

Annual Review 2018

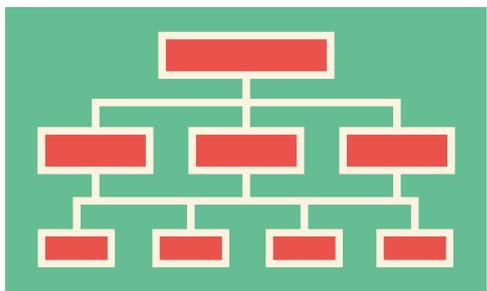
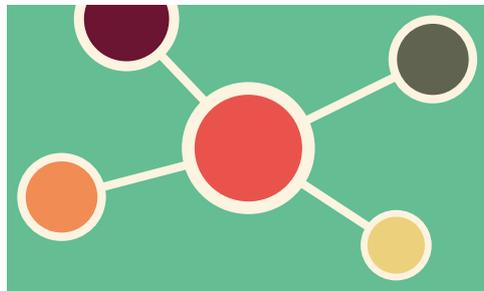
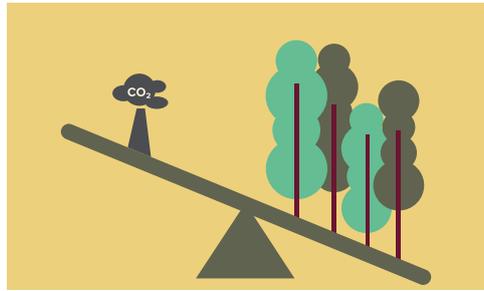
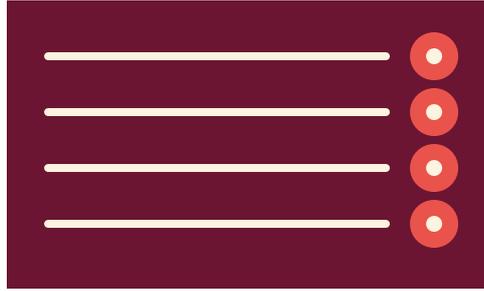


Table of contents

ASN Bank in 2018 – at a glance	3
Trends and developments	5
Mission and strategy	8
Our promise to clients	10
The basis: our sustainability policy	11
Living wage in the garment industry	18
Climate-positive by 2030	21
Positive impact on biodiversity	25
Selection, engagement and voting	28
Partnerships and memberships	30
How we use our clients' money	31
Assets under management and lending	36
Social impact	45
Client products and services	49
Organisation	54
Report of the Advisory Council	59

ASN Bank in 2018 – at a glance

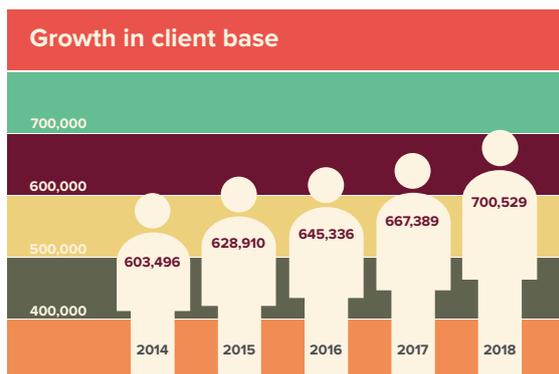


2018 was a good year for ASN Bank, a division of de Volksbank. We introduced a sustainable mortgage. We managed to have other banks embrace our ambitions in the areas of climate, human rights and biodiversity. We saw an increase in the number of clients and their deposits.

Clients

ASN Bank's goal is to serve one million satisfied clients by 2025. Our client base, which rose to more than 700,000 in 2018, grew faster than before. We know that clients value ASN Bank mostly because of our sustainability policy, because we are a fair bank and because we do not put client deposits at risk. We are seeing that sustainability – and hence sustainable banking – is increasingly becoming a priority throughout society. People are looking for a bank that is responsible about their money.

We use the Net Promoter Score (NPS) to rate our client satisfaction. Our aim is to achieve an NPS of 22 or higher. Our NPS was virtually stable.



Sustainable housing

The need to make houses more energy-efficient was the subject of much public and political debate in the reporting period. Sustainable housing is one of the most important – as well as one of the most impactful – ways of influencing the climate. It is ASN Bank's ambition to allow as many people as possible to make sustainability improvements to their homes. That is why, in November, we introduced ASN Hypotheek with ASN Duurzaam Wonen, a sustainable mortgage with an add-on for home-owners who want to improve the energy efficiency of their homes. The introduction of this product also contributes to the sustainability of the mortgage portfolio, which is funded mostly by our clients' savings deposits.



Championing sustainability in the financial sector

We have a long-term objective for each pillar of our sustainability policy. By 2030, we endeavour to:

- be climate-positive;
- have encouraged suppliers of clothing companies to pay their employees a living wage; and
- have a positive impact on biodiversity.



To step up our influence as a sustainable bank, we help others make sustainable choices. We do so by championing sustainability in the financial sector. One of our achievements in 2018 was the creation of the Platform for Living Wage Financials. We also presented a Common Ground Report on how banks can measure their impact on biodiversity, which was met with international support.

Assets under management

Assets under management are comprised of our clients' savings and other deposits. We invest their deposits such that we promote the sustainability of society.



Trends and developments



As a sustainable bank, ASN Bank is affected by developments in banking and sustainability, as well as in areas where these overlap. What were the main trends we saw in 2018?

Dutch consumers warming up to sustainability

Dutch consumers are increasingly making sustainable choices. Based on research by Dossier Duurzaam, a sustainability research agency, the percentage of consumers with a fundamentally positive attitude towards sustainability rose from 59% to 63% in 2018. The percentage of respondents willing to pay extra for sustainability increased from 29% in 2016 to 32% in 2017 and 36% in 2018. This positive development is reflected in the direction the Dutch government is taking with its ambitious Climate Act and the draft Climate Agreement. That said, consumers have also expressed concern about the costs of sustainability. Home-owners are reluctant to spend money on improving the energy efficiency of their homes. Car owners are not happy about the cost of an electric car.

We share consumer concerns about the accessibility and affordability of sustainable solutions. That is why we are keen to help our clients in their sustainability drive. In 2018, for instance, we introduced ASN Hypotheek with ASN Duurzaam Wonen, a new mortgage with an add-on for sustainability improvements. We engaged clients by telling them about a sustainable lifestyle, for instance in [blogs on our own website](#) and on [Voor de Wereld van Morgen](#) (For the World of Tomorrow), on social media and in our [Goedgeld](#) (Good Money) magazine. Our tips involved all kinds of sustainability-related issues; most of them were about food, clothing and lifestyle.

Financial sector more open to sustainability

Organisations in the financial sector, such as banks, asset managers, pension providers and regulators, including the Dutch Central Bank (DNB), are increasingly shifting their focus to sustainability. In 2018, for instance, DNB performed a stress test of the potential consequences for financial institutions of the imminent transition from environmentally unfriendly to clean energy sources. DNB has warned financial institutions that they should do a better job of incorporating their sustainability ambitions into their day-to-day operations.

At our bank, we see the heightened focus on sustainability reflected in the fact that an increasing number of financial institutions are participating in the three platforms we have initiated: the Platform for Carbon Accounting Financials, the Platform for Living Wage Financials and the European Community of Practice Finance & Biodiversity. We are very excited about this development since it contributes to a better future. We take a critical look at the alleged sustainability claims of financial institutions. A financial institution mainly exerts influence on the world through its investments and loans and, to a considerably less extent, through its organisation (offices, workforce). It is also a question of balance: we feel that an institution cannot be said to be committed to sustainability if its green assets are outweighed by non-green, even harmful, investments, for instance in fossil fuels. We have set ambitious human rights, climate and biodiversity objectives for our loans and investments.

Loss of biodiversity threatening to materialise

There were alarming reports of loss of biodiversity in 2018. In an extensive report, scientists from Wageningen University & Research claimed that insects are dying rapidly, in the Netherlands too. The International Union for Conservation of Nature (IUCN) issued a warning about mass extinction of mammalian species. These reports commanded a lot of media attention. Concerns about biodiversity are becoming increasingly wide-spread in society.

ASN Bank is committed to protecting and strengthening biodiversity. That is why biodiversity is one of the three pillars of our sustainability policy, along with human rights and climate policy. We have also defined a long-term objective: we aim for our investments and loans to have a net positive effect on biodiversity by 2030.

We also want to help our clients have a more positive impact on biodiversity. With this in mind, we devoted some of our [blog space](#) to such topics as bees, responsible laundry and green roofs.

Greater focus on sustainable living

People can influence their carbon emissions by changing their lifestyle. There are great climate gains to be had if sustainability measures are introduced in homes. This is also reflected in the draft Climate Agreement that was announced in December. A poll in our email newsletter for clients showed that 58% of respondents are keen to improve the energy efficiency of their home, while 22% have already done so.

This led us to believe that our clients would be interested in a sustainable mortgage, which is why we introduced the ASN Hypotheek mortgage in 2018. The mortgage makes it easier for new home-owners to improve their home's energy efficiency: they are granted an interest rate reduction if they add on a sustainability module (ASN Duurzaam Wonen) to fund energy efficiency improvements. We use the www.slimwoner.nl website to educate our clients about their sustainability options and to offer them tools. This website was created by Natuur & Milieu, an independent environmental organisation committed to creating a healthy natural environment, in collaboration with all four brands operated by de Volksbank.

When we introduced the new mortgage, we held a survey among home-owners and future buyers. Nearly three-quarters of respondents were interested in improving the energy efficiency of their current or future home. The main reasons for wanting to do so were a lower utility bill (48%) and concern for the environment (24%). Concern for the environment was mentioned more often by respondents between the ages of 25 and 34. Nine out of ten first-time buyers proved to be keen to make their future homes more energy-efficient. The best time for all home-owners to implement energy efficiency measures is within two years of buying a property.

Cybersecurity and privacy

Online banking has become common practice. Unfortunately, digitisation can lead to digital fraud. We do everything we can to prevent and limit fraud in our clients' accounts. That said, our responsibility for digital security stops at a client's digital 'front door'. They decide how, where and when they use the internet or their smartphone to do their banking, how they secure their laptop or smartphone, and with whom they share their financial information. That is why we educate our clients thoroughly about secure digital banking.

Pervasive digitisation also increases the risk of privacy violations. The new European Payment Services Directive (PSD2) will come into force in the Netherlands in the spring of 2019. This Directive will allow clients to share their ASN Bank account details with external parties. Every client is free to choose whether or not to share their details. We will not share information with other businesses unless a client has granted their express consent. This is one of the many ways in which we protect the privacy of our clients.

Persistently low interest rates

The general rate of interest in the Netherlands remained low in 2018, as it did in 2017. At the beginning of 2018, DNB presented its interpretation of the savings patterns of Dutch households in 2017 and earlier years. DNB claims that 2013 marked a turning point in savings patterns. In that year, Dutch households withdrew more money from their savings accounts than they deposited. Since then, they have saved less than in the years before 2013. One reason is that they have fewer financial resources. Another is that they are looking for more profitable alternatives to saving money, such as repaying their mortgage and/or other loans, and investing.

ASN Bank too was forced to lower its interest rate on savings deposits: the interest rate on ASN Ideaal-sparen, our principal savings product, fell from 0.20% at the start of the year to 0.08% on 13 December. This rate is in line with the market: we do not offer the highest rate, but it is definitely not the lowest either. Despite the low rate of interest, assets under management, including savings deposits, were on the rise. Overall, it can be argued that our clients are not out to secure a higher return on their savings. One explanation might be that many clients stand squarely behind our sustainability principles.

We have also found that more of our clients are starting to invest in ASN's sustainable investment funds. We make investing easy for novice and experienced investors with [ASN Doelbeleggen](#), a special-purpose investment account, which we introduced in 2017.

Mission and strategy



Ever since ASN Bank was founded in 1960, our goal has been to contribute to a sustainable, just society: a society in which people are free to make their own choices without compromising the interests of others, a society without poverty and with universal access to education, suitable housing and healthcare services.

It is this vision that underlies our mission:

Our economic actions are designed to promote sustainability in society. We help to bring about changes that are meant to discontinue processes whose harmful effects will have a bearing on future generations or on the environment, nature and vulnerable communities.

In doing so, we do not lose sight of the fact that we need to make profit as a bank in the long term so as to safeguard our ability to continue as a going concern. Our approach to managing our clients' deposits does justice to their expectations.

To carry out our mission, we have defined a two-pronged strategy, which includes long-term objectives for both our sustainability drive and our banking activities.

Strategy for sustainability drive

Sustainability is our key priority in everything we do. We encourage sustainable development in the context of our banking activities as a division of de Volksbank. We exert our most direct influence on the world through our loans and investments, which is why we select them based on our sustainability criteria. We only invest in businesses and sectors that are committed to building a sustainable future and in countries that take a responsible approach to people and the planet.

Our aim is to promote sustainable development by championing sustainable choices. 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 objectives for each pillar of our sustainability policy: human rights, climate policy and biodiversity. We then team up with partners – financial institutions in particular – where we can to achieve these objectives.

Strategy for banking activities

ASN Bank wants to grow. Growth is not an end in itself, but a means towards boosting the sustainability drive. That is why we have defined three growth targets for our banking activities. We aim to achieve these targets by 2025:

1. One million satisfied clients

The more clients we have, the more positive influence we can exercise to make society more sustainable. This fuels our ambition to expand our client base to one million satisfied clients by 2025. We hope to achieve this by making sustainable banking accessible and appealing to everyone: accessible by offering transparent and easy-to-understand products, and appealing by showing that our products benefit both the environment *and* our clients' wallets. We use the Net Promoter Score (NPS) to rate our client satisfaction.

2. Growth in assets under management

For ASN Bank, assets under management consist mainly of clients' savings deposits and current account balances. Client investments in the ASN investment funds are the responsibility of ASN Beleggingsfondsen N.V.; they are not available for lending by ASN Bank. We aim to achieve controlled growth in assets under management by reference to lending, so that our assets keep developing soundly.

3. Growth in corporate lending

Our aim is to increase the lending volume. We do so by financing projects in such areas as wind and solar energy, and investing in green and social bonds. Some of these investments also help us achieve our objective of running a climate-neutral organisation by 2030. In addition, we are developing lending activities for the healthcare sector.

Our promise to clients



Clients choose ASN Bank because we promote sustainable development. But how do we make that happen? And how can we make our clients see what we have achieved? In dialogue with our clients, we have defined four essential aspects.

1. All our investments are sustainable and we are transparent about our investments

We only invest our clients' deposits in countries, businesses and projects that pass our sustainability screening. We publish details on all loans we provide, specifying the name of the borrower and the amount of the loan. This is how we demonstrate that we do not invest in the arms industry, nuclear energy, coal, oil and gas. We do finance government initiatives and projects in the areas of housing, renewable energy and healthcare. We publish our sustainability policy for the public to read. We share our methodologies for measuring sustainable development with other organisations in the sector.

2. ASN Bank offers the best of both worlds: return *and* a more sustainable future

We offer a rate of interest on savings deposits that is in line with the market. In 2018, Moneyview, an independent comparison website for financial services providers, awarded five stars to ASN Ideaalsparen, our principal savings product. Clients are paid interest on their current account. We use our clients' deposits in accordance with the principles of our sustainability policy. What is more, clients who have an ASN Ideaalsparen or ASN Jeugdsparen savings account or an ASN Credit Card support sustainable projects undertaken by ASN Bank's community partners. Clients contribute to these projects at no extra charge to them.

3. We help make innovative, sustainable ideas happen

We help advance innovative, sustainable ideas through the online platform offered by www.voordewereldvanmorgen.nl (For the World of Tomorrow). We also draw our clients' attention to carefully selected projects advertised on the OnePlanetCrowd crowd-funding platform. This is how we help sustainable businesses raise capital, whether they are just starting up or are more mature.

4. We make sustainability achievable for everyone

We first made this client promise in 2018. It demands that we come up with solutions for people who currently do not have the means to make sustainability improvements. We already offer them an excellent range of banking products, as well as the new, sustainable ASN Hypotheek mortgage. We plan to explore more options to fulfil our promise in 2019.

