EerlijkeGeldwijzer

Climate change commitments of financial institutions active in the Netherlands

A case study for Fair Finance Guide Netherlands

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About the Eerlijke Geldwijzer - Fair Finance Guide Netherlands

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Fair Finance Guide Netherlands is part of Fair Finance International (FFI) an international civil society network initiated by Oxfam working in thirteen countries with over 70 CSOs, that seeks to strengthen the commitment of banks and other financial institutions to social, environmental, and human rights standards.

About this report

This report presents the results of an assessment of the climate change commitments and action plans of 27 financial institutions active in the Netherlands.

Authorship

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Summary

This report is the first part of a case study for the Eerlijke Geldwijzer (Dutch Fair Finance Guide) on how financial institutions active in the Netherlands deal with climate change. The report makes an assessment of the commitments, policies, strategies, and action plans that financial institutions operating in the Netherlands have developed to deal with their responsibility to limit climate change. The report analyses the climate commitments of 27 banks, insurance companies, and pension funds active in the Netherlands. Table 1 shows the full list of assessed financial institutions.

Table 1 Banks, insurers and pension funds selected for this project

Banks	Insurers	Pension funds
ABN Amro	Achmea	ABP
bunq	Aegon	BPF Bouw
De Volksbank (SNS, ASN and Regiobank)	Allianz	BPL Pensioen
ING	ASR	Pensioenfonds Detailhandel
NIBC	Athora NL (formerly Vivat)	Pensioenfonds Horeca en Catering (PH&C)
Rabobank	CZ	Pensioenfonds Vervoer
Triodos Bank	Menzis	Pensioenfonds Zorg en Welzijn (PFZW)
Van Lanschot Kempen	Nationale Nederlanden	PME
	VGZ	PMT
		StiPP

To assess financial institutions' climate commitments and action plans, a specific assessment framework was developed, building on national and international standards and initiatives as well as recent scientific insight into climate change.

The assessment framework consists of 12 criteria related to 6 key dimensions of a decent climate action plan:

- **Commitment:** Does the financial institution commit to align its investment and financing portfolios with a maximum 1.5°C scenario, in line with the Paris Climate Agreement?
- **Measuring carbon footprint:** Does the financial institution use credible and robust methodologies to measure its climate footprint, does the financial institution take into account all relevant greenhouse gas emission scopes, and does the financial institution take efforts to identify the sectors it is financing or investing in with the most significant climate impacts?
- **Action plan:** Does the financial institution define intermediate targets for the short and medium term to align its investment and financing portfolios with its climate objectives, does it have a credible phase-out strategy for financing fossil fuels, and does it account for the role of negative emissions in its decarbonisation strategy?
- **Scope:** Does the financial institution's action plan cover all types of credits it offers, all types of asset classes it invests in, and does it cover the most climate-relevant economic sectors it is financing or investing in?
- **Portfolio alignment:** Does the financial institution use all available instruments to align its financing and investment portfolios with its climate commitments and intermediate targets?
- **Transparency:** Does the financial institution report comprehensively on its climate change commitment, carbon footprint, targets and instruments for portfolio alignment?

A detailed explanation of the assessment framework can be found in section 1.3 of this report.

Results

The financial institutions' policies, statements, and reports made publicly available before 6 September 2021 have been taken into account. The final scores, including rounded "report card" scores, for all the financial institutions, are presented on a scale of 0 to 10 in Table 2.

Table 2 Final scores for the 27 banks, insurance companies and pension funds

Financial institution	Type of financial institution	Final score (0-10)	Rounded (0 - 10)
De Volksbank	Bank	8.6	**9**
Athora Netherlands	Insurance company	8.4	**8**
Bunq	Bank	7.6	**8**
Triodos Bank	Bank	7.6	**8**
ASR	Insurance company	6.7	**7**
ING	Bank	6.3	**6**
Van Lanschot Kempen	Bank	5.1	**5**
Achmea	Insurance company	5.1	**5**
NIBC	Bank	5.0	**5**
ABP	Pension fund	4.8	**5**
Allianz	Insurance company	4.8	**5**
Nationale Nederlanden	Insurance company	4.7	**5**
Pensioenfonds Horeca en Catering	Pension fund	4.6	**5**
Rabobank	Bank	4.5	**5**
ABN Amro	Bank	4.5	**5**
BPF Bouw	Pension fund	4.2	**4**
BPL Pensioen	Pension fund	4.2	**4**
PME	Pension fund	4.2	**4**
StiPP	Pension fund	3.9	**4**
PMT	Pension fund	3.6	**4**
Pensioenfonds Zorg en Welzijn	Pension fund	3.5	**4**
Aegon	Insurance company	3.3	**3**
CZ	Insurance company	2.9	**3**
VGZ	Insurance company	1.9	**2**
Pensioenfonds Detailhandel	Pension fund	1.9	**2**
Pensioenfonds Vervoer	Pension fund	1.0	**1**
Menzis	Insurance company	0.9	**1**
Average all banks		**6.2**	**6**
Average all insurance companies		**4.3**	**4**
Average all pension funds		**3.6**	**4**

On average, the banks receive a final score of 6 out of 10 for their climate commitments, policies, and action plans. De Volksbank receives the highest score among the banks (rounded score 9), followed by bunq and Triodos Bank (both score 8). Of the larger banks, ING receives a score of 6 for its climate commitments, policies, and action plans. ABN Amro, NIBC, Rabobank and Van

Lanschot Kempen receive lower scores, although all still score higher than the average for the insurance companies and pension funds. In particular, the banks have more ambitious climate commitments and are much more transparent about measuring their carbon footprints than the other financial institutions.

The insurance companies obtain an average score of 4 out of 10 for their climate commitments, policies, and action plans. This is lower than the banks and, after rounding, the same as the pension funds. Compared to the other financial institution, the difference between the highest and lowest scoring insurance company is much larger. Athora NL receives the highest overall score among the insurance companies (8). ASR receives the second highest score among the insurers with a rounded score of 7. The rest of the insurers scores considerably lower. The three companies only active in health insurance – CZ, Menzis, and VGZ – receive the lowest scores among the nine insurance companies. The three companies all score 3 points or lower, among the lowest scores of all the assessed financial institutions.

The pension funds lag the other financial institutions on their climate commitments, policies, and action plans. After rounding, the pension funds score 4 out of 10. ABP and Pensioenfonds Horeca en Catering receive the highest rounded score (both score 5) but still underperform. BPF Bouw, BPL Pensioen, and PME have developed some climate policies, but still score poorly overall. The other pension funds score very poorly.

All of the financial institutions score on average lowest on the dimensions “Action plan” and “Scope”, which assess the plans that the financial institutions have developed to put their climate commitments into practice. In part, this is because most financial institutions have not published dedicated climate action plans and concrete reduction targets, despite committing to publish these at the latest by 2022 under the financial sector commitment to the Dutch Climate Agreement, and some even committing to publish climate targets in 2020 as part of their support for the Spitsbergen Ambitie 2018-2020. Where such action plans were not found, existing climate policies have been assessed instead. For the dimension “Action plan”, the low scores are mainly due to the limited ambition of many financial institutions’ policies on phasing out fossil fuel financing and the lack of a clear policy on the role of so-called “negative emissions”. For the dimension “Scope”, scores are relatively low because general emissions reduction targets have by and large not yet been translated into dedicated strategies for different types of credits, asset classes, and climate-relevant economic sectors.

Recommendations

To effectively address the enormous challenges connected to limiting global climate change, committed efforts of all stakeholders - including financial institutions - are required. Companies in all kinds of economic sectors have to make huge investments in developing new products and transforming their production processes. Financial institutions, therefore, play a crucial role in the necessary economic transition, as they make sure that sufficient financial flows (financings and investments) are available for companies with ambitious plans.

This study shows that, overall, financial institutions active in the Netherlands are not yet taking this challenge sufficiently serious. For almost all banks, insurance companies and pension funds, more steps are needed to develop and implement an ambitious climate change policy that is in line with the magnitude and urgency of this global threat. But it also makes clear that some financial institutions are showing good practices on specific steps, which could help and encourage others to embark upon a more ambitious pathway.

During the past couple of years, financial institutions in the Netherlands have announced several voluntary commitments to address the climate crisis, like the Spitsbergen Ambition 2018-2020 and the financial sector commitment to the 2019 Dutch Climate Agreement. As this study makes clear, despite some steps in the right direction, those commitments have not yet resulted in the fast and fundamental changes required to avoid dangerous climate change. The consequences of climate change severely affect human rights globally, and therefore, preventing dangerous climate change is a human rights obligation. New legislation to promote international responsible business conduct (IRBC) through mandatory human rights due diligence, including the proposed Dutch IRBC-law and the expected EU proposal for a directive on sustainable corporate governance, offer the opportunity to oblige businesses, including financial institutions, to make their activities and portfolios "climate-proof" by aligning them with a pathway limiting global temperature rise to 1.5°C with low or no temperature overshoot.

Therefore, the Dutch government is recommended to:

1. Ensure a Dutch IRBC-law is introduced which requires companies, including financial institutions, to exercise climate due diligence;
2. As part of this due diligence requirement, oblige financial institutions to adopt and implement a plan to reduce financed greenhouse gas emissions in line with the target of limiting global temperature rise to 1.5°C. This plan should apply to all financing activities and include intermediate targets. Progress towards targets should be reported on an annual basis;
3. Advocate for the incorporation of mandatory climate due diligence for companies and financial institutions in EU legislation.

Financial institutions are recommended to:

1. Commit explicitly to a maximum 1.5°C scenario, which four banks, three insurance companies and one pension fund have already done for their entire portfolios;
2. Improve the measurement of the carbon footprints of financing and investment portfolios, using credible methodologies such as PCAF, PACTA, and SBTi, and aiming to measure the "scope 3" GHG-emissions of the companies in these portfolios as well;
3. Work together with other financial institutions, scientists, and civil society to further develop credible methodologies for measuring the carbon footprints of portfolios, especially focusing on measuring "scope 3" GHG-emissions of the companies in financing and investment portfolios in a reliable way;
4. Translate climate change commitments into an action plan with concrete reduction targets for the short to medium term, including targets for 2025, 2030, and 2040, to bring portfolios in line with climate objectives;
5. Exclude financing of new extraction of fossil fuels, coal-fired power generation, oil from tar sands, and Arctic drilling (both onshore and offshore), and define a credible phase-out strategy for fossil fuels as a whole;
6. Make sure that this action plan is further concretized into specific targets and objectives for all asset classes, types of credit, and economic sectors which are relevant for the financial institution, without any exceptions for specific asset classes or sectors;
7. Complement climate goals for the portfolio with a balanced and effective strategy to employ different instruments to achieve these climate goals, which should include climate-related screening, engagement, exclusions and divestments, loan clauses, a targeted voting policy, and collective influencing initiatives to advance climate objectives (where relevant for the financial institution);
8. Be transparent about the financial institution's general climate commitments, carbon footprints, specific targets for different asset classes, types of credit, and economic sectors, and about instruments used for climate alignment. This kind of transparency will help financial institutions to learn from each other, as well as from the inputs and suggestions of other stakeholders; and

9. Use this report to identify which financial institutions are the frontrunners on specific elements of a comprehensive climate change strategy and learn from these peers.

Samenvatting

Dit rapport is het eerste deel van een praktijkonderzoek voor de Eerlijke Geldwijzer over hoe financiële instellingen die actief zijn in Nederland omgaan met klimaatverandering. Het rapport beoordeelt de toezeggingen, het beleid, de strategieën en actieplannen die financiële instellingen actief in Nederland hebben ontwikkeld om invulling te geven aan hun verantwoordelijkheid om klimaatverandering tegen te gaan. Het rapport analyseert de klimaatplannen van 27 in Nederland opererende banken, verzekeraars, en pensioenfondsen. In Tabel 1 zijn alle geselecteerde financiële instellingen opgenomen.

Tabel 1 Geselecteerde banken, verzekeraars en pensioenfondsen

Banken	Verzekeraars	Pensioenfondsen
ABN Amro	Achmea	ABP
bunq	Aegon	BPF Bouw
De Volksbank (SNS, ASN en Regiobank)	Allianz	BPL Pensioen
ING	ASR	Pensioenfonds Detailhandel
NIBC	Athora NL (vroeger Vivat)	Pensioenfonds Horeca en Catering (PH&C)
Rabobank	CZ	Pensioenfonds Vervoer
Triodos Bank	Menzis	Pensioenfonds Zorg en Welzijn (PFZW)
Van Lanschot Kempen	Nationale Nederlanden	PME
	VGZ	PMT
		StiPP

Om de klimaatcommitments en actieplannen van de financiële instellingen te beoordelen is een speciale beoordelingsmethodologie ontwikkeld, die gebaseerd is op nationale en internationale standaarden en initiatieven, en ook recent wetenschappelijk inzicht in klimaatverandering.

De beoordelingsmethodologie definieert zes "dimensies" van een goed klimaatplan, elk opgebouwd uit verschillende criteria die belangrijke aspecten van de klimaatplannen van de financiële instellingen beoordelen:

- **Commitment:** Heeft de financiële instelling zich ten doel gesteld de krediet- en beleggingsportefeuilles in lijn te brengen met een opwarming van maximaal 1,5°C, zoals in het doel van het Parijsakkoord?
- **Measuring carbon footprint:** Gebruikt de financiële instelling betrouwbare methodologieën om de CO2-voetafdruk van de financieringen en beleggingen te meten, worden hier alle relevante "scopes" in meegenomen, en heeft de financiële instelling stappen gezet om in de portefeuille de economische sectoren met de grootste klimaatimpacts te identificeren?
- **Action plan:** Heeft de financiële instelling concrete doelen gesteld voor de korte en middellange termijn om de financierings- en beleggingsportefeuille in lijn te brengen met de klimaatdoelen, heeft de financiële instelling een serieus uitfaseringsplan ontwikkeld voor het financieren van fossiele brandstoffen, en welke rol spelen zogenaamde "negatieve emissies" in de klimaatstrategie van de financiële instelling?
- **Scope:** Worden alle relevante activaklassen waarin de financiële instelling belegt, en alle soorten financieringen die de financiële instelling aanbiedt, gedekt door het klimaatplan van de financiële instelling, en dekt het actieplan alle economische sectoren met een grote impact op het klimaat?
- **Portfolio alignment:** Gebruikt de financiële instelling alle beschikbare instrumenten om de financierings- en beleggingsportefeuille in lijn te brengen met haar klimaatdoelen?

- **Transparency:** Legt de financiële instelling uitgebreid verslag over haar klimaatcommitment, klimaatvoetafdruk, doelstellingen en instrumenten?

Een gedetailleerde uitleg van de hele beoordelingsmethodologie kan worden geraadpleegd in paragraaf 1.3 van dit rapport.

Resultaten

Alle openbare beleidsdocumenten, statements, en verslagen die de financiële instellingen voor 6 september 2021 hebben gepubliceerd zijn in dit onderzoek meegenomen en beoordeeld. De uiteindelijke resultaten, inclusief afgeronde rapportcijfers op een schaal van 0 tot en met 10, staan in Tabel 2.

Tabel 2 Scores per bank, verzekeraar en pensioenfonds

Financiële instelling	Type financiële instelling	Score (0-10)	Rapportcijfer (0 - 10)
De Volksbank	Bank	8.6	**9**
Athora Netherlands	Verzekeraar	8.4	**8**
Bunq	Bank	7.6	**8**
Triodos Bank	Bank	7.6	**8**
ASR	Verzekeraar	6.7	**7**
ING	Bank	6.3	**6**
ABP	Pensioenfonds	5.2	**5**
Van Lanschot Kempen	Bank	5.1	**5**
Achmea	Verzekeraar	5.1	**5**
NIBC	Bank	5.0	**5**
Allianz	Verzekeraar	4.8	**5**
Nationale Nederlanden	Verzekeraar	4.7	**5**
Pensioenfonds Horeca en Catering	Pensioenfonds	4.6	**5**
Rabobank	Bank	4.5	**5**
ABN Amro	Bank	4.5	**5**
BPF Bouw	Pensioenfonds	4.2	**4**
BPL Pensioen	Pensioenfonds	4.2	**4**
PME	Pensioenfonds	4.2	**4**
StiPP	Pensioenfonds	3.9	**4**
PMT	Pensioenfonds	3.6	**4**
Pensioenfonds Zorg en Welzijn	Pensioenfonds	3.5	**4**
Aegon	Verzekeraar	3.3	**3**
CZ	Verzekeraar	2.9	**3**
VGZ	Verzekeraar	1.9	**2**
Pensioenfonds Detailhandel	Pensioenfonds	1.9	**2**
Pensioenfonds Vervoer	Pensioenfonds	1.0	**1**
Menzis	Verzekeraar	0.9	**1**

Financiële instelling	Type financiële instelling	Score (0-10)	Rapportcijfer (0 - 10)
Gemiddelde banken		**6.2**	**6**
Gemiddelde verzekeraars		**4.3**	**4**
Gemiddelde pensioenfondsen		**3.6**	**4**

Gemiddeld scoren de banken een rapportcijfer 6 voor hun klimaatplannen. De Volksbank haalt de hoogste score van de banken (rapportcijfer 9), gevolgd door bunq en Triodos Bank (beiden rapportcijfer 8). Van de grootbanken scoort ING het hoogst, met een afgerond rapportcijfer 6. ABN Amro, NIBC, Rabobank en Van Lanschot Kempen scoren allen ondermaats, echter allen nog steeds hoger dan de gemiddelde score voor de verzekeraars en de pensioenfondsen. De banken scoren met name beter voor de dimensie "Commitment" dan de andere financiële instellingen, en ze zijn transparanter over hun klimaatvoetafdruk.

