International Responsible Investment Benchmark Feasibility study

Report on progress and outcomes

International Responsible Investment Benchmark Feasibility study

Report on progress and outcomes

Authors:
Yvonne Hofman, Rozemarijn Doornewaard,
Stephanie Platschorre en Frank Wagemans.

For information:
Please contact Sigi Simons, Marketing, Communications and PR
sigi.simons@vbdo.nl, + 31 (0) 6 20 33 09 97

Dutch Association of Investors for Sustainable Development (VBDO)
Utrecht, the Netherlands

January 2017

This whitepaper has been made possible by:

Ministry of Foreign Affairs of the Netherlands

Table of content

Foreword

Angélique Laskewitz
Executive Director VBDO

Benchmarking has proven to be an effective instrument in driving sustainability in the financial sector. It creates a race to the top by providing comparative insight into which financial institutions and sustainability topics are lagging behind. The VBDO has assessed the feasibility for international sustainability benchmarks in the financial sector. In the first phase of this study, which was finalized in February 2016, we explored the options for sustainability benchmarks and selected the three most promising ones. The second phase involves a feasibility study of these benchmarks. This report describes both phases of the project.

This study was funded by the Dutch Ministry of Foreign Affairs, which is actively encouraging Dutch companies to make advancements in international corporate social responsibility. In June 2013 Minister Ploumen explained her ambition regarding this topic in her policy note “Corporate social responsibility pays off”[1].

The government’s strategy involves financing feasibility studies for global sustainable development indices[2] for companies, as public benchmarking is an effective and proven tool to improve corporate sustainability performance. A condition is that new indices must not be limited to Dutch businesses so as to guarantee an international level playing field. They also have to be developed with support from the industry while being completely independent, in order to avoid ‘greenwashing’ or ‘industry bashing’. The government also requires that the criteria for an index must be developed through a multi-stakeholder process. These conditions very well match the VBDO as we have many years of experience of working with institutional investors and their stakeholders.

We like to thank all stakeholders that contributed to this project through participating in the online survey, interviews, the stakeholder consultation meetings, the steering committee, the expert groups or as pilot participants.

Angélique Laskewitz
Managing Director VBDO

1 The title of the Dutch version is “Maatschappelijk verantwoord ondernemen loont”
2 As ‘ Index’ has multiple meanings in the financial sector, we use the term ‘benchmark’.

Executive Summary

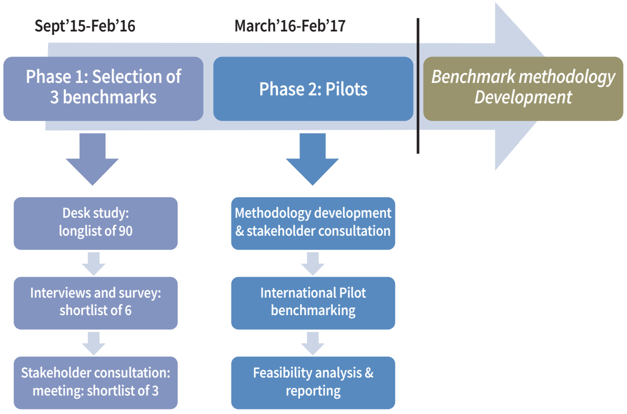
The financial sector largely determines which companies get access to finance and has a strong influence throughout the economy as shareholder and credit-provider. The financial sector therefore has an important responsibility in enhancing sustainable development and reaching the Sustainable Development Goals. Benchmarking has proven to be an effective instrument in driving the responsible behaviour of the financial sector. It creates a race to the top by providing comparative insight into which financial institutions and sustainability topics are lagging behind. Benchmarks are also effective in stimulating sector-wide learning and sharing of best practices.

The VBDO with support of the Ministry of Foreign Affairs has assessed the feasibility of international sustainability benchmarks in the financial sector. The aim was to identify in which financial sub-sector and on which theme an international benchmark would be most effective in enhancing sustainability.

The VBDO established a steering committee, consisting of representatives from institutional investors, the Ministry of Foreign Affairs and NGOs to advise on key decision to be made in the project.

The below figure shows the phases of the feasibility study.

Figure 1 Overview of feasibility study process



Phase 1
Shortlist of potential sustainability benchmarks

In the first phase of the study a shortlist of potential sustainability benchmarks was determined. As a first step we selected the six most relevant subsectors within the financial sector: banks, insurance companies, pension funds, asset management firms, private equity firms and hedge funds. In addition we selected 15 sustainability themes that we considered most material for the financial sector, based on the desk research and interviews. This lead to a longlist of 90 combinations of theme and financial subsector that could be the focus of a benchmark.

The VBDO conducted an online survey among stakeholders in the financial sector to get insight into their views on the long list of potential benchmark themes and on their opinion about the drivers of sustainability for each of the six financial subsectors.

89 respondents from 11 countries participated in the survey of which 57 work in the financial sector. The results of the survey together with the findings of the interviews and further literature study, led to the selection of a shortlist of six benchmarks:

1. **Banking sector: ethical behaviour / integrity**
2. **Banking sector: fulfilment of their societal role**
3. **Insurance sector: climate change**
4. **Pension sector: climate change**
5. **Asset management: responsible investment**
6. **Private equity: responsible investment**

In January 2016 around 20 stakeholders from financial institutions, academia, governments and the civil society came together at the Ministry of Foreign Affairs in The Hague, to discuss the pros and cons of the six potential sustainability benchmarks. The results of this meeting were the basis for the selection of three benchmarks:

A. **International benchmarks on responsible investment for the pension fund and insurance sector**
B. **A climate change benchmark investment for the pension fund and insurance sector**
C. **A benchmark on responsible investment by investors in private equity firms**

Phase 2
Pilots: Feasibility analysis and benchmark development

The second phase of the project involved the development of draft benchmark methodologies and a feasibility assessment of the three benchmarks.