The basis: our sustainability policy



Our sustainability policy is the practical elaboration of our mission. This policy is based on how sustainability was defined in the 1987 UN report *Our Common Future*. Our policy is built on the concept of justice. This is the crux of our sustainable vision.

Our Common Future was the first report to call for sustainable development and defined it as follows:

“sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Human rights, climate and biodiversity are the pillars of our sustainability policy. Together, they encompass nearly all themes that are relevant to everything we do, such as selecting what to finance or to invest in.

- Climate: how do we select our loans and investments so that they contribute to a safe, healthy and stable climate for people and the planet?
- Biodiversity: how do our loans and investments contribute to a clean environment and the protection of nature?
- Human rights: how can we use our loans and investments to protect human rights?

Scope of sustainability policy

ASN Bank's Sustainability Expertise Centre (Dutch acronym: ECD) drafts the sustainability policy. This policy is also applied by de Volksbank. On the ECD's advice, the ASN Bank Management Board decides on the sustainability policy. ASN Bank's sustainability policy forms the basis of the sustainability policy of the ASN investment funds. The sustainability policy applies to:

ASN Bank

- All of ASN Bank's loans and investments
- The choice of ASN Bank's community partners
- The choice of sponsorship projects
- The choice of projects for the ASN Bank World Award and for supporting sustainable initiatives using crowd funding

ASN investment funds

ASN Beleggingsinstellingen Beheer B.V. (ABB), which manages the ASN investment funds, shares ASN Bank's mission. ABB's sustainability policy is based on that of ASN Bank. This policy informs ABB's decision-making process on:

- Acceptance and rejection of businesses, countries, organisations and projects for the investment universe
- Voting at shareholders' meetings of companies in which the ASN investment funds hold shares
- Engagement with businesses in the investment universe

De Volksbank

De Volksbank seeks to make a relevant and positive contribution to society, focusing on financial resilience and sustainability. In view of this, it has adopted ASN Bank's sustainability policy. It has also set itself the goal of moving towards a climate-neutral balance sheet. ASN Bank's Sustainability Expertise Centre (ECD) supports de Volksbank in implementing the measures required to reach this goal.

The 17th policy update of the Fair Banking Guide was published in December. The sustainability policy of de Volksbank, including ASN Bank, came out on top in this update.

Human rights

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 on human rights

Our interpretation of the concept of human rights includes every form of human rights: civil rights, political rights and economic, social and cultural rights. In our view, a habitable climate and a 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 or torture. Human rights also impose obligations on governments, such as the obligation to provide education and healthcare services, freedom of speech and equal treatment. Human rights have been formalised in international conventions. Companies also have the responsibility to respect human rights, for instance by protecting rather than violating the rights of employees, consumers and local residents.

Policy principles

Our human rights policy is rooted in the Universal Declaration of Human Rights and the international standards based on this Declaration. These also include the UN Guiding Principles on Business and Human Rights. These Guiding Principles have been incorporated into our human rights policy paper, which includes strict criteria for assessing companies, countries and institutions.

These principles stipulate that every company is expected to perform an assessment of their principal human rights risks. In 2018, we performed this analysis for our own organisation and for de Volksbank with the help of Sustainalize, a consultancy firm. This analysis showed that the main human rights risk exposures are associated with the ASN investment funds. Our aim is to reduce these risks.

IMVO-Bankenconvenant (IRBC Dutch Banking Sector Agreement)

Through its actions, the financial sector may be directly or indirectly involved in potential human rights violations. That is why, in 2016, the banking sector, NGOs, trade unions and the Dutch government entered into IRBC Dutch Banking Sector Agreement, which is due to expire in 2019. The aim of the Covenant is to eliminate the risk of human rights violations. The joint approach enables the contracting parties to pool their knowledge and experience in this area.

ASN Bank joined the Covenant right when it was introduced in 2016. ASN Bank has been a division of de Volksbank since 2017; de Volksbank applies the principles of ASN Bank's human rights policy to all its operations. For this reason, de Volksbank has replaced ASN Bank as a party to the Covenant; ASN Bank's sustainability specialists perform the associated duties.

First human rights report

ASN Bank's Sustainability Expertise Centre (ECD) supported de Volksbank in complying with the provisions of IRBC Dutch Banking Sector Agreement, one of which was the publication of a separate human rights report. De Volksbank published its **first human rights report** early in 2019. In line with the UN Guiding Principles on Business and Human Rights, in this report, de Volksbank addresses the most significant human rights risks and measures to mitigate them.

Climate

The climate has changed from time to time throughout the earth's history. At present, climate change is mainly due to human activity: the earth is heating up because we emit greenhouse gases. We endorse the reports of the International Panel on Climate Change (IPCC), which attribute global warming to human activity. We also endorse the Paris Climate Agreement (2015). As a sustainable organisation, we are committed to contributing to the preservation of a safe, healthy and stable climate for people and the planet, and to limit the – now unavoidable – impact of climate change.

Our choice: mitigation and adaptation

As further global warming is unavoidable, it would seem to be too late to find an all-encompassing solution to the climate problem. That is an important fact that informs ASN Bank's climate policy. After all, it means that climate change adaptation, i.e. absorbing the impact of climate change, such as drought, flooding and the loss of biodiversity, is inevitable. We also want to help limit the effects of climate change that have now become unavoidable. That is why mitigation, i.e. preventing temperatures from continuing to rise and thereby containing the climate problem, is required. After all, curbing the temperature improves the chance of adaptation and might yet help to prevent dangerous climate change.

We give priority to mitigation over adaptation for two reasons. First of all, we want to maximise the chance of preserving a climate that is habitable for people and nature. Secondly, many reports show that mitigation is considerably cheaper than adaptation. That said, adaptation will also become crucial.

Goal: a climate-neutral society

The sooner we manage to reduce our carbon emissions globally, the greater the chance that the temperature increase will stay within the limits of dangerous climate change. This is subject to the condition that the world reaches a turnaround in emissions before 2020, followed by net carbon neutrality as soon as possible, but by 2050 at the latest. After that, countries should become carbon-negative by removing carbon from the atmosphere. In order to achieve this, carbon emissions need to be reduced significantly in the near future. We aim to be at the forefront of this initiative.

Biodiversity

Biodiversity is the diversity of living organisms and the variety of their interrelationships in ecosystems. Biodiversity is a source of prosperity: it provides services that are of economic, aesthetic, religious and cultural value to people, such as the production of oxygen, water purification, food, fuel, raw materials, medicines, protection and recreation. What is more, to many people, biodiversity has an intrinsic value that, in itself, is sufficient to legitimise its protection. That is why we are committed to protecting biodiversity, with its fragile balance between different animals, plants and micro-organisms. The extinction of a species can lead to a chain reaction, causing their home ecosystem to no longer work properly and preventing it from providing any more ecosystem services.

Policy principles

The principles of our biodiversity policy are based on various international conventions and agreements in the area of biodiversity. We use the definition given in the Convention on Biological Diversity (CBD) of 1992: "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."

Loss of biodiversity: the greatest challenge for humanity

Biodiversity is declining rapidly on a global scale, mainly due to human activity. Research by the Stockholm Resilience Centre shows that there is broad consensus among scientists that the rapid loss of biodiversity is one of the greatest challenges humanity is facing today. Loss of biodiversity is even more critical than climate change, but because it is less visible than climate change, it receives relatively little attention from companies and policy-makers. As a sustainable bank, ASN Bank is committed to contributing to maintaining and strengthening biodiversity and ecosystems. Our objective is aligned with that defined 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 utilisation of genetic resources."

Screening based on impact perspective

We screen the projects and companies we invest in or finance for their impact on biodiversity. Based on the Millennium Ecosystem Assessment, the key threats to biodiversity are: land use change (loss of natural habitat), climate change, invasive alien species, overexploitation and pollution. We only finance businesses that contribute to the protection or enhancement of biodiversity, and take effective measures to prevent or compensate for these threats. We avoid activities that cause great harm to biodiversity, such as fossil fuel production, mining, fisheries and agriculture.

New policies and changes in 2018

We have made a series of minor adjustments to update our policy based on the latest sustainability developments. We have also improved the alignment of our policy to the research set-up of the Fair Banking Guide.

Climate

We have supplemented our climate policy by adding sections about the Paris Climate Agreement, the Dutch Carbon Pledge and the Platform for Carbon Accounting Financials (PCAF). Furthermore, we have supplemented the section on deforestation by adding criteria that were also included in the biodiversity policy.

Biodiversity

The biodiversity policy for deforestation was made more concrete on four specific points:

- The clearing of primeval forests, tropical rainforests, forests that store a high amount of carbon (high carbon stocks) and mangrove forests is unacceptable to ASN Bank.
- The extraction of peat land is unacceptable to ASN Bank.
- We ask companies and institutions to identify high carbon stocks and protect them from logging.
- We ask companies and institutions in the timber chain to prevent the use of illegally logged or traded timber.

Governance

This policy has been tightened by adding two tax requirements for companies. Companies are expected to be transparent about their tax rulings and, where possible, about the outcome of any tax issues they have been involved in. And companies are expected to have in place policy stipulating that their suppliers do not tolerate tax evasion and tax avoidance.

Financial services

The Banks and Insurers policy document has been combined with the Supranationals policy document. The policy has been streamlined and some details have been changed. It is now also suitable for application to the management of de Volksbank's liquidity (short money) and capital (long money). All long money, i.e. funds lent by de Volksbank for six months or more, is governed by the sustainability policy. Short money does not involve loans or investments. That does not mean that it is not subject to restrictions: de Volksbank will not lend short money to banks with a poor sustainability score.

Animal welfare

This policy has been tightened in some respects. We have included a section on antibiotics in relation to the impact of the agricultural sector on nature and the environment. The animal welfare policy on fisheries has been supplemented in three areas:

- Sailing under flags of convenience, i.e. the practice that a ship is registered in a country that has limited rules for fishing and does not strictly supervise fisheries. This forms an impediment to the sustainable management of fish stocks and facilitates illegal, unregulated and undocumented fishing.
- Compliance with the United Nations Food and Agriculture Organisation (FAO) Code of Conduct for Responsible Fisheries.
- Compliance with the International Principles for Responsible Shrimp Farming and use of Aquaculture Stewardship Council (ASC) aquaculture certification.

Housing and real estate

We have detailed our policy on sustainable building, addressing such aspects as FSC certification and the Environmental Performance of Buildings (Dutch acronym: MPG), which ranks the environmental impact of materials used in a building. The policy also covers primary raw materials and circular building. New criteria have been added for housing associations, utility companies and real estate firms. Finally, we have added new criteria for mortgage packages that qualify for investment by ASN Bank.

Mergers and demergers

We have introduced a new policy on how to deal with companies that are involved in mergers and demergers. This policy mainly addresses the time lines within which we need to screen a company for being involved in activities that we have excluded or want to avoid, and the time at which a full investigation would be expedient.

Plastic

We have defined a policy to reduce the impact of plastic and plastic packaging used by the companies we invest in. This policy centres on the requirements we apply to companies that use plastic packaging and plastic-processing companies. This policy was officially adopted in early 2019.

Tobacco

We have tightened our tobacco policy and extended it to include e-cigarettes. We do not invest in companies that manufacture tobacco products or electronic smoking articles, nor do we invest in companies that derive more than 5% of their revenue from the sale or distribution of, or trade in, tobacco products and electronic smoking articles; this used to be 10%.

SDGs and our sustainability policy

The United Nations Sustainable Development Goals (SDGs) have given us a shared language for speaking about sustainable, social development on an international scale. As a result, these sustainable development goals are of great value to the global agenda for sustainable development. These are the SDGs:



In 2018, we mapped out the similarities and differences between the SDGs and ASN Bank's sustainability policy. We looked at the 17 goals, as well as the 169 targets. Because we have based our sustainability policy on the same international standards for 25 years now, there are many similarities between our policy and the SDGs, albeit that the SDGs have been defined for countries. The goals and targets do need to be transposed in order for them to be applicable to the operations of a company or a bank. We have transposed them at target level, because the targets are more detailed and concrete, offering more guidance.

We interpret the SDGs in two ways:

1 Do no harm

We exclude all activities that can be harmful to people, the climate and nature. We mitigate any harmful effects. That is the basis of our policy. This is how we contribute to the SDGs: having a positive impact starts by reducing the negative impact. In other words, we believe that a positive contribution to sustainable development starts by excluding activities that have a negative impact on the SDGs. For this reason, our **sustainability policy** has exclusion criteria for such activities as arms trading, deforestation, activities running counter to animal welfare and the use of fossil fuels. The SDGs pay little or no attention to such activities.

Our sustainable selection criteria contribute to the following targets for each SDG:

Contribution to SDGs through sustainable selection criteria:



2 Aim to have a net positive impact

We harness our long-term objectives for human rights, climate and biodiversity to create a net positive impact. We measure each of these goals for their impact on the climate and biodiversity, and – as far as human rights are concerned – on a living wage in the textile industry.

The charts below show the contribution our long-term objectives make to the SDGs.

Contribution to SDGs through long-term living wage goal:



Contribution to SDGs through long-term climate goal:



Contribution to SDGs through long-term biodiversity goal:



Living wage in the garment industry



In many countries, the minimum wage is two to three times lower than the living wage, i.e. the wage a family needs to meet their basic needs. That is why we have chosen 'living wage' as the focus of our long-term human rights goal.

The minimum wage in sectors such as garment, electronics and food is usually not enough to live on, particularly for people working for suppliers in these industries. The ASN investment funds invest in the garment industry. That makes a living wage in the garment industry one of the most serious human rights risk exposures for de Volksbank and ASN Bank. We want to put as much pressure as we can on the garment industry to achieve our long-term human rights goal:

By 2030 the garment sector will have implemented all necessary processes to enable a living wage for workers in its supply chain.

Importance of living wage

If production workers earn a living wage, they can provide for their own basic needs and those of their families. These needs include food, clothing, housing, education and health and welfare services. In addition, they can save about 10% of their wages for unforeseen expenses. The level of a living wage differs from country to country. The introduction of a living wage helps raise the standard of living of workers and their families. What is more, it tends to be a catalyst for the improvement of other working conditions as well. After all, there is a lower probability of child labour if parents earn enough money.

Garment companies

The focus of our work towards 'living wage' is on garment companies that had been approved for the ASN Investment Universe on 1 April 2016. Gap and Nike have since been rejected because they no longer meet other criteria of our sustainability policy. We are, however, continuing to engage with them on the subject of a living wage. Consequently, we now focus on the following 14 companies: Adidas, Amer Sports, Asics, Asos, Esprit, Gap, Gildan Activewear, H&M, Inditex, KappAhl, Lojas Renner, Marks & Spencer, Nike and Puma.

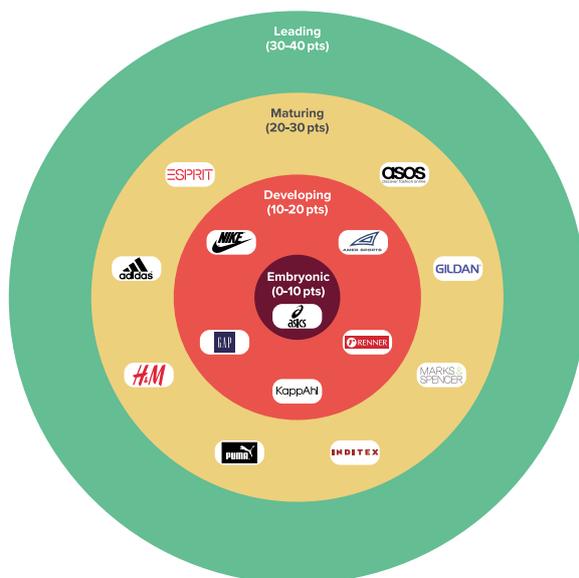
Implementation of goal

When we introduced our long-term goal in 2016, we developed a methodology to measure the progress garment companies make in introducing a living wage. On this basis, we engaged in an initial dialogue with garment companies about living wage. Since 2018, we have based our [methodology](#) on the *United Nations Guiding Principles on Business and Human Rights* and the accompanying [Reporting Framework](#). These Guiding Principles have been recognised globally as authoritative guidelines for companies to demonstrate how they address key human rights issues. The fact that both the companies and ASN Bank rely on the same guidelines allows us to be more goal-oriented when we engage with them. International accounting firm Mazars, which co-authored the Reporting Framework, helped us to fine-tune our benchmark of the garment companies. The Mazars experts have issued an independent assurance report on our benchmark.