De verzekeraars behalen een gemiddeld rapportcijfer van 4 voor hun klimaatcommitments, beleid, en actieplannen. Dit is lager dan het gemiddelde van de banken en, na afronding, gelijk aan het gemiddelde rapportcijfer van de pensioenfondsen. Vergeleken met de banken en pensioenfondsen is het verschil tussen de hoogst en laagst scorende verzekeraar erg groot. Athora NL scoort het hoogst van de verzekeraars (rapportcijfer 8). ASR behaalt de tweede score met een afgerond rapportcijfer 7. De andere verzekeraars scoren een stuk lager. De verzekeraars die alleen actief zijn in zorgverzekeringen – Menzis, CZ, en VGZ – scoren een stuk lager dan de andere verzekeraars. Alle drie de zorgverzekeraars behalen een rapportcijfer van 3 of lager.

De klimaatplannen van de pensioenfondsen blijven gemiddeld achter bij de banken en scoren omhoog afgerond een 4, gelijk met de verzekeraars. ABP en Pensioenfonds Horeca en Catering scoren het hoogst, maar nog steeds ondermaats (rapportcijfer 5). BPF Bouw, BPL Pensioen, StiPP en PME hebben wel klimaatbeleid, maar slechts in beperkte mate, en scoren ruim onvoldoende. De andere pensioenfondsen scoren zeer slecht.

De financiële instellingen behalen hun laagste scores voor de dimensies "Action plan" en "Scope". De beoordeling in die twee dimensies richt zich op de plannen die de financiële instellingen hebben opgesteld om hun klimaatbeleid concreet in de praktijk te brengen. Voor een deel zijn de relatief lage scores voor deze dimensies te verklaren uit het feit dat veel financiële instellingen überhaupt nog geen actieplannen met concrete reductiedoelstellingen hebben gepubliceerd, ondanks het feit dat de financiële instellingen hebben ingestemd zulke actieplannen uiterlijk in 2022 te publiceren als deel van hun commitment aan het nationale Klimaatakkoord. Sommige financiële instellingen hadden zelfs al aangekondigd om uiterlijk in 2020 hun reductiedoelstellingen te publiceren als deel van de Spitsbergen Ambitie 2018-2018. Voor de dimensie "Action plan" zijn de lage scores verder te verklaren uit de beperkte ambitie van veel financiële instellingen met betrekking tot het afbouwen van financieringen aan en beleggingen in de fossiele industrie. Daarnaast ontbreekt bij bijna alle financiële instellingen een duidelijke visie op de rol van zogenaamde "negatieve emissies" in hun klimaatplannen. Voor de dimensie "Scope" zijn de scores bovendien relatief laag omdat algemene reductiedoelstellingen nog niet zijn vertaald in concrete plannen voor verschillende soorten kredieten, activaklassen, en economische sectoren.

Aanbevelingen

Om de enorme dreiging van klimaatverandering te bestrijden is serieuze toewijding van alle relevante stakeholders – waaronder ook financiële instellingen – vereist. Bedrijven in vrijwel alle economische sectoren moeten enorme investeringen doen om nieuwe producten te ontwikkelen en om hun productieprocessen aan te passen. Financiële instellingen kunnen daarom een cruciale rol spelen in deze noodzakelijke transitie, door te zorgen dat voldoende kapitaal beschikbaar is voor bedrijven met ambitieuze plannen.

Dit onderzoek laat zien dat in Nederland actieve financiële instellingen deze uitdaging over het algemeen nog niet serieus genoeg nemen. Vrijwel alle banken, verzekeraars en pensioenfondsen zullen meer stappen moeten zetten om een ambitieus klimaatbeleid op te stellen dat zich kan meten aan de omvang en de urgentie van deze dreiging. Het onderzoek maakt echter ook duidelijk dat sommige financiële instellingen het goede voorbeeld laten zien. Dit kan anderen aanmoedigen om hun voorbeeld te volgen.

In de loop van de voorbije jaren hebben financiële instellingen actief in Nederland verschillende vrijwillige afspraken gemaakt om de klimaatcrisis aan te pakken. Voorbeelden zijn de Spitsbergen Ambitie 2018-2020 en het commitment van de financiële sector in het kader van het Nederlandse Klimaatakkoord van 2018. Zoals dit onderzoek aantoont, hebben deze afspraken, ondanks enkele stappen in de goede richting, nog niet geleid tot de snelle en fundamentele veranderingen die nodig zijn om gevaarlijke klimaatverandering te voorkomen. De gevolgen van klimaatverandering hebben een ernstige negatieve impact op de mensenrechten. Gevaarlijke klimaatverandering voorkomen is daarom een mensenrechtenverplichting. Nieuwe wetgeving om internationaal maatschappelijk verantwoord ondernemen (IMVO) te promoten door de invoering van verplichte mensenrechten due diligence, zoals de voorgestelde Nederlandse IMVO-wet en het verwachte EU-voorstel voor een richtlijn over duurzaam bedrijfsbestuur, bieden de kans om bedrijven, inclusief financiële instellingen, te verplichten hun activiteiten en portfolio's klimaatproof te maken door ze in lijn te brengen met een traject dat de globale temperatuurstijging beperkt tot 1,5°C.

Op basis van dit onderzoek wordt de Nederlandse overheid daarom aanbevolen om:

1. Ervoor te zorgen dat er een Nederlandse IMVO-wet komt die bedrijven, inclusief financiële instellingen, dwingt om klimaat-gerelateerde due diligence uit te oefenen;
2. Als deel van deze klimaat-gerelateerde due diligence, financiële instellingen te verplichten een plan te maken en te implementeren om hun gefinancierde broeikasgasemissies te verminderen in lijn met het doel om de wereldwijde temperatuurstijging te beperken tot 1,5°C. Dit plan moet van toepassing zijn op alle financieringsactiviteiten en tussentijdse doelen bevatten. Voortgang ten opzichte van de doelen moet op jaarlijkse basis gerapporteerd worden.
3. Te pleiten voor de opname van verplichte klimaat-gerelateerde due diligence voor bedrijven en financiële instellingen in EU-wetgeving.

Daarnaast worden de financiële instellingen aanbevolen om:

1. Zich te committeren aan een klimaatscenario van maximaal 1,5°C opwarming, wat vier banken, drie verzekeraars en één pensioenfonds al hebben gedaan voor hun gehele portefeuille;
2. Het meten van de klimaatvoetafdruk van de krediet- en beleggingsportefeuilles te verbeteren, door gebruik te maken van betrouwbare methodologieën zoals PCAF, PACTA, en SBTi, en door zich toe te leggen op het meten van "scope 3" emissies van bedrijven in de portefeuille;
3. Samen te werken met andere financiële instellingen, wetenschappers, en maatschappelijke organisaties, om de methodologieën om broeikasgasemissies in de portefeuille te meten verder te verbeteren, in het bijzonder met betrekking tot het betrouwbaar meten van "scope 3" emissies;
4. Algemene klimaatcommitments te vertalen in een actieplan met concrete reductiedoelstellingen voor de korte en middellange termijn, met doelstellingen voor 2025, 2030, en 2040;
5. Nieuwe winning van fossiele brandstoffen, kolengestookte energieproductie, olie uit teerzanden, en olie- en gaswinning in het Noordpoolgebied uit te sluiten van financiering en belegging, en een geloofwaardige uitfaseringsstrategie te formuleren voor fossiele brandstoffen als zodanig;
6. Het actieplan verder uit te werken door doelstellingen te formuleren voor alle relevante activaklassen, soorten kredieten, en economische sectoren, zonder uitzonderingen voor specifieke activaklassen of sectoren;

7. Een gebalanceerde en effectieve strategie op te stellen om de relevante instrumenten te gebruiken om klimaatdoelen te behalen. Zo’n strategie zou op zijn minst gebruik moeten maken van screening, engagement, uitsluitingen, clausules voor leningen, een doelgericht stembeleid, en collectieve lobby voor klimaatdoelstellingen (waar relevant voor de financiële instelling);
8. Transparant te zijn over de algemene klimaatcommitments, de klimaatvoetafdruk, de concrete doelstellingen en de instrumenten die worden ingezet om de portefeuille in lijn te brengen met de klimaatdoelstellingen van de financiële instelling. Deze transparantie helpt financiële instellingen om van elkaar te leren, en van de input van andere stakeholders; en
9. Dit rapport te gebruiken om te identificeren welke financiële instellingen koplopers zijn op specifieke elementen van een gedegen klimaatstrategie.

Abbreviations

AuM	Assets under management
CCS	Carbon Capture and Storage
ESG	Environment, Social, Governance
GHG	Greenhouse Gas
IPCC	Intergovernmental Panel on Climate Change
KPI	Key Performance Indicator
n.a.	Non-applicable
PACTA	Paris Agreement Capital Transition Assessment
PCAF	Platform Carbon Accounting Financials
PFZW	Pensioenfonds Zorg en Welzijn
PH&C	Pensioenfonds Horeca en Catering
SDG	Sustainable Development Goal
SBTi	Science Based Targets initiative
SME	Small and Medium Enterprises
UNEP	United Nations Environment Programme

Introduction

Climate change is a disruptive global reality already impacting the lives of people around the globe, especially the poorest people in developing countries. According to the Intergovernmental Panel on Climate Change (IPCC), without deep cuts in greenhouse gas emissions global temperatures are likely to increase to more than 1.5°C above pre-industrial levels in the coming decades and may rise to 5.7°C above pre-industrial levels by the end of the century in a worst-case scenario.[1] Such temperatures will cause untold human devastation and exacerbate poverty and hunger.

In December 2015, 196 Parties adopted the Paris Climate Agreement. This agreement legally binds the signatories to commit to the goal of limiting global warming to well below 2, preferably to 1.5°C, compared to pre-industrial levels.[2] To achieve the goal of the Paris Climate Agreement, countries aim to reach global peaking of greenhouse gas emissions as soon as possible to achieve a climate neutral world by 2050. Since the adoption of the Paris Climate Agreement, a 2018 special report by the IPCC has concluded that a temperature increase of more than 1.5°C will have disastrous human, environmental, and economic consequences, and that even the consequences of 2°C warming scenario will be much worse than warming of 1.5°C.[3]

Given the urgency and scale of the climate crisis, immediate action is required not just from governments, but also from private sector actors, as recently reconfirmed in the Netherlands by the verdict in the court case against Royal Dutch Shell.[4] The private sector responsibility to address climate change also applies to financial institutions. With their credits and financial investments, banks, insurers, and pension funds are major distributors of capital. By implementing an ambitious action plan to align their financing and investment portfolios with the goal of limiting warming to 1.5°C, financial institutions could play a major role in reducing greenhouse gas emissions in many different economic sectors, accelerating the phase out of fossil fuels, and stimulating the further development of renewable energy generation.

In the Netherlands, the Spitsbergen Ambition 2018-2020 and the financial sector commitment to the 2019 Dutch Climate Agreement are the main frameworks to align the efforts of financial institutions active in the country with the goals of the Paris Climate Agreement. Despite some steps in the right direction, such as efforts to measure financed greenhouse gas emissions and commitments to publish reduction targets, much more is required to align capital flows with the goal of limiting temperature increases to 1.5°C.

In this context, the Eerlijke Geldwijzer (Dutch Fair Finance Guide) has asked Profundo to carry out a case study on how financial institutions operating in the Netherlands deal with climate change, resulting in two reports published separately. The two reports consist of:

- An assessment of the commitments, policies, reduction targets, and action plans that financial institutions operating in the Netherlands have developed to deal with their responsibility to limit climate change, to be published on 30 September 2021; and
- An analysis of the financial institutions' financial relations to the energy industry, to be published on 28 October 2021.

This document is the first of the two reports. It aims to assess if the climate change commitments and actions of the main financial institutions operating in the Netherlands are in line with the goals of the Paris Climate Agreement.

This report is structured as follows. Chapter 1 provides the methodology used in the assessment, including objectives, scope, and assessment framework. Chapter 2 discusses the results of the assessments. Finally, chapter 3 presents key conclusions and recommendations.

1

Methodology

In this chapter, the methodological framework used to assess the 27 financial institutions on their climate commitments is explained.

1.1 Objective and research questions

This report is the first part of a case study for the Eerlijke Geldwijzer (Dutch Fair Finance Guide) on how financial institutions operating in the Netherlands deal with climate change. The two reports cover:

- An assessment of the commitments, policies, strategies, and action plans that financial institutions operating in the Netherlands have developed to deal with their responsibility to limit climate change; and
- An analysis of the financial institutions' financial relations to the energy industry.

This report presents the results of the first assessment.

1.2 Selected financial institutions

The 27 banks, insurers and pension funds operating in the Netherlands selected for this research project are listed in Table 1.

Table 1 Banks, insurers and pension funds selected for this project

Banks	Insurers	Pension funds
ABN Amro	Achmea	ABP
bunq	Aegon	BPF Bouw
De Volksbank (SNS, ASN and Regiobank)	Allianz	BPL Pensioen
ING	Athora NL (formerly Vivat)	Pensioenfonds Detailhandel
NIBC	ASR	Pensioenfonds Horeca en Catering (PH&C)
Rabobank	CZ	Pensioenfonds Vervoer
Triodos Bank	Menzis	Pensioenfonds Zorg en Welzijn (PFZW)
Van Lanschot Kempen	Nationale Nederlanden	PME
	VGZ	PMT
		StiPP

1.3 Assessment framework

To assess financial institutions' climate commitments and action plans, a specific assessment framework was developed, building on national and international standards and initiatives as well as recent scientific insight into climate change.

The assessment framework defines six "dimensions", each consisting of several criteria that assess relevant parts of financial institutions' action plans on climate change. The following sections describe the background, the underlying logic, and the scoring criteria for the six dimensions.

It should be noted that the research methodology of this first report focuses on the commitments, policies, and action plans that the financial institutions have adopted and implemented on climate change. It is therefore principally an assessment of the level of ambition of the different financial institutions and the robustness of their plans to implement these ambitions. It is not an audit of the level of alignment with climate targets in practice. The alignment of the financial institutions' financial activities with climate objectives is assessed in part by the second report in this study, which presents the share of fossil fuels and renewable energy in the financial institutions' energy financings and investments.

In addition, while the financial institutions in this study may have different starting points – some having higher carbon intensity in their financings and investments than others – all can be expected to formulate a climate action plan in line with the six dimensions outlined below, regardless of their current levels of financed emissions.

1.3.1 Commitment

The key question is here: does the financial institution commit to align its investment and financing portfolios with a 1.5°C scenario, in line with the Paris Climate Agreement?

A good climate action plan, first of all, requires an overall commitment to align investment and financing portfolios with a credible climate goal. The 2015 Paris Agreement is the most widely recognized international agreement on climate change. It includes commitments to keep global average temperatures to "*well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels*". [5] In addition, the Paris Agreement sets the goal of "*making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development*".[6]

Since the adoption of the Paris Agreement, the emerging scientific consensus, highlighted by a 2018 special report by the Intergovernmental Panel on Climate Change (IPCC), has been that the negative social, environmental, and economic consequences in a 2 degree scenario will be much more severe than in a 1.5°C scenario.[7] A clear commitment to mitigating the worst impacts of climate change should therefore seek to reduce financed emissions in line with a 1.5°C scenario.

This means that a credible climate commitment by financial institutions should:

- Refer to the 2015 Paris Agreement;
- Explicitly commit to a 1.5°C scenario; and
- Commit to align the whole investment and financing portfolio with the Paris Agreement.

Climate commitments that fail on one or more of these criteria do not receive full points on this dimension. Examples of insufficient, or not fully sufficient, commitments are:

- General references to the Paris agreement without concrete commitments to aligning finance and investment portfolios;
- Commitments to aligning portfolios with climate goals, but without mentioning a 1.5°C scenario; and
- Commitments to align financings and investments with a 1.5°C scenario that only cover a part of the financial institution's portfolio.

In addition, there have been several climate-related initiatives for and by financial institutions in the Netherlands since the adoption of the Paris Agreement. In the Spitsbergen Ambitie 2018-2020, undersigning financial institutions active in the Netherlands committed themselves to measure and report their financed carbon emissions, as well as supporting the Dutch government in its goal of reducing CO_2-emissions by 49% in 2030.[8] In the 2019 financial sector commitment to the Dutch Climate Agreement, undersigning financial institutions committed to publishing action plans in 2022, in which they would explain how they would contribute to the Paris Agreement.[9]

Neither the Spitsbergen Ambitie nor the financial sector commitment to the Dutch Climate Agreement explicitly implies a commitment by the undersigning financial institutions to align their portfolios with a 1.5°C scenario. Financial institutions can therefore not receive full points for their overall climate commitments for merely referring to their support of these initiatives.