For the development of each of the three benchmark methodologies an expert group was established. Subsequently, the VBDO tested the draft benchmark methodologies in a pilot with two pension funds and three insurance companies. The final draft versions of the benchmark methodologies are included in Annex 7.
A summary of the feasibility analysis is included in the below table:

Table 1 Pros and cons of benchmarking options

Benchmark theme	Pros	Cons
Responsible investment	* Addresses fundamentals of RI * Potential synergy with different reporting frameworks * Broad experience of VBDO with RI benchmarking	* Possible overlap with other benchmarks
Climate change	* High materiality across industries * High societal pressure	* Many other initiatives
Investing in private equity	* Growing asset class * Large influence of PE firms in RI of investee companies * Benchmark can increase transparency	* Limited sector support * Small share of AuM for many investors

We concluded that a benchmark on responsible investment and/or a benchmark on climate change would both be feasible options. A benchmark on private equity was considered less suitable, mainly due to a lack of sector support.

Responsible investment

One of the key outcomes of the stakeholder consultations was that the VBDO's benchmarks on responsible investment are considered valuable and that the VBDO is in an excellent position to use their experience for the development of an international benchmark. It has however also been stressed that the administrative burden of benchmarking is high and that therefore alignment should be sought by existing initiatives. The VBDO has acknowledged these comments and developed a basis for a benchmark methodology.

Climate change

After the Paris agreement of November 2016, climate change has become one of the most material topics within the responsible investment policies of institutional investors. This leads to an excellent window of opportunity for the development of an international benchmark on climate change. It is recommended to seek cooperation with parties that have developed initiatives in this field, in order to avoid doubling and to be more effective.

The climate change benchmark is relevant for the pension fund as well as for the insurance sector, while it has additional relevance for the insurance sector due to the increasing climate risks.

Private equity

Research and consultation with the steering committee and experts on the feasibility of a private equity benchmark led to the conclusion that this benchmark would be less viable for several reasons.
The private equity asset class is relatively small compared to the other asset classes. Another reason for abandoning the further development is that the steering committee, the private equity expert group as well as the stakeholder consultation in Singapore advised to add private equity as a separate asset class to the responsible investment benchmark instead of developing a specific benchmark for private equity investors.

Next phase

The next phase, beyond the scope of this project, is the realization of the viable benchmarks on responsible investment and/or a benchmark on climate change. A prerequisite for the realization is to secure funding. The VBDO is exploring opportunities for funding and partnerships with several parties.

Table 2 Overview potential funders

Potential funders	Examples
Governmental bodies	*• National governments • European Union • Other government bodies, such as the UK Department for International Development
Multilateral institutions	• Worldbank • EIB • UN
Trade unions	• FNV (Dutch Federation of Trade Unions) • ITUC (International Trade Union Confederation)
NGOs and Foundations	
Industry bodies	

The VBDO seeks to liaise with one or more international partners that have a good reputation among investors to successfully develop the international benchmarks and meet the following criteria:

- Strong and positive brand recognition among investors internationally and, in the case of a global scope, in at least the US.
- Its position towards investors should be one of engagement and cooperation instead of a more confrontational approach.
- Are independent and not directly related with the asset owners in scope.

We have identified three most relevant categories of partners: Sustainable Investment Fora (SIFs), NGOs and consulting firms. The advantage and disadvantages of each of these are summarized in the below table. Naturally, there are also combinations possible of several types of partners.

Table 3 Assessment of potential partners

Partner type	Pros	Cons
SIFs	* Existing partnership * Strong ties with large investors in their countries	* Do not cover all countries and regions
NGOs	* Strengthens credibility * More effective fundraising	* Limited financial resources
Consulting firms	* Professional support	* Potential conflict of interest

An important choice that needs to be made for the implementation of the benchmark is the (initial) geographical scope. A summary of the pros and cons of the options are included in the below table.

Table 4 Options for the geographical scope of benchmark implementation

Geographical scope	Pros	Cons
Global	* Influences the international investment market * High added value * Ability to be an international standard and to showcase international best-practices	* Difficult to involve international partners and funders * Regional difference regarding RI practice and regulation * Challenging data availability
European	* More manageable scale * More sector support * Benefit from lessons learned from EU and Australian benchmark before global scope	* Delay in implementation global benchmark
Gradual expansion with SIFs	* Can be implemented by existing partnerships with SIFS * Potentially high participation rate in SIF countries * Lower initial costs * Benefit from lessons learned on small scale	* Long timeframe to global benchmark. * Increased capacity and funding needed to implement the benchmarks at participating organisations. * Norway and Denmark are not participating but are important countries

Introduction

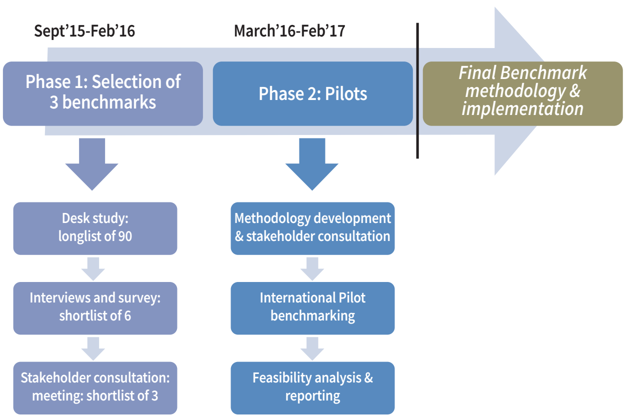
The financial sector largely determines which companies get access to finance and has a strong influence throughout the economy as shareholder and credit-provider. The financial sector therefore has an important responsibility in enhancing sustainable development and reaching the Sustainable Development Goals. Benchmarking has proven to be an effective instrument in driving the responsible behaviour of the financial sector. It creates a race to the top by providing comparative insight into which financial institutions and sustainability topics are lagging behind. They are also effective in stimulating sector-wide learning and sharing of best practices.