Report for 2018 and engagement

The first measurements we conducted mainly revolved around the question: does the company in question have a policy on offering a living wage? Using the new methodology, we also assessed how that

policy is put into practice. We answered eight questions for each company. These included: How has the company integrated its living wage policy into its business practices? What is the impact of this policy on production workers? How transparent is the company in communicating about its policy? The answers to these questions led to the ranking of each company into one of four categories: from embryonic (the company is hardly concerned with offering a living wage, if at all) to developing and maturing, to leading. Most companies were in the middle two categories in 2018.



The outcome was published in the [Living Wage Report 2018](#). This report provides tools for engaging in a dialogue with garment companies on how they can improve. We perform a deep-dive into the labour law on a living wage, which allows us to enter into an effective and targeted dialogue with companies, i.e. engage with them. We interview a number of company officers for 60 to 90 minutes on average. They can be specialists in the field of corporate social responsibility, buyers or external experts who advise the company. The outcome forms a good basis for in-depth discussions, also about a company's ambitions for the future. Following the report and the individual company assessments, we spoke to representatives of nearly all 14 companies. A few more meetings have been scheduled for 2019.

Plans for 2019

In 2019, we will reassess the companies and discuss the outcome of our reassessment with them. Our aim is to build a relationship of trust with them, so that they are open to our suggestions and criticisms. That is why we do not publish the rankings of the individual companies in the report, which is otherwise public. Together with the other financial institutions in the Platform for Living Wage Financials, we will continue to monitor companies and the progress they make.

Sharing findings

We are happy to share our findings where we can so that other organisations can follow our example. That is why we explained what we do at the OECD Forum on Due Diligence in the Garment and Footwear Sector in Paris in January. We also attended the annual United Nations Forum on Business and Human Rights in Geneva, which attracts more international delegates every year; in 2018, there were over 3,000. Our human rights advisor joined a panel to talk about how investing financial institutions can successfully engage in dialogue with investees.

Platform for Living Wage Financials

In 2016, ASN Bank, Triodos IM and pension insurer MN were the first financial institutions to partner up to promote a living wage. At ASN Bank's initiative, we engaged in a dialogue on a living wage with other financial institutions in the Netherlands in 2018. This led to the creation of the [Platform Living Wage Financials \(PLWF\)](#), which was successfully launched in September at a conference at MN in the presence of more than 80 representatives of financial institutions, NGOs and garment companies.

In addition to founders ASN Bank, Triodos IM and MN, a.s.r., ING, Achmea IM, NN IP, Robeco, Kempen and French asset manager Amundi Asset Management have also joined this initiative. Together, they represent over € 2 trillion in assets under management. ABN AMRO and pension funds MITT, PME and PMT have expressed their support. The aim is to have even more large banks, insurers and pension providers join the platform, to perform benchmarks and approach garment companies together and stretch the scope of the objective to other sectors. This initiative allows financials to shape the social aspect of sustainability.

Cooperation with Fair Wear Foundation

We work in close collaboration with community partners that share our views. When it comes to a living wage, our partner is the Fair Wear Foundation. This organisation works with clothing brands and influential players in the garment industry to improve working conditions in this sector. The Fair Wear Foundation has helped us to achieve our long-term human rights goal of introducing a living wage since 2018. It issues independent advice, conducts research and offers training. The Fair Wear Foundation also checks the steps companies take by conducting factory audits, operating local complaint hot lines and performing brand performance checks, i.e. independent research into the efforts of a clothing brand to improve working conditions at suppliers and subcontractors.

Climate-positive by 2030



The emission of greenhouse gases, the most important one of which is carbon dioxide, is causing today's rapid global warming. We want to contribute to reducing global warming where we can. That is why we aim to be climate-positive by 2030.

We have worked towards our climate goal since 2012. From that time onwards, major advances have been made in climate science, allowing us to make more accurate predictions about the consequences of temperature increases. As a result, new reports by climate scientists are becoming increasingly alarming. At first, they assumed that the risks associated with a temperature increase of 2 degrees Celsius would be manageable. The International Panel on Climate Change (IPCC) published its report *Global Warming of 1.5°C* in 2018. This report showed that we need to cap the temperature increase at 1.5 degrees Celsius to avoid the worst consequences of global warming. The measures that are now being taken worldwide are insufficient to achieve the goal of the 2015 Paris Climate Agreement, i.e. to keep global warming well below 2 degrees Celsius. Conserving energy and switching to renewable energy are not enough. Carbon dioxide removal (CDR) is required as well: storage of carbon, i.e. negative carbon emissions.

From climate-neutral to climate-positive

A bank can reduce greenhouse gas emissions mainly by influencing the carbon footprint of the companies and projects it invests in. For this reason, we set the following long-term goal in 2012: all our loans and investments will have a net zero carbon footprint by 2030. At year-end 2018, our operations were 96% climate-neutral. In response to the ever-increasing urgency of climate change, we then went on to tighten our climate target. We are the first bank in the world to define the following ambition:

All our loans and investments will be net climate-positive by 2030

With this climate policy, we hope to contribute to capping the global temperature increase to 1.5 degrees Celsius. Some banks are currently measuring their impact on the climate from time to time. As far as we know, no other bank in the world has set itself such an ambitious target. However, we believe it to be necessary also because many studies are showing that the transition to a carbon-neutral economy is feasible, even as soon as by 2030. Fuelled by the serious consequences of a greater increase in temperature, we want to go the extra mile to become a climate-positive organisation.

Strategy for becoming climate-positive

We calculate the emissions or avoided emissions of all our assets. We disclose them in the carbon profit and loss account, converting the emissions of the different greenhouse gases into carbon equivalents based on international standards. ASN Bank qualifies as climate-positive if the volume of the emissions caused by our assets corresponds to or is lower than the volume of the carbon dioxide removal we recognise. We achieve this by making the following choices:

- Where the energy sector is concerned, we only finance energy generation from renewable energy sources, such as wind and solar energy. This is how we increase avoided carbon emissions.
- We finance energy-saving measures, low-energy buildings and energy efficiency.
- We do not invest in the extraction, production and refining of fossil materials and their use to generate electricity.
- We prefer to invest in companies that conserve energy.
- We invest some of our clients' savings deposits in climate bonds. This helps us increase avoided carbon emissions.
- De Volksbank uses much of our clients' savings deposits to provide mortgages. De Volksbank, including ASN Bank, encourages mortgage clients to make sustainability improvements to their homes; this reduces carbon emissions associated with the mortgage portfolio.

- To become climate-positive, we need to finance projects that ensure that carbon is extracted from the atmosphere and stored. One way to store carbon is by planting trees. That is why, in our climate policy, we have included activities such as financing tree planting.

Scope of goal

ASN Bank was the first bank in the world with a climate goal that spanned its entire balance sheet. We still lead by example: with our climate goal, we want to inspire other, larger financial institutions to do as we have done. De Volksbank has wanted its assets to be climate-neutral since 2016.

When we defined the objective, ASN Beleggingsinstellingen Beheer B.V. (ABB), which manages the ASN investment funds, was a division of ASN Bank. ABB is now a division of de Volksbank. That is why the carbon emissions of ASN Bank and the ASN investment funds are calculated separately. We do, however, make allowance for both figures to determine the extent to which the goal has been achieved.

Development of climate goal

We started carbon accounting in 2015: we try to influence the carbon emissions that relate, either directly or indirectly, to our loans and investments. We have developed the relevant methodology based on international standards, such as the Greenhouse Gas (GHG) Protocol. The methodology for measuring the carbon impact of loans and investments is still regularly being improved. The data used in this process are enriched regularly so that the calculated carbon impact can be adjusted in future as soon as better data is available.

Percentage of climate goal achieved				
Profit and loss in kilotons of carbon equivalents		ASN Bank	ASN Beleggingsfondsen*	Total
2017	Profit	356	116	471
	Loss	373	286	659
	Achieved	95.4%	40.5%	71.6%
2018	Profit	503	145	647
	Loss	344	331	675
	Achieved	146.3%	43.7%	96.0%

* In the Annual Review 2017, we disclosed our carbon emissions of other assets under management, i.e. ASN Beleggingsfondsen (investment funds), Energiefonds Overijssel and ASN Vermogensbeheer (asset management). The latter two are no longer part of the figures for 2018 given that ASN Bank no longer manages Energiefonds Overijssel and ASN vermogensbeheer was sold.

In 2018, ASN Bank took a major step towards achieving carbon profit. One of the main reasons for the increase in avoided emissions was our project financing of four wind farms: Nobelwind, Rentel, Northwester 2 and Merkur Offshore. The financing of the GCV Zonne-energie solar park and the extra loan that was provided to the Green for Growth Fund were contributing factors to carbon profit as well. In addition, we achieved a net growth of € 100 million in green bonds. These green bonds, for their part, are used to finance projects in renewable energy and energy efficiency, which also helps us achieve carbon profit. Our carbon profit showed such sharp growth thanks to project finance and green bonds that we came close to achieving our original climate goal (a net zero carbon footprint by 2030) as early as in 2018.

Platform for Carbon Accounting Financials

While ASN Bank has only limited impact from a global perspective, by teaming up with other organisations, we can achieve more. That is why we exchange knowledge with specialist agencies and universities, and forge partnerships with other financial institutions. The most important partnership is the **Platform Carbon Accounting Financials (PCAF)**. At the 2015 Paris Climate Conference, the first PCAF members promised to partner up for a better climate in the Dutch Carbon Pledge. New members endorse this promise when they join the platform. They agree to be transparent about the carbon impact of their investments and their goal to reduce this impact.

ASN Bank initiated the platform. At year-end 2018, the following organisations had joined the platform: ABN AMRO, ASN Bank, Rabobank, Triodos Bank, Van Lanschot Kempen and de Volksbank (banks), a.s.r. (insurance company), PMT and PME (pension funds), ACTIAM, Achmea Investment Management, MN, Robeco (asset managers) and FMO (development bank). Together, they manage more than one quintillion euros in assets, half of all assets under management in the Netherlands.

PCAF performance in 2018

The PCAF members have developed a uniform, transparent and open source methodology that helps financial institutions define and measure their carbon targets. PCAF took a significant step forward in 2018: it published a new report describing methodologies for calculating the carbon impact of business loans and indirect investments. Earlier, PCAF had developed methodologies for listed equities, project finance, government bonds, mortgages, corporate finance and real estate. The PCAF members calculated the impact of their assets under management in 2018. After further analysis of the data, they include disclosures on this impact in their annual reports.

Over the next two years, the members will continue their partnership in PCAF so as to fine-tune the methodology and promote it internationally. The reports on the progress PCAF makes and its performance are publicly available.

US bank adopts PCAF climate approach

At year-end 2018, the American Amalgamated Bank, the largest labour union bank in the United States, decided to measure and reduce the climate impact of its investments. In doing so, it was inspired by PCAF. The bank has also taken the initiative to transpose PCAF methodology into a methodology that would suit US financial institutions. As it stands, 14 US banks have expressed an interest in this climate approach.

Plans for 2019

In 2019, we will continue to explore the impact of our tightened climate goal (net climate-positive by 2030) on the bank's assets and on those of the ASN investment funds. At year-end 2018, we commissioned Navigant, a management consultancy firm, to specify whether carbon emissions are recorded for our investments and, if so, what their emissions are. These are investments in existing funds where carbon emissions are recorded, for instance because forests are grown or trees are planted in agricultural areas. The outcome of this study will allow us to make an initial inventory of the climate positivity of ASN Bank and the ASN investment funds.

The members of the Platform for Carbon Accounting Financials have developed the PCAF methodology to measure their climate impact. Until now, we used our own methodology, which we referred to as the carbon profit and loss methodology. This was used as a basis for the PCAF methodology. The PCAF approach has now been widely adopted in the Dutch financial sector. We plan to support this by using the PCAF methodology in our calculations.

In 2019, we will also commit to setting a science-based target as advocated by the Science Based Targets initiative. This initiative transposes the framework of the Paris Climate Agreement into concrete objectives for portfolio and client investments per asset class. This will help us to create transparency in two areas: firstly, how we align our portfolio and client investments to this Agreement and, secondly, whether we are doing enough to limit global warming to 1.5 degrees Celsius.

Lobbying in 2018

ASN Bank's impact on the climate is limited. We try to foster the required change by encouraging other financial institutions – with more assets – to follow our example. We also use our influence to drive the urgency of climate issues and the need to take action home to society as a whole. In doing so, we team up with like-minded organisations, such as fellow banks and NGOs, where we can.

Dutch government and DNB

On 31 May, a PCAF delegation gave a technical briefing to the members of the Parliamentary Standing Committee on Economic Affairs and Climate Policy (Dutch acronym: EZK). The briefing was about the PCAF methodology. Speaking also on behalf of de Volksbank, ASN Bank provided an in-depth elaboration on how the methodology works in practice. At the end of 2018, the PCAF members submitted the status report to the members of the Parliamentary Standing Committee. They also presented it to Member of the European Parliament Bas Eickhout and, at the climate summit in Katowice (Poland), to the Dutch climate envoy, Marcel Beukeboom.

Together with Triodos Bank, we urged the government to enshrine the Paris Climate Agreement in law. DNB has asked PCAF to join the Network for Greening the Financial System (NGFS).

Springtij Festival

The Springtij Festival is held on the Dutch island of Terschelling every September. Around 800 sustainability advocates from the private and public sectors and academia gather at this event. They discuss the latest perspectives and initiatives in the areas of climate policy, commodities, agriculture, nature and the economy. We were responsible for putting together the programme on Finance & Climate Policy. We also organised a well-attended workshop about the urgent need for removing carbon from the atmosphere to prevent further global warming. Based on ASN Bank's climate-positive operations, we demonstrated options for offsetting carbon emissions.

Spitsbergen Ambition

In April, CEO Arie Koornneef represented ASN Bank and de Volksbank on an expedition to Spitsbergen led by Bernice Notenboom. This destination was chosen to illustrate the urgency of the climate targets to the delegates: representatives of public interest groups, financial institutions and energy suppliers. The aim of the trip was to reach agreement on how to implement the Dutch climate targets for 2030. Focus was placed on two themes: greening the built environment and measuring and external reporting on the climate impact of financial institutions' loans and investments.

ASN Bank was a driving force in defining the ambition. Arie Koornneef: 'The experience made an impression on me and, at times, gave me pause to reflect. We had time to enjoy the natural environment, but we also worked very hard to reach the best possible agreement before leaving the ship.' The delegates' efforts resulted in the Spitsbergen Ambition. In this agreement, 15 financial institutions agreed to measure the climate impact of their loans and investments, and to disclose this impact in an external report. Representing these institutions, Arie Koornneef presented the Spitsbergen Ambition to Ed Nijpels, chairman of the Dutch Climate Council, on 26 June.

Partnership with Urgenda

We work in close collaboration with community partners that share our views. The Dutch Urgenda Foundation is our partner when it comes to climate change. Urgenda's aim is to accelerate the sustainability drive in the Dutch corporate sector; it teams up with companies, government bodies, public interest groups and private individuals to bring this about. ASN Bank wants as many companies in the ASN investment universe to be climate-neutral as possible by 2030. Those two targets go well together. Urgenda is already engaging with companies as part of its Action Plan 2030 and has now added companies from the ASN investment universe. In 2018, Urgenda performed a baseline measurement of Unilever, Akzo, Philips, Rockwool, Vestas, Tesla, Stagecoach, ASML, KPN, Randstad, Philips Lighting and Wessanen. It engages in dialogue with these companies about how they can gradually become climate-neutral. One of the goals of the project is to get the Dutch government to reward carbon savings and impose tax on carbon emissions.

Positive impact on biodiversity



We believe that ASN Bank should and can go to great lengths to contribute to the protection and improvement of biodiversity. That is why we are the first bank in the world to set ourselves a long-term goal for biodiversity.

As an organisation with just one office and fewer than 200 employees, ASN Bank's ecological footprint is minimal. But our clients' savings and investments are in companies, countries and projects that do have an impact on biodiversity. Our aim is to prevent further loss of biodiversity and contribute to biodiversity net gain. This has been formalised in our long-term goal:

All our loans and investments will have a net positive effect on biodiversity by 2030.