Table 2 shows the criteria and scoring options for this dimension.

Table 2 Criteria and scoring options for dimension "Commitment"

Dimension	Criteria	Scoring	
Commitment	Commitment to align the investment and financing portfolios with a 1.5°C scenario, in line with the Paris Climate Agreement	0	No commitment
		1	Commitment to the Paris Climate Agreement, but no explicit commitment to align portfolios to a 1.5°C scenario
		2	Explicit commitment to a 1.5°C scenario for a relevant share of the financial institution's financings and investments
		4	Explicit commitment to a 1.5°C scenario for all financings and investments of the financial institution
Maximum points		**4**	

1.3.2 Measuring carbon footprint

Aligning finance and investment portfolios to a 1.5°C scenario requires that financial institutions know the true climate impacts of their financing and investment activities. In the Spitsbergen Ambitie 2018-2020, as well as in the financial sector commitment to the Dutch Climate Agreement, financial institutions have committed themselves to measure and report the carbon footprint of their financings and investments by 2020.[10] In assessing how financial institutions measure and report their carbon footprints, the following criteria apply:

- **Methodologies used for measuring carbon footprint**

  When measuring and assessing the climate impacts of their financings and investments, financial institutions should make use of methodologies that are credible and that have been developed by an experienced external party. Methodologies to measure the carbon footprint of financings and investments have been in development for several years and have since greatly improved in accuracy and robustness. The currently most widely recognized methodologies for assessing climate impacts from financings and investments are:

  - The Paris Agreement Capital Transition Assessment (PACTA), developed by the 2degree Investment Initiative, measures financial portfolios' alignment with various climate scenarios consistent with the Paris Agreement;[11]
  - The Partnership for Carbon Accounting Financials (PCAF), a global network of 149 financial institutions, has developed the Global GHG Accounting & Reporting Standard for the financial Industry, a harmonised approach to measure financed greenhouse gas emissions in line with the Greenhouse Gas Protocol;[12] and

- The Science Based Targets initiative (SBTi), a cooperation between CDP, the UN Global Compact, the World Resources Institute (WRI), and World Wide Fund for Nature (WWF), has developed a framework enabling financial institutions to set science-based targets to align their lending and investment activities with the Paris Agreement.[13]

Financial institutions can make use of other methodologies, but these should be transparent, robust, based on good quality data, and should be developed in cooperation with experienced external parties.

- **The carbon footprint is measured for scope 1, 2 and 3 emissions of the sectors financed**

  The GHG Protocol Corporate Accounting and Reporting Standard distinguishes between three different emission scopes:[14]

  - Scope 1 (direct emissions – owned) includes all direct emissions, such as emissions from industrial processes and fuel use by company-owned cars;
  - Scope 2 (indirect emissions – owned) includes the indirect emissions from the consumption of purchased energy; and
  - Scope 3 (indirect emissions – not owned) includes emissions occurring upstream and downstream in the company's value chain, including emissions from product use.

  For many companies, especially companies where most of the emissions occur during product use (such as in the oil and gas industry), the majority of their emissions will fall in scope 3.

  Measuring scope 3 emissions is more difficult than scope 1 and 2, as it involves many more factors and variables outside of a company's direct control. For this reason, despite improvements in recent years, the data quality for scope 3 emissions remains low compared to the data for scope 1 and 2 emissions. For financial institutions, measuring scope 3 emissions from financing and investments presents the additional problem of potential double counting, as financial institutions may finance or invest in different companies along the same value chain. At the current stage of methodological development, therefore, financial institutions cannot be expected to include all scope 3 emissions in the measurement of their portfolio emissions. However, financial institutions can commit to including scope 3 emissions in their portfolio measurements when, or where, good quality data *is* available.

  With respect to the emission scopes of the sectors financed and invested in, financial institutions can be expected to:

  - At least include scope 1 and 2 in the measurement and reporting of their financed emissions; and
  - Commit to include scope 3 in the measurement and reporting of financed emissions when good quality data is available.

- **The carbon footprint is measured for all sectors which play a significant role (negative or positive) in climate change mitigation**

  Not all sectors that a financial institution finances or invests in are equal in their climate impacts. It is therefore important that financial institutions take steps to identify the sectors with the largest contribution to climate change, in order to define priority sectors for action and engagement.

  Financial institutions can show they have taken such steps by, for instance:

  - Publishing a sectoral breakdown of financed emissions;
  - Reporting on the sectors measured; or
  - Reporting on priority sectors that have been identified as a result of the portfolio measurement.

Note that, although it is an emerging good practice among financial institutions to publish a sectoral breakdown of financed emissions, this is not necessary for full points for this criterium. Financial institutions can also show they have identified the most climate-relevant sectors in their portfolio by explaining which sectors they have measured, or which sectors have been identified as priority sectors for action, without actually reporting the underlying emissions data.

The selection of sectors is based on sectoral emissions data by the Climate Watch platform of the World Resources Institute (WRI).[15] The measurement of portfolio emissions should at least cover the following high-impact sectors:

- Oil and gas production;
- Coal mining;
- Fossil fuel trading;
- Electricity production;
- Transport;
- Real estate;
- Agriculture;
- Heavy industry (steel, cement, chemicals); and
- One other relevant sector.

If a financial institution reports that it measures its whole financing and investment portfolio, it can be assumed that all these sectors are covered. However, if no information is provided that shows that the financial institution has taken additional steps to identify the sectors with the highest climate impacts within the portfolio, the underlying criterium is not fully met. In these cases, financial institutions are awarded half (0.5) points for each sector.

If a financial institution uses a sector classification system that does not fully correspond with the list above, it may still receive full points if it is abundantly clear that the sectors in the list above are covered.

If a financial institution reports on a narrower subsector, for instance aviation instead of transport, a half (0.5) point is granted for that sector.

If a financial institution is not involved in a sector listed above, that sector is considered "non-applicable" (n.a.), and not taking into account in the final score.

Table 3 shows the criteria and scoring options for this dimension.

Table 3 Criteria and scoring options for dimension "Measuring carbon footprint"

Dimension	Criteria	Scoring	
Measuring carbon footprint	Methodologies used to measure the carbon footprint of portfolios	0	The carbon footprint of portfolios is not measured
		1	The carbon footprint of portfolios is measured, but the methodologies are not robust or credible
		2	The carbon footprint of portfolios is measured with robust and credible methodologies (e.g. PACTA, PCAF or other methodologies developed with an experienced third party) for about half or more of the financial institution's financings and investments
		4	The carbon footprint of portfolios is measured with robust and credible methodologies (e.g. PACTA, PCAF or other methodologies developed with an experienced third party) for all financings and investments of the financial institution
		0	The carbon footprint is not measured

Dimension	Criteria	Scoring	
	The carbon footprint is measured for scope 1, 2 and 3 emissions of the sectors financed	2	The carbon footprint is measured for scope 1 emissions only
		3	The carbon footprint is measured for scope 1 and 2 emissions
		4	The carbon footprint is measured for scope 1 and 2 emissions, and the financial institution expresses the ambition to measure scope 3 emissions when data are available
	The carbon footprint is measured for all sectors which play a significant role (negative or positive) in climate change mitigation	A point is awarded for each of the following sectors for which the carbon footprint is measured:	
		1	Oil and gas production
		1	Coal mining
		1	Fossil fuel trading
		1	Electricity production
		1	Transport
		1	Real estate
		1	Agriculture
		1	Heavy industry (steel, cement, chemicals)
		1	One other relevant sector
Maximum points		**17**	

1.3.3 Action plan

Once a financial institution has committed to align its financing and investment portfolios with a 1.5°C scenario, and has measured its portfolio emissions to identify the most high-impact sectors, it should define an action plan that defines clear steps with intermediate targets to align its portfolio. Financial institutions that have undersigned the financial sector commitment to the Dutch Climate Agreement have committed to publish their climate action plans at the latest by 2022.[16] Given the rapid decarbonisation necessary to meet global climate targets, and the fact that the Paris Agreement is by the time of writing already six years old, financial institutions should not wait until the last very last moment to publish their plans.

The dimension "Action plan" assesses the quality of financial institutions' action plans by focusing on three core features of a credible action plan:

- **Action plan sets concrete timelines and intermediate targets to align portfolios**

  A credible climate action plan should not just set emissions reduction targets for the long term, but should define, for the entire portfolio, clear and concrete reduction targets for the short and intermediate term. This is acknowledged at a global level, for instance in the 2018 IPCC special report, which stresses that "*without increased and urgent mitigation ambition in the coming years, leading to a sharp decline in greenhouse gas emissions by 2030, global warming will surpass 1.5°C in the following decades*".[17] At the Dutch level, too, this is acknowledged in the financial sector commitment to the Dutch Climate Agreement, which expects financial institution's action plans to include reduction targets for 2030.[18]

- **Action plan commits to gradual phase out of funding fossil fuel production and fossil fuel use**

  There is overwhelming scientific consensus that limiting global temperatures to 1.5°C above pre-industrial levels necessitates, above all, a rapid move away from fossil fuels. IPCC-models consistent with a 1.5°C scenario all assume rapid decarbonisation of the energy sector.[19] The Emissions Gap Report 2019 by the UN Environment Programme (UNEP) similarly stresses that the production and use of fossil fuels, especially coal, should be quickly phased out.[20] In addition, since the potential emissions from currently known reserves of fossil fuels far outstrip the remaining carbon budget under a 1.5°C scenario, around 80-90% of coal reserves, 50% of gas reserves, and 35% of oil reserves should remain in the ground.[21]

  The Production Gap Report 2020, likewise, estimates that "*the world will need to decrease fossil fuel production by roughly 6% per year between 2020 and 2030*" in order to align with a pathway consistent with limiting global warming to 1.5°C.[22] This implies an annual reduction of production of coal, oil, and gas of respectively 11%, 4% and 3%.

  After earlier publications in October 2020 and January 2021, the International Energy Agency (IEA) released a report in May 2021 describing a 1.5°C compatible pathway towards net zero CO2-emissions in the energy sector by 2050. The report concludes that under a 1.5°C scenario, there can be no further expansion of fossil fuel production or development of new oil and gas fields. Unabated coal and oil power plants should under this scenario be phased out by 2030 in advanced economies and 2040 around the world.[23]

  For financial institutions, this means that their climate action plan should commit to a phase-out of funding to fossil fuel production and use:

  - There is no place for coal in the energy transition. Financial institutions that are serious about their climate action plan should exclude or rapidly divest from companies involved in coal mining and coal fired power production; and
  - Financing and investment in other fossil fuels should be phased out gradually, in line with the reduction pathway described in the Production Gap Report 2020.

  Exclusion policies that only apply to the most controversial forms of fossil fuel production, such as mountaintop removal mining, extracting oil from tar sands, extracting gas from shale, and Arctic drilling for oil and gas, without any coherent and medium-term phase-out strategy for fossil fuel financing and investment, are not eligible for any points for this criterium.

  Likewise, financial institutions only committing to a relative increase in the proportion of renewable energy in their energy portfolios, without also committing to an absolute reduction in fossil fuel finance, cannot receive any points for this criterium.

- **Action plan does not rely strongly on so-called "negative emissions" and follows the P1 pathway (which excludes CCS)**

  Commitments by financial institutions to reduce emissions to net zero by 2050 have become commonplace in recent years. Whether such commitments are credible depends in part on the extent to which they rely on so-called "negative emissions" such as tree planting or Carbon Capture and Storage (CCS) technologies. Overreliance on negative emissions is problematic firstly because negative emissions do not actually reduce but rather offset emissions. Negative emissions are not an alternative to emissions reductions and can at most play a minor role in decarbonisation efforts.

Secondly, the viability and effectiveness of proposed solutions and technologies can be questioned. For instance, relying on carbon offsets from massive tree planting is problematic as accounting for the carbon removed from the atmosphere is very complex and it involves human rights and environmental risks such as land grabbing and biodiversity loss.[24] In addition, it is not clear that there is enough land available to offset emissions at the scale required by net zero strategies heavily dependent on tree planting. At the same time, CCS technologies are still in their infancy, remain very expensive compared to emission reductions, and have not been proven to work at scale.[25]

The climate action plans of financial institutions should therefore:

- Be transparent about the role of negative emissions in their portfolio alignment efforts;
- Commit to reducing financed emissions without relying strongly on negative emissions; and
- Commit to align with the IPCC's P1 pathway, which excludes CCS.[26]

Table 4 shows the criteria and scoring options for this dimension.

Table 4 Criteria and scoring options for dimension "Action plan"

Dimension	Criteria	Scoring	
Action plan	Action plan sets concrete timelines and intermediate targets to align portfolios	0	No action plan made or action plan not published
		1	Action plan sets only timelines and targets for the long term (after 2030) and not for the short to medium term
		2	Action plan sets timelines and concrete targets for the short to medium term (reaching target in 2030) for around half or more of the financial institution's financings and investments
		4	Action plan sets timelines and concrete targets for the short to medium term (reaching target in 2030) for all financings and investments of the financial institution
	Action plan commits to gradual phase out of funding fossil fuel production and fossil fuel use	0	Action plan sets no specific goals for the funding of fossil fuel production and use
		1	Action plan excludes coal partly, for instance by only excluding either coal mining or power generation and not both, or by applying exceptions
		2	Action plan excludes coal (mining and power production) from funding but has no target for oil & gas funding
		4	Action plan excludes coal (mining and power production) from funding and reduces oil & gas funding with at least 4% resp. 3% per year
	Action plan does not rely strongly on so-called "negative emissions" and follows the P1 pathway (which excludes CCS)	0	Action plan relies strongly on options to create "negative emissions", such as reforestation and CCS, or is unclear about this topic
		2	Action plan assigns a small role to "negative emissions"
		4	Action plan commits to the P1 pathway and/or excludes CCS
Maximum points		**12**	

1.3.4 Scope

In this dimension the scope of financial institutions' action plans is assessed. The dimension consists of three core criteria:

- **Action plan covers all asset classes in which the financial institution invests**

  This criterium is only relevant for financial institutions involved in investments. For financial institutions that are not investing, this criterium is considered "non-applicable" (n.a.) and is not counted towards the final score.

  Financial institutions invest in different asset classes, such as listed equity, corporate bonds, government bonds, real estate, and private equity. For each type of asset class, aligning emissions with ambitious climate goals comes with different challenges and opportunities. For this reason, a "one size fits all" approach to decarbonizing the investment portfolio is unlikely to be effective. An ambitious climate action plan should therefore not only define overall reduction targets for the investment portfolio as a whole, but also outline more detailed plans for each different asset class.

- **Action plan covers all types of credits the financial institution offers**

  This criterium is only relevant for financial institutions involved in the provision of credits. For financial institutions that do not offer credits, this criterium is considered "non-applicable" (n.a.) and is not counted towards the final score.

  Financial institutions may provide different types of credits, such as corporate credits or mortgages. For each type of credit, aligning emissions with ambitious climate goals comes with different challenges and opportunities. For this reason, a "one size fits all" approach to decarbonizing the financing portfolio is unlikely to be effective. An ambitious climate action plan should therefore not only define overall reduction targets for the portfolio as a whole, but also outline more detailed plans for each different types of credit.

- **Action plan covers all economic sectors which play a significant role (negative or positive) in climate change mitigation**

  Financial institutions finance or invest in many different economic sectors, each of which has distinct climate impacts. Some economic sectors will need to decarbonise faster than others because of their outsized role in climate change, while other sectors may still face technological challenges that need to be overcome. A credible climate action plan should develop a sector-based approach that takes such differences into account. This criterium looks at whether the financial institution has set reduction targets, put in place climate-related policies, or has operated a structured climate-related engagement programme for the following high-impact sectors:[i]

  - Oil and gas production;
  - Coal mining;
  - Fossil fuel trading;
  - Electricity production;
  - Transport;
  - Real estate;
  - Agriculture;
  - Heavy industry (steel, cement, chemicals); and
  - One other relevant sector.

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[i] For the sectors Coal mining and Electricity production, engagement programmes are not sufficient for any points if there are not also ambitious exclusion policies for coal (mining and power generation) in place.

The selection of sectors is based on sectoral emissions data by the Climate Watch platform of the World Resources Institute (WRI).[27]

If a financial institution is not involved in a sector listed above, that sector is considered "non-applicable" (n.a.), and not taking into account in the final score.

Table 5 shows the criteria and scoring options for this dimension.

Table 5 Criteria and scoring options for dimension "Scope"

Dimension	Criteria	Scoring	
Scope	Action plan covers all asset classes in which the financial institution invests	0	Action plan does not cover any asset class
		1	Action plan covers one relevant asset class (> 15% of AuM)
		2	Action plan covers equities or corporate bonds
		3	Action plan covers equities and corporate bonds
		4	Action plan covers all asset classes
	Action plan covers all types of credits the financial institution offers	0	Action plan does not cover any type of credits
		1	Action plan covers one relevant type of credits (> 15% of balance sheet)
		2	Action plan covers corporate credits or mortgages
		3	Action plan covers corporate credits and mortgages
		4	Action plan covers all types of credits
	Action plan covers all economic sectors which play a significant role (negative or positive) in climate change mitigation	A point is awarded for each of the following sectors covered by the action plan:	
		1	Oil and gas production
		1	Coal mining
		1	Fossil fuel trading
		1	Electricity production
		1	Transport
		1	Real estate
		1	Agriculture
		1	Heavy industry (steel, cement, chemicals)
		1	One other relevant sector (e.g. garments)
Maximum points		**17**	

1.3.5 Portfolio alignment

Financial institutions have several instruments at their disposal, which they can use to implement their climate action plans. In the dimension "portfolio alignment", the financial institutions are assessed on the extent to which they plan to leverage all available instruments as part of their climate efforts. A good climate action plan can make use of the following instruments:

- Screening;
- Engagement;
- Supporting climate-related shareholder resolutions (only relevant for investments);
- Proposing climate-related shareholder resolutions (only relevant for investments);
- Preferential financing conditions (only relevant for financings);
- Clauses in loan contracts (only relevant for financings);

- Exclusions and divestments;
- Collective influencing initiatives; and
- Other relevant instruments.