The VBDO with support of the Ministry of Foreign Affairs has therefore assessed the feasibility of international sustainability benchmarks in the financial sector. The aim was to identify in which financial sub-sector and on which theme an international benchmark would be most effective in enhancing sustainability.

The VBDO established a steering committee, consisting of representatives from institutional investors, the Ministry of foreign Affairs and NGOs to advise on key decision to be made in the project.

The below figure shows the phases of the feasibility study. The final benchmark methodology development and the implementation of the benchmarks are outside the scope of this project.

Figure 2 Overview of feasibility study process



In the first phase of the study a shortlist of potential sustainability benchmarks was determined. Activities in this phase involved a desk study, a survey and extensive stakeholder consultation. This has resulted in the following shortlist:

A. International benchmarks on responsible investment for the pension fund and insurance sector
B. A climate change benchmark for the pension fund and insurance sector
C. A benchmark on responsible investment by investors in private equity firms

The second phase of the feasibility study involved a feasibility assessment of those benchmarks and the development of draft benchmarks methodologies.

In chapter 1 we will first give an overview of the financial sub-sectors that we assessed in the first phase. Chapter 2 describes some examples of existing benchmarks in the financial sector. Chapter 3 explains the governance structure of the project and how stake-holders were involved. Chapter 4 describes the steps taken in Phase 1 and chapter 5 and 6 describe Phase 2 of the feasibility study. Chapters 7, 8 and 9 summarize the draft benchmark methodologies for responsible investment, climate change and private equity respectively.
Chapter 10 comprises the conclusions and recommendations for the next phase of realization of the benchmarks.

1 The financial sector & sustainability

The financial sector has various subsectors that all have an impact on sustainable development. For this study we selected the six most relevant subsectors: banks, insurance companies, pension funds, asset management firms, private equity firms and hedge funds. In this chapter we give an overview of the markets and largest companies for each of these subsectors. In addition we describe what the participants to our survey considered the most relevant sustainability themes and drivers of sustainability for those subsectors.

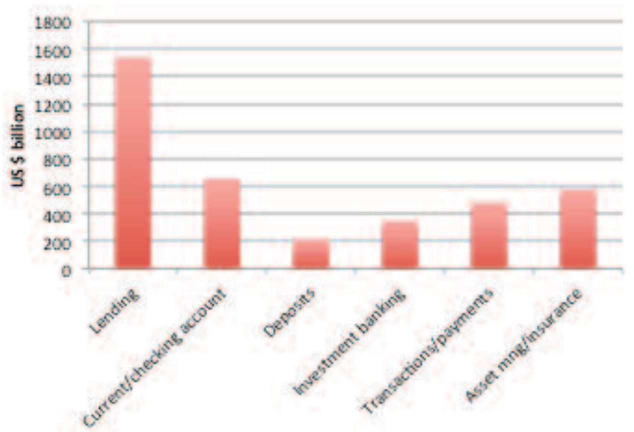
1.1 Banks

Banks play a crucial role in the functioning and development of economies by providing finance to households and businesses. Banks can be roughly divided into commercial banks and investment banks. Commercial banks provide services such as accepting deposits, providing loans and mortgages, and offering basic investment products. Investment banks' activities include asset management, assisting clients in raising financial capital by underwriting, acting as the client's agent in the issuance of securities and assisting companies involved in mergers and acquisitions.

1.1.1 The banking market

The largest revenues in the banking industry are derived from lending activities, as shown in the below figure.

Figure 3 Breakdown of global Banking revenues in $ billion in 2014
(Based on McKinsey, 2015)



The below table provides an overview of the largest banks in the world. China, the United States, the United Kingdom and France represent the largest share of the global banking sector. China's two largest banks, the ICBC and CCB, control over $6 trillion worth of the global banking sector. All four of China's major banks appear in the top 10 of the largest banks in the world as of 2015. Each of these banks represents a branch of the PBC, the centralized, state-sponsored bank of China.

Table 5 Largest banks in the world
((Forbes (2015) , The banker (2013))

Rank	Bank	Country	Total AuM in $ Billion
1	ICBC	China	$3,322.0
2	Fannie Mae	United States	$3,248.2
3	China Construction Bank (CCB)	China	$2,698.9
4	HSBC Holdings	United Kingdom	$2,634.1
5	JPMorgan Chase	United States	$2,593.6
6	Agricultural Bank of China	China	$2,574.8
7	BNP Paribas	France	$2,514.2
8	Bank of China	China	$2,458.3
9	Mitsubishi UFJ Financial	Japan	$2,328.5
10	Barclays	United Kingdom	$2,117.3
11	Bank of America	United States	$2,114.1
12	Deutsche Bank	Germany	$2,067.6
13	Freddie Mac	United States	$1,945.5
14	Credit Agricole	France	$1,922.9
15	Citigroup	United States	$1,846.0
16	Wells Fargo	United States	$1,701.4
17	Royal Bank of Scotland	United Kingdom	$1,638.4
18	Mizuho Financial	Japan	$1,634.7
19	Société Générale	France	$1,583.0
20	Banco Santander	Spain	$1,532.3
23	ING Group	Netherlands	$1,195.7
26	Rabobank Group	Netherlands	$ 997,7
48	ABN Amro Group	Netherlands	$ 529,0
103	Bank Nederlandse Gemeenten	Netherlands	$ 188,6

1.1.2 Sustainability themes

Figure 4 and Table 6 show the results of the online survey regarding sustainability themes for the banking sector. Respondents were asked to select five themes they considered most important.
65 respondents filled in this question of which 36 from the financial sector. ESG integration and climate change are considered most relevant themes.