We take 'a net positive effect' to mean that the loss of biodiversity caused by loans and investments is more than outweighed by biodiversity gains achieved through other activities. By setting this goal, we mean to make a positive contribution to nature and the diversity of species within it. In recent years, we have developed a methodology for calculating the impact on biodiversity. This methodology helps us increase the positive impact and reduce the negative impact our operations have. The ultimate goal is to contribute to stable, robust ecosystems.

Three strategies

We have defined three strategies that are aimed at achieving a net positive impact on biodiversity:

1. Developing and sharing methodology

We are developing the Biodiversity Footprint for Financials and Industry (BFFI), a methodology for calculating our ecological footprint and monitoring progress. We are also improving the quality of our ecological footprint data. By publishing what we do, we help financial institutions gain a better understanding of their impact on biodiversity and become more aware of their impact. We also share our methodology and experiences with organisations in the Netherlands and elsewhere to inspire other financial institutions to become transparent about the loss of biodiversity their loans and investments are causing and turn this around into a positive impact in the long term.

2. Reducing loss of biodiversity

We aim to reduce the loss of biodiversity caused by the loans and investments of ASN Bank and the ASN investment funds. The first step in this process is to identify which loans and investments have the greatest impact, such as investments in food and paper companies. To bring this about, we may team up with organisations that lead the way in reducing their ecological footprint.

3. Increasing biodiversity gains

We are exploring ways in which to increase our biodiversity gains, for instance by investing in nature development, renewable energy and the circular economy, and by forging partnerships with nature conservation groups, water companies and organisations running biodiversity projects.

Partnering up for methodology improvements

Measuring a bank's impact on biodiversity is such a new activity that we need help from experts to do it. That is why we have teamed up with many different partners. We share our knowledge and, in turn, are keen to learn from others. We need people and organisations worldwide to combine their efforts if we are to protect biodiversity and keep the planet safe and habitable for future generations. It may seem impossible to reach that goal now, but that is exactly why we have to go all-out to try to achieve it.

In 2018, we forged partnerships with CDC Biodiversité (a French bank), ACTIAM (a Dutch asset manager) and Finance in Motion (a German impact investor). The first result of this partnership was a report entitled **Common ground in biodiversity footprint methodologies for the financial sector** ("Common Ground Report"). This report defines shared principles for how financial institutions can measure their biodiversity footprint. Financial institutions, private companies and government bodies can use this footprint in their strategic and operational decision-making. If financial institutions weigh the impact of their investments on biodiversity, they will be in a better position to reduce risks and identify opportunities. Investment opportunities may include new business models designed to restore landscapes, protect forests and grow new forests and nature, or investments intended to improve the protection of marine life.

Sharing the methodology

Together with our partners, we presented the Common Ground Report at the UN COP14, the 14th meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD) in Egypt. We gave a presentation about our shared principles for measuring the impact of loans and investments on biodiversity. This presentation was our contribution to the UN's urgent call to halt the loss of biodiversity globally. The Common Ground Report was well received by the European Commission, which is significant since it is working on new laws on sustainability in the financial sector.

Platform for Biodiversity Accounting Financials

Early in 2017, we launched the Platform for Biodiversity Accounting Financials (PBAF) in partnership with ACTIAM. The PBAF has two objectives: firstly, to gain an understanding of the loss of biodiversity caused by financial institutions and, secondly, to take stock of methodologies for measuring biodiversity.

Community of Practice EU

ASN Bank is an active member of the European Community of Practice Finance@Biodiversity, which it co-founded. In 2018, this community comprised 12 financial institutions that work together to promote natural capital and biodiversity. The members shared their experiences and insights regarding the role of biodiversity in their investment and financing policies. ASN Bank's activities in this community included the presentation of the Biodiversity Footprint Financials and Industry (BFFI) methodology it developed earlier and the presentation of the Common Ground Report. We also contributed to some other reports: *Business Planning for Biodiversity Net Gain and Positive Impact Finance for Business & Biodiversity*.

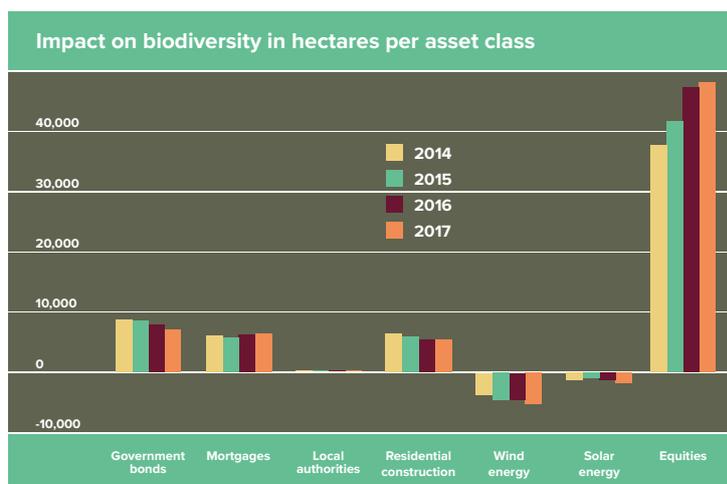
Community of Practice Financial Institutions and Natural Capital

In 2014, ASN Bank took the initiative to found the Community of Practice Financial Institutions and Natural Capital (CoP FiNC). In this CoP, financial institutions share their experience of the practice and discuss how the financial sector can contribute to the conservation and improvement of biodiversity.

Measuring in 2018

Given that we are the first bank in the world to measure its impact on biodiversity, we are still in the process of developing the appropriate methodology. As a result, we are running behind with our measuring: in 2018, we measured our impact on biodiversity for 2017 and previous years using an improved methodology. We do aim to report on the past calendar year in the future.

The chart shows the measurements of the various asset classes over the past years. The impact of ASN Bank and the ASN investment funds on biodiversity in 2017 was 64,849 hectares. This is a minor drop on the figure for 2016. It was growth in loans used to finance wind and solar energy in particular that caused this fall in our impact on biodiversity.



Plans for 2019

In 2019, we will continue to develop the methodology for measuring the biodiversity footprint of various types of investments. We also want to make more investments in businesses and projects that have a positive effect on biodiversity. This is how we hope to play a key role in preventing further loss of biodiversity and contributing to biodiversity net gains.

Publicity

Dutch daily newspaper Trouw published an [article](#) in December 2018 about the steps ASN Bank is taking in the area of biodiversity. The article was met with great positive response on social media. We are happy to say that more and more people seem to be taking an interest in biodiversity. The article led to an invitation to join in on a debate in Pakhuis De Zwijger in Amsterdam. One of the other panellists was Louise Vet, a Dutch biologist, who was voted number 1 in the Sustainable 100, the annual list of the “greenest thinkers and doers” in the Netherlands in 2018. At the annual Springtij Festival on the Dutch island of Terschelling, we organised a well-attended workshop during which we shared how we interpret our role as a leader in biodiversity.

Partnership with Natuur & Milieu

We work in close collaboration with community partners that share our views. Natuur & Milieu, an independent environmental organisation committed to creating a healthy natural environment, is our partner when it comes to biodiversity. Clean water is a basis of biodiversity, especially in the Netherlands, where water boards are responsible for the water quality of lakes, rivers and ditches, the capillaries of the water system. ASN Bank supports Natuur & Milieu and the water boards in their drive to improve the water quality of ditches; this is something water boards are already working on. New water board elections will be held in 2019. Natuur & Milieu and ASN Bank want voters to be more invested in these elections, so that they can cast a well-informed vote. That is why, in the run-up to the elections, Natuur & Milieu will share examples of good water management with the public. It will also harness its knowledge to develop a ‘blue’ voting aid.

Selection, engagement and voting



We use three instruments to influence companies: selection, engagement and voting. We are mainly commissioned to do so by ASN Beleggingsinstellingen Beheer B.V. (ABB), the manager of the ASN investment funds.

Selection

ABB uses research by ASN Bank to select the companies and countries the ASN investment funds invest in and the projects they finance. ASN Bank makes its own selection of projects, government bodies and institutions to invest its clients' savings deposits in. The selection is based on our shared sustainability criteria.

The research is one of the core processes we use to fulfil ASN Bank's mission. It is an in-depth and thorough process for which we follow a standard procedure. In the research process, we make allowance for information provided by companies or countries, specialist research institutes, the media and NGOs. Companies, institutions, projects and sovereign states that meet our sustainability criteria are approved and admitted to the [ASN Investment Universe](#).

Companies

Admitted companies are reviewed every four years. We continuously monitor whether they are involved in any controversies. If our monitoring gives cause to bring the review forward, we will do so. We screened 252 companies in 2018. They were either up for review or had not yet been included in the investment universe. Overall, 339 listed companies satisfied the sustainability criteria at year-end 2018, 11 more than at 31 December 2017.

Countries

The ASN investment funds invest in government bonds. ASN Bank invests some of its clients' savings deposits in government bonds. We screen countries that issue government bonds for our sustainability criteria once every two years. In 2018, we screened 199 countries. First, we assess how they perform on our exclusion criteria regarding:

- human rights: do they commit any crimes against humanity (torture, genocide and slavery) or war crimes (child soldiers and controversial weapons) and do they enforce the death penalty?
- climate: have they ratified the Paris Climate Agreement?
- biodiversity: have they ratified a select number of biodiversity-related conventions?
- From the countries that passed the screening, we selected those that performed best on the sustainability criteria matching our three sustainability pillars. The country selection did not lead to any changes in the investment universe of the ASN investment funds in 2018.

Total number of countries screened	Newly admitted	Kept in universe after review	Removed	Not admitted
199	9	28	0	162

Engagement

ASN Bank represents ABB in engaging with companies the ASN investment funds invest in. We enter into a dialogue with companies and institutions to educate them about their sustainability performance and to urge them to improve it, especially if we suspect that a company no longer meets the sustainability criteria, for instance because there are media reports about abuses or because its policies in certain areas are wanting. We will contact the company in question to address the issue. If we do not find their response adequate, the company is removed from the investment universe.

Engagement with pharmaceutical sector

Our engagement with the pharmaceutical sector proved to be an especially labour-intensive process. Given that pharmaceutical companies manufacture medicines, they play an essential role in human health and well-being. That is why this sector is crucial to a sustainable society. That said, ethical abuses in the sector are not uncommon. The sustainability policies many pharmaceutical companies have in place do not always lead to responsible practices. In order to address abuses, we have represented the ASN investment funds in an in-depth dialogue with two pharmaceutical companies in the investment universe of ASN Duurzzaam Aandelenfonds since 2015. These companies are AstraZeneca and GlaxoSmithKline. They were joined by Novartis and Novo Nordisk in 2016. In 2018, Novartis was found to be involved in serious abuses, however, which is why we rejected this company and removed it from our investment universe.

Contacts in 2018

We attended the shareholders' meetings of the four pharmaceutical companies in our investment universe in 2018 again. At these meetings, we continued to ask critical questions about their payments to healthcare professionals, their remuneration of sales representatives and transparency about these practices. We were particularly successful at AstraZeneca's shareholders' meeting in London. The company announced that it would gradually introduce transparency about its payments to healthcare professionals around the world, even in countries where this is not mandatory by law. *The Times* published an article on this shareholder resolution on 4 June, writing: *ASN Bank, a Dutch investor with a small stake in Astrazeneca, has been pressing drugs companies to "become fully transparent". ASN said that "as far as we know" Astrazeneca would be the "first to publish all payments to healthcare professionals in countries where this is not mandatory by law. This would set a new best practice and we hope other companies will follow shortly.* In November, AstraZeneca promised us that, by 2019, it would demonstrate transparency in 11 additional countries in Latin America, North Africa and the Middle East.

As in previous years, we prepared a scorecard for all four pharmaceutical companies. We did the same for six other pharmaceutical companies in the investment universe with which our engagement does not go into as much depth: Astellas Pharma, Bristol-Myers Squibb, BTG, Indivior, Merck & Co and Orion. We contacted each company to discuss the scorecard ahead of finalising it. Most companies responded; in two cases, their response resulted in an adjustment of the score. After our conversation with Novo Nordisk, we decided to award a higher score because the company showed greater transparency in its reporting on the test results of clinical trials on its website.

Evaluation

We evaluated the engagement process at the end of 2018. For the purposes of our evaluation, Sustainability issued a new report to us on developments in the pharmaceutical sector and at the companies in our investment universe. In February 2019, we made a decision on the status of the pharmaceutical companies based, in part, on the changes these companies have made.

Voting

The ASN investment funds have the right to vote at shareholders' meetings of the companies they invest in. They decide how to vote based on the mission and sustainability criteria of ASN Bank and ABB, which have been enshrined in ABB's voting policy. They would, for instance, vote in favour of more diversity in a company's board and they would vote against awarding bonuses to executives if these bonuses are not contingent on achieving sustainability targets.

Partnerships and memberships



This section provides an overview of memberships and endorsements as well as declarations ASN Bank has signed, specifying the year of signing. The partnerships relating to our long-term goals for human rights, climate and biodiversity are described in the relevant chapters.

Dutch Green Building Council (2015)

ASN Bank is a partner in the Dutch Green Building Council (DGBC), an independent non-profit networking organisation that is committed to improving the sustainability of the built environment. DGBC seeks to play a major role in the transition to a circular economy that will allow people to enjoy their work and private life. Jort Bakker, Head of Sustainable Financing at ASN Bank, joined the Board of DGBC in 2016.

Nederlandse Vereniging van Duurzame Energie (2015)

ASN Bank has a seat on the Member Council of Nederlandse Vereniging van Duurzame Energie (Dutch Association for Renewable Energy). This initiative encourages the use of renewable energy and promotes the interests of many companies operating in the renewable energy sector.

NVB-Platform Duurzaamheid (2014)

We are affiliated with the Sustainability Platform (Platform Duurzaamheid) of the Dutch Banking Association (NVB). The affiliated banks work on solutions to the climate problem, the protection of human rights in international commercial chains, transparency of their loans and investments, and the climate agreement.

Statiegeldalliantie (2018)

One aspect of our sustainability policy is that we aim to prevent and reduce waste and pollution. Tins and small plastic bottles make up half of all stray waste. In our opinion, introducing a returnable deposit on tins and small plastic bottles would be highly conducive to bringing about a significant reduction in the amount of litter. That is why ASN Bank is a member of the Returnable Deposit Alliance (Statiegeldalliantie).

Other memberships and declarations

- Cancun Business and Biodiversity Pledge (2016)
- Carbon Disclosure Project (2007)
- The Green Business (De Groene Zaak) (2012), which merged with CSR Netherlands on 1 January 2018
- United Nations Environment Programme – Finance Initiative (UNEP FI)
- Equator Principles (2010)
- Climate Coalition (Klimaatcoalitie) (2015)
- Montreal Carbon Pledge (2015)
- Natural Capital Finance Alliance (2012)
- Paris Pledge for Action (2015)
- SDGI Agenda (2016)
- Statement by Financial Institutions on Energy Efficiency (2015)
- EU Statement on Conflict Minerals (2015)

How we use our clients' money



We use our clients' deposits in such a way that they contribute to sustainable development. We finance projects that make the world a better place, now and in the future, such as initiatives involving renewable energy, housing and health and welfare services. And we invest in companies and countries that respect people and the planet. We do not invest in the arms industry, nuclear energy, coal, oil and natural gas.

We use our sustainability and financial criteria as a basis for selecting asset classes such as bonds and private loans to government bodies (national, regional and local authorities), home-owners, water boards, healthcare institutions, housing associations, educational institutions, cultural and leisure organisations, and renewable energy companies. This diversification creates a healthy balance between the different sectors and enhances risk spreading.

Government bonds

DNB and the European Central Bank (ECB) dictate that we maintain some of our assets in readily marketable investments such as government bonds, i.e. loans to sovereigns. Sovereign states provide basic facilities such as housing, education and healthcare services, and have rules in place to protect nature. These are important factors in creating a sustainable present and future. We only invest in government bonds if the country in question meets our sustainability criteria. As at 31 December, we held government bonds from eight countries: Germany, the Netherlands, Belgium, Austria, France, Ireland, Luxembourg and Sweden.

