 pertains to the period from 1 January to 1 July. Ewoud Goudswaard resigned as ASN Bank Director on 1 July 2017.

<sup>2</sup> Jeroen Jansen's remuneration for 2016 pertains to the period from 1 January to 1 September. Jeroen Jansen resigned as ASN Bank Director on 1 September 2016.

<sup>3</sup> Arie Koornneef's remuneration for 2017 pertains to the period from 1 April to 31 December. Arie Koornneef joined the ASN Bank Management Board on 1 April 2017.

### Fixed salary

The fixed annual income of the ASN Bank Management Board members consists of twelve monthly salaries, holiday allowance and a thirteenth month's salary.

### Pension

The pension is the employer pension contribution minus the employee's personal pension contribution. The Management Board of ASN Bank participates in the pension scheme for all employees of de Volksbank. This scheme is laid down in de Volksbank's Collective Labour Agreement. Thus, the Management Board also pays 4.5 percent member's contribution on the pensionable earnings as set out in the Collective Labour Agreement. There are no supplementary pension awards.

Pension accrual for pensionable income in excess of 103,317 euros (2017) ceased by virtue of the law. Everyone to whom this applies receives compensation in the form of a gross supplement of 16.35 percent of their income in excess of 103,317 euros. In the table presenting the remuneration of the ASN Bank Management Board, this supplement is included in the component Other.

### Other

'Other' includes all remaining remuneration, such as the salary supplement as compensation for the loss of pension accrual in excess of 103,317 euros. It also includes the addition for the private use of a company car for business travel (including commuting) minus the personal contribution(s). The fringe benefits are in line with the conditions that apply to all other employees.

The ratio between the highest and the lowest salary at ASN Bank is 6.7.

## Office

ASN Bank is located in a sustainably renovated office building. Its energy is in part provided by the solar energy system installed on the roof. The building also has a thermal storage system. The office building has a greywater sanitary system, and the company restaurant uses sustainable products.

The main environmental impact of our office is created by the carbon emissions of our (office) activities and paper consumption.

## Environmental impact of ASN Bank's office

	2017	2016	2015	2014	2013
<b>CO<sub>2</sub> emissions<sup>1</sup>: tonnes</b>					
CO <sub>2</sub> emissions (Scopes 1 and 2)	168	178	160	153	183
CO <sub>2</sub> emissions: tonnes per FTE* (Scopes 1 and 2)	1.08	1.2	1.14	1.15	1.58
CO <sub>2</sub> emissions (Scope 3) <sup>2</sup>	90	153	158	160	-
Offsetting					
<b>Energy consumption</b>					
Electricity: kWh <sup>3</sup>	269,275	276,491	320,705	296,999	314,723
Electricity: kWh per FTE	1,741	1,864	2,285	2,235	2,705
Gas <sup>4</sup> : m <sup>3</sup>	18,254	26,786	18,141	21,867	33,903
Gas equivalents: m <sup>3</sup> per square metre	6	8	6	7	11
<b>Paper consumption in kilograms</b>					
Total paper consumption	140,550	250,686	238,254	244,032	288,276
Paper consumption per client account in kilograms	0.16	0.29	0.29	0.31	0.37
<b>Water consumption</b>					
Water: m <sup>3</sup>	229	783	754	1,166	786
Water: m <sup>3</sup> per FTE	1.5	5.3	5.4	8.8	6.3
<b>Waste</b>					
Paper waste: tonnes	13.0	13.0	12.2	13.6	12.8

\* FTE stands for Full-Time Equivalent, i.e. a full-time employee

<sup>1</sup> This figure comprises all transport (commuting and business mileage, including car, train, bus and air mileage) and heating of ASN Bank.

<sup>2</sup> This figure comprises the CO<sub>2</sub> emissions related to paper consumption, waste and water consumption. We have been calculating this figure since 2014. The figure for 2014 was adjusted in 2015. An explanation is given below.

<sup>3</sup> Electricity consumption is expressed in kWh (kilowatt hours). 1 kWh equals 0.0036 gigajoules.

<sup>4</sup> The building uses district heating, which is expressed in gigajoules. These gigajoules have been converted into m<sup>3</sup> of gas according to the power company's statement: 1 gigajoule is 25.85 m<sup>3</sup> of gas.

## Carbon emissions

There are three types of greenhouse gas emission:

- Scope 1 emissions: direct greenhouse gas emissions by our own activities.
- Scope 2 emissions: indirect greenhouse gas emissions resulting from our own activities, such as the generation of electricity we use.
- Scope 3 emissions: the emissions of greenhouse gases in the supply chain, such as the paper we use, the loans we provide and the investments we make.