Figure 4 Important sustainability themes for the banking sector

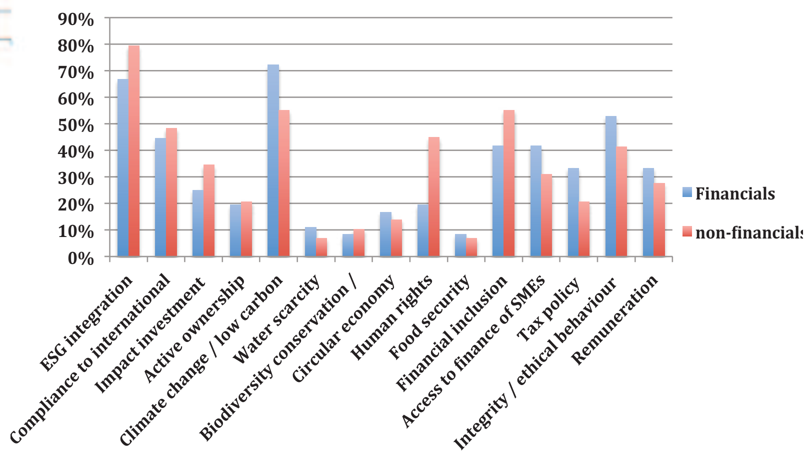


Table 6 Top 5 important sustainability themes for the banking sector

Rank	Financial sector respondents	Percen-tage	Non-financial sector respondents	Percen-tage
1.	Climate change	72%	ESG integration	79%
2.	ESG integration	67%	Climate change	55%
3.	Integrity/ ethical behaviour	53%	Financial inclusion	55%
4.	Compliance to international guidelines	44%	Compliance to international guidelines	48%
5.	Financial inclusion & Access to finance	42%	Human rights	45%

The Paris Climate Summit lead to an increase in the number of banks worldwide that made commitments on climate change, either spurred by the public debate and NGO pressure or by recognizing business opportunities. The high survey score for climate change is therefore not surprising.

In November 2015, all Dutch banks signed a 10-point action plan to tackle climate change. The statement, co-ordinated by the Dutch Banking Association (NVB) recognises climate change as a serious problem, which needs to be addressed collectively, and encourages the Dutch government to take extra steps in working towards solutions. The action plan includes commitments to be transparent on the impact of operations on climate change and to take climate impact into consideration in financing and investment decisions.

On top of that individual Dutch banks made climate commitments. For example the ASN Bank is committed to have both its organisation and all of its investments on the ASN Bank balance sheet and under management at the ASN Investment Funds to be carbon neutral by 2030. ASN has recently developed a methodology that takes into account all GHG emissions of their investments (ASN, 2015).

In September 2015, the six largest U.S. banking institutions, JP Morgan Chase Bank, Bank of America Corp., Wells Fargo, Citibank, Goldman Sachs and Morgan Stanley, called for a "strong global climate agreement" and policies that "recognize the cost of carbon." The banks also committed to provide "significant resources" to finance climate solutions.

The integration of ESG issues in the investment process is considered most relevant by non-financial sector respondents with a score of 79% and it scores second for financial sector respondents.

After the financial crisis the integrity and ethical behaviour of banks has become a public concern. The survey results identify this as a relevant theme as well. Interestingly it scores higher among the financial sector respondents (53%) than among non-financial sector respondents (41%).

The financial crises also led to a discussion on the societal role of banks. In the interviews we held for this study several interviewees indicated that the most important contribution of the financial sector to sustainable development involves the financing of the real economy, and related to that the creation of jobs. The survey results show high score for access to finance and financial inclusion, which are both topics directly related to the core function of banks.

1.1.3 Drivers of sustainability performance

Respondents to the survey were asked which stakeholders are influential in driving the sustainability performance in the banking sector. The results (figure 5 and table 7) show that the group of respondents working in the financial sector, and those who are not, both choose investors and the government as most influential.

Figure 5 Most important stakeholders driving the sustainability performance of banks

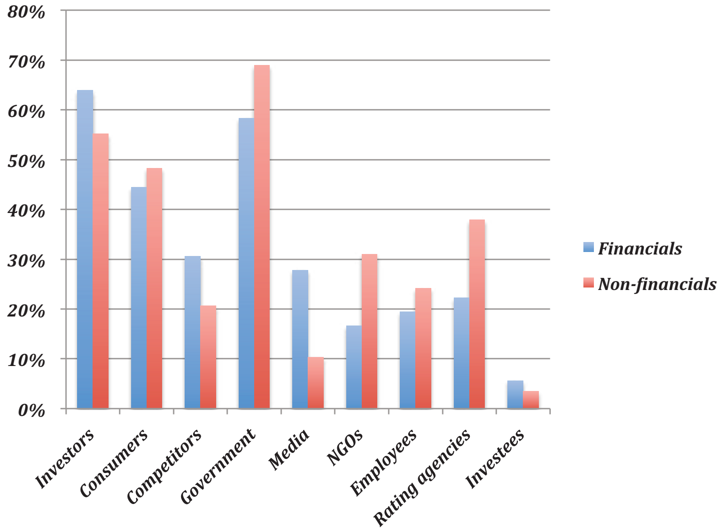


Table 7. Top 3 stakeholders that drive the sustainability performance of banks

Rank	Financial sector respondents	Percen-tage	Non-financial sector respondents	Percen-tage
1.	Investors	64%	Government	69%
2.	Government	58%	Investors	55%
3.	Consumers	44%	Consumers	48%

1.2 Insurance industry

Insurance companies play a crucial role in the economy. They allow citizens and communities to recover from the financial consequences from accidents, illness and natural disasters or human related events. An insurance company can specialize in one type of insurance, such as life insurance, health & accident and non-life insurance, or offer multiple kinds of insurance.

Insurance companies' portfolios usually have a low risk profile because they must guarantee they can pay the expenses of their clients at all times. Most of these investments therefore are long-term investments in fixed income asset classes such as corporate and sovereign bonds. The precise mix of products differs between the types of insurance: a life insurance company has more long-term commitments than a health insurance company. Insurers are constrained in their investment decisions by regulation. The most important regulation within Europe is Solvency II that has come into effect in 2016 and regulates the solvability of insurers, e.g. the money an insurer has allocated to pay clients in time.