Home loans

Our loans are mostly comprised of residential mortgages issued to retail clients. We provide mortgages under the ASN Bank brand – ASN Hypotheek was introduced on 13 November – and under the brands operated by de Volksbank N.V., i.e. RegioBank, SNS and BLG Wonen. These mortgages meet our sustainability criteria. We provide mortgage loans so that people can buy property. What is more, providing mortgage loans ties in with our policy of investing our clients' savings deposits responsibly; that also means at the least possible risk.

Working on climate impact

Energy consumption in the home is a major source of carbon emissions in the Netherlands. Within the scope of our long-term climate objective, we aim to reduce the climate impact of our mortgage portfolio. De Volksbank seeks to achieve climate neutrality in all its loans and investments. That is why it aims to increase the sustainability of its mortgage portfolio, for instance by improving the energy labels of the mortgaged properties from E, F and G to A and B. De Volksbank's brands are working to bring this about by educating clients and encouraging them to conserve energy, for instance by:

- Putting on campaigns for clients, such as offers to buy, rent or share solar panels and discounts on home insulation.
- Providing information to clients about energy efficiency in the home through various channels.
- The brands operated by de Volksbank make allowance for energy efficiency in their service provision. Their advisers have been trained to have a keen eye for energy efficiency and sustainability aspects are included in the mortgage software and advisory reports.
- Services and products that promote energy efficiency in the home are developed for clients. Clients

who take out an ASN Hypotheek mortgage can add on a sustainability module: a loan to finance sustainability improvements in their home.

Slimwoner.nl

De Volksbank has teamed up with community partners to improve the sustainability of homes. Together with its four brands, it is the main partner of [slimwoner.nl](https://www.slimwoner.nl), a website launched by Natuur & Milieu in 2015. The website offers home-owners sound, independent advice on how to conserve energy in the home. The website alleviates the administrative burden for home-owners, offering them the option of having insulation work done by reliable, certified parties. By forming buyers groups, [slimwoner.nl](https://www.slimwoner.nl) can offer a good price. This makes it easier for home-owners to make sustainability improvements to their home.

Local and regional authorities

Local and regional authorities, such as municipalities and provinces, play an important role in how society operates. Once we have approved a country's government bonds based on our sustainability criteria, this country's local and regional authorities have automatically been approved as well. This is how we come to provide loans to Dutch municipalities and provinces.

Renewable energy

The funding of renewable energy projects helps to create climate-neutral assets. The market conditions for renewable energy project finance continued to be challenging in 2018:

Low interest rates

Interest rates were persistently low across the globe. This had an impact on the secondary market, which is about refinancing existing wind and solar farms, often concentrating multiple farms into a single loan. The secondary market also involves refinancing existing loans provided by other banks. Project owners were still able to negotiate low interest rates thanks to the low market rate of interest and excellent past performance.

Fierce competition

We are seeing that other banks are developing an increasing interest in financing sustainable projects as well. A growing number of insurance companies and pension funds are entering this market, as are parties from Asia and the United States. As a result, we continued to face fierce competition.

Increasing lending volume

The number and scale of renewable energy projects that require financing are continuing to rise. The ticket size is up, because fewer loans are being taken out for each project. That is why project owners tend to prefer large or larger banks. ASN Bank has progressed with this development, as is evidenced by the scale of our project and asset financing: the average ticket size rose from € 9.2 million in 2017 to € 13.1 million in 2018.

Grants and Green Certificate

Most renewable energy projects in the Netherlands qualify for grants (SDE+) and tax credits (Green Certificate), which means that they are mostly financed by green banks. Returns on onshore wind project finance improved slightly. The number of projects qualifying for a grant or a Green Declaration fell as a result. This meant that more projects were eligible for financing by regular banks, such as ASN Bank.

Outlook

In 2019, too, we will continue to seek partnerships with developers of renewable energy projects at an early stage. We aim to keep playing our leading role in the energy transition, which – thankfully – is now widely supported.

Highest new renewable energy loans in 2018:

SeaMade

SeaMade consists of two offshore wind farms: Mermaid and SeaStar. Work at sea is expected to start in the summer of 2019; both wind farms are scheduled to be operational by the end of 2020. Together, they will form the largest wind farm ever built in Belgium. With a capacity of 487 megawatts, they will supply renewable energy to 485,000 households, which corresponds to a reduction of more than 500,000 tonnes in carbon emissions per year.

Northwester

ASN Bank is one of the 11 banks that finances the Northwester 2 wind farm. We provided € 35 million of the total financing requirement of some € 530 million. Northwester is a Parkwind N.V. project. The wind farm will be built 48 kilometres off the Belgian coast. It will have 23 wind turbines, with a total capacity of 219 megawatts: green electricity for 220,000 households. The project is expected to be completed by early 2020.

Nobelwind

The Nobelwind wind farm was completed in 2017 and refinanced in 2018. We refinanced nearly € 60 million of the total financing requirement of € 470 million. Nobelwind is a wind farm off the Belgian coast. It supplies green electricity to 160,000 families every year. Our project finance will result in a reduction in carbon emissions by 37,000 tonnes every year.

Energy efficiency

Switching to renewable energy is not enough to turn around climate change. We also need to curb our energy consumption on a global basis. That is why we finance funds that focus primarily on energy efficiency. An example of such a fund is the Green for Growth Fund.

Green for Growth Fund

The Green for Growth Fund is a public-private partnership that invests in energy conservation and renewable energy, thereby helping to reduce carbon emissions. The objective of the fund is to improve energy efficiency and promote the use of renewable energy in countries in Southeast Europe, including Turkey, the Middle East and North Africa. The fund finances projects designed to conserve energy and generate renewable energy. Leveraging its network of local experts, the fund seeks to increase awareness of energy conservation in the regions in which it is active. The fund mainly provides loans to locally based financial institutions, which in turn provide loans to individuals and SMEs.

Green and climate bonds

Green and climate bonds allow us to invest in fixed-income securities in the fields of renewable energy, energy conservation and biodiversity. This asset class is a welcome new addition. The bonds are a great help in achieving our climate target of running fully carbon-neutral operations by 2030. In addition, they ensure a better spread of the risks associated with our assets and tie in well with our sustainability policy. We issued new green and climate bonds for an amount of € 285 million in 2018. Repayments on these bonds totalled € 185 million. This means that, at year end, we had reached our target of issuing € 100 million worth of green and climate bonds. We have listed the new bonds with the largest ticket size that were added to our portfolio in 2018 below:

European Investment Bank: sustainability bond

The European Investment Bank (EIB) is the European Union's vehicle for financing sound, sustainable projects. We participated in the EIB's first sustainability awareness bond by contributing € 49 million. This bond finances the sustainable use and protection of water and marine resources, the transition to a circular economy, waste prevention and recycling, prevention and control of pollution, and protection of healthy ecosystems.

KfW Development Bank: green bond

German-based Kreditanstalt für Wiederaufbau (KfW Development Bank) uses the proceeds of green bonds to finance projects within the scope of the KfW Renewable Energies Programme – Standard. This programme promotes electricity generation from wind, water, sun, biomass and other renewable energy sources. Oekom research, a leading rating agency in the field of corporate social responsibility, awarded the climate bonds the highest possible rating. We invested € 61 million in this bond.

Nordic Investment Bank: climate bond

The Nordic Investment Bank (NIB) finances projects designed to improve the environment in Scandinavia and the Baltics. It uses this climate bond to finance projects in the areas of clean transport, climate change adaptation, energy efficiency and renewable energy. We invested € 46 million in this bond.

Health and welfare services

ASN Bank has provided business loans to the health and welfare services sector for many years. Our services to this sector tie in well with our sustainability pillar ‘human rights’. We also provided a loan in this sector in 2018.

BovenIJ Hospital

BovenIJ is a small general hospital in Amsterdam. It focuses on health and lifestyle, and approaches health and welfare from a comprehensive perspective. That is why the hospital has forged in-depth partnerships with health and welfare services organisations (home care and nursing homes) and housing associations. The BovenIJ Hospital is hooked up to the Amsterdam district heating system and has been awarded a bronze medal on the environmental thermometer. We provided a € 12 million loan to the hospital.

Housing

We provide business loans to housing associations and other organisations that offer adequate, affordable housing, focusing on low-income earners. As they increasingly add environmental targets to this social mission, they become eligible for financing by ASN Bank. Each housing association has been screened separately for our sustainability criteria. We provided two new loans in 2018:

Stichting Eigen Bouw

Early in October, we provided a loan of € 29.5 million to Stichting Eigen Bouw in Deventer. This foundation rents out residential properties in the price range just above social housing to small households of middle-income senior citizens. The foundation will use some of the loan to make sustainability improvements to its existing properties so that they qualify for energy label B by 2025.

Stadsherstel Den Haag

We provided a loan of € 10,050,000 to Stadsherstel Den Haag. This organisation is committed to restoring and preserving the historic character of the city of The Hague by buying historic and iconic buildings, restoring them and giving them a new lease of life as a residential or office building. In doing so, Stadsherstel Den Haag seeks to make the buildings as energy-efficient as possible.

Water extraction and management

Water management is crucial in the Netherlands. Traditionally, water boards have been responsible for water management. They play a key role in the infrastructure. The activities of water boards touch upon the pillars of our sustainability policy.

For the Dutch, clean drinking water and water for agriculture and horticulture are essential. Water companies are responsible for producing drinking water, but the water boards play a major role in attaining and maintaining good-quality groundwater and surface water. Pollution by nitrate and phosphate from manure, pesticides, sewer overflows and medicine residues makes this a challenging mission. In the Netherlands, the responsibility for good water quality is spread across a number of administrative bodies. This is not conducive to the overall quality.

Water boards are essential in absorbing the effects of climate change (mitigation). Because it rains more often and more heavily, the water level in rivers and ditches rises, as does the sea level. This increases the risk of flooding. Conversely, river and groundwater levels drop over the summer, which causes problems such as water depletion, water pollution and the influx of saline seawater into the west of the Netherlands. The prolonged drought of 2018 still had an adverse effect on higher-lying sandy plains at the beginning of 2019. The activities of water boards include defining policy and plans for the storage of water, and coordinating these with spatial planning authorities. There are also water boards that share their expertise with countries threatened by rising sea levels, such as Bangladesh.

Nature and biodiversity are highly dependent on water. Water depletion or salinisation of the soil can have a major impact on local biodiversity. Water boards decide how soft verges and embankments are mowed, which has an effect on biodiversity. They also have a say in the availability of water for plants and animals living in and around the water.

Nature & agriculture

Nature and agriculture are closely interrelated. Agriculture is essential for our food supply, but farms that exhaust the land and pollute the environment are a threat to nature. That is why, when investing in agriculture and related sectors, we need to be critical about how they treat the natural environment. Agricultural businesses that protect nature, promote biodiversity and offer good working conditions are key contributors to a sustainable future.

Eco-Business Fund

We upped our participation in the Eco-Business Fund by € 8.5 million in 2018, increasing it from € 20 million to € 28.5 million. The fund, which is a public-private partnership financed by government investments, supports biodiversity projects. Using our investment, the fund provides loans to companies in the agricultural, fisheries, forestry and ecotourism sectors in Latin America.

Assets under management and lending



Total assets under management by ASN Bank grew by € 614 million. While we keep a small share of these assets in cash, the rest is used to finance projects that meet our sustainability criteria.



Loans and investments

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

- Loans and advances to clients. These include business loans (financing) and private loans. They also comprise the item 'financial institutions', which includes a private loan to Woonhuishypotheken B.V. to fund residential mortgages.
- Portfolio investments. These include investments in government bonds and in green and social bonds.

Loans and investments dropped by € 694 million in 2018, falling from € 10,618 million to € 9,924 million.

(In millions of euros)	Year-end 2018	Year-end 2017
Loans and advances to clients*	6,098	6,153
Portfolio investments	3,826	4,473
Total loans and investments	9,924	10,626

* This amount represents the residual value of loans and advances. These amounts are exclusive of revaluations, share premium and accrued interest.

Loans and advances to clients

Business loans, i.e. loans and advances to clients, consist primarily of project finance of at least € 1 million in ticket size. In providing business loans, we focus on the following industries:

- Renewable energy (wind energy, solar energy, decentralised energy supplies)
- Housing, including social housing
- Public-purpose buildings
- Health and welfare services

We provide business loans to sustainability projects without a green certificate. In 2018, loans provided totalled € 317 million. Overall, business loans increased by € 99 million, rising to € 649 million. In addition, we have agreed to arrange loans of over € 147 million.

We use private loans to finance companies and institutions such as water boards, housing associations and local authorities. A total sum of € 154 million was repaid on the private loan portfolio in the reporting period. We did not provide any new private loans.

Breakdown by financed property (in millions of euros)	2018	2017
Home loans	4,501	4,504
Renewable energy	540	411
Housing	360	397
Health and welfare services	229	266
Local authorities	220	273
Water extraction and management	193	223
Nature & agriculture	33	23
Listed buildings	10	-
Development assistance	3	42
Education, culture and leisure	3	4
Miscellaneous	-	10
Total loans and advances to clients	6,098	6,153

Portfolio investments

We invest in forms of financing that keep financial risks manageable and tie in with our sustainability policy, such as government bonds issued by sovereign states that meet our sustainability criteria and green and social bonds. In 2018, we added € 225 million in bonds.

Breakdown by counterparty (in millions of euros)	2018	2017
Government bonds	2,551	2,797
Green and climate bonds	604	476
Local authorities	375	334
Rail transport	198	195
Home loans	-	447
Development assistance	-	11
Miscellaneous	98	213
Total portfolio investments	3,826	4,473

Equator Principles

The Equator Principles for financing large projects require the finance to meet the social and environmental criteria set by the International Finance Corporation (IFC). The Equator Principles describe three risk

categories, ranging from potential significant adverse social or environmental impacts (category A) to minimal or no social or environmental impacts (C). In addition, the Equator Principles qualify certain countries as positive because they have in place adequate legislation.

ASN Bank endorses the Equator Principles, which reaffirms our policy to provide finance 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 project finance in excess of USD 10 million (i.e. € 8 million). In 2018, we did not provide any loans subject to the Equator Principles.