The assessment is focused on whether and how the financial institution uses these instruments *as part of its climate action plan*. This means that the financial institution should, for each instrument:

- Clearly describe the role of the instrument within its larger portfolio alignment strategy;
- Provide some information about the conditions under which the instrument will be used; and
- Provide some information about the climate-related criteria or goals applied when using the instrument. This is particularly relevant for screening, engagement, shareholder resolutions, and exclusions and divestments.

This means that the following types of evidence are not automatically sufficient for points:

- References to instruments as part of the general ESG-integration framework, without additional information about how they are used to align the portfolio with the financial institution's climate objectives; and
- Incidental examples that a financial institution has used an instrument in a particular case, without evidence that this case is embedded in a larger, more systematic climate strategy. Such examples can at most lead to half (0.5) points.

Table 6 shows the criteria and scoring options for this dimension.

Table 6 Criteria and scoring options for dimension "Portfolio alignment"

Dimension	Criteria	Scoring	
Portfolio alignment	Instruments used to align the financing and investment portfolios with the targets set	A point is awarded for each of the following instruments covered by the action plan:	
		1	Screening
		1	Engagement
		1	Supporting climate-related shareholder resolutions
		1	Proposing climate-related shareholder resolutions
		1	Preferential financing conditions
		1	Clauses in loan contracts
		1	Exclusions and divestments
		1	Collective influencing initiatives
		1	Other relevant instruments
Maximum points		**9**	

1.3.6 Transparency

Transparency towards external stakeholders is a core aspect of responsible business conduct and financial institutions should ensure transparency in their reporting on the implementation of their climate action plan. In this dimension, the financial institutions are assessed on the extent to which they report on their:

- Climate change commitments;
- Carbon footprint;
- Reduction targets; and
- Instruments for portfolio alignment.

Table 7 shows the criteria and scoring options for this dimension.

Table 7 Criteria and scoring options for dimension "Transparency"

Dimension	Criteria	Scoring	
Transparency	Reporting on the financial institution's carbon footprint, commitment, targets and instruments for portfolio alignment	0	Not reporting on the implementation of the climate policy
		1	Reporting on the commitment, but unclear about targets, carbon footprint and the instruments used
		2	Reporting on the commitment and either the carbon footprint or the targets, but unclear about either the carbon footprint or the targets and the instruments used
		4	Comprehensive reporting on the commitment, targets, carbon footprint and instruments used
Maximum points		**4**	

1.3.7 Summary of assessment framework

The assessment framework is summarized in Table 8, detailing the different dimensions, assessment criteria, and scoring options for the assessment.

Table 8 Assessment framework climate change commitments

Dimension	Criteria	Scoring	
Commitment	Commitment to align the investment and financing portfolios with a 1.5°C scenario, in line with the Paris Climate Agreement	0	No commitment
		1	Commitment to the Paris Climate Agreement, but no explicit commitment to align portfolios to a 1.5°C scenario
		2	Explicit commitment to a 1.5°C scenario for a relevant share of the financial institution's financings and investments
		4	Explicit commitment to a 1.5°C scenario for all financings and investments of the financial institution
Measuring carbon footprint	Methodologies used to measure the carbon footprint of portfolios	0	The carbon footprint of portfolios is not measured
		1	The carbon footprint of portfolios is measured, but the methodologies are not robust or credible
		2	The carbon footprint of portfolios is measured with robust and credible methodologies (e.g. PACTA, PCAF or other methodologies developed with an experienced third party) for about half or more of the financial institution's financings and investments
		4	The carbon footprint of portfolios is measured with robust and credible methodologies (e.g. PACTA, PCAF or other methodologies developed with an experienced third party) for all financings and investments of the financial institution
	The carbon footprint is measured for scope 1, 2 and 3 emissions of the sectors financed	0	The carbon footprint is not measured
		2	The carbon footprint is measured for scope 1 emissions only
		3	The carbon footprint is measured for scope 1 and 2 emissions
		4	The carbon footprint is measured for scope 1 and 2 emissions, and the financial institution expresses the ambition to measure scope 3 emissions when data are available

Dimension	Criteria	Scoring	
	The carbon footprint is measured for all sectors which play a significant role (negative or positive) in climate change mitigation[i]	A point is awarded for each of the following sectors for which the carbon footprint is measured:	
		1	Oil and gas production
		1	Coal mining
		1	Fossil fuel trading
		1	Electricity production
		1	Transport
		1	Real estate
		1	Agriculture
		1	Heavy industry (steel, cement, chemicals)
		1	One other relevant sector
Action plan	Action plan sets concrete timelines and intermediate targets to align portfolios	0	No action plan made or action plan not published
		1	Action plan sets only timelines and targets for the long term (after 2030) and not for the short to medium term
		2	Action plan sets timelines and concrete targets for the short to medium term (reaching target in 2030) for around half or more of the financial institution's financings and investments
		4	Action plan sets timelines and concrete targets for the short to medium term (reaching target in 2030) for all financings and investments of the financial institution
	Action plan commits to gradual phase out of funding fossil fuel production and fossil fuel use	0	Action plan sets no specific goals for the funding of fossil fuel production and use
		1	Action plan excludes coal partly, for instance by only excluding either coal mining or power generation and not both, or by applying exceptions
		2	Action plan excludes coal (mining and power production) from funding but has no target for oil & gas funding
		4	Action plan excludes coal (mining and power production) from funding and reduces oil & gas funding with at least 4% resp. 3% per year
	Action plan does not rely strongly on so-called "negative emissions" and follows the P1 pathway (which excludes CCS)[28]	0	Action plan relies strongly on options to create "negative emissions", such as reforestation and CCS, or is unclear about this topic
		2	Action plan assigns a small role to "negative emissions"
		4	Action plan commits to the P1 pathway and/or excludes CCS
Scope		0	Action plan does not cover any asset class
		1	Action plan covers one relevant asset class (> 15% of AuM)
		2	Action plan covers equities or corporate bonds

i If the financial institution is not active in some of these sectors, these sectors will be considered non-applicable (n.a.) and not be taken into account in the scoring.

Dimension	Criteria	Scoring	
	Action plan covers all asset classes in which the financial institution invests[i]	3	Action plan covers equities and corporate bonds
		4	Action plan covers all asset classes
	Action plan covers all types of credits the financial institution offers[iii]	0	Action plan does not cover any type of credits
		1	Action plan covers one relevant type of credits (> 15% of balance sheet)
		2	Action plan covers corporate credits or mortgages
		3	Action plan covers corporate credits and mortgages
		4	Action plan covers all types of credits
	Action plan covers all economic sectors which play a significant role (negative or positive) in climate change mitigation[ii]	A point is awarded for each of the following sectors covered by the action plan:	
		1	Oil and gas production
		1	Coal mining
		1	Fossil fuel trading
		1	Electricity production
		1	Transport
		1	Real estate
		1	Agriculture
		1	Heavy industry (steel, cement, chemicals)
		1	One other relevant sector (e.g. garments)
Portfolio alignment	Instruments used to align the financing and investment portfolios with the targets set[iii]	A point is awarded for each of the following instruments covered by the action plan:	
		1	Screening
		1	Engagement
		1	Supporting climate-related shareholder resolutions
		1	Proposing climate-related shareholder resolutions
		1	Preferential financing conditions
		1	Clauses in loan contracts
		1	Exclusions and divestments
		1	Collective influencing initiatives
		1	Other relevant instruments

i If the financial institution is involved in both financings and investments, both these criteria are relevant. If the financial institution is only involved in financing, only the criterium on credit types is taken into account. If the financial institution is only involved in investments, only the criterium on asset classes is taken into account.

ii If the financial institution is not active in some of these sectors, these sectors are considered non-applicable (n.a.) and not be taken into account in the scoring.

iii If the financial institution is involved in financing as well as investments, all instruments are relevant. If the financial institution is only involved in financings or only in investments, some instruments are considered non-applicable (n.a.) and will not be taken into account in the scoring.

Dimension	Criteria	Scoring	
Transparency	Reporting on the financial institution's carbon footprint, commitment, targets and instruments for portfolio alignment	0	Not reporting on the implementation of the climate policy
		1	Reporting on the commitment, but unclear about targets, carbon footprint and the instruments used
		2	Reporting on the commitment and either the carbon footprint or the targets, but unclear about either the carbon footprint or the targets and the instruments used
		4	Comprehensive reporting on the commitment, targets, carbon footprint and instruments used
Maximum score		**63**	

1.4 Scoring model

This study compares different types of financial institutions (banks, insurance companies and pension funds), which can be active in:

- **Financings:** all forms of credits, corporate finance, project finance, trade finance and underwritings; and/or
- **Investments:** asset management for own account and asset management for the account of clients.

Insurance companies and pension funds are active in investments. Banks are predominantly active in financings, but some banks are active in investments as well, if they have an asset management or private banking department. Lastly, bunq, a digital bank, is not active in financings but is active in investments for own account only. To take these differences into account, the assessment framework was adjusted to the specifics of each financial institution.

If the financial institution is involved in financings as well as investments, all criteria in the assessment framework are relevant. If the financial institution is only involved in financings or in investments, some scoring options are not applicable and have not been taken into account in the scoring. To which scoring options this applies, is elaborated in section 1.3. Therefore, the maximum number of points a financial institution can receive differs between financial institutions active in *Financings* and those active in *Investments*. See below how we deal with this in the scoring.

Also, not all financial institutions are financing and/or investing in companies in the same economic sectors. In the dimensions "Measuring carbon footprint" and "Scope", points are granted if the financial institution measures the carbon footprint in certain sectors, respectively has an action plans for these sectors. If a financial institution is not involved in an economic sector, the following applies:

- If the sector is excluded by the financial institution for sustainability reasons, including the sector's climate impact, this counts as an action plan for this sector under "Scope". But as you cannot measure your carbon footprint in economic sectors you are not active in, these sectors are not taken into account under "Measuring carbon footprint". This means that the maximum number of points which the financial institution can receive is reduced (see below);
- If the financial institution is not active in certain sectors for normal business reasons, these sectors are not taken into account under "Scope" and under "Measuring carbon footprint". This means that the maximum number of points which the financial institution can receive is reduced (see below).

For the reasons listed above, the maximum number of points which a financial institution can receive might differ for each financial institution. To still allow for comparison between the scores of different financial institutions, the scores have been normalized on a scale from 0 to 10 by dividing the actual score of a financial institution by the maximum number of points which this financial institution can receive, and then multiplying by 10.

For banks that are active both in financings and investments, the combined normalized score is weighted using the relation between total balance sheet assets (for the financings score) and assets under management (for the investment score) as weighting factors, as shown in Table 9. No weighting of the scores was necessary for bunq, as it is not involved in financing.

Table 9 Total assets on-balance and assets under management for the eight banks

Bank	Total assets on-balance (EUR million)	Assets under management (EUR million)
ABN Amro	395,623	190,000
bunq	861	0
De Volksbank	67,484	3,700
ING	937,300	40,000
NIBC	21,125	9,186
Rabobank	632,258	48,900
Triodos Bank	13,888	5,400
Van Lanschot Kempen	15,149	99,000

Sources: Figures reported by the banks in their annual reports for 2020 or on their websites.

For the analysis in chapter 2, the scores of the financial institutions will be discussed for each dimension separately. In chapter 3 the combined total scores of the financial institutions are also provided. The final scores of the financial institutions are calculated by dividing the total number of points for all the criteria by the total number of points the financial institutions could have received. The weighting of the six dimensions in the final score is therefore not equal, but based on the number of points that can be granted for the underlying criteria in each dimension.

1.5 Research process and due hearing

The research for this project was conducted between March and September 2021. The policy research has taken into account all relevant publicly available policies and documents that the financial institutions have published before **6 September 2021**.

All financial institutions were invited to comment on the draft results of the assessment. In total, 22 of the 27 financial institutions provided feedback. Their feedback has been integrated into the final assessments.

2

Results: climate commitments and action plans of financial institutions

This chapter presents the main results of the analysis of the climate commitments and action plans of the 27 financial institutions across the six dimensions of the assessment framework.

2.1 Commitment

2.1.1 Banks

Table 10 shows the scores of the eight banks for the dimension "Commitment", which assesses whether the banks have a public commitment to align their financing and investment portfolios with a 1.5°C scenario, in line with the Paris Climate Agreement. The table shows separate scores for the banks' financing and investment policies, as well as the weighted overall score, normalized and presented on a scale of 0 to 10.

Table 10 Bank scores for dimension "Commitment"

	Commitment to align the investment and financing portfolios with a 1.5°C scenario, in line with the Paris Climate Agreement		Maximum points		Normalized score (0-10)
Bank	**Financings**	**Investments**	**Financings**	**Investments**	
ABN Amro	1	1	4	4	**2.5**
bunq	n.a.	4	0	4	**10**
De Volksbank	4	4	4	4	**10**
ING	4	0	4	4	**9.6**
NIBC	4	4	4	4	**10**
Rabobank	1	1	4	4	**2.5**
Triodos Bank	4	4	4	4	**10**
Van Lanschot Kempen	1	4	4	4	**9.0**
Average	**2.7**	**2.8**	**4**	**4**	**7.9**

On average, the banks score 7.9 points out of 10 on their overall climate change commitments. bunq, De Volksbank, NIBC and Triodos Bank all receive perfect scores for clearly declaring their commitment to align their portfolios with the 1.5°C scenario of the Paris Climate Agreement. Triodos Bank, for instance, has committed to "*make sure that our activities and associated emissions contribute to, at most, a 1.5-degree global increase in temperature*".[29]

ING recently increased its ambition by committing its financing portfolio to a 1.5 degree scenario, seeking to use its Terra approach to *"steer our loan book towards keeping the rise in global temperatures to a maximum of 1.5 degrees Celsius, rather than well below 2 degrees Celsius"*.[30] This ambition only applies to ING's financing activity, not its investments. Inversely, Van Lanschot Kempen has made a similarly ambitious commitment for its asset management business, but not for its financing operations.

The other banks have all committed in some form or other to the Paris Climate Agreement and the Dutch Climate Agreement, but have not made explicit commitments to align their portfolios with a 1.5°C scenario. Rabobank, for instance, only commits to *"helping limit global warming to 2 degrees and strive to keep this change below 1.5 degrees Celsius"*.[31] This does not imply a commitment to align its own portfolio with a 1.5°C scenario. ABN Amro has similarly stopped short of committing to a 1.5°C scenario by adopting a bank-wide goal of bringing its *"lending and client investment portfolio in line with at least a well-below 2-degree scenario"*,[32]

2.1.2 Insurance companies

Table 11 shows the scores of the nine insurance companies for the dimension "Commitment", which assesses whether they have made a public commitment to align their investment portfolios with a 1.5°C scenario, in line with the Paris Climate Agreement. The table shows both the absolute number of points received and the normalized score on a scale of 0 to 10.

Table 11 Insurance company scores for dimension "Commitment"

Insurance company	Commitment to align the investment portfolio with a 1.5°C scenario, in line with the Paris Climate Agreement	Maximum points	Normalized score (0-10)
Achmea	1	4	**2.5**
Aegon	1	4	**2.5**
Allianz	2	4	**5.0**
ASR	4	4	**10**
Athora Netherlands	4	4	**10**
CZ	1	4	**2.5**
Menzis	1	4	**2.5**
Nationale Nederlanden	4	4	**10**
VGZ	1	4	**2.5**
Average	**2.1**	**4**	**5.3**

On average, the insurers score 5.3 points out of 10 on their overall climate commitments. ASR, Athora NL, and Nationale Nederlanden all receive perfect scores for clearly declaring their commitment to align their investment portfolios with the 1.5°C scenario of the Paris Climate Agreement. Allianz has made a similar 1.5-degree commitment, but it is limited to its proprietary investments and does not cover the assets it manages for clients or third parties. Achmea, Aegon, CZ, Menzis, and VGZ have made commitments to the Paris Climate Agreement, Sustainable Development Goal 13 on Climate Action, and/or to the Dutch Climate Agreement. This indicates their support for reducing greenhouse gas emissions but is not the same as a commitment to bring their own investment portfolios in line with a 1.5°C scenario.

2.1.3 Pension funds

Table 12 shows the scores of the ten pension funds for the dimension “Commitment”, which assesses whether they have made a public commitment to align their investment portfolios with a 1.5°C scenario, in line with the Paris Climate Agreement. The table shows both the absolute number of points received and the normalized score on a scale of 0 to 10.