1.2.1 Insurance market

Insurance companies are the second largest institutional investor in the world and held around $31.1 trillion of funds under management at the end of 2014 (TheCityUK, 2015). In Europe they accounted for 39% of total assets under management in 2014, almost €7.4 trillion (EFAMA, 2015). In 2015, Dutch insurance companies had a premium turnover of €72.4 billion, employed 47,000 people and invested €436 billion (Verbond van Verzekeraars, 2016).

The below table lists the 20 largest insurance companies globally measured by AuM.

Table 8 Largest insurance companies globally based on AUM in 2015 (Relbanks (2016)

Rank	Company	Country	AuM US$b
1	AXA	France	969,953
2	Allianz	Germany	928,232
3	Metlife	US	877,933
4	Prudential Financial	US	757,388
5	Ping An Insurance	China	735,388
6	Japan Post Insurance	Japan	735,228
7	Legal & General	UK	686,450
8	Nippon Life Insurance Company	Japan	588,025
9	Aviva	UK	586,201
10	Prudential plc	UK	574,799
11	Berkshire Hathaway	US	573,481
12	Assicurazioni Generali	Italy	552,257
13	Manulife Financial	Canada	547,299
14	American International Group	US	507,961
15	Aegon	Netherlands	496,943
16	Zenkyoren	Japan	456,482
17	CNP Assurances	France	450,847
18	Dai-Ichi Life Insurance	Japan	430,506
19	Zurich Insurance Group	Switzerland	416,188
20	China Life Insurance	China	381,972

1.2.2 Sustainability themes

The results of the survey for the insurance sector are shown below in figure 6 and table 9. The top four of themes selected by the financial sector respondents is the same for insurance companies as for the banking sector.

Figure 6 Important sustainability themes for insurance companies

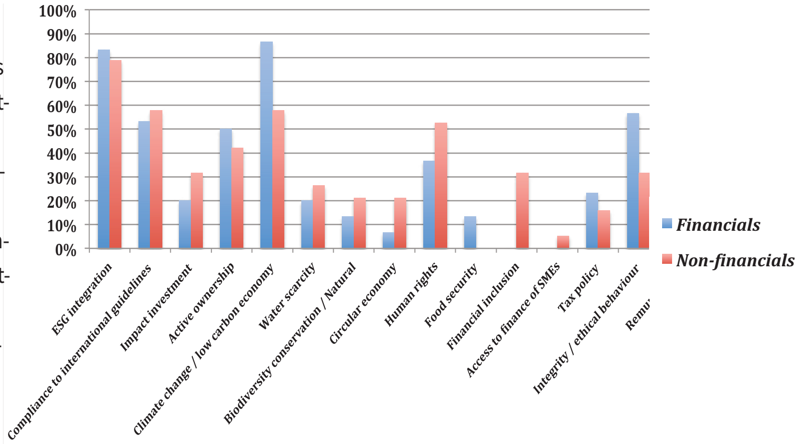


Table 9. Top 5 important sustainability themes for insurance companies

Rank	Financial sector respondents	Percentage	Non-financial sector respondents	Percentage
1.	Climate change/ low carbon	87%	ESG integration	79%
2.	ESG integration	83%	Climate change/ low carbon	58%
3.	Integrity/ ethical behaviour	57%	Compliance to international guidelines	58%
4.	Compliance to international guidelines	53%	Human rights	53%
5.	Active ownership	50%	Active ownership	42%

Equal to the banking sector, climate change and ESG integration are considered most relevant benchmark themes for insurance companies. However, there is a considerable difference in the score for climate change between the two groups of respondents. 87% of the financial sector respondents selected this them, against 58% of non financial sector respondents. As this theme is selected for the shortlist, it is described in more detail in chapter 5.

Integrity / ethical behaviour is also considered a relevant theme. According to a report by UNEP (2015), trust and reputation issues continue to present challenges for insurers, banks and the broader financial sector. An annual international trust and credibility survey of business and governments has consistently rated financial services, which includes banks and insurers, as the least trusted global industry. Many respondents agreed that increasing a base level of public trust in the insurance industry is a critical priority. Increasing transparency and accountability within firms across insurance products and operations, including investment, is a necessary first step towards this goal.

1.2.3 Drivers of sustainability performance

The same three stakeholders were selected as most important for driving the sustainability performance of insurance companies as for the banking sector: investors, government and consumers, be it with a different order. Respondents working in the financial sector selected the government as most important stakeholder, followed by investors and consumers. Non-financial sector respondents see consumers as most important, followed by government and investors.

Figure 7 Most important stakeholders driving the sustainability performance of insurance companies.

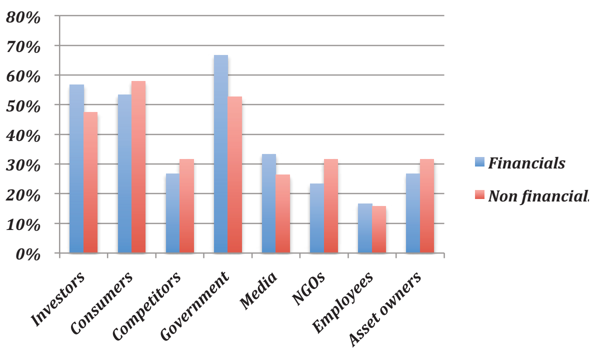


Table 10 Top 3 important stakeholders driving the sustainability performance of insurance companies

Rank	Financial sector respondents	Percentage	Non-financial sector respondents	Percentage
1.	Government	67%	Consumers	58%
2.	Investors	57%	Government	53%
3.	Consumers	53%	Investors	47%

1.3 Pension fund sector

Pension funds' main task is to provide citizens with income during their retirement. National Pension systems usually have three pillars:

1. State pensions are pensions paid by the state. They often serve as a basic pension that can be supplemented by the other pillars. Most often a state pension is mandatory and financed by a pay-as-you-go system where the contribution of the working population is directly used to pay the pensions of retirees.
2. Occupational pensions are often financed by a shared contribution of employee and employer. Contributions are usually invested and in some countries, including the Netherlands, this pension is mandatory.
3. Private pensions are individual savings that are often based on a savings plan, but can take many shapes, for example as a pension insurance.