In part thanks to carbon emission offsetting, ASN Bank's office is climate neutral for Scope 1 and Scope 2; our office activities are climate neutral for part of Scope 3. De Volksbank offsets the remaining emissions.

## Paper

The amount of paper we use dropped significantly in 2017, from 0.29 to 0.16 kilograms per account, mostly because the Goedgeld customer magazine was printed on paper only three times. Also, the number of online readers increased substantially as we actively contacted customers, asking them to choose the online and/or the paper edition of Goedgeld. In 2018 Goedgeld will be published four times, which may result in an increase in paper consumption. On the other hand, we stopped sending paper bank statements at the end of 2017 to meet repeated requests from customers. Customers wishing to receive paper statements may easily indicate this.

# Report of the Advisory Council

The duty of the Advisory Council of ASN Bank is to provide the ASN Bank Management Board with solicited and unsolicited advice with regard to its sustainability policy in a broad sense. In 2017, the Council consisted of five persons: Carolien Gehrels, Maarten van Huijstee, Marleen Janssen Groesbeek, Jan van der Kolk (Chairman) and Willemijn Verloop. Willemijn Verloop left the Council at the end of 2017. The Council members are active in a variety of sectors, ranging from the business world and consultancy to government and science. They have in common that they have all won their spurs in the area of sustainability.

The Council met three times in 2017 and frequently got in touch with the ASN Bank Management Board in the interim. On what topics did the Council advise the ASN Bank Management Board in 2017? Chairman Jan van der Kolk answers this question.

Here's another question first: can you explain the Council's role? Do you give specific advice?

'The essence of our role is that we monitor ASN Bank's sustainable course, the bank's activities in relation to that course, and the room it is given to stay that course. Sometimes we give advice, but we also ask the Management Board many questions. We want to know whether they have considered certain aspects. We start open discussions with the Management Board from our position as relative outsiders with a fresh perspective. We do advise on the bank's course as and when necessary. For instance, a few years ago we advised that the long-term human rights goal should not be too wide, as the concept of human rights is so tremendously wide. The current goal, living wages in the textile industry, is wide enough. But we do often act as a sounding board.'

How is the Council's role secured?

'There are regulations for the Advisory Council, regulations for the ASN Bank Management Board and regulations for de Volksbank's Board of Directors. The organisational change was prepared in 2016, with ASN Bank returning its banking licence and becoming a business unit of de Volksbank. At the time I, as the Chairman, had a lot of contact with the Management Board to ensure – in consultation with the Council – that the bank's sustainability mission and the Advisory Council's position were firmly embedded in all those documents. ASN Bank's independence in terms of its sustainability vision and mission is also enshrined very well in the regulations of de Volksbank's Board of Directors.'

On what topics did the Council issue advice in 2017?

'An important point was the Management Board restructuring. We advised on this in 2017 in light of the restructuring of de Volksbank's management, of which ASN Bank obviously forms part. We set great store by the sustainability topic being sufficiently secured and by a certain continuity on the Management Board, in view of the changes of directors in recent years. We also pay attention to the role that de Volksbank has assigned to the Management Board and have spoken with de Volksbank's Board of Directors about this topic. We were able to make a positive recommendation regarding the restructuring of the Management Board.'

Does the Council also monitor de Volksbank as a whole?

'De Volksbank has its own Advisory Council, but we do closely monitor how the new situation of the group as a whole is developing in terms of sustainable development. I refer here to the future of de Volksbank and ASN Bank's position as a brand within de Volksbank. We monitor how de Volksbank further implements its Manifesto, which reflects its sustainability mission. Expanding on its Manifesto, de Volksbank has decided that ASN Bank's sustainability policy will apply to de Volksbank as a whole. This process is ongoing and the Council is monitoring it; we believe it is a very positive development.

'In that context, we advised on the role of the future Sustainability Centre of Expertise of de Volksbank, to which ASN Bank's Sustainability & Research Department makes a major contribution. The Centre of Expertise will be charged with the task of helping to implement 'sustainability' at de Volksbank as a whole and to assist in the process. That is why we have advised how the Centre of Expertise should be positioned. If the other brands of de Volksbank truly experience that they want to be sustainable, the Centre of Expertise can help them bring this about.'

Which other matters did the Council focus on?

'Mortgages have been a point of concern since 2014, or maybe even earlier. It would be good for ASN Bank to offer green mortgages, also because customers demand them. They are currently being developed and we regularly talked about this.