Table 12 Pension fund scores for dimension “Commitment”

Pension fund	Commitment to align the investment portfolio with a 1.5°C scenario, in line with the Paris Climate Agreement	Maximum points	Normalized score (0-10)
ABP	4	4	**10**
BPF Bouw	1	4	**2.5**
BPL Pensioen	1	4	**2.5**
Pensioenfonds Detailhandel	1	4	**2.5**
Pensioenfonds Horeca en Catering	1	4	**2.5**
Pensioenfonds Vervoer	1	4	**2.5**
Pensioenfonds Zorg en Welzijn	1	4	**2.5**
PME	1	4	**2.5**
PMT	1	4	**2.5**
StiPP	1	4	**2.5**
Average	**1.3**	**4**	**3.3**

On average, the pension funds score 3.3 points out of 10 on their overall climate commitments. ABP has committed to align its investment portfolio with the Paris Agreement, and is the only pension fund assessed that explicitly refers to the 1.5°C pathways of the IPCC. The other pension funds have made commitments to the Paris Climate Agreement in general, to SDG 13, and/or to the Dutch Climate Agreement, but have not clearly committed themselves to align their investment portfolios with a 1.5°C scenario.

2.2 Measuring carbon footprint

2.2.1 Banks

Table 13 shows the scores of the eight banks for the dimension “Measuring carbon footprint”, which assesses the methodologies, scope, and sectoral coverage of their efforts to measure their carbon footprint. The table shows separate scores for the banks’ financing and investment policies, as well as the weighted overall score, normalized and presented on a scale of 0 to 10.

Table 13 Bank scores for dimension “Measuring carbon footprint”

Bank	Credible methodology		Measurement scope		Sectoral coverage		Maximum points		Normalized score (0-10)
	Financing	Investment	Financing	Investment	Financing	Investment	Financing	Investment	
ABN Amro	4	4	3	3	8	1.5	17	17	**7.6**
bunq	n.a.	4	n.a.	3	n.a.	1	0	9	**8.9**
De Volksbank	4	4	4	4	1.5	1.5	10	10	**9.5**
ING	4	0	3	0	6.5	0	17	17	**7.6**
NIBC	2	2	4	3	7	3.5	16	16	**7.3**

Bank	Credible methodology		Measurement scope		Sectoral coverage		Maximum points		Normalized score (0-10)
	Financing	Investment	Financing	Investment	Financing	Investment	Financing	Investment	
Rabobank	2	0	3	0	4	0	16	16	**5.2**
Triodos Bank	4	4	3	4	4	5	12	14	**9.2**
Van Lanschot Kempen	4	2	3	3	1	4.5	10	17	**5.9**
Average	**3.4**	**2.5**	**3.3**	**2.5**	**4.6**	**2.1**	**17**	**17**	**7.6**

On average, the banks score 7.6 points out of 10 for their efforts to measure their climate footprints. De Volksbank, Triodos Bank and bunq receive the highest scores (9.5 and 9.2) for measuring their climate footprint.

Most of the banks make use of one or more credible methodologies, such as the Platform Carbon Accounting Financials (PCAF) methodology, Science Based Targets Initiative (SBTi), or the Paris Agreement Capital Transition Assessment (PACTA), to measure the emissions from at least part of their financing and investment portfolios. ABN Amro has used all three methodologies to measure its carbon footprint and identify the most important climate-related economic sectors in its financing and investment portfolio. bunq, De Volksbank, and Triodos Bank have used the PCAF methodology to measure the carbon footprint of their whole portfolios. Van Lanschot Kempen has employed the PCAF methodology to measure the emissions from its entire balance sheet, but its measurement efforts for its investments cover only around half of its assets under management. Likewise, ING has used the PACTA methodology for its financing portfolio, but not its investments. Rabobank has employed the PACTA methodology to assess its power generation financing portfolio, and has used the PCAF methodology to measure the carbon emissions from its Dutch small and medium enterprise (SME) portfolio. The bank has not measured the carbon emissions from its investment portfolio.

Most of the banks cover at least scope 1 and 2 emissions in their measurement efforts. De Volksbank also measures and reports scope 3 emissions from its financing and investment portfolio where good data is available. NIBC reports on scope 3 emissions for its financing portfolio and Triodos Bank has committed to report on scope 3 emissions for its investments when good quality data are available. ABN Amro, bunq, ING, Rabobank and Van Lanschot Kempen measure and report only scope 1 and 2 emissions and have not expressed the intention to include scope 3 emissions when good data quality is available

In terms of sectoral coverage of the climate footprint measuring, there are several differences between the banks. De Volksbank and Triodos Bank exclude some sectors from financing and investment due to sustainability reasons. bunq does not invest in equities and corporate bonds. Van Lanschot Kempen is not active in several of the most climate-relevant sectors for its financing business. This reduces the maximum number of relevant points that these banks could receive for their sectoral coverage. ABN Amro, ING, and NIBC have measured the emissions from their financing portfolio for a significant number of economic sectors with high climate impacts, but less so for their investments. Rabobank has assessed the climate footprint of fewer sectors and for only a part of its financing portfolio.

2.2.2 Insurance companies

Table 14 shows the scores of the nine insurance companies for the dimension “Measuring carbon footprint”, which assesses the methodologies, scope, and sectoral coverage of their efforts to measure their carbon footprint. The table shows both the absolute number of points received and the normalized score on a scale of 0 to 10.

Table 14 Insurance company scores for dimension “Measuring carbon footprint”

Insurance company	Credible methodology	Measurement scope	Sectoral coverage	Maximum points	Normalized score (0-10)
Achmea	3	3	2	17	**4.7**
Aegon	2	3	5	17	**5.9**
Allianz	2	4	5.5	17	**6.8**
ASR	4	4	8	17	**9.4**
Athora Netherlands	4	4	8.5	17	**9.7**
CZ	2	3	4	16	**5.6**
Menzis	0	0	0	17	**0.0**
Nationale Nederlanden	2	4	5	17	**6.5**
VGZ	1	3	1	17	**2.9**
Average	**2.2**	**3.1**	**4.3**	**17**	**5.7**

On average, the insurers score 5.7 points out of 10 for their efforts to measure their climate footprints. Athora Netherlands and ASR receive the highest scores for measuring their carbon footprint.

Most of the insurers measure the carbon footprint of their portfolios using a credible methodology, such as the Platform Carbon Accounting Financials (PCAF) methodology, Science Based Targets Initiative (SBTi), or the Paris Agreement Capital Transition Assessment (PACTA), for at least part of their financing and investment portfolios. ASR and Athora NL use PCAF to measure the carbon footprint of nearly all of their investments, and receive full points for this criterium. Achmea receives three points out of four for applying the PCAF methodology to more than half of the portfolio. Aegon, Allianz, CZ and Nationale Nederlanden use a credible methodology but only measure a portion of their portfolios. For example, Aegon measures the footprint of its general account, but not yet the assets under management. Allianz measures the carbon footprint for only a part of its total investment portfolio. CZ measures the footprint of its equity portfolio with PCAF. VGZ uses PCAF, but it only applies to a small portion of the portfolio. Menzis scored zero because they do not yet report any measurement.

Most of the insurers cover at least scope 1 and 2 emissions in their measurement efforts. Allianz, ASR, Athora Netherlands, and Nationale Nederlanden report scope 3 emissions or express the ambition to measure scope 3 emissions when data are available. For instance, Allianz states that “*while data quality for Scope 3 emissions is still low, we believe there is merit in sector-specific Scope 3 indicators and data to determine if companies and their products are on a pathway consistent with our 1.5°C ambition. We are working to develop these indicators also as part of our work with the AOA*”.[33] Achmea, Aegon, CZ and VGZ measure and report only scope 1 and 2. Menzis do not report any measurement nor scope.

In terms of sectoral coverage, Athora Nederlands and ASR receive the highest scores. Both insurers report on their efforts to identify the highest-emitting sectors in their portfolio. Allianz, Aegon, Nationale Nederlanden, and CZ report on some sectors or partially report on some sectors. Achmea partially reports on the sectors oil and gas, coal mining, and real estate. VGZ reports on the sector healthcare, which falls under the category of "One other relevant sector". Menzis does not report on any sector.

2.2.3 Pension funds

Table 15 shows the scores of the ten pension funds on the dimension "Measuring carbon footprint", which assesses the methodologies, scope, and sectoral coverage of their efforts to measure their carbon footprint. The table shows both the absolute number of points received and the normalized score on a scale of 0 to 10.

Table 15 Pension fund scores for dimension "Measuring carbon footprint"

Pension fund	Credible methodology	Measurement scope	Sectoral coverage	Maximum points	Normalized score (0-10)
ABP	2	4	5	17	**6.5**
BPF Bouw	2	4	5.5	17	**6.8**
BPL Pensioen	2	3	4	17	**5.3**
Pensioenfonds Detailhandel	0	0	0	17	**0.0**
Pensioenfonds Horeca en Catering	2	4	4.5	16	**6.6**
Pensioenfonds Vervoer	0	0	0	17	**0.0**
Pensioenfonds Zorg en Welzijn	2	3	4.5	17	**5.6**
PME	2	3	0	15	**3.3**
PMT	2	3	0	17	**2.9**
StiPP	2	4	4.5	16	**6.6**
Average	**1.6**	**2.8**	**2.8**	**17**	**4.4**

On average, the pension funds score 4.4 out of 10 points for their efforts to measure their climate footprints. BPF Bouw, StiPP, Pensioenfonds Horeca en Catering (PH&C), and ABP receive the highest scores for measuring their carbon footprint.

Except for Pensioenfonds Detailhandel and Pensioenfonds Vervoer, all assessed pension funds measure the carbon footprint of at least part of their investment portfolios using the PCAF methodology. However, none of the pension funds measures the carbon footprint of the entire portfolio. Pensioenfonds Detailhandel and Pensioenfonds Vervoer have not published any information about the carbon footprint of their investments.

PH&C and StiPP measure scope 1 and 2 emissions from their investments and have expressed the ambition to include scope 3 emissions wherever good data are available. ABP and BPF Bouw measure scope 1 and 2 emissions, and already include scope 3 emissions into the calculation of the real estate portfolio. BPL Pensioen, PFZW, PME, and PMT all only measure scope 1 and 2 emissions from their investments. The pension funds refer to the lack of good quality data as the reason to not measure scope 3 emissions, but do not express the ambition to measure and report scope 3 emissions when data quality improves.

BPL Pensioen has carried out a scenario-analysis to identify the most climate-relevant sectors in its investment portfolio. Although ABP and PFZW have measured the carbon footprint of more than half of their investment portfolio, they do not provide information about the most climate-relevant economic sectors in their portfolio. PH&C and StiPP, similarly, have measured the emissions of most or all of their equities and corporate bonds portfolios, but do not disclose information on a sector basis. The other pension funds do not provide enough information about their carbon footprint measurements, or have not measured a substantial portion of the emissions from their investments, for the researchers to conclude that they have taken steps to identify the most climate-relevant sectors in their portfolios.

2.3 Action plan

2.3.1 Banks

Table 16 shows the scores of the eight banks for the dimension “Action plan”, which assesses the overall targets and timelines, the fossil fuel phase-out plan, and the banks’ policies on the role of “negative” emissions. The table shows separate scores for the banks’ financing and investment policies, as well as the weighted overall score, normalized and presented on a scale of 0 to 10.

Table 16 Bank scores for dimension “Action plan”

Bank	Concrete, short-medium term timelines and targets		Fossil fuel phase-out		Avoiding over-reliance on negative emissions		Maximum points		Normalized score (0-10)
	Financing	Investment	Financing	Investment	Financing	Investment	Financing	Investment	
ABN Amro	1	1	1	1	0	0	12	12	**1.7**
bunq	n.a.	2	n.a.	4	n.a.	2	0	12	**6.7**
De Volksbank	4	4	4	4	2	2	12	12	**8.3**
ING	2	0	1	0	0	0	12	12	**2.4**
NIBC	4	4	2	2	0	0	12	12	**5.0**
Rabobank	2	2	1	1	0	0	12	12	**2.5**
Triodos Bank	1	1	4	2	4	4	12	12	**7.0**
Van Lanschot Kempen	1	4	n.a.	0	0	0	8	12	**3.1**
Average	**2.1**	**2.3**	**2.2**	**1.8**	**0.9**	**1.0**	**12**	**12**	**4.6**

On average, the banks score 4.6 points out of 10 on their climate action plans. De Volksbank receives the highest score, followed by Triodos Bank.

De Volksbank has committed to being a “climate-positive” bank by 2030, in both its financing and investment activities, and NIBC has a concrete goal of 55% emissions reduction in their lending and investment portfolio by 2030. For its investment business, Van Lanschot Kempen has defined concrete intermediate steps, including targets for 2025 and 2030, to align its investments with a 1.5°C scenario. For its financing activities, Van Lanschot Kempen aims to reduce the emissions from its mortgage portfolio annually. Still, this goal is not embedded within a broader, medium to long term climate strategy. Triodos Bank is in the process of formulating a climate transition plan but has not published its overall action plan yet. ING has developed the Terra approach, which sets decarbonisation trajectories for the majority of ING’s financed emissions in its financing portfolio. Rabobank has defined short to medium term targets for parts of the financing portfolio, but no overall targets to reduce emissions from its financing activities. It does have overall short to medium term reduction targets for its investments for clients, but they are relative to market indices rather than concrete steps to align the investment portfolio with climate objectives. bunq has sold its corporate and sovereign bond investments in favour of investments in residential mortgage funds and green bonds. Still, it has not yet formulated concrete targets to align the remaining emissions to a 1.5°C scenario. ABN Amro has short- to medium-term targets for only a small part of its financing portfolio.

In terms of phasing out funding of fossil fuels, De Volksbank, Triodos Bank and bunq receive the highest scores for already excluding financing of fossil fuels. Triodos Bank excludes all fossil fuel companies but does retain a 5% revenue threshold for some of its investment funds. NIBC has fully excluded coal mining and companies involved in coal-fired power generation from financing and investments. Rabobank has excluded coal mining from financing and investment but maintains a 5% revenue threshold for companies involved in coal-fired power generation. ABN Amro has an exclusion policy for both coal mining and coal-fired power generation but applies thresholds that make the policy less ambitious. ING has committed to a phase-out of financing to coal mining and coal-fired power generation by 2025 but does not already exclude coal from financing. Neither ABN Amro, ING, NIBC, nor Rabobank has ambitious phase-out strategies for other types of fossil fuels. Van Lanschot Kempen is not involved in fossil fuels for its financing activities, but for its investment activities, it has not formulated any exclusions or divestment strategies for fossil fuels.

Of the eight banks, Triodos Bank is the only bank that has explicitly committed to the IPCC P1 scenario, which does not rely heavily on "negative emissions" or carbon capture and storage (CCS) technologies. bunq and De Volksbank rely at least to a small extent on negative emissions. The other banks have not formulated any policies on the role of negative emissions in their climate strategies.

2.3.2 Insurance companies

Table 17 shows the scores of the nine insurers for the dimension "Action plan", which assesses the overall targets and timelines, the fossil fuel phase-out plan, and the insurers' policies on the role of "negative" emissions. The table shows both the absolute number of points received per criterium and the normalized score on a scale of 0 to 10.

Table 17 Insurance company scores for dimension "Action plan"

Insurance company	Concrete, short-medium term timelines and targets	Fossil fuel phase-out	Avoiding over-reliance on negative emissions	Maximum points	Normalized score (0-10)
Achmea	4	1	0	12	**4.2**
Aegon	0	1	0	12	**0.8**
Allianz	2	1	0	12	**2.5**
ASR	3	1	0	12	**3.3**
Athora Netherlands	4	1	2	12	**5.8**
CZ	0	1	0	12	**0.8**
Menzis	0	0	0	12	**0.0**
Nationale Nederlanden	1	1	0	12	**1.7**
VGZ	0	0	0	12	**0.0**
Average	**1.6**	**0.8**	**0.2**	**12**	**2.1**

On average, the insurers score 2.1 points out of 10 on their climate action plans. Athora Netherlands receives the highest score, followed by Achmea. Overall, the insurers did not perform well on this dimension.

Athora NL and Achmea have concrete targets for the medium term (2030) and long term (2050), for all their investments. Athora NL has set intermediate reduction targets of "*50% greenhouse gas emissions reduction by 2030 compared to 2020, 75% greenhouse gas emissions reduction by 2040 compared to 2020, and 100% greenhouse gas emissions reduction by 2050 compared to 2020*".[34] ASR has set targets towards 2030 for an important portion of the investments but not for all, while Allianz has medium term targets but only for their proprietary investments. Nationale Nederlanden reports on general targets and reaffirms its commitment to introduce specific targets later in 2021. Aegon, CZ, Menzis, and VGZ do not report any specific target for the short or medium term. CZ and VGZ commented that they do have an internal road map with specific targets for the short and medium term; however, these documents are not yet public.