Occupational pension funds and private pensions both invest the contributions and savings to finance future payments. Most pension funds have outsourced the management of their investments to asset management firms. The extent to which pension funds actively manage their investment strategy and are engaged with their asset managers varies throughout the industry. This also applies to the extent pension funds are active in the field of responsible and sustainable investment.

1.3.1 Pension fund market

Pension funds are the largest asset owners in the world. The 19 major pension markets globally had a total of assets under management of $35,316 billion in 2015 (TowersWatson, 2016).

The largest pension funds globally are included in the table below. The Netherlands plays an important role in the global pension fund sector with two funds in the top 10.

Table 11 20 largest pension funds globally & largest Dutch pension funds in 2015 (TowersWatson, 2016)

Rank	Company	Country	AuM US$b
1	Government Pension Investment	Japan	1,163,203
2	Government Pension Fund	Norway	865,943
3	Federal Retirement Thrift	U.S.	443,328
4	National Pension	South Korea	435,405
5	ABP	Netherlands	384,271
6	National Social Security	China	294,939
7	California Public Employees	U.S.	285,774
8	Central Provident Fund	Singapore	211,373
9	Canada Pension	Canada	201,871
10	PFZW	Netherlands	186,471
11	California State Teachers	U.S.	181,875
12	Local Government Officials	Japan	176,160
13	New York State Common	U.S.	173,541
14	Employees Provident Fund	Malaysia	161,707
15	New York City Retirement	U.S.	155,120
16	Florida State Board	U.S.	147,819
17	Texas Teachers	U.S.	125,327
18	Ontario Teachers	Canada	123,985
19	ATP	Denmark	106,640
20	GEPF	South Africa	103,147

1.3.2 Sustainability themes

Pension funds are the largest assets owners, and as such have a large influence on how assets are invested globally. As they also have a duty to ensure a good retirement for their members, pension fund, even more so than other financial institutions, have a responsibility to invest their money in a sustainable manner. The below graph gives an overview of the survey results on sustainability themes for benchmarks in the pension sector.

Figure 8 Important sustainability themes for pension funds

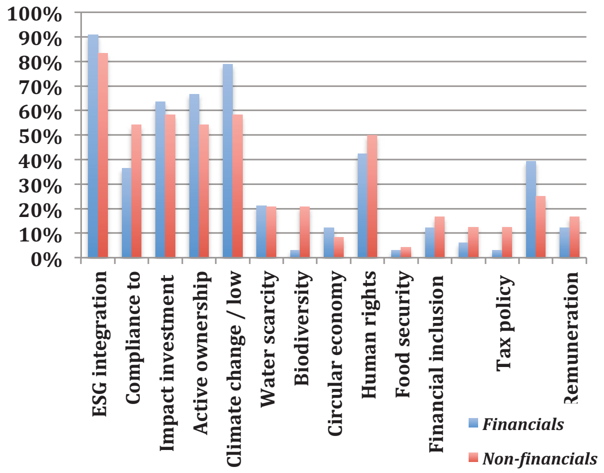


Table 12 Top 5 important sustainability themes for pension funds

Rank	Financial sector respondents	Percen-tage	Non-financial sector respondents	Percen-tage
1.	Climate change/ low carbon	87%	ESG integration	79%
2.	ESG integration	83%	Climate change/ low carbon	58%
3.	Integrity/ ethical behaviour	57%	Compliance to international guidelines	58%
4.	Compliance to international guidelines	53%	Human rights	53%
5.	Active ownership	50%	Active ownership	42%

Both financial and non-financial sector respondents indicate ESG integration as the most important theme for pension funds. The VBDO's (2015) benchmark study on Dutch pension funds shows that basic ESG-integration has become mainstream with 94% of pension funds applying at least some ESG criteria in the evaluation of equity investments. However, more substantial and sophisticated ESG-integration with proven impact on holdings is only applied by a small percentage of pension funds.

Climate change is considered the second most important theme. In the run-up to the Paris Climate summit, a large number of pension funds committed to divest from fossil fuel. For example, in October 2015, the Dutch ABP, one of the largest pension funds in the world, announced to review its entire investment portfolio of stock and bonds by 2020, and divest from companies that don't meet ABP's sustainability criteria. One of the requirements is that the carbon dioxide emissions of the companies in ABP's portfolio are cut by 25% in 2020 compared to 2016. In addition ABP aims to double its investments that contribute to the solution of societal problems by 2020, to 58 billion euros (ABP, 2015). As climate change in the pension fund sector is selected for the shortlist of 6 benchmarks, it is described in more detail in chapter 5.

Other potential benchmark themes with high scores are active ownership and impact investment. Just as ESG integration, these are Responsible Investment strategies.

1.3.3 Drivers of sustainability performance

Participants and the government are considered the two most influential stakeholders in driving the sustainability performance of pension funds. It is noteworthy that financial sector respondents see competitors as the third influential stakeholder with a score of 52%, whereas only 33% of non-financial sector respondents selected competitors. Another interesting result is the difference between financial and non-financial sector respondents in the perception of the influence that NGOs have on pension funds: 45% of non-financial sector respondents indicated NGOs as one of the three most influential drivers compared to 12% of the financial sector respondents.