'We also frequently discussed the brand positioning and the campaign. The outlines were clear. We issued some advice on communication concerning a few details.'

'We extensively reflected on the 2016 ASN Bank Report, which Marleen Jansen Groesbeek scrutinised using her expertise.'

'Finally, we insisted that the number of partners the bank cooperates with be limited. It is better for the bank to collaborate with a small number of partners with which it can truly accomplish something than to collaborate with many partners where the collaboration does not always have a large impact. We advised the bank to find partners that truly contribute to the mission and with which it can make real progress.'

Does the Council also consider its own performance?

'We performed a self-assessment prior to the last meeting. We believe that we are correctly positioned and have the right responsibilities, and that these are sufficiently laid down. There is sufficient trust between the Council and the Management Board: we are properly informed, discussions are open, we can discuss confidential issues, and the Management Board responds well to critical questions. However, we would like to discuss ASN Bank's strategy at least once a year to talk about relevant current topics – such as bitcoins, fintech and sociopolitical change – in greater depth. In these discussions, we want to take a more challenging, sharper position towards the Management Board.'

In summary, how did ASN Bank do in 2017 according to the Council?

'We believe that the bank fulfilled its sustainability mission in 2017. We do believe, however, that it should refine its strategy and should accept new challenges, also in order to retain a vanguard position within de Volksbank and in the Dutch banking landscape, and – not least – in order to fulfil the sustainability mission for its customers even more. Although the emphasis is on sustainability, we look broader than this and also consider such matters as fintech developments, the staff aspects of developments at the bank, and financial matters. Is the bank still doing the right things, should it shift the emphasis, are there any opportunities for encouraging social debate? The bank has taken up its role as a driver of sustainability, but is it able to break new ground? We would like to discuss this with the Management Board in 2018.'

## Advisory Council members

### **Carolien Gehrels**

Carolien Gehrels (1967) is European Director Global Cities Program at Arcadis. After her study of Dutch language and literature, she held various positions, including at Onze Lieve Vrouwe Gasthuis in Amsterdam, at Podium, an educational communication agency, and then at Berenschot. In 2006 she became an alderman for the PvdA labour party in Amsterdam, and subsequently also deputy mayor. In addition to her work at Arcadis, Carolien Gehrels is also a member of the Supervisory Council and the Supervisory Board of Delft University of Technology and Bouwinvest, respectively.

### **Jan van der Kolk**

Jan van der Kolk (1953) studied environmental science and management consultancy at university. He subsequently carried out numerous projects: at large companies in the area of sustainability strategy for example, at financial institutions concerning sustainable investment, and at authorities in the areas of the environment and energy. Jan worked at KPMG, including as managing partner of KPMG Sustainability, for twenty years. He currently holds several advisory and management positions, including at FORM International, Holland Quaestor, Stichting Mores, the Environment & Natural Areas Committee for the Municipality of Soest, and the Ministry of Infrastructure and Water Management.

### **Maarten van Huijstee**

Maarten van Huijstee (1977) started his marketing career with Unilever in South Africa. Maarten is currently a creative director of advertising agency TAXI, one of the owners of The Playing Circle – a series of inspiring meeting locations – and co-founder of fair trade brand Return to Sender. He also founded Delight Agency and Delight Yoga. For Delight Agency, he develops ideas, strategies and campaigns – as much as possible – for brands that change the world for the better.



**Marleen Janssen Groesbeek**

Since 2014, Marleen Janssen Groesbeek (1963) has been Sustainable Finance and Accounting lecturer at Avans University of Applied Sciences in Brabant. The motto of her lectureship is Change finance, finance change. Previously, she worked as a journalist in the field of finance and economics for twenty years, and subsequently as a policy adviser at Eumedion and a sustainability manager at DSM. She wrote several books on sustainability, creativity and leadership. Marleen Janssen Groesbeek is also active on the boards of CE Delft, theatre group O.T. Rotterdam, Rank a Brand, and Fossiel Vrij Nederland.

**Willemijn Verloop**

Willemijn Verloop (1970) started her career at The European Action Council for Peace in the Balkans. In 1994 she founded War Child, which she managed until 2010. In 2012 she set up Social Enterprise NL, a Dutch platform for social entrepreneurs. In 2013 she initiated Social Impact Ventures NL, an investment & venture assistance organisation for social enterprises. Willemijn Verloop is also Vice-Chairman of the Supervisory Council of War Child and a member of the Supervisory Council of Stadsschouwburg Amsterdam and of Tony's Chocolonely. Willemijn Verloop left the ASN Bank Advisory Council at the end of 2017.