In terms of phasing out funding of fossil fuels, none of the insurers receives a high score. Most of the insurers receive one point out of four. This is due to the limited ambition of the insurers' coal exclusion policies, which either include exceptions such as revenue thresholds or only exclude either coal mining or coal-fired power generation. For instance, CZ already excludes investment in companies that derive more than 5% of their revenue from coal mining. Achmea excludes companies involved in coal mining and power generation for more than 5% of their revenues, but only for its proprietary investments. Athora NL, Aegon, Allianz, ASR, and Nationale Nederlanden have similar, limited exclusion policies for coal, or plans to reduce their coal investments in the coming years, but do not fully exclude coal. VGZ and Menzis do not report in their plans to phase out coal. None of the insurers has a concrete strategy to phase out its funding for oil and gas.

Of the nine insurers, Athora NL is the only insurance company that explicitly discusses the role of negative emissions in its decarbonisation strategy: "*In line with current views of the Science-Based Target Initiative (SBTI), ACTIAM sees carbon offsetting as an additional tool to reach additional emissions reduction beyond science-based targets, yet, only to a limited extent. Negative emissions from avoiding, sequestering or capturing and storing greenhouse gas emissions are expected not to exceed 10% of the 2020 emissions level*".[35] This implies that Athora NL's climate action plan does assign a small role to negative emissions. The other insurers have not disclosed any policies on the role of negative emissions in their climate change strategies.

2.3.3 Pension funds

Table 18 shows the scores of the ten pension funds for the dimension "Action plan" which assesses the overall targets and timelines, the fossil fuel phase-out plan, and the pension funds' policies on the role of "negative" emissions. The table shows both the absolute number of points received per criterium and the normalized score on a scale of 0 to 10.

Table 18 Pension fund scores for dimension "Action plan"

Pension fund	Concrete, short-medium term timelines and targets	Fossil fuel phase-out	Avoiding over-reliance on negative emissions	Maximum points	Normalized score (0-10)
ABP	1	0	0	12	**0.8**
BPF Bouw	2	0	0	12	**1.7**
BPL Pensioen	2	1	0	12	**2.5**
Pensioenfonds Detailhandel	1	0	0	12	**0.8**

Pension fund	Concrete, short-medium term timelines and targets	Fossil fuel phase-out	Avoiding over-reliance on negative emissions	Maximum points	Normalized score (0-10)
Pensioenfonds Horeca en Catering	2	2	0	12	**3.3**
Pensioenfonds Vervoer	0	0	0	12	**0.0**
Pensioenfonds Zorg en Welzijn	1	0	0	12	**0.8**
PME	3	3	0	12	**5.0**
PMT	2	0	0	12	**1.7**
StiPP	1	1	0	12	**1.7**
Average	**1.5**	**0.7**	**0.0**	**12**	**1.8**

On average, the pension funds score 1.8 points out of 10 on their climate action plans. PME receives the highest score (5.0), but its climate action plan is still far from sufficient compared to what's required to confront the climate crisis. BPF Bouw, PH&C, PME, and PMT have defined short-term targets for reducing the carbon emissions from their investments. Still, these are either not embedded in a longer-term strategy to systematically align investment portfolios to climate objectives or are only applicable to a part of the portfolio.

PH&C and PME have reduction targets for 2022 and 2025, respectively, but have not defined targets beyond that period. BPF Bouw has defined a short-term target that is applicable to more than half of its investments (equities and real estate), while ABP and PFZW have only defined short-term reduction targets for their equity investments. BPL Pensioen and Pensioenfonds Detailhandel have set reduction targets without mentioning a clear timeline, and StiPP has only committed itself to reaching a net-zero investment portfolio in 2050 without defining intermediate steps. No climate action plan was found for Pensioenfonds Vervoer.

PME and PH&C have the most ambitious policies to phase out fossil fuels. PME has stopped investing in companies active in coal, oil, and gas production. PH&C has adopted a policy to exclude all companies involved in coal mining, as well as companies involved in oil and gas extraction for more than 50% of their revenues. However, the fossil fuel policies of PME and P&HC do not apply to coal-fired power generation. BPL Pensioen excludes investments in coal mining and companies active in coal-fired power generation, although it maintains a revenue threshold of 5%. StiPP has implemented a strict exclusion policy for coal mining, but does not have similar policies for companies active in coal-fired power generation. The other pension funds either have no policies for coal mining and coal-fired power generation or apply revenue thresholds that make these policies less credible. ABP, for instance, has adopted an exclusion policy for coal with exceptions on the basis of a revenue threshold of 30%. The policy is also limited in the level of ambition of its timeline, as the exclusion of companies deriving more than 30% from coal mining will only be fully implemented by 2025, with no clear sight on a definite exit from coal mining. Likewise, ABP's exclusion of coal fired power generation includes an exception for CCUS, applies only in OECD countries, and will only be implemented by 2030. Aside from PME and PH&C, none of the pension funds has a phase-out strategy for their investments in fossil fuels in general.

None of the pension funds has a plan to prevent over-reliance on negative emissions.

2.4 Scope

2.4.1 Banks

Table 19 shows the scores of the eight banks for the dimension “Scope”, which assesses the scope of the banks’ action plans in terms of the asset classes, types of credit, and different economic sectors covered. The table shows separate scores for the banks’ financing and investment policies, as well as the weighted overall score, normalized and presented on a scale of 0 to 10.

Table 19 Bank scores for dimension “Scope”

Bank	Action plan covers all asset classes in which the financial institution invests	Action plan covers all types of credit the financial institution offers	Action plan covers all climate-relevant sectors		Maximum points		Normalized score (0-10)
	Investment	Financing	Financing	Investment	Financing	Investment	
ABN Amro	0	3	3	0	13	13	**3.1**
bunq	1	n.a.	n.a.	3.5	0	8	**5.6**
De Volksbank	4	4	7	7	12	12	**9.2**
ING	0	3	5	0	13	13	**5.9**
NIBC	0	0	3	2.5	13	13	**2.2**
Rabobank	0	4	3.5	1.5	13	13	**5.4**
Triodos Bank	3	2	5.5	6	11	13	**6.8**
Van Lanschot Kempen	3	1	0.5	1.5	5	13	**3.4**
Average	**1.4**	**2.4**	**3.9**	**2.8**	**13**	**13**	**5.2**

On average, the banks score 5.2 points out of 10 on the scope of their action plans. De Volksbank receives the highest score for developing targeted climate policies for different asset classes, types of credit, and sectors.

For their investments, De Volksbank, Triodos Bank and Van Lanschot Kempen are the only banks that have defined targets, policies, and timelines for most or all different asset classes in which they invest. bunq is in the process of developing an approach to aligning its mortgage investments with its climate objectives but has not formulated any concrete targets yet.

De Volksbank and Rabobank have formulated specific and concrete climate objectives for all the different types of credit the banks offer. ABN Amro, and ING, have formulated climate targets for their mortgage and corporate credits portfolios. Triodos Bank’s climate policies are applied to all corporate credits, but no climate objectives for other types of credits have been formulated. Van Lanschot Kempen has a goal to reduce the CO_2-emissions from its mortgage portfolio annually. NIBC does not have a climate policy that takes into account the differences between different types of credit.

In terms of sectoral coverage of the climate action plan, De Volksbank and Triodos have policies in place that either exclude specific sectors altogether or define very strict climate-related criteria for investment and financing. ING's Terra approach determines decarbonisation trajectories for most of the relevant sectors in its financing activities. ABN Amro, NIBC and Rabobank have defined climate change policies and strategies for around half of the relevant sectors. Van Lanschot Kempen is not active in financing most climate-relevant sectors, so these sectors are not applicable. However, for its asset management business, it invests in many of the most climate-relevant sectors and has only a few climate-related policies and strategies for those sectors.

2.4.2 Insurance companies

Table 20 shows the scores of the nine insurers for the dimension "Scope", which assesses the scope of the insurers' action plans in terms of the asset classes, and different economic sectors covered. The table shows both the absolute number of points received per criterium and the normalized average score on a scale of 0 to 10.

Table 20 Insurance company scores for dimension "Scope"

Insurance company	Action plan covers all asset classes in which the financial institution invests	Action plan covers all climate-relevant sectors	Maximum points	Normalized score (0-10)
Achmea	4	3.5	13	**5.8**
Aegon	0	0	13	**0.0**
Allianz	3	1.5	13	**3.5**
ASR	3	1.5	13	**3.5**
Athora Netherlands	3	6.5	13	**7.3**
CZ	0	0.5	13	**0.4**
Menzis	0	2	13	**1.5**
Nationale Nederlanden	1	1	13	**1.5**
VGZ	0	0	13	**0.0**
Average	**1.6**	**1.8**	**13**	**2.6**

On average, the insurers score 2.6 points out of 10 on the scope of their action plans. Athora Netherlands receives the highest score for developing targeted climate policies for different asset classes and sectors.

Achmea formulates action plans for all the different asset classes, including equity, bonds, mortgage, and real estate. ASR has also developed an action plan for its real estate investments, and has set reduction targets for equities and corporate bonds. Athora NL and Allianz focus their action plan on equities and corporate bonds. Nationale Nederlanden covers one relevant asset class and states that it will introduce action plans for all asset classes later in 2021. Aegon, CZ, Menzis, and VGZ have not yet disclosed action plans for the different asset classes in which they invest.

In terms of sectoral coverage of the climate action plan, out of the nine sectors evaluated and 9 possible points, Athora Netherlands scores the highest. Athora Netherlands has identified the top 10 emission sectors in its portfolio and has developed 1.5°C scenario decarbonization pathways for those sectors. Athora NL expects the companies they invest in to set up plans in line with these pathways, and has defined concrete KPIs to monitor the progress. Achmea receives partial points for a number of sectors for determining specific dimensions for engagement with companies on climate change, such as transport and climate, climate transition, energy efficiency in the steel and chemical industries, reduction in exposure to coal. In addition, Achmea has an action plan for the real estate sector. Allianz, ASR, CZ, Menzis, and Nationale Nederlanden receive some points for developing some sectoral targets or defining concrete climate-related engagement strategies in some of the sectors.

2.4.3 Pension funds

Table 21 shows the scores of the ten pension funds for the dimension "Scope", which assesses the scope of the pension funds' action plans in terms of the asset classes and different economic sectors covered. The table shows both the absolute number of points received per criterium and the normalized average score on a scale of 0 to 10.

Table 21 Pension fund scores for dimension "Scope"

Pension fund	Action plan covers all asset classes in which the financial institution invests	Action plan covers all climate-relevant sectors	Maximum points	Normalized score (0-10)
ABP	2	2	13	**3.1**
BPF Bouw	2	1.5	13	**2.7**
BPL Pensioen	1	3.5	13	**3.5**
Pensioenfonds Detailhandel	4	0.5	13	**3.5**
Pensioenfonds Horeca en Catering	0	3.5	13	**2.7**
Pensioenfonds Vervoer	0	2	13	**1.5**
Pensioenfonds Zorg en Welzijn	2	1	13	**2.3**
PME	2	2	13	**3.1**
PMT	2	4	13	**4.6**
StiPP	0	2.5	13	**1.9**
Average	**1.5**	**2.3**	**13**	**2.9**

On average, the pension funds score 2.9 out of 10 points on the scope of their action plans. PMT performs best with a score of 4.6, but still insufficient.

Pensioenfonds Detailhandel has defined carbon reduction KPIs for all the most relevant asset classes in which it invests. The climate strategies of ABP, BPF Bouw, Pensioenfonds Zorg en Welzijn, PME, and PMT cover at least a part, but not all of the relevant asset classes in which they invest. ABP, for instance, has set a goal of reducing the emissions from its equity portfolio by 40% in 2025, compared with 2015, but has not yet published similar reduction goals for other asset classes such as corporate bonds and real estate.[36] Pensioenfonds Horeca en Catering and StiPP only have reduction plans for the investment portfolio in general and have not defined any concrete targets or strategies at the level of asset classes.

PMT has defined concrete carbon emissions reductions targets for 2030 for several climate-relevant sectors in its investment portfolio, including the oil and gas industry, utilities, aviation, heavy industry, and car manufacturing. For this reason, PMT's climate strategy covers the highest number of sectors among the pension funds. BPL Pension and StiPP received partial points for targeted and structured climate-related engagement with companies in some of the sectors, or for excluding coal mining from investment. ABP has carried out some climate-related engagement in some (sub-)sectors, such as on land use change in the palm oil sector and emissions reduction in the oil and gas industry, but has not defined its action plan for the majority of relevant sectors.

2.5 Portfolio alignment

2.5.1 Banks

Table 22 shows the scores of the eight banks for the dimension "Portfolio alignment", which assesses whether the banks use all relevant influencing instruments to implement their climate action plans. The table shows separate scores for the banks' financing and investment policies, as well as the weighted overall score, normalized and presented on a scale of 0 to 10.

Table 22 Bank scores for dimension "Portfolio alignment"

Bank	Screening		Engagement		Supporting climate-related shareholder resolutions	Proposing climate-related shareholder resolutions	Preferential financing conditions	Clauses in loan contracts	Exclusions and divestments		Collective influencing initiatives		Other relevant instruments		Maximum points		Normalized score (0-10)
	Financing	Investment	Financing	Investment	Investment	Investment	Financing	Financing	Financing	Investment	Financing	Investment	Financing	Investment	Financing	Investment	
ABN Amro	0.5	0.5	0.5	0	0	0	0	0	1	1	1	1	1	0	7	7	**5.0**
bunq	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1	n.a.	1	n.a.	1	0	3	**10**
De Volksbank	1	1	n.a.	0.5	1	0	1	0	1	1	1	1	1	0	6	7	**8.2**
ING	1	0	1	0	0	0	1	0	1	0	1	0	1	0	7	7	**8.2**
NIBC	1	0	0	0	0	0	0	0	1	1	0	0	0	0	7	7	**2.4**
Rabobank	0.5	0.5	0	0.5	0	0	1	0	0.5	0.5	1	1	1	1	7	7	**5.7**
Triodos Bank	1	1	0.5	1	0	0	1	0	1	1	1	1	0.5	0.5	7	7	**6.9**
Van Lanschot Kempen	0	0.5	0	1	1	0	1	0	0	0.5	0	1	0	0.5	7	7	**5.8**
Average	**0.7**	**0.4**	**0.3**	**0.4**	**0.3**	**0.0**	**0.7**	**0.0**	**0.8**	**0.8**	**0.7**	**0.8**	**0.6**	**0.4**	**7**	**7**	**6.5**

On average, the banks score 6.5 out of 10 points on the instruments they plan to use to align their portfolio to climate objectives. bunq receives the highest score for describing all the instruments to implement its climate strategy that are relevant for the bank (exclusions, collective influencing initiatives, and impact investing). De Volksbank and ING also receive high scores due to clear explanations of the instruments used to implement their climate strategy.

Most of the banks already use some form of screening to identify companies with high climate risks in their financing or investment portfolios. De Volksbank, ING, Triodos Bank, and NIBC outline clearly how climate-related screening fits in the overall climate strategy and are transparent about the climate-related screening criteria they employ. For ING and NIBC, this is limited to their financing portfolios, which are larger than their investment portfolios. ABN Amro, Rabobank, and Van Lanschot Kempen indicate that screening is part of the implementation of their climate policies but are less transparent about the criteria used for screening. For Van Lanschot Kempen, this is also limited to its investment portfolio, which is larger than its financing portfolio.

For their investment activities, Triodos Bank and Van Lanschot Kempen clearly outline the role of engagement with companies in their climate strategy. ING considers engagement an important part of its climate action plan for its financing activities. The other banks generally have processes for engagement with companies on ESG topics but are less transparent about the role engagement with companies plays in their climate strategy.

Van Lanschot Kempen and De Volksbank are the only banks that clearly indicate that they will use voting on climate-related shareholder resolutions to advance their climate strategy. The other banks do not mention that they will support climate-related shareholder resolutions or specify the types of proposals to support and voting criteria they will apply. Most of the banks involved in financing have introduced preferential financing conditions to advance their climate objectives, such as green mortgages and discounts for energy efficiency improvements. All of the banks also use exclusions and divestments to some extent to implement their climate strategy. Most banks are involved in collective influencing initiatives, such as the PCAF network and other major influencing initiatives.

2.5.2 Insurance companies

Table 23 shows the scores of the nine insurers for the dimension “Portfolio alignment”, which assesses whether the insurers use all relevant influencing instruments to implement their climate action plans. The table shows both the absolute number of points received per criterium and the normalized average score on a scale of 0 to 10.

Table 23 Insurance company scores for dimension “Portfolio alignment”

Insurance company	Screening	Engagement	Supporting climate-related shareholder resolutions	Proposing climate-related shareholder resolutions	Exclusions and divestments	Collective influencing initiatives	Other relevant instruments	Maximum points	Normalized score (0-10)
Achmea	0.5	0.5	0.5	0	1	1	1	7	**6.4**
Aegon	1	1	1	0	1	1	1	7	**8.6**
Allianz	0	1	1	0	0.5	1	1	7	**6.4**
ASR	1	1	0.5	0	1	1	1	7	**7.9**
Athora Netherlands	1	1	1	1	1	1	1	7	**10**
CZ	0	1	0	0	1	1	0	7	**4.3**
Menzis	0	1	0	0	0	1	0	7	**2.9**

Insurance company	Screening	Engagement	Supporting climate-related shareholder resolutions	Proposing climate-related shareholder resolutions	Exclusions and divestments	Collective influencing initiatives	Other relevant instruments	Maximum points	Normalized score (0-10)
Nationale Nederlanden	1	1	1	0	1	1	1	7	**8.6**
VGZ	0.5	0.5	0.5	0	1	0	0.5	7	**4.3**
Average	**0.6**	**0.9**	**0.6**	**0.1**	**0.8**	**0.9**	**0.7**	**7**	**6.6**

On average, the insurers score 6.6 out of 10 points on the instruments they plan to use to align their portfolio to climate objectives. Athora receives a perfect score for describing all the relevant instruments and disclosing information about how it will use these instruments to align its portfolio to its climate change objectives. Aegon and Nationale Nederlanden receive the second-highest score, failing only to describe the role of proposing climate-related shareholder resolutions fits in their climate action plans. Menzis, CZ, and VGZ receive the lowest scores since they fail to explain how they will employ these instruments to align their portfolios to their climate objectives.