Figure 9. Most important stakeholders driving the sustainability performance of pension funds

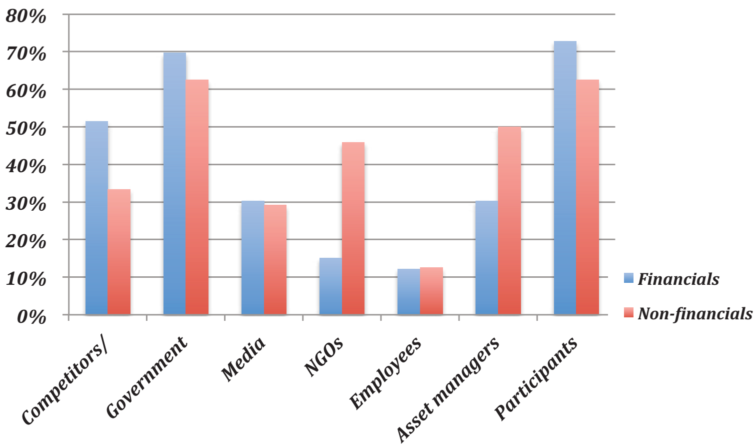


Table 13 Top 3 stakeholders driving the sustainability performance of pension funds

Rank	Financial sector respondents	Percen-tage	Non-financial sector respondents	Percen-tage
1.	Participants	73%	Participants	63%
2.	Government	70%	Government	63%
3.	Competitors/peers	52%	Asset managers	50%

1.4 Asset Management Companies

1.4.1 Asset management market

Asset managers provide investment management services and other services to clients as fiduciary agents. This means that they ought to put the interests of their clients ahead of their own. The diversity of clients' needs results in a wide variety of firm structures and business models, ranging from investment boutiques that focus on a single product or clientele, to large complex financial institutions that offer multiple services.

There are different kinds of actors in the asset management industry, of which the main three are (OFR, 2013):

- Dedicated asset management companies. Several are very large organizations involved in a broad range of businesses, servicing many types of clients and offering services similar to those offered by banks.
- Banks often have asset management divisions through which they offer services such as investment funds, wealth management services, trust services, and retirement products to their clients.
- Insurance companies often have asset management divisions that provide investment management and other services, such as retirement plans and guaranteed payments to clients.

In 2014, the global value of professionally managed assets was $74 trillion (BCG, 2015). Total assets under management (AuM) in Europe increased 9% in 2013 and 15% in 2014, to around EUR 19 trillion at end 2014. According to estimations of Efama (2015), European asset managers held 23% of the debt securities issued at end 2013, and 42% of the value of the free float listed firms in Europe.

Institutional clients, such as insurance companies and pension funds, represent the largest client category of the European asset management industry, accounting for 76% of total AuM in Europe. End 2013 in Europe more than 3,300 asset management companies operated that employed 90,000 people directly. 188 asset management companies were registered in the Netherlands in 2013 (Efama, 2015). The largest asset managers in the world and in the Netherlands are listed in the below table.

Table 14 Largest asset managers globally and in the Netherlands (IPE (2015)

Rank	Asset Manager	Country	AuM in (€m)
1	BlackRock	US/UK	3,844,383
2	Vanguard Asset Management	US/UK	2,577,380
3	State Street Global Advisors	US/UK	2,023,149
4	Fidelity Investments	US	1,595,380
5	BNY Mellon Invest. EMEA	US/UK	1,407,163
6	J.P. Morgan Asset	US/UK	1,266,805
7	Capital Group US	US	1,167,231
8	PIMCO	US/Ger/UK	1,162,583
9	Pramerica Investm. Mngt.	US	968,628
10	Amundi	France	865,985
11	Goldman Sachs Asset Management Int.	US/UK	846,182
12	Northern Trust Asset Mngt.	US/UK	771,951
13	Wellington Management	US	755,108
14	Natixis Global Asset Mngt.	France/US	735,530
15	Franklin Templeton Investments	US/UK	727,394
16	Deutsche Asset & Wealth Management	Germany	721,747
17	TIAA-CREF	US	703,529
18	Invesco	US/UK	654,645
19	Legal & General Investment Mngt.	UK	643,070
20	AXA Investment Managers	France	623,008
32	APG	Netherlands	399,000
47	Aegon Asset Management	Netherlands	300,915
54	Robeco Group Netherlands	Netherlands	245,996
66	NN Investment Partners Netherlands	Netherlands	186,454
68	PGGM	Netherlands	181,924
96	MN	Netherlands	111,064
106	F&C Management	UK/Netherlands	100,727
144	Delta Lloyd Asset Management	Netherlands	60,200
165	Actiam	Netherlands	51,356
205	Kempen Capital Management	Netherlands	34,214
243	TKP Investments	Netherlands	20,452
250	SPF Beheer	Netherlands	18,336
298	Theodoor Gilissen Bankiers	Netherlands	10,900
345	Bouwinvest REIM	Netherlands	6,646
371	BNG Vermogensbeheer	Netherlands	5,357

1.4.2 Sustainability themes

The top 4 themes selected by financial sector respondents for asset managers are in line with the themes selected for pension funds: ESG integration, active ownership, climate change and impact investment.

Figure 10 Important sustainability themes for asset managers
(N=58; financials n= 39; non-financials n=19)

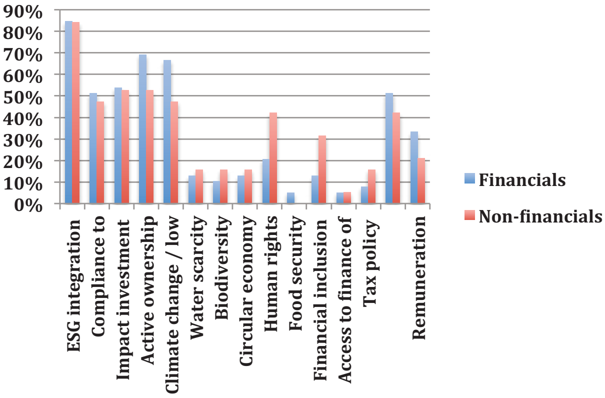


Table 15 Top 5 important sustainability themes for asset managers

Rank	Financial sector respondents	Percen-tage	Non-financial sector respondents	Percen-tage
1.	ESG integration	85%	ESG integration	84%
2.	Active ownership	69%	Active ownership	53%
3.	Climate change/ low carbon	67%	Impact investment	53%
4.	Impact investment	54%	Climate change / low carbon	47%
5.	Compliance to intrn. guidelines ; integrity/ ethical behaviour	51%	Compliance to international guidelines	47%

ESG integration is selected as an important sustainability theme for benchmarks in the asset management industry by a majority of the respondents to the survey. As ESG integration in the asset management industry is selected for the shortlist of 6 potential benchmarks, this theme is described in more detail in chapter 5.