Loans and investments in 2018

Loans and investments at 31 December 2018

Counterparty	Amount (in thousands of euros)
Government bonds	2,551,247
Germany	1,003,166
The Netherlands	574,775
Belgium	451,003
Austria	225,824
France	151,333
Ireland	78,394
Luxembourg	43,544
Sweden	23,208
Home loans and other loans and advances to clients	4,500,432
Woonhuishypotheek B.V.	4,500,000
Miscellaneous retail customers	432
Local and regional authorities	595,054
Caisse d'Amortissement de la Dette Sociale (France)	96,338
Unédic (France)	80,447
IDF (France)	40,385
Federal state of North Rhine-Westphalia (Germany)	40,077
City of Venlo	38,630
Nederlandse Waterschapsbank N.V.	33,353
BNG Bonds	32,277
Nederlandse Waterschapsbank N.V. Waterbond	29,752
City of Rotterdam	25,000
BNG SRI-bonds	22,202
City of Zwolle	18,000
City of Middelburg	16,000
City of Nieuwegein	15,000

City of Enschede	15,000
City of Hengelo	12,000
City of Kaag & Braassem	10,000
City of Boxmeer	6,800
City of Pijnacker	6,000
City of Montfoort	6,000
City of Kampen	5,833
City of Weststellingwerf	5,500
City of Gorinchem	5,000
City of Vlissingen	5,000
City of Maassluis	4,500
City of Leiden	4,000
City of Bunschoten	3,360
City of Heusden	3,333
City of Sluis	3,200
City of Nijkerk	2,800
City of Oldenzaal	2,667
City of Elburg	2,600
City of Krimpen	2,000
City of De Ronde Venen	1,200
City of Hoogezand	800
Green and climate bonds	603,529
European Investment Bank Climate Awareness Bond	161,611
FMO Sustainable Bond	109,540
NRW Bank Green Bond	104,383
KfW Green Bond	84,650
Nordic Investment Bank Environmental Bond	70,492
European Investment Bank Sustainability Awareness Bond	49,975
EUROFIMA Green Bond	11,947
TenneT Green Bonds	10,931
Renewable energy: wind energy	246,582
Nobelwind N.V.	59,955
Belwind N.V.	55,325
Northwind N.V.	41,605
Westermeerwind B.V.	34,738
Rentel N.V.	17,117
C-Power N.V.	14,182

Global Tech I Offshore Wind GmbH	12,108
Merkur Offshore GmbH	6,739
Northwester 2 N.V.	4,509
Dif Renewable Energy Fund	304
Renewable energy: solar energy	148,140
Sonnedit Aloe Holdings	43,496
Centrale Photovoltaïque de Toul-Rosières 2	36,947
Fieva VOF	13,373
Lavansol II SAS	10,887
GVC Zonne-energie Holding B.V.	9,234
Newsolar SAS	8,582
Belfuture 2 CVBA	7,650
Belfuture CVBA	6,995
Lavansol M7 SAS	5,851
NPG Willebroek N.V.	4,405
Boei B.V.	720
Renewable energy: energy efficiency	130,573
Green for Growth Fund	48,035
Global Climate Partnership Fund SA, SICAV-SIF	43,668
Stichting Nationaal Energiebespaarfonds	25,000
Energiefonds Overijssel I B.V. en Energiefonds Overijssel II B.V.	13,800
Impax New Energy IN.V.estors II	70
Renewable energy: heat and cold storage	15,307
Unica Financial Services B.V.	4,709
Eteck Warmte New Babylon B.V.	2,630
Eteck B.V.	2,020
Vaanster VIII B.V.	1,124
Eteck Warmte Yours B.V.	856
Eteck Warmte Vijverberg B.V.	628
Eteck Warmte Waldo B.V.	627
Eteck Warmte Leidschenhof B.V.	513
Vaanster XIV B.V.	445
BTES Art Court B.V.	377
Eteck Warmte Solidhof B.V.	366
Eteck Warmte Motel One B.V.	275
Eteck Warmte Wibautveste B.V.	242
Eteck Warmte Drunen B.V.	207

Eteck Warmte Oosterhaar B.V.	163
Vaanster VII B.V.	125
Housing	360,381
Woonstichting SSW	35,000
Stichting Eigen Bouw	29,500
Stichting Ymere	25,000
Stichting Duwo	25,000
Woningstichting Rochdale	20,000
Stichting R&B Wonen	20,000
Stichting de Woonmensen/SJA	15,000
Stichting Area Wonen	13,305
Woningstichting Eigen Haard	13,000
Stichting Woonbeheer Betuwe	13,000
Woningbouwvereniging Bergopwaarts	11,300
Stichting Waterweg Wonen	11,000
Woonstichting Domesta	10,697
Woningstichting Servatius	10,000
Stichting Portaal	10,000
Laurentius	10,000
Stichting Woonbedrijf SWSHhvl	10,000
Stichting de Alliantie	8,950
Stichting Woonstede	8,500
Bouwvereniging Onze Woning	8,000
Woonstichting Triada	7,500
Woningstichting SWZ	7,500
Stichting Trivire	5,454
Woningstichting Weststellingwerf	5,000
Stichting Steelande Wonen	5,000
Woonstichting Groninger Huis	5,000
Woningstichting Leusden	4,600
Woonstichting Vaals	4,000
Stichting Omnivera GWZ	3,575
Stichting Mijande Wonen	3,500
Stichting Warmande	2,000

Health and welfare services	228,504
Maastricht University Medical Centre+	32,599
Stichting Zorggroep Noord- en Midden Limburg	14,519
ZON PTC B.V.	12,500
Stichting BovenJ Ziekenhuis	12,000
Stichting Volckaert	11,225
Stichting GGZ Noord- en Midden Limburg	10,200
University Medical Center Groningen	8,849
Stichting MagentaZorg	8,820
Stichting Arduin	8,670
Stichting Dimence Groep	7,831
Stichting GGZ Breburg Groep	7,707
Stichting St Elisabeth Ziekenhuis	7,500
Stichting Christelijke Zorgcombinatie Zwolle en omgeving	6,120
Stichting ZorgSaam Zeeuws-Vlaanderen	6,000
Stichting Dimence	6,000
Stichting VieCuri, Medisch Centrum voor Noord-Limburg	5,500
Stichting Protestants Christelijk Ziekenhuis Ikazia	5,200
Stichting Argos Zorggroep	5,200
Stichting Antonius Ziekenhuis	5,018
Stichting Zorg en Verpleging Goeree-Overflakkee	5,000
Stichting Antoni van Leeuwenhoek Ziekenhuis	4,583
Stichting Catharina Ziekenhuis	4,000
Regionale Stichting Zorgcentra De Kempen	3,775
Stichting voor Regionale Zorgverlening SVRZ	3,300
Stichting Dr Bernard Verbeeten Intsituu	2,983
Stichting Maastricht Radiology Oncology	2,850
Stichting De Hoogstraat Revalidatie	2,836
Stichting Treant Zorggroep	2,786
Stichting Tragel Zorg	2,625
Stichting Amphia	2,450
Stichting Saxenburgh Groep	2,000
Stichting Amarant Groep	1,341
Stichting Sint Franciscus Gasthuis	1,250
Stichting Promens Care	1,160
Stichting Eindhoven Beheer	1,094
Stichting Woon & Zorgcentrum Herfstzon	877

Stichting Interakt Contour Groep	873
Stichting Odion	616
Stichting Frion	376
De Driestroom	170
Miscellaneous	60
Stichting Aveleijn/SDT	41
Water extraction and management	193,210
Waterschap Brabantse Delta	26,550
Waterschap Rijn en IJssel	20,000
Waterschap Scheldestromen	15,000
Waterschapshuis Wetterskip Fryslân	15,000
Waterschap De Dommel	15,000
Waterschap Hollandse Delta	15,000
Hoogheemraadschap van Schieland en Krimpenerwaard	12,400
Waterschap Aa & Maas	11,250
Waterschap Rivierenland	10,000
Hoogheemraadschap Hollands Noorderkwartier	9,000
Hoogheemraadschap Amstel, Gooi en Vecht	8,000
Waterschap Zuiderzeeland	7,000
Waterschapsbedrijf Limburg	6,000
Hoogheemraadschap van Rijnland	6,000
Waterschap Roer en Overmaas	5,760
Waterschap Drents Overijsselse Delta	4,500
Waterschap Noorderzijlvest	4,500
Waterschap Vallei en Veluwe	2,250
Rail transport	197,942
ÖBB-Infrastruktur Bau AG	92,310
EUROFIMA	56,074
SNCF	33,410
Société du Grand Paris Sustainability Bond	16,148
Nature & agriculture	32,509
Eco-Business Fund	30,568
Dutch National Fund for Green Investments	1,941
Listed buildings	9,949
Stadsherstel Den Haag	9,949

Education, culture and leisure	3,166
Stichting Innovatie Bibliotheek Vlissingen	1,227
Stichting Texels Museum	946
Stichting Kinderopvang 2Samen	870
Stichting Aktie en Informatiecentrum Lelystad	123
Miscellaneous	107,675
Council of Europe Development Bank	77,382
TenneT	20,783
Boei B.V.	3,486
CAI Westland	3,214
Stichting MagentaZorg	1,873
Shares in Netherlands Development Finance Company (FMO)	159
Nieuw Hengelman OG B.V.	152
Fairtrade shops	141
Miscellaneous	134
Stichting Ideële Winkel	119
VOF Yuan	107
Stichting SCC De Lèghe Polder	82
Smit Hergebruik	43
Total	9,924,200

Social impact



We play an active role in society, raising and addressing relevant social issues together with our partners.

We would be unable to fulfil our social mission without the commitment and involvement of individuals and organisations. We have teamed up with many parties so as to work towards achieving our long-term objectives for human rights, climate policy and biodiversity. But we also develop other initiatives to show our commitment to making the world a better place.

For the World of Tomorrow

ASN Bank has created the For the World of Tomorrow online platform (voordewereldvanmorgen.nl) to help sustainable businesses grow, whether they are just starting up or are more mature. Businesses with a smart idea about how to create a better world can use the platform to present their proposition. At year-end 2018, 359 businesses had registered on the platform. ASN Bank helps them by offering coaching, advice, exposure, a network and training. For the World of Tomorrow also organises the ASN Bank World Award, an annual event offering businesses the opportunity to win € 40,000 in start-up capital. Businesses with larger financing requirements can use the platform to put on a crowd-funding campaign.

In mid-2018, For the World of Tomorrow introduced a new section of the website specifically targeting entrepreneurs. This page explains what we do for sustainable businesses, including start-ups and more mature companies, and why we do it. This is how we meet the needs of entrepreneurs.

The For the World of Tomorrow website also posts numerous blogs to inspire readers to make sustainable choices. In 2018, more than 640,000 people visited the website, a 38% increase on 2017. 124 new businesses joined the community in 2018.

11th ASN Bank World Award

In 2018, we organised the ASN Bank World Award, the Dutch competition for sustainable start-ups, for the 11th time. We received 199 submissions in three categories: people & society, nature & the environment and climate protection. The judges, who were led by Ynzo van Zanten, Choco Evangelist at Tony's Chocology, were people with a formidable track record in running a sustainable business. The judges selected 30 projects that stood out for their originality, feasibility, impact and completeness. The initiators were offered an in-depth programme, during which they received coaching and were given the opportunity to tweak their plans. This resulted in six finalists: CEMBA, Proud Breast, fairf, The Ketchup Project, MAKUS and Qlayers. The winners were announced at the award ceremony on 14 November:

- fairf (nature & the environment) was awarded € 12,000. fairf produces environmentally friendly paint using recycled scrap wood as a natural binding agent. Laurens van Dort of fairf: "This award allows us to grow and make a real impact as a sustainable brand. Today, we're a small, online company, but this will help us to start serving a larger market very soon."
- Proud Breast (people & society) won € 12,000. Suzanne Kemps, Clary Scheres and Frances Zitter of Proud Breast have developed Qups: an affordable external breast prosthesis. Suzanne: "It's a great boost for our company to win the ASN Bank World Award. Since the announcement, we've received no fewer than 150 messages from women who are interested in ordering our Qups."
- Qlayers (climate protection) won € 16,000. Ruben Geutjens and Josefien Groot of Qlayers have developed a technique to print microstructures, such as structures similar to shark skin. Applying a

microstructure coating to an aircraft, train or ship reduces its frictional resistance. This saves fuel and reduces carbon emissions.

- MAKUS won the audience award of € 8,632. MAKUS, a start-up launched by Merel Philippart, was a finalist in the climate protection category. It develops design induction panels that can help to gradually phase out natural gas in Dutch homes.

Crowd-funding

ASN Bank supports selected crowd-funding campaigns by sustainable businesses on the OnePlanet-Crowd platform. These are businesses that meet our sustainability criteria. This is how we help them advance their efforts and promote the sustainability drive. We supported two projects by campaigning for them through ASN Bank's communication channels. Partly thanks to ASN clients, these sustainable businesses raised new funding over a short period of time:

- Rebelz op de Binckhorst

Rebelz is a chain of restaurants employing former female prisoners. They are coached towards finding their way back to the labour market. Rebelz opened a third restaurant: Rebelz op de Binckhorst, in The Hague. They needed a loan to furnish the restaurant, the patio and the kitchen. 201 crowd-funders, most of whom were ASN clients, contributed a total of € 150,000 to the project.

- Studio JUX

Studio JUX, which was founded in 2011, produces and sells fair, sustainable fashion, personal care products and interior design objects. The initiators wanted to increase their impact by expanding their web-shop and opening a third store in Rotterdam. 198 crowd-funders contributed a total of € 200,000.

ASN Jeugdsparen partnerships

The ASN Jeugdsparen product allows ASN clients to invest in the future of not only their own children, but in the future of other children as well. Within the scope of this project, ASN Bank donates to projects designed to help underprivileged children in Africa and the Netherlands every year. In 2018, we donated 0.1% of the average of all ASN Jeugdsparen savings deposits in that calendar year, which came out to a total contribution of € 300,000, to the two partners (see below). Since the start of ASN Jeugdsparen in 2002, we have donated more than € 4 million in the context of this programme. In 2018, we made donations to the following two projects:

Cordaid: improving education in Central Africa

There is much room for improvement in the education system in the Central African Republic (CAR). CAR, which is one of the poorest countries in the world, is rife with civil war. Most days, it is too dangerous for children and teachers to go to school. What is more, there is little or no money for education. Children take classes in dilapidated buildings with poor sanitary facilities. Cordaid is trying to get more children in the northwest of the country to go to school and help them finish their education, for instance by offering useful courses, with a special focus on the poorest children and refugee children.

Nationaal Fonds Kinderhulp: helping underprivileged children in the Netherlands

Nationaal Fonds Kinderhulp is committed to helping underprivileged children in the Netherlands who are living in poverty, occasionally in tandem with health services. Nationaal Fonds Kinderhulp believes in inclusivity. Unfortunately, one in nine children in the Netherlands, which equals out to nearly 400,000, grows up in poverty. They are falling behind their peers. Nationaal Fonds Kinderhulp has a keen eye for their needs and supports them if they have no one else to turn to for financial and other assistance. Nationaal Fonds Kinderhulp helps by funding activities and items that other children take for granted, such as swimming lessons, an outing, classes, a bicycle or a Christmas gift. ASN Bank's support mainly involves room furnishings and classes.

ASN Ideaalsparen and ASN Creditcard partnerships

ASN clients with an ASN Ideaalsparen account or an ASN Credit Card help to make the world a better place because they support sustainable projects undertaken by our community partners at no extra cost to them.

To achieve our sustainable mission, we started working with a number of new community partners in 2018: the Fair Wear Foundation, Stichting De Noordzee and the WakaWaka Foundation. We will continue our partnerships with Natuur & Milieu, Urgenda, Amnesty International and War Child. We link up our partners to the three pillars of our sustainability policy – human rights, biodiversity and climate policy – and our long-term objective for each pillar. With effect from 1 January 2018, the ASN Foundation has contributed to all three sustainability pillars.

In 2018, we donated 0.02% of the average of all ASN Ideaalsparen savings deposits in that calendar year, which came out to a total contribution of € 1.5 million, to all partners (see below). We also contributed a share of the revenue stream of all cards in 2018; this donation amounted to € 164,191 in total. What follows is a list of partners and projects:

Amnesty International: college and university-level master classes

Human rights are no longer a given for everyone in the Netherlands. Polarisation and an ‘us-them mindset’ are gaining traction. Amnesty International wants to use education to counter this development and build a stronger foundation for human rights in Dutch society. The 40 or so applications for lectures and master classes every year show that college and university students are interested in learning more about specific human rights issues. That demand is much greater than Amnesty International can handle, but ASN Bank helps it cope with a large share of the requests.

Fair Wear Foundation: Living Wage

Read more about this project in the chapter entitled *Living wage in the clothing sector*.

Stichting De Noordzee: De Rijke Noordzee

Generating renewable energy while restoring nature: that is the essence of the pilot project De Rijke Noordzee (The Rich North Sea). The project is a joint initiative of Stichting De Noordzee, Natuur & Milieu and ASN Bank. The aim is to help strengthen nature at every offshore wind farm. Installing artificial reefs will allow shellfish banks to form. They provide food and shelter for fish. This is how wind farms become nurseries for fish and shellfish. The result is a robust ecosystem with a rich biodiversity and economic benefits. The first artificial reefs with oysters were installed in November 2018 at the Luchterduinen wind farm, 23 kilometres off the Dutch North Sea coast.

Nature & Environment: Living Water

Read more about this project in the chapter entitled *Positive impact on biodiversity*.

WakaWaka Foundation: Climate Schools

The WakaWaka Foundation supports solar libraries for schools in Rwanda. They give WakaWaka Lights on loan to pupils, so they can do their homework at night. The schools report on the use of the WakaWaka Lights and the improvements in school results because of these lights. Thanks to the WakaWaka Lights, children and their families no longer have to use unhealthy, dangerous kerosene lamps to study when it is dark.