Aegon, ASR, Athora Netherlands, and Nationale Nederlanden have screening tools to identify companies with high climate risk in their investment portfolios and disclose information about how they use it. Achmea, and VGZ have some forms of screening in their climate change strategy, but they do not describe in much detail how this instrument is used. Allianz, CZ, and Menzis receive zero points because they either only describe their screening in very general terms without explaining how screening is employed as part of their climate strategy, or fail to disclose any information about their screening processes at all.

Most of the insurers define engagement as a tool to reach their climate change objectives, and most of them also report on the goals and results of their engagements. Achmea, and VGZ receive only partial points because they either do not report on the concrete objectives and results of their engagements on climate change, or they only report anecdotal cases.

Aegon, Allianz, Athora NL, and Nationale Nederlanden have explicit instructions for supporting climate-related shareholder resolutions. Allianz, for instance, states that it will "*normally support shareholder proposals calling for the reduction of GHG emissions, subject to our assessment of the company's efforts and improvements achieved. We also vote for shareholder proposals requesting a report/disclosure of company's goals on GHG emissions from operations and/or products, as appropriate*".[37] The other insurers do not mention that they will support climate-related shareholder resolutions or do not specify the types of proposals to support and voting criteria they will apply.

Except for Athora NL, no insurer has a defined strategy for proposing climate-related shareholder resolutions. Most of the insurers have some exclusions and divestments, for instance for some types of controversial of oil and gas extraction such as Arctic drilling and oil extraction from tar sands. Most of the insurers are involved in collective influencing initiatives, such as the PCAF network, Climate Action 100+, and other major influencing initiatives. The majority of the insurers also use other instruments to align their investments, such as growing their green bonds portfolios and offering sustainable and blended finance products.

2.5.3 Pension funds

Table 24 shows the scores of the ten pension funds for the dimension “Portfolio alignment”, which assesses whether the pension funds use all relevant influencing instruments to implement their climate action plans. The table shows both the absolute number of points received per criteria and the normalized average score on a scale of 0 to 10.

Table 24 Pension fund scores for dimension “Portfolio alignment”

Pension fund	Screening	Engagement	Supporting climate-related shareholder resolutions	Proposing climate-related shareholder resolutions	Exclusions and divestments	Collective influencing initiatives	Other relevant instruments	Maximum points	Normalized score (0-10)
ABP	1	0.5	1	0	1	1	1	7	**7.9**
BPF Bouw	0	1	1	0	0.5	1	0.5	7	**5.7**
BPL Pensioen	1	1	0.5	0	0.5	1	0.5	7	**6.4**
Pensioenfonds Detailhandel	0	0.5	1	0.5	0	1	0.5	7	**5.0**
Pensioenfonds Horeca en Catering	0	1	1	0	1	1	1	7	**7.1**
Pensioenfonds Vervoer	0	1	1	0	0.5	0	0	7	**3.6**
Pensioenfonds Zorg en Welzijn	0.5	1	0.5	0	0.5	0.5	0.5	7	**5.0**
PME	1	1	1	0	1	1	0	7	**7.1**
PMT	0.5	1	0.5	0.5	0.5	1	0.5	7	**6.4**
StiPP	0	0.5	1	0	1	1	0.5	7	**5.7**
Average	**0.4**	**0.8**	**0.9**	**0.1**	**0.7**	**0.9**	**0.5**	**7**	**6.0**

On average, the pension funds score 6.0 out of 10 points on the instruments they use to align their portfolio to climate objectives. ABP, PH&C, and PME receive the highest scores for describing most of the relevant instruments to implement its climate strategy.

ABP, BPL Pensioen, and PME have integrated climate-related screening into their positive selection processes, and are the only pension funds disclosing clear information about the climate-related criteria used in screening. Pensioenfonds Zorg en Welzijn and PMT indicate that screening is part of the implementation of their climate policies, but provide less information about the criteria used for screening. The rest of the pension funds only report on their screening processes in general terms, without specifying the role of screening in their climate strategies.

All the pension funds report in some form on engagement related to climate change. BPF Bouw, BPL Pensioen, PH&C, Pensioenfonds Vervoer, Pensioenfonds Zorg en Welzijn, PME, and PMT clearly report on their climate-related topics, objectives, and protocols for engagement. For example, PME describes how engagement is used as part of the climate strategy, including the goals of the engagement, the timelines, and the steps taken if engagement is unsuccessful. The rest of the pension funds report they have engagement processes on climate, or report on some ongoing climate-releated engagements with companies but fail to explain exactly the goals and timelines of the engagement approach.

Most of the pension funds clearly see a role for supporting climate-related shareholder resolutions as part of their strategies to align their portfolios, and either outline the criteria determining their voting choices, or report on their support for specific climate-related shareholder resolutions. PMT is the only pension fund that also considers proposing climate-related shareholder resolutions; however, it does not explain clearly its exact approach to voting on climate related topics. Pensioenfonds Detailhandel reports that its voting provider proposed a climate-related shareholder resolution at ExxonMobil. No other pension fund mention that they will propose climate-related shareholder resolutions.

ABP, PH&C, PME, and StiPP have clear policies on using exclusion and divestments as part of their climate policies. The rest of the pension funds have implemented at most only limited exclusions for certain controversial fossil fuels. PMT did exclude ExxonMobil from investment in January 2021 after climate-related engagement did not yield sufficient results.[38] Pensioenfonds Detailhandel makes no mention of exclusions or divestments as part of its climate policies at all. Most pension funds are involved in collective influencing initiatives, such as Action 100+, and other major influencing initiatives.

With regard to using other instruments, ABP has a concrete goal of increasing investments in the energy transition by 2025, and Pensioenfonds Horeca en Catering plans to quadruple its investments in green bonds and responsible investments. Other pension funds also report on their investments in green bonds and other types of impact investment, but they do not provide an explanation of how much they plan to use that instrument to further align their investment portfolios with their climate objectives.

2.6 Transparency

2.6.1 Banks

Table 25 shows the scores of the eight banks for the dimension “Transparency”, which assesses how transparently the banks report on their commitments, carbon footprint, portfolio alignment targets, and the instruments for portfolio alignment. The table shows separate scores for the banks’ financing and investment policies, as well as the weighted overall score, normalized and presented on a scale of 0 to 10.

Table 25 Bank scores for dimension “Transparency”

Bank	Reporting on the financial institution’s carbon footprint, commitment, targets, and instruments for portfolio alignment		Maximum pointd		Normalized score (0-10)
	Financing	Investment	Financing	Investment	
ABN Amro	2	2	4	4	**5.0**
bunq	n.a.	3	0	4	**7.5**
De Volksbank	2	2	4	4	**5.0**
ING	3	0	4	4	**7.2**
NIBC	2	1	4	4	**4.2**
Rabobank	2	2	4	4	**5.0**
Triodos Bank	2	2	4	4	**5.0**
Van Lanschot Kempen	2	4	4	4	**9.3**
Average	**2.1**	**2.0**	**4**	**4**	**6.0**

On average, the banks score 6.0 points out of 10 on their transparency about their climate commitments and action plans. Van Lanschot Kempen receives the highest score because for its investment activities, it reports clearly on its climate commitment, its carbon footprint, its targets for portfolio alignment and most of the instruments it plans to use. bunq reports clearly on its climate commitment, carbon footprint, and instruments, but less clearly about the targets for portfolio alignment. ING has reported extensively on its climate commitments, carbon footprint and climate targets for its financing activities in its Terra reports but is less transparent in reporting about the instruments it uses to implement its strategy. ING also does not report on its commitments and action plan for its investment activities. The other banks all report on their commitments and carbon footprints, but provide less detail in their reporting about their climate targets and the instruments used to align their portfolios.

2.6.2 Insurance companies

Table 26 shows the scores of the nine insurers for the dimension “Transparency”, which assesses how transparently the insurers report on their commitments, carbon footprint, portfolio alignment targets, and the instruments for portfolio alignment. The table shows both the absolute number of points received and the normalized score on a scale of 0 to 10.

Table 26 Insurance company scores for dimension “Transparency”

Insurance company	Reporting on the financial institution’s carbon footprint, commitment, targets, and instruments for portfolio alignment	Maximum points	Normalized score (0-10)
Achmea	3	4	**7.5**
Aegon	1	4	**2.5**
Allianz	2	4	**5.0**
ASR	4	4	**10**
Athora Netherlands	4	4	**10**
CZ	2	4	**5.0**
Menzis	0	4	**0.0**
Nationale Nederlanden	2	4	**5.0**
VGZ	2	4	**5.0**
Average	**2.2**	**4**	**5.6**

On average, the insurers score 5.6 points out of 10 on their transparency about their climate commitments and action plans. Athora Netherlands and ASR receive a perfect score for reporting clearly on their climate commitments, carbon footprint, targets for portfolio alignment, and most of the instruments they use. Achmea receives the second highest score for reporting on its commitments, general targets, and action plan but reporting only partially on the scope of measurement of the footprint, sectoral action plans, and alignment instruments. Allianz CZ, Nationale Nederlanden, and VGZ report on their overall climate commitments and either the carbon footprint or the targets but are less clear about either the carbon footprint or the targets as well as the instruments used. Menzis is the only insurer that scores zero points on this criterium because it does not report on the implementation of its climate policies.

2.6.3 Pension funds

Table 27 shows the scores of the ten pension funds for the dimension “Transparency”, which assesses how transparently the pension funds report on their commitments, carbon footprint, portfolio alignment targets, and the instruments for portfolio alignment. The table shows both the absolute number of points received and the normalized score on a scale of 0 to 10.

Table 27 Pension fund scores for dimension “Transparency”

Pension fund	Reporting on the financial institution’s carbon footprint, commitment, targets, and instruments for portfolio alignment	Maximum points	Normalized score (0-10)
ABP	2	4	**5.0**
BPF Bouw	2	4	**5.0**
BPL Pensioen	2	4	**5.0**
Pensioenfonds Detailhandel	1	4	**2.5**
Pensioenfonds Horeca en Catering	2	4	**5.0**
Pensioenfonds Vervoer	0	4	**0.0**
Pensioenfonds Zorg en Welzijn	2	4	**5.0**
PME	2	4	**5.0**
PMT	2	4	**5.0**
StiPP	2	4	**5.0**
Average	**1.7**	**4**	**4.3**

On average, the pension funds score 4.3 points out of 10 on their transparency about their climate commitments and action plans. None of the pension funds reports comprehensively on all elements of their climate action plan (their commitments, carbon footprints, targets for portfolio alignment, and instruments). PMT reports clearly on its commitment and sectoral emissions reduction targets, but only reports on a part of its carbon footprint. ABP, BPF Bouw, PH&C, PFZW, and StiPP report clearly on their climate commitments as well as their carbon footprint, but have disclosed only some portfolio alignment targets. PME reports on its commitment and some targets, and a part of its carbon footprints. BPL Pensioen reports on its climate commitment and some targets, but does not report comprehensively on its carbon footprint.

Pensioenfonds Detailhandel does report on short-term targets, but not on its overall commitment. Pensioenfonds Vervoer is the only pension fund that did not report sufficiently on any of the elements of its climate policy within the studied period.

3

Conclusions and recommendations

This chapter presents the main conclusions of the assessment of the financial institutions' climate commitments and action plans. Section 3.1 first outlines the main conclusions for each type of financial institution and draws conclusions from comparing the average scores for the banks, insurance companies, and pension funds. Section 3.2 sets out the core recommendations flowing from the results of this study.

3.1 Conclusions

3.1.1 Overall results

Table 28 presents the final scores, including rounded "report card" scores, for all the financial institutions on a scale of 0 to 10.

Table 28 Final scores for the 27 banks, insurance companies and pension funds

Financial institution	Type of financial institution	Final score (0-10)	Rounded (0 - 10)
De Volksbank	Bank	8.6	**9**
Athora Netherlands	Insurance company	8.4	**8**
Bunq	Bank	7.6	**8**
Triodos Bank	Bank	7.6	**8**
ASR	Insurance company	6.7	**7**
ING	Bank	6.3	**6**
Van Lanschot Kempen	Bank	5.1	**5**
Achmea	Insurance company	5.1	**5**
NIBC	Bank	5.0	**5**
ABP	Pension fund	4.8	**5**
Allianz	Insurance company	4.8	**5**
Nationale Nederlanden	Insurance company	4.7	**5**
Pensioenfonds Horeca en Catering	Pension fund	4.6	**5**
Rabobank	Bank	4.5	**5**
ABN Amro	Bank	4.5	**5**
BPF Bouw	Pension fund	4.2	**4**
BPL Pensioen	Pension fund	4.2	**4**
PME	Pension fund	4.2	**4**
StiPP	Pension fund	3.9	**4**
PMT	Pension fund	3.6	**4**
Pensioenfonds Zorg en Welzijn	Pension fund	3.5	**4**

Financial institution	Type of financial institution	Final score (0-10)	Rounded (0 - 10)
Aegon	Insurance company	3.3	**3**
CZ	Insurance company	2.9	**3**
VGZ	Insurance company	1.9	**2**
Pensioenfonds Detailhandel	Pension fund	1.9	**2**
Pensioenfonds Vervoer	Pension fund	1.0	**1**
Menzis	Insurance company	0.9	**1**
Average all banks		**6.2**	**6**
Average all insurance companies		**4.3**	**4**
Average all pension funds		**3.6**	**4**

3.1.2 Banks

Table 29 shows the scores of the eight banks on the different dimensions, including the final score. The scores are the weighted combined scores for both their financings and investment policies, and are normalized, presented on a scale from 0 to 10.

Table 29 Bank scores per dimension (on a scale of 0-10)

Bank	Commit ment	Measuring carbon footprint	Action plan	Scope	Portfolio alignment	Transpa rency	Final score
ABN Amro	2.5	7.6	1.7	3.1	5.0	5.0	**4.5**
bunq	10.0	8.9	6.7	5.6	10.0	7.5	**7.6**
De Volksbank	10.0	9.5	8.3	9.2	8.2	5.0	**8.6**
ING	9.6	7.6	2.4	5.9	8.2	7.2	**6.3**
NIBC	10.0	7.3	5.0	2.2	2.4	4.2	**5.0**
Rabobank	2.5	5.2	2.5	5.4	5.7	5.0	**4.5**
Triodos Bank	10.0	9.2	7.0	6.8	6.9	5.0	**7.6**
Van Lanschot Kempen	9.0	5.9	3.1	3.4	5.8	9.3	**5.1**
Average (0-10)	**7.9**	**7.6**	**4.6**	**5.2**	**6.5**	**6.0**	**6.2**

On average, the banks receive a final score of 6.2 out of 10 for their climate commitments, policies, and action plans. De Volksbank receives the highest score, followed by bunq and Triodos Bank. Of the larger banks, ING receives the highest score for its climate commitments, policies, and action plan, but still only scores 6.3 points. ABN Amro, NIBC, Rabobank and Van Lanschot Kempen receive even lower scores, although all still score higher than the average for the insurance companies and pension funds.

The banks perform relatively well on their overall climate commitments, although the differences between the banks are considerable. bunq, De Volksbank, ING, NIBC, Triodos Bank, and Van Lanschot Kempen (for its investment activities) have explicitly committed to bring their portfolios in line with a 1.5°C scenario. Two of the largest banks – ABN Amro, and Rabobank – have committed to national and international climate objectives and initiatives but have stopped short of committing to align their financings and investments with a 1.5°C scenario.

The banks show efforts to measure their carbon footprints, with only Rabobank and Van Lanschot Kempen receiving low scores. Most of the banks make use of credible methodologies such as PCAF, PACTA and SBTi, cover at least scopes 1 and 2 in their measurement, and provide evidence that they have taken efforts to identify at least some or all of the economic sectors with the most carbon emissions in their portfolios.

The banks receive the lowest scores for the dimension "Action plan". Some of the banks have not yet developed concrete reduction targets for the short to medium term to bring their portfolios in line with climate objectives, and others have not defined a credible phase-out strategy for fossil fuels yet. De Volksbank, bunq, and Triodos Bank have already excluded fossil fuels from financing and investments. Triodos Bank is the only bank that explicitly commits to a 1.5°C scenario that does not rely heavily on negative emissions or CCS technologies.