This project has been linked up to the Milieubende, which ‘trains’ children in the Netherlands to become environmental heroes. Milieubende focuses on pupils between the ages of nine and twelve. After an appointment has been scheduled, a group of actors ‘barge in’ on a classroom and start performing an interactive play. They actively involve children in a dialogue on the theme of climate change. Children in the Netherlands are teamed up with their fellow pupils in Rwanda through the website of Milieubende. They get to know each other and are encouraged on a concrete and personal level to start thinking about development, underdevelopment and global relations in connection with climate issues.

At year-end 2018, we agreed in mutual consultation to end our partnership with the WakaWaka Foundation.

Urgenda: Climate-Neutral Companies

Read more about this project in the chapter entitled *Climate-positive by 2030*.

War Child: Help for War Children in the Congo

War Child was partnered with ASN Ideaalsparen and the ASN Credit Card in 2018. Cordaid's partnership with ASN Jeugdsparen was discontinued at the beginning of 2019. From then onwards, the existing War Child project has been partnered with ASN Jeugdsparen.

The Democratic Republic of the Congo has been in a state of war for more than 20 years. The situation continues to be unstable. The fragile ceasefire is being threatened and the country is struggling with extreme poverty and famine, as well as a huge influx of refugees from Burundi. War Child is active in the Congo with the support of ASN Bank. It helps refugees in such areas as the province of South Kivu. It also provides schooling to refugee children and children from local communities. This is desperately needed, because millions of children in the Congo do not have access to education. War Child also offers the children protection and psychosocial help, so that they can build a future despite being subjected to war violence.

ASN Foundation

The goal of the ASN Foundation is to support projects that are in scope of the three pillars of our sustainability policy: human rights, climate policy and biodiversity. The ASN Foundation is free to support projects all over the world, but it does so only through organisations based in the Netherlands.

Sponsorship

The main initiatives and organisations we sponsored in 2018 were AFRIEK, Project Schone Schie, HACKED by_, Sprinklr, IVN's Tiny Forest Voorburg, the Wildlife Film Festival Rotterdam and The Zero Waste Project. These initiatives make a tangible contribution to our objectives in the areas of climate policy, biodiversity and human rights.

Through Project Schone Schie, for instance, we sponsored a major clean-up of a 1.6-kilometre stretch of river bank along the river Schie in Rotterdam: 300 volunteers collected 1,000 kilos of waste. Together with Sprinklr, we launched a bee-friendly plant pack. Thanks to our sponsorship, the City of Leidschendam-Voorburg will have its own tiny forest in 2019. This is a dense, small indigenous forest in the city, a great place for people as well as butterflies, birds, bees and small mammals. Fair fashion initiatives AFRIEK and HACKED by_ were able to launch a new collection thanks to our sponsorship.

In addition, we helped nine businesses develop high-quality imagery, so that they can grow their sustainable business faster.

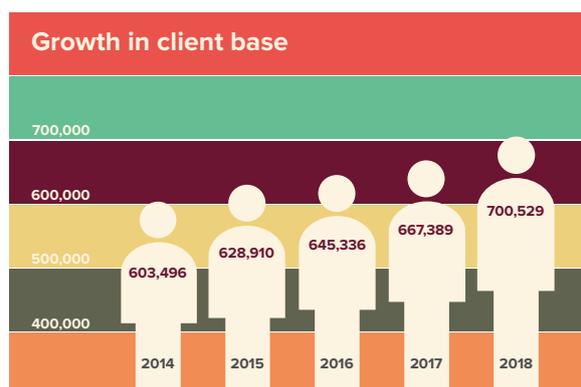
Client products and services



Our client base saw faster growth in 2018 than it did in 2017: overall, we managed to add 33,140 clients (2017: 22,053). In November, we launched the ASN Hypotheek mortgage with the ASN Duurzaam Wonen sustainable add-on, which allows clients to make sustainability improvements to their home.

More and more people want their bank to take a responsible approach to their money. The successful campaigns ASN Bank put on in 2018 prove that we are on the right track with our sustainability mission. One of the new products we introduced was Databeessie (Data Animal), which provides evidence – calculated by Navigant (formerly Ecofys) – for the argument that a client reduces their carbon emissions if they put their money in an account with ASN Bank rather than with average Dutch bank. In April, the Sustainable Brand Index 2018 told us that consumers felt that ASN Bank is the most sustainable brand among Dutch banks. In addition, unrest among clients of other banks caused people to switch to a sustainable bank. All these developments combined resulted in higher growth in our client base than in recent years.

Developments in client base



Number of retail clients by age	2018	2017	Growth as a %
Under 18	109,083	101,525	7.4%
18 to 34	107,150	94,693	13.2%
35 to 64	309,086	307,940	0.4%
65 and up	151,258	142,532	6.1%

Awareness among adolescents and young adults

At the end of 2017, a study showed that many adolescents and young adults were not aware of how banks use the money they have in their accounts. And they certainly did not know how ASN Bank used their money to do good. That is why, in 2018, we focused on raising awareness, telling account holders in very specific terms what we do and what we do not do. In the spring, for instance, we started a new campaign in which Gewoontedier (Creature of Habit) played a leading role. He found out that a badger named Stropdas (Necktie), which represents the large banks, made money by investing in the arms industry and businesses involved in animal abuse. This was unacceptable to Gewoontedier, so he switched to ASN Bank, which is committed to the welfare of people and animals. We also use Databeessie in campaigns for current accounts for children, adolescents and students. We went to four cities to spread the word at orientation weeks of colleges and universities. Although this proved to be an efficient way of engaging with the target group, the costs were too high to continue doing this.

Client satisfaction and NPS

Client satisfaction is a key principle in our service provision. We put our clients' interests first: our services are focused on people rather than on processes. We listen to our clients, take their complaints to heart and admit to mistakes. The client satisfaction survey conducted by de Volksbank revealed that our clients awarded us a rating of 8.0 at the end of 2018 (year-end 2017: 8.0) Our goal is to be awarded at least an 8.

The Net Promoter Score (NPS) reflects the degree to which clients would recommend a certain service provider or supplier. To calculate this score, clients are asked the following question: "What is the likelihood, on a scale from 0 to 10, that you would recommend this company to family, friends or colleagues?" Then, the percentage of clients awarding a rating of 0 to 6 is deducted from the percentage of clients awarding a rating of 9 or 10. This means that the NPS can be either positive or negative. The NPS was virtually stable throughout the year. ASN Bank was awarded an NPS of +18 for the last quarter of 2018, against +17 at the end of 2017. We aim to achieve an NPS of +20.

Clients appreciate ASN Bank mostly because of its sustainability, because we are a fair bank and we do not take risks with savings and investments; clients perceive us as a responsible, pleasant bank that offers service and is client-friendly. Clients have identified the following areas for improvement: interest on savings (which they would like to be higher), optimisation of the ASN Mobile Banking app, the way we present ourselves to the outside world and communication.

Products

In June, MoneyView, an independent comparison website for financial services providers, awarded the highest number of stars to the conditions governing ASN Ideaalsparen and ASN Depositsparen. This means that these accounts offer clients with savings deposits more options than similar accounts with other banks. MoneyView awarded this score to ASN Ideaalsparen's conditions mainly because of the extensive range of mobile banking options and the possibilities for special-purpose savings, allowing clients to define multiple purposes in the same account.

The Dutch Consumers' Association reviews annually how happy clients are with their current account. In 2018, ASN Bank's current account was awarded a rating of 9.2.

Number of accounts per product	2018	2017	Growth as a %
Current accounts			
ASN Bankrekening	190,113	165,075	15,2%
ASN Betalen Zelfstandigen	10,597	7,159	48.0%
ASN Jongerenrekening	35,856	30,649	17.0%
ASN Juniorrekening	10,479	7,998	31.0%
ASN Studentenrekening	4,194	883	375.0%
Savings deposits			
ASN Ideaalsparen	512,551	497,570	3.0%
ASN Jeugdsparen	79,551	74,905	6.2%
Investment accounts			
ASN Beleggingsrekening	66,702	64,697	3.1%
ASN Beleggingsrekening zakelijk	909	910	-0.1%
ASN Doelbeleggen	2,798	588	375.9%

ASN Creditcard Zakelijk

In April, we introduced ASN Creditcard Zakelijk, a business credit card, which – similar to the credit card for retail clients – is a Visa card offered by ICS. This business credit card makes it easier for self-employed persons to pay via ASN Bank. The ASN business credit card is made of PVC-free plastic. In addition, we donate a small amount to the sustainable projects of our community partners for each business credit card every year.

Fee for ASN Bankrekening

On 1 November 2018, the fee for ASN Bankrekening rose from € 1.50 to € 1.65 per person per month. The fee had to be raised because of the introduction of new services and adjustments to the latest rules and regulations, which caused a cost increase for ASN Bank since the previous fee increase, nearly three years ago.

Interest rate policy

Clients' savings deposits were up. Savings deposits are important to ASN Bank because we use them to finance sustainable projects, institutions and activities. We offer an interest rate on savings that is in line with the market, but we could not escape lowering some interest rates. The interest rate on ASN Ideaal-sparen, our principal savings product, fell from 0.20% at the start of the year to 0.08% on 13 December. Clients can read on our website what ASN Bank's interest rate on savings is based on.

Investment services

In 2017, we introduced ASN Doelbeleggen to help clients invest in a way that is appropriate to their risk appetite and investment horizon. We fleshed out this concept in 2018. The fact that ASN Bank was awarded the Cash Cow Award in November illustrates that we are a pioneer of sustainable investing. This award is confirmation that retail investors are appreciative of our offering of sustainable investment funds. We put on an investment campaign in the autumn. Under the motto "Making the difference for tomorrow today", we encouraged people to invest in sustainable ASN investment funds. This resulted in a sharp increase in the number of newly opened investment accounts.

For more information on the performance of the ASN investment funds, see the [Annual Report of ASN Beleggingsfondsen N.V.](#)

New: ASN Hypotheek

In November, we introduced the long-awaited ASN Hypotheek mortgage. Clients who take out this mortgage and want to make sustainability improvements to their homes have the option of adding on the ASN Duurzaam Wonen module, a low-interest loan for implementing energy-conserving measures that are listed in the Dutch government's Provisional Scheme for Mortgage Loans (Dutch acronym: TRHK) at the time the mortgage is taken out. Clients who add on the ASN Duurzaam Wonen module also qualify for an interest rate reduction on their mortgage subject to certain conditions.

ASN Bank is an online bank; we do not offer advisory services. That is why the SNS shops are the distribution channel for ASN Hypotheek and ASN Duurzaam Wonen. ASN Bank and SNS, a fellow division of de Volksbank, have worked together for some time now to make homes more sustainable. SNS officers advise clients on the ASN Hypotheek mortgage and the ASN Duurzaam Wonen add-on, request quotations and provide mortgage advice to clients during the term of their mortgage.

The first ASN Hypotheek mortgage was taken out as early as in 2018. We are pleased that we were able to expand our service range with this contemporary product. ASN Duurzaam Wonen brings sustainability measures in the home within reach for as many home-owners as possible. This is how we contribute to the reduction in carbon emissions in the Netherlands.

Service

ASN Bank does not have any branches. We are a direct bank: we provide our services via ASN Customer Services and our website.

ASN Customer Services

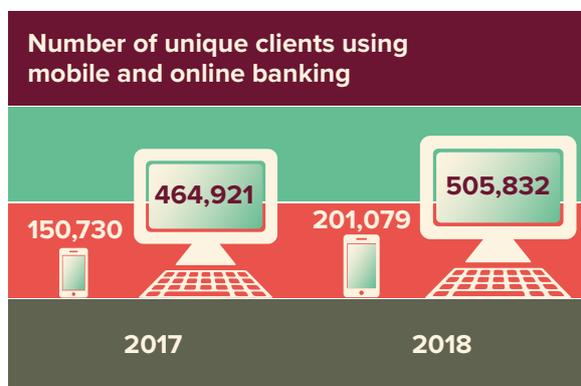
ASN Customer Services communicates with clients mainly by telephone and via email. The number of letters we receive is decreasing. In the spring, we introduced a chat functionality on our website.



The large influx of new clients in the spring led to a peak in the number of calls, which caused an increase in call queues. We did everything we could to catch up and bring the service back up to the usual level. In August, the process of opening a new account was further digitised. The fact that clients now have the option to upload their ID as soon as they open an account is a major improvement. This makes opening an account more convenient and reduces our workload.

Online and mobile banking

The majority of our clients, 505,832 to be precise, used ASN Online Banking in 2018. 33% of clients who use online banking also use mobile banking. Mobile banking clients tend to log on more frequently than online banking clients: 79% of digital banking sessions are on smartphones.



According to the Customer Experience Excellence Analysis 2018, ASN Bank offers the best customer experience in the financial sector. In the context of this study, KPMG surveyed the opinions of more than 5,000 Dutch consumers. The survey covered more than 200 brands in ten sectors. We came fourth in the top 200 of all brands.

In its Digital Excellence Monitor 2018, WUA! concluded that ASN Bank offers the best digital experience on a mobile device of all Dutch banks. For this monitor, more than 13,000 people gave over 52,000 ratings to 1,838 websites and apps in

seven sectors. In November, we won the award for Most Popular Website of the Year 2018 in the banking and investment category.

New digital services

On 22 May, we introduced the IBAN name check in ASN Mobile Banking. For each transfer using the mobile app, we check whether the Dutch IBAN number and the name of the account holder match those known to the bank. If they do not, a message will appear on the client's screen. This is how we help clients prevent incorrect transfers and fraud. The IBAN name check became available in ASN Online Banking in October.

In that same month, we also introduced the payment request feature in the ASN Mobile Banking app, which allows clients to make a repayment request for money they have advanced.

PSD2

The new European Payment Services Directive (PSD2) will come into force in the Netherlands in the spring of 2019. The rules will apply to all European banks. To comply with these rules, we offer our clients the option to give other parties access to their current account after the introduction of PSD2. This will allow clients to make payments or view account information via these parties. Clients can maintain an account overview with a party in or outside the financial sector. ASN Bank too will offer clients the option of listing accounts held with other banks in a single overview, starting with the accounts of de Volksbank's other brands.

Every client is free to choose whether or not to share their account details with others. We will not share information with other businesses unless a client has granted their express consent. If a client does not want another party to receive their details or issue payment instructions on their behalf, we will not use their details. If a client does want us to share their details, we will make sure that we do so in the most secure manner possible. We will check whether the party has the right to receive the details and whether the client has given their consent before we share any details.

Cybersecurity and privacy

Unfortunately, digitisation of banking services can lead to digital fraud. De Volksbank, of which ASN Bank is a division, has specialist departments that monitor the security of our systems around the clock. They follow trends in cybercrime so as to respond quickly and adequately to them. But they are also alert to transactions of individual clients that may qualify as unusual. This is how we prevent and limit cases of fraud on our clients' accounts.

That said, our responsibility for digital security stops at a client's digital 'front door'. They decide how, where and when they use the internet or their smartphone to do their banking, how they secure their laptop or smartphone, and with whom they share their financial information. That is why we educate our clients about [secure digital banking](#).

Communication with clients

We are committed to inspiring our clients about sustainable solutions so that they embrace them and, in turn, inspire us back. We also want to keep them up-to-date on services and campaigns. We do so via our website, social media, our *Goedgeld* magazine and our email newsletter. We meet with clients, prospects and other stakeholders in person at events such as ACT., ASN Live, the ASN Bank World Award ceremony and the shareholders' meeting of the ASN investment funds.

ACT. 2018: sunny, positive and cool

At the end of September, we organised the ACT. sustainability festival for the second time. This festival is designed for young adults who are interested in a sustainable lifestyle to become acquainted with ASN Bank. All 1,100 tickets to the festival sold out. The weather was good, the atmosphere was positive, the workshops were packed, there were inspiring speakers and the food was great. Half of the people in attendance turned out not to bank with us yet and 84% were under the age of 35. Although it was not our primary goal, visitors queued up at the festival to open an account with ASN Bank.



ASN Live

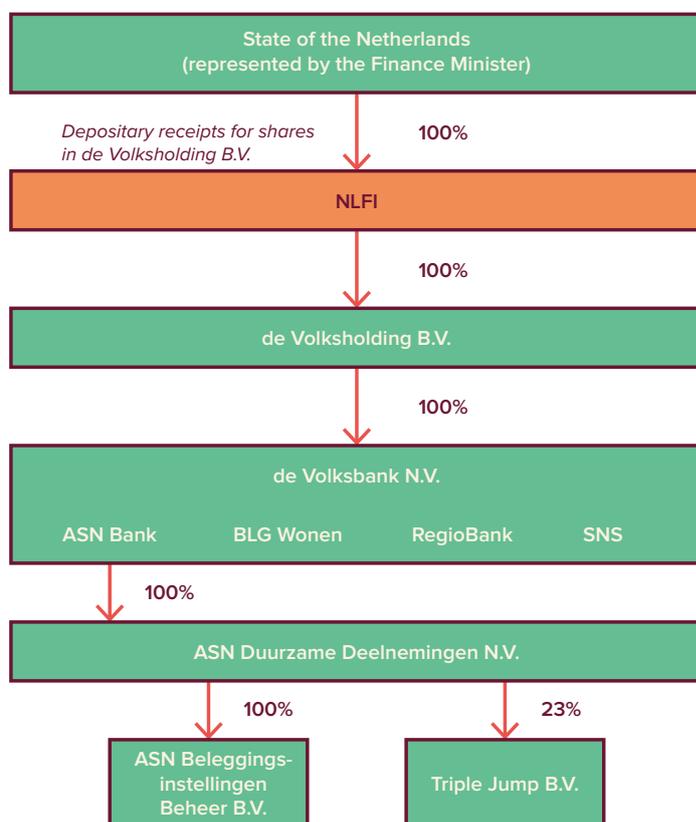
We organised ASN Live in the cities of Breda and Apeldoorn. These evening sessions are intended for clients who want to learn about the influence of money and what ASN Bank does to make a difference. We talked about this with experts, social entrepreneurs and with the clients who attended the session, of course.

Organisation



ASN Bank is a brand operated by de Volksbank N.V. (de Volksbank); its other brands are BLG Wonen, RegioBank and SNS. ASN Belegginginstellingen Beheer B.V., the manager of the ASN investment funds, is a division of ASN Duurzame Deelnemingen N.V. The Management Board of ASN Bank also serves as the Management Board of ASN Duurzame Deelnemingen N.V.

The chart below shows the shareholding structure as at 31 December 2018. NLFI (NL Financial Investments) is a shareholder in Volksholding B.V. The State of the Netherlands has transferred its shares in this company to NLFI. De Volksbank plans to merge Volksholding B.V. into Volksbank N.V. by means of a legal merger. This merger is scheduled to take place in the first half of 2019.



ASN Bank and ASN Beleggingsfondsen N.V.

ASN Beleggingsinstellingen Beheer B.V. (ABB) took over the AIF management of ASN Beleggingsfondsen N.V. from ACTIAM N.V. (ACTIAM) on 22 May 2018. ABB will continue to work with ACTIAM where the portfolio management of some funds is concerned.

Sustainability activities for funds

The sustainability activities for the ASN investment funds can be broken down as follows: ABB is responsible for the sustainability activities associated with fund management: engagement, selection of the funds' investment universe and voting at shareholders' meetings of the companies the funds invest in. ASN Bank plays an advisory and/or operational role in these activities.

ASN Bank conducts research into companies and countries for the ASN investment funds and drafts advisory opinions. On this basis, ABB, i.e. the Management Board of ASN Beleggingsfondsen N.V., decides on inclusion in the investment universe. On ABB's instructions, ASN Bank engages with companies the ASN investment funds invest in, such as pharmaceutical companies.

In recent years, ASN Bank has defined three long-term sustainability objectives. ASN Bank and ABB work together to achieve long-term objectives in the areas of human rights, climate policy and biodiversity. For more sustainability information about the funds, see the Annual and Interim Reports of ASN Beleggingsfondsen N.V.

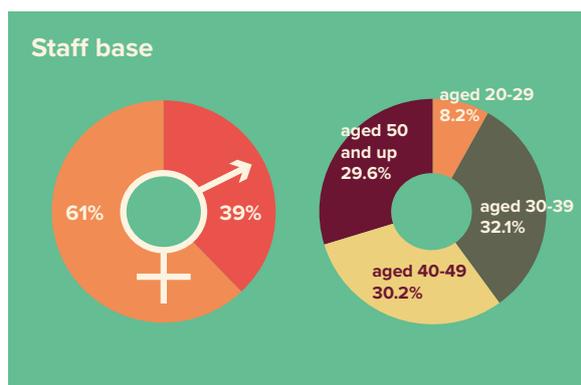
Carve-out of ASN Vermogensbeheer

ASN Vermogensbeheer, an asset manager, was a wholly owned subsidiary of ASN Duurzame Deelnemingen N.V. ASN Vermogensbeheer B.V. was sold to its management and Quadia S.A. on 31 August 2018. The company will keep operating on an independent basis under the name Fair Capital Partners B.V. and aims to maintain its close ties to ASN Bank. It will continue to base its asset management on the principles of ASN Bank's sustainability policy.

The decision to sell ASN Vermogensbeheer B.V. is in line with ASN Bank's choice to focus on the development of services to over 700,000 clients via the internet, telephone and the mobile channel. It also allows Fair Capital Partners to achieve further growth and expansion of its services. In addition to providing individual asset management services to individuals and institutions, Fair Capital Partners has teamed up with Swiss-based Quadia to start offering services for impact investing and financing innovative sustainable pioneers in the future.

Staff base

The number of permanent employees fell by 6 to 159. The number of FTEs dropped to 146.6. Developments at the bank led to many changes for employees in 2018. There was also a shift in roles. Some jobs were lost, which unfortunately affected some employees who were made redundant. That said, new roles were added in areas of expertise that are essential to our sustainable mission and growth. We managed to keep up the level of service to our clients. Our intention is to increase our employees' sense of ownership as well as focusing on employee training and development.



Management Board of ASN Bank

The members of ASN Bank's Management Board are Arie Koornneef and Joyce van der Est. Arie Koornneef has been on the Management Board of ASN Bank since 1 April 2017 and has served as CEO since 1 January 2018. In his previous career, he worked as Director of Marketing Strategy & Innovation at de Volksbank and as Director of Marketing at SNS. Before that, he worked at Youth for Christ and Simavi. Joyce van der Est has been on the Management Board of ASN Bank since 2015. She has served as the bank's COO since 2003, in the role of deputy from 2013 to 2015.

Remuneration report

This remuneration report addresses the remuneration, remuneration policy and developments in the remuneration policy of the Management Board of ASN Bank in 2018. The remuneration policy for the ASN Bank Management Board is in line with de Volksbank's remuneration policy. The remuneration is made up of a fixed annual income, a pension contribution and other fringe benefits. Management Board members are not entitled to any variable remuneration.

Remuneration of ASN Bank Management Board (in thousands of euros)	Fixed income		Pension		Other benefits		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Arie Koornneef ¹	193	123	21	14	38	28	252	164
Joyce van der Est ²	158	145	21	20	33	28	212	193
Ewoud Goudswaard ³	-	105	-	14	-	27	-	146
Total	351	373	42	48	71	83	464	503

¹ The remuneration for 2017 of Arie Koornneef concerns the period from 1 April to 31 December. He joined the Management Board of ASN Bank on 1 April 2017 and has served as CEO since 1 January 2018.

² The role of Joyce van der Est was re-evaluated because of the restructuring.

³ The remuneration for 2017 of Ewoud Goudswaard concerns the period from 1 January to 1 July 2017, when he resigned from the Management Board of ASN Bank.

Fixed income

The fixed annual income of the Management Board members of ASN Bank consists of 12 monthly salaries, a holiday allowance and an extra month's salary paid at Christmas.

Pension

This item concerns the employer contribution net of a personal pension contribution. The members of the Management Board of ASN Bank are included in de Volksbank's employee pension scheme. This scheme has been formalised in de Volksbank's Collective Labour Agreement. In other words, similar to other employees, the members of the Management Board also owe 5% of their pensionable earnings in the form of a personal contribution as set out in the Collective Labour Agreement. No additional pension benefits have been awarded.

Under the law, the pensionable salary has been capped at € 105,075 for the purposes of pension accrual (2017: € 103,317). Qualifying officers are paid compensation in the form of a gross supplement of 16.35% of their income in excess of € 105,075. In the table showing the remuneration of the members of the ASN Bank Management Board, this supplement has been included in 'Other benefits'.

Other benefits

This item includes the salary supplement that is paid as compensation for the loss of the pension accrual for income in excess of € 105,075. It also includes the notional income for private use of a lease car for business travel (including commuting), net of personal contributions. The fringe benefits are in line with the conditions that apply to all other employees.

The ratio between the highest and lowest salary at ASN Bank is 6.1.

Office building

ASN Bank is located in a sustainably renovated office building, which is partly powered by a rooftop solar energy system. The building also has a thermal energy storage system. The office building has a grey-water system for toilet flushing. The cafeteria offers a range of sustainable food items.

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

Environmental footprint of ASN office building	2018	2017	2016	2015	2014
Carbon emissions in tons					
Carbon emissions due to commuting	180	-	-	-	-
Carbon emissions due to airplane travel	4	-	-	-	-
Carbon emissions due to heating	12	-	-	-	-
Carbon emissions (Scope 1 and Scope 2) ¹	196	168	178	160	153
Tons of carbon emissions per FTE (Scope 1 and Scope 2)	1.28	1.08	1.20	1.14	1.15
Carbon emissions (scope 3) ²	76	90	153	158	160
Use of energy					
kWh of electricity ³	258,102	269,275	276,491	320,705	296,999
kWh of electricity per FTE	1,688	1,741	1,864	2,285	2,235
m ³ of natural gas ⁴	18,664	18,254	26,786	18,141	21,867
m ³ of natural gas equivalents per m ²	6	6	8	6	7
Use of paper in kilograms					
Total use of paper	118,891	140,550	250,686	238,254	244,032
Use of paper per bank account	0.12	0.16	0.29	0.29	0.31
Use of water					
m ³ of water	777	229	783	754	1,166
m ³ of water per fte	5.1	1.5	5.3	5.4	8.8
Waste					
Paper waste in tons	13.6	13.0	13.0	12.2	13.6

* FTE stands for full-time equivalent

¹ This figure includes all modes of transport (commuting and business travel, whether by car, train, bus or airplane) and heating.

² This figure includes carbon emissions associated with the use of paper and water, as well as waste.

³ The use of electricity is expressed in kWh (kilowatt hour). 1 kWh equals 0.0036 gigajoule.

⁴ The building is hooked up to the district heating system. Heating is expressed in gigajoules. These gigajoules have been converted into m³ of natural gas as per the statement provided by the utility company: 1 gigajoule equals 25.85 m³ of natural gas.

Carbon emissions

ASN Bank emits three types of greenhouse gases:

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

Thanks in part to carbon emission offsetting, ASN Bank's office building is climate-neutral where Scope 1 and Scope 2 are concerned. The office activities are climate-neutral for some of Scope 3. De Volksbank offsets any remaining emissions.

The carbon emissions due to commuting included well-to-tank emissions for the first time in 2018. These are emissions caused by the extraction, transport and refining process of fuels or during the production and transport of electricity. Earlier, we only made allowance for tank-to-wheel emissions, i.e. emissions caused by the combustion of fuel during the use of a vehicle.

Paper

The amount of paper we use fell to 0.12 kilograms per account in 2018 (2017: 0.16). This drop was attributable to the digitisation of our communication with clients. The process of opening an account now takes place online and clients are only sent hard-copy letters if we have no other option. An increasing number of clients are also emailed the *Goedgeld* magazine rather than receiving it in the post.

Report of the Advisory Council



The Advisory Council of ASN Bank advises the Management Board on sustainability policy in the broadest sense; it provides both solicited and unsolicited advice. What is the Council's role? And what type of advice was issued in 2018? Chairman Jan van der Kolk answered these questions.

The Advisory Council had four members in 2018: Carolien Gehrels, Maarten van Huijstee, Marleen Janssen Groesbeek and Jan van der Kolk. The members of the Advisory Council work in a wide range of sectors, from the private sector and consulting to the public sector and academia. Our common denominator is that we all have a track record in the field of sustainability. We met four times in 2018. We were in frequent contact with the members of the ASN Bank Management Board in between meetings. We were also introduced to the Advisory Council of de Volksbank and engaged in in-depth discussions with them on various topics.

Our role

Our main task is that we monitor ASN Bank's sustainability strategy. We also monitor the activities ASN Bank initiates to implement its sustainable policy and the scope de Volksbank gives ASN Bank to do so. And we offer advice. In addition, we act as a sounding board: we ask the members of the ASN Bank Management Board critical questions about the bank's sustainable strategy. From our position as relative outsiders, we are free to engage in discussion about a wide range of topics.

Consolidation of position of Advisory Council

At the end of 2016, ASN Bank became a division of de Volksbank. At that time, the Management Board and the Advisory Council joined forces to ensure that the bank's sustainable mission and the position of the Advisory Council were firmly embedded and formalised, for instance in the rules of procedure of the Advisory Council, ASN Bank's standing orders and the rules of procedure of the Management Board of de Volksbank. The latter also provide a firm footing for ASN Bank's independence in terms of its sustainable vision and mission. We have established that the new relationship between ASN Bank and de Volksbank worked out well. ASN Bank's sustainability policy was continued in full force.

Relationship with de Volksbank

De Volksbank has adopted ASN Bank's sustainability policy. We have always welcomed the fact that de Volksbank would become a more sustainable bank, because ASN Bank is a better match for an organisation with a robust sustainability policy. Through the Sustainability Expertise Centre (Dutch acronym: ECD), ASN Bank plays a role in the implementation of de Volksbank's sustainability policy. We discussed how the ECD can ensure that colleagues at de Volksbank embrace this policy. Although we are positive about the developments in this area, we would like to see things progress at a faster pace.

We also discussed the impact of the restructuring of de Volksbank and ASN Bank in a broader sense. We asked ourselves: what role does de Volksbank play and what is ASN Bank's role in managing clients and brands? Who is responsible for communicating with clients? The way we see it is that ASN Bank should have sufficient scope for its own unique client proposition and for its own development and management. We believe that things are moving in the right direction.

Long-term objectives

We continuously look at ASN Bank's long-term objectives, which include both its banking and its sustainability objectives. In terms of banking objectives, we mainly discussed the expansion of the client target group. In addition to the 'traditional' target group, ASN Bank has broadened its focus to include people in their twenties and thirties with an interest in sustainability. This is how it aims to achieve its goal of one million satisfied clients by 2025.

Another key aspect is the bank's role as a pioneer of sustainability. ASN Bank seeks to promote sustainability in the financial sector by setting itself ambitious targets and encouraging other financial institutions to do the same. By forging partnerships, it increases its impact on sustainable development. The partnerships in the areas of climate policy and living wage (human rights) have thrived for some years now. The bank is also making progress in the field of biodiversity. The Advisory Council attaches great value to ASN Bank staying at the vanguard and remaining alert to new, urgent themes. We believe that the bank can afford to limit or even abandon its pioneering role in a certain theme if others have sufficiently embraced it.

Leader in sustainability

We gave much thought to ASN Bank's profile as a leader in sustainability. We believe that ASN Bank could raise its profile in society as a bank that makes clear sustainable choices. In our opinion, its activities in this area are deserving of more attention. That is why we recommend that the bank create and seize more opportunities to showcase its sustainability achievements.

Society engagement

ASN Bank supported large and small community initiatives without disclosing them in its balance sheet until 2018. Small community initiatives were mostly undertaken through the ASN Foundation. In 2017, we advised the Management Board to tweak the bank's focus by selecting community partners that can really make a change in terms of ASN Bank's main themes: climate policy, human rights and biodiversity. ASN Bank took our advice in 2018.

Fintech

Fintech refers to innovative financial products and services that simplify and speed up money transfers. The Advisory Council monitors fintech developments in the fields of payment transactions, savings and investments. Fintech can also become an important tool for increasing the appreciation level of sustainable value creation. Although we know that de Volksbank is catering to these developments, partly on behalf of ASN Bank, we feel that there would be room for a little more focus on this aspect.

ASN Hypotheek

For several years, we urged ASN Bank to introduce an ASN mortgage. We are delighted that the ASN Hypotheek mortgage was introduced in 2018 and that a module was added that allows home-owners to make sustainability improvements to their home.