Most banks also perform doubtfully on the scope of their climate action plans, although there are considerable differences. De Volksbank receives the highest score for this dimension, covering most asset classes, types of credit, and sectors with its climate policies. Triodos Bank has also developed extensive climate policies for different sectors, and ING has developed decarbonisation trajectories for the most climate-relevant economic sectors with its Terra approach. Most of the other banks have not yet developed targeted climate alignment plans for all types of credit, asset classes, and economic sectors.

The banks score relatively well on their description of the different instruments they use in their climate strategies. Most banks employ climate-related screening, engagement, exclusions and divestments, and engage in collective influencing initiatives to advance their climate objectives – although not all banks describe in equal detail the precise climate-related criteria used for these instruments. Most of the banks involved in financing have introduced products with climate-related preferential financing conditions, such as green mortgages. However, none of the banks has described whether they also use clauses in loan contracts to implement their climate strategy, and none of the banks active in investments has explained their approach to proposing climate-related shareholder resolutions.

Finally, the banks receive an average score of 6.0 out of 10 on their transparency about their climate commitments and action plans. Van Lanschot Kempen, bunq, and ING perform best on this dimension, having reported on their general climate commitments, their carbon footprints, and some or all of the targets and instruments used for climate alignment. The other banks all report on their commitments and carbon footprints, but provide less detail in their reporting about their climate targets and the instruments used to align their portfolios.

3.1.3 Insurance companies

Table 30 shows the scores of the nine insurance companies on the different dimensions, including the final score. The scores are normalized, based on the maximum number of relevant points for each insurance company, and presented on a scale from 0 to 10.

Table 30 Insurance company scores per dimension (on a scale of 0-10)

Insurance company	Commit ment	Measuring carbon footprint	Action plan	Scope	Portfolio alignment	Transpa rency	Final score
Achmea	2.5	4.7	4.2	5.8	6.4	7.5	**5.1**
Aegon	2.5	5.9	0.8	0.0	8.6	2.5	**3.3**
Allianz	5.0	6.8	2.5	3.5	6.4	5.0	**4.8**
ASR	10.0	9.4	3.3	3.5	7.9	10	**6.7**
Athora NL	10.0	9.7	5.8	7.3	10.0	10	**8.4**
CZ	2.5	5.6	0.8	0.4	4.3	5.0	**2.9**
Menzis	2.5	0.0	0.0	1.5	2.9	0.0	**0.9**
Nationale Nederlanden	10.0	6.5	1.7	1.5	8.6	5.0	**4.7**
VGZ	2.5	2.9	0.0	0.0	4.3	5.0	**1.9**
Average (0-10)	**5.3**	**5.7**	**2.1**	**2.6**	**6.6**	**5.6**	**4.3**

On average, the insurers receive a final score of 4.3 out of 10 for their climate commitments, policies, and action plans. Athora NL receives the highest overall score with 8.4 points and gets perfect scores for its climate commitments, the instruments used for portfolio alignment, and transparency. ASR receives the second highest score with 6.7 points. The rest of the insurers scores considerably lower. The three companies only active in health insurance – CZ, Menzis, and VGZ– receive the lowest scores among the nine insurance companies. The three companies receive scores below 3.0 points, among the lowest scores of all the assessed financial institutions.

As a group, the insurers did not perform well on their overall climate commitments, scoring on average 5.6. There is a considerable variation in the level of ambition among the insurers in this respect. ASR, Athora NL, and Nationale Nederlanden have explicit commitments to bring their investment portfolios in line with a 1.5°C scenario. Allianz has made such a commitment for its proprietary investments but not yet for its assets under management. The other insurers – Achmea, Aegon, CZ, Menzis, and VGZ – fail to explicitly commit to a 1.5°C scenario for their investment portfolios.

The insurers do not perform well on measuring the carbon footprint of their investments, scoring on average 5.7 out of 10 on this dimension. Athora NL, ASR, Allianz, and Nationale Nederlanden perform relatively well, all receiving more than 6.5 points for measuring the carbon footprint of their investments. These insurers make use of credible methodologies such as PCAF, PACTA, and SBTi, cover at least scopes 1 and 2 in their measurement, and provide evidence that they have taken efforts to identify at least some or all of the economic sectors with the most carbon emissions in their portfolios. The main opportunities to improve are extending the scope of their measurement to the total or at least a significant part of the portfolio, including assets managed on behalf of clients, measuring scope 3 emissions when possible, and disclosing sector-based information about the carbon footprint. Aegon, Achmea, CZ, and VGZ have started in this effort, while Menzis do not yet disclose any information on the footprint of its investment portfolio.

The insurers receive the lowest scores for the dimensions “Action plan” and “Scope”. On average, the insurers receive a score of only 2.1 points out of 10 on the dimension “Action plan”. Athora NL ranks first with 5.8 points, while the rest of the insurers all receive scores below 5.0 points. Some insurers have not yet developed concrete reduction targets for the short to medium term to bring their portfolios in line with climate objectives. Others have not defined a credible phase-out strategy for fossil fuels yet. Most of the insurers have some exclusion policies or a phase out strategy for coal mining and/or coal-fired power generation, but not yet for fossil fuels in general. For the dimension “scope”, Athora NL is the only insurer that has developed decarbonisation trajectories for the most climate-relevant economic sectors in which it invests. The insurers can improve their climate action plans by setting concrete sectoral targets with a clear timeline as well.

The insurers score relatively well on their description of the different instruments they use in their climate strategies, with an average score of 6.6 out of 10. Athora NL (10), Aegon (8.6), and Nationale Nederlanden (8.6) receive the highest scores. The most common instruments to align portfolios with the insurers' climate change strategy are engagement, exclusions and divestment, collective influencing initiatives, and other instruments such as increasing the green bond portfolio. The insurers have an excellent opportunity to improve their climate action plans by clearly describing how other instruments, such as screening and voting on climate-related shareholder resolutions, will be used to advance their climate strategy.

Finally, the insurers receive an average score of 5.6 out of 10 on their transparency about their climate commitments and action plans. ASR, Athora NL and Achmea perform best on this dimension, having reported on their general climate commitments, their carbon footprints, and some or all of the targets and instruments used for climate alignment. The other insurers all report on their commitments and carbon footprints but provide less detail in their reporting about their climate targets and the instruments used to align their portfolios.

3.1.4 Pension funds

Table 31 shows the scores of the ten pension funds on the different dimensions, including the final score. The scores are normalized, based on the maximum number of relevant points for each pension fund, and presented on a scale from 0 to 10.

Table 31 Pension fund scores per dimension (on a scale of 0-10)

Pension fund	Commitment	Measuring carbon footprint	Action plan	Scope	Portfolio alignment	Transparency	Final score
ABP	10.0	6.5	0.8	3.1	7.9	5.0	**4.8**
BPF Bouw	2.5	6.8	1.7	2.7	5.7	5.0	**4.2**
BPL Pensioen	2.5	5.3	2.5	3.5	6.4	5.0	**4.2**
Pensioenfonds Detailhandel	2.5	0.0	0.8	3.5	5.0	2.5	**1.9**
Pensioenfonds Horeca en Catering	2.5	6.6	3.3	2.7	7.1	5.0	**4.6**
Pensioenfonds Vervoer	2.5	0.0	0.0	1.5	3.6	0.0	**1.0**
Pensioenfonds Zorg en Welzijn	2.5	5.6	0.8	2.3	5.0	5.0	**3.5**
PME	2.5	3.3	5.0	3.1	7.1	5.0	**4.2**
PMT	2.5	2.9	1.7	4.6	6.4	5.0	**3.6**
StiPP	2.5	6.6	1.7	1.9	5.7	5.0	**3.9**
Average (0-10)	**3.3**	**4.4**	**1.8**	**2.9**	**6.0**	**4.3**	**3.6**

On average, the pension funds receive a low score of 3.6 out of 10 for their climate commitments, policies, and action plans. ABP receives the highest score, but still underperforms (4.8). PH&C, BPF Bouw, BPL Pensioen, and PME have developed some climate policies, but still score poorly overall. The other pension funds score very poorly.

ABP is the only pension fund with a concrete commitment to align its investments with a 1.5°C global warming scenario. Most other pension funds have made commitments to the Paris Climate Agreement in general, to SDG 13, or to the Dutch Climate Agreement, but have not clearly committed themselves to align their investment portfolios with a 1.5°C scenario.

The pension funds perform poorly on measuring their carbon footprint, but there are considerable differences. BPF Bouw, Pensioenfonds Horeca en Catering, StiPP, and ABP use credible methodologies to measure the carbon footprint of at least part of their investments, measure scope 1 and 2 emissions, include scope 3 emissions when possible or have at least expressed the ambition to do so, and provide evidence that they have taken efforts to identify the most climate-relevant sectors in their portfolios. The other pension funds either measure only a small part of the carbon emissions from their investments, employ less credible methodologies and measure fewer emissions scopes, or don't measure their carbon footprint at all.

The pension funds receive the lowest scores for the dimension "Action plan". By and large, the pension funds have not defined short to medium term targets and timelines to bring their whole investment portfolios in line with climate objectives. ABP and PFZW did set short-term reduction goals for their equity portfolios, but not for their other investments. PME and PH&C have the most ambitious policies to phase out fossil fuels. PME has stopped investing in companies active in coal, oil, and gas production. PH&C has adopted a policy to exclude all companies involved in coal mining, as well as companies involved in oil and gas extraction for more than 50% of their revenues. However, the fossil fuel policies of PME and P&HC do not apply to coal-fired power generation. BPL Pensioen excludes investments in coal mining and companies active in coal-fired power generation, although it maintains a revenue threshold of 5%. StiPP has implemented a strict exclusion policy for coal mining, but does not have similar policies for companies active in coal-fired power generation. The other pension funds either have no policies for (both) coal mining and coal-fired power generation or apply revenue thresholds that make these policies less credible. Aside from PME and PH&C, none of the pension funds has a phase-out strategy for their investments in fossil fuels in general.

The pension funds also score poorly on the scope of their action plans. PMT is the only pension fund that has developed concrete carbon emissions reduction targets for 2030 for some of the most climate-relevant sectors. The other pension funds have at most carried out climate-related engagements with companies in some, but not all, sectors, or have defined some climate-related policies for specific sectors and asset classes.

ABP, PH&C, and PME describe in the greatest detail the instruments they use to align their portfolios to climate objectives, such as screening, engagement, and exclusions and divestments. PMT and Pensioenfonds Detailhandel are the only pension funds that see a role for proposing climate-related shareholder resolutions, but do not provide much detail on their exact approach. Most of the pension funds are also members of collective initiatives, such as the Climate Action 100+ initiative, which focused on engagement with companies.

The pension funds receive an average score of 4.3 out of 10 for their transparency about their climate strategy. None of the pension funds report comprehensively on all elements of their climate action plan (their commitments, carbon footprints, targets for portfolio alignment, and instruments). Most of the pension funds report at least on their commitments, and either on part of their carbon footprints or on part of their targets, but none of the pension funds reports comprehensively on all elements of their climate action plan (commitments, carbon footprint, targets for portfolio alignment, and instruments). Pensioenfonds Vervoer is the only pension fund that did not report sufficiently on any of the elements of its climate policy within the studied period.

3.1.5 Comparative analysis

Table 32 shows the average scores for the different dimensions per type of financial institution, including the final score. The scores are normalized and presented on a scale from 0 to 10.

Table 32 Average scores for the different dimensions per type of financial institution (on a scale of 0-10)

Dimension	Banks	Insurance companies	Pension funds
Commitment	7.9	5.3	3.3
Measuring carbon footprint	7.6	5.7	4.4
Action plan	4.6	2.1	1.8
Scope	5.2	2.6	2.9
Portfolio alignment	6.5	6.6	6.0
Transparency	6.0	5.6	4.3
Final score (0-10)	**6.2**	**4.3**	**3.6**

From comparing the average scores of the different financial institutions, some general conclusions can be drawn:

- The banks not only perform better than the insurance companies and pension funds on their climate strategies overall, but also outperform the other financial institutions on almost all the individual dimensions, the exception being "portfolio alignment". In particular, the banks have on average adopted much more ambitious climate commitments and are much more transparent about measuring their carbon footprints. Even the worst performers among the banks receive better overall scores than the average for the insurance companies and pension funds.
- The insurance companies score on average lower than the banks and but higher than the pension funds overall. Still, the difference between the highest scoring insurance company, Athora NL (8.4 out of 10), and the lowest, Menzis (0.9 out of 10), is much larger than for the other types of financial institutions. Among the insurance companies, there is also a considerable difference between the scores of the insurance companies exclusively active in health insurance (CZ, Menzis, VGZ) and the other insurance groups.
- The pension funds lag behind the other financial institutions on their climate commitments and actions plans. Even ABP and PH&C, which have the most developed and transparent climate policies of the pension funds, still receive insufficient scores of below 5.0 out of 10 points.
- All of the financial institutions score on average lowest on the dimensions "Action plan" and "Scope". For the dimension "Action plan", this is due to the limited ambition of many financial institutions' policies on phasing out fossil fuel financing, and the lack of a clear policy on the role of negative emissions and CCS. For the dimension "Scope", this is because general emissions reduction targets have by and large not yet been translated into dedicated strategies for different types of credits, asset classes, and climate-relevant economic sectors.

3.2 Recommendations

To effectively address the enormous challenges connected to limiting global climate change, committed efforts of all stakeholders - including financial institutions - are required. Companies in all kinds of economic sectors have to make huge investments in developing new products and transforming their production processes. Financial institutions, therefore, play a crucial role in the necessary economic transition, as they make sure that sufficient financial flows (financings and investments) are available for companies with ambitious plans.

This study shows that, overall, financial institutions active in the Netherlands are not yet taking this challenge sufficiently serious. For almost all banks, insurance companies and pension funds, more steps are needed to develop and implement an ambitious climate change policy that is in line with the magnitude and urgency of this global threat. But it also makes clear that some financial institutions are showing good practices on specific steps, which could help and encourage others to embark upon a more ambitious pathway.

During the past couple of years, financial institutions in the Netherlands have announced several voluntary commitments to address the climate crisis, like the Spitsbergen Ambition 2018-2020 and the financial sector commitment to the 2019 Dutch Climate Agreement. As this study makes clear, despite some steps in the right direction, those commitments have not yet resulted in the fast and fundamental changes required to avoid dangerous climate change. The consequences of climate change severely affect human rights globally and therefore, preventing dangerous climate change is a human rights obligation. New legislation to promote international responsible business conduct (IRBC) through mandatory human rights due diligence, including the proposed Dutch IRBC-law and the expected EU proposal for a directive on sustainable corporate governance, offer the opportunity to oblige businesses, including financial institutions, to make their activities and portfolios “climate-proof” by aligning them with a pathway limiting global temperature rise to 1.5°C with low or no temperature overshoot.

Therefore, the Dutch government is recommended to:

1. Ensure a Dutch IRBC-law is introduced which requires companies, including financial institutions, to exercise climate due diligence;
2. As part of this due diligence requirement, oblige financial institutions to adopt and implement a plan to reduce financed greenhouse gas emissions in line with the target of limiting global temperature rise to 1.5°C. This plan should apply to all financing activities and include intermediate targets. Progress towards targets should be reported on an annual basis;
3. Advocate for the incorporation of mandatory climate due diligence for companies and financial institutions in EU legislation.

Financial institutions are recommended to:

1. Commit explicitly to a maximum 1.5°C scenario, which four banks, three insurance companies and one pension fund have already done for their entire portfolios;
2. Improve the measurement of the carbon footprints of financing and investment portfolios, using credible methodologies such as PCAF, PACTA, and SBTi, and aiming to measure the “scope 3” GHG-emissions of the companies in these portfolios as well;
3. Work together with other financial institutions, scientists, and civil society to further develop credible methodologies for measuring the carbon footprints of portfolios, especially focusing on measuring “scope 3” GHG-emissions of the companies in financing and investment portfolios in a reliable way;
4. Translate climate change commitments into an action plan with concrete reduction targets for the short to medium term, including targets for 2025, 2030, and 2040, to bring portfolios in line with climate objectives;
5. Exclude financing of new extraction of fossil fuels, coal-fired power generation, oil from tar sands, and Arctic drilling (both onshore and offshore), and define a credible phase-out strategy for fossil fuels as a whole;
6. Make sure that this action plan is further concretized into specific targets and objectives for all asset classes, types of credit, and economic sectors which are relevant for the financial institution, without any exceptions for specific asset classes or sectors;

7. Complement climate goals for the portfolio with a balanced and effective strategy to employ different instruments to achieve these climate goals, which should include climate-related screening, engagement, exclusions and divestments, loan clauses, a targeted voting policy, and collective influencing initiatives to advance climate objectives (where relevant for the financial institution);
8. Be transparent about the financial institution's general climate commitments, carbon footprints, specific targets for different asset classes, types of credit, and economic sectors, and about instruments used for climate alignment. This kind of transparency will help financial institutions to learn from each other, as well as from the inputs and suggestions of other stakeholders; and
9. Use this report to identify which financial institutions are the frontrunners on specific elements of a comprehensive climate change strategy and learn from these peers.

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EerlijkeGeldwijzer

The Eerlijke Geldwijzer (Fair Finance Guide Netherlands) is a coalition of the following organisations:

Amnesty International

Milieudefensie

Oxfam Novib

PAX

World Animal Protection