While benchmarks with a specific focus on active ownership and impact investment have high scores, both themes are also strategies under the wider framework of ESG integration and are as such covered in the shortlist.

Noteworthy is the high score of integrity/ ethical behaviour in comparison to the score of this theme for pension funds. Another notable result is the high score for human rights by non-financial sector respondents.

1.4.3 Drivers of sustainability performance

All respondents consider asset owners as the most influential stakeholder in driving the sustainability performance of asset managers. It is interesting that competitors score higher than government (respectively 67% against 49%) among financial sector respondents, whilst non-financial sector respondents indicate the government as the second most important stakeholder.

Figure 11 Most important stakeholders driving the sustainability performance of asset managers

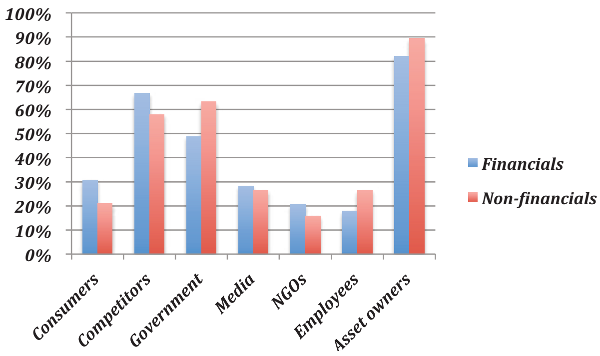


Table 16 Top 3 stakeholders driving the sustainability performance of asset mangers

Rank	Financial sector respondents	Percen-tage	Non-financial sector respondents	Percen-tage
1.	Asset owners	82%	Asset owners	89%
2.	Competitors	67%	Government	63%
3.	Government	49%	Competitors	58%

1.5 Private equity

1.5.1 Private equity market

PE firms invest in companies that are not publicly listed and usually acquire a majority share or a large minority share in their portfolio companies. This does not account for fund-of-funds that do not directly invest in companies. PE firms use their share to directly influence the company's strategy and management in order to improve the performance of the company. There are various types of private equity investments:

- Venture capital: Investment in start-up companies
- Growth capital: Investment in the growth of a company through internationalization or mergers and acquisitions
- A buy-out of a company or a division of a company to make this new independent company more profitable.
- A management buy-in to change the management of a company
- Bridge equity: short-term financing that allow private equity firms to complete deals before long-term financing is secured
- Restructuring of a company (turnaround)

Private Equity firms manage one or more Private Equity Funds. Investors in these funds, usually institutional investors or high net worth individuals, are called Limited Partners (LP). The PE firm itself is called the General Partner (GP).

For the acquisition of their portfolio companies, PE funds use complex financing structures. Usually, about 75% of the money needed is borrowed from banks, and about 25% of the acquisition is financed by the PE fund with investments from the Limited Partners. The General Partner contributes only a small share (usually 1.5 per cent) in the PE fund (Bernardo, 2015). Even though the PE firm only has a small share in the PE fund it usually receives 20 per cent of total profits of the investment and a two per cent management fee per year (Appelbaum, and Batt, 2014).

In the Netherlands around 90 PE firms are shareholder of around 1.450 Dutch companies with total revenue of €87 billion (Preqin, 2012). PE investment in the Netherlands shows a significant growth in recent years: in 2014 Dutch PE firms invested €3,1 billion in 386 Dutch companies, compared to €2.4 billion in 331 companies in 2013. In comparison, in 1985 only €111,4 million was invested by PE firms (De Jong et all, 2006).

Globally PE funds raised $1086.9 billion in 2014. Most funds were raised in North America, $732 billion (PEI, 2015), were most of the large PE firms are based, as shown in the below table. In 2014 European PE funds raised €44.6 billion of which €41.5 billion was invested in European companies.

Pension funds are, with 32.2% the largest investors in Private Equity funds, followed by fund of funds (11.6%), government agencies (10.9%) and insurance companies (10.3%) (EVCA, 2015).

Table 17 Largest Private Equity Firms globally by 5 year fundraising (Private Equity International, 2015)

Rank	Name	5 year fundraising total ($m)*	Country
1	The Carlyle Group	$31,906.72	US
2	TPG	$30,332.95	US
3	Kohlberg Kravis Roberts	$29,105.10	US
4	The Blackstone Group	$25,565.89	US
5	Apollo Global Management	$22,200.00	US
6	CVC Capital Partners	$21,178.40	UK
7	EnCap Investments	$21,147.83	US
8	Advent International	$15,735.37	US
9	Warburg Pincus	$15,243.00	US
10	Bain Capital	$14,565.47	US
11	Vista Equity Partners	$11,814.00	US
12	Partners Group	$11,198.00	Switzerland
13	Silver Lake	$11,074.50	US
14	Hellman & Friedman	$10,900.00	US
15	Centerbridge Capital Partners	$10,496.78	US
16	Energy Capital Partners	$10,436.35	US
17	Permira	$10,412.49	UK
18	EQT Partners	$10,382.96	Denmark
19	NGP Energy Capital Managem.	$9,832.64	US
20	Riverstone Holdings	$9,164.31	US
21	Goldman Sachs Principal Investment Area	$9,143.32	US
22	Ares Management	$8,929.00	US
23	Neuberger Berman Group	$8,844.00	US
24	Stone Point Capital	$8,759.25	US
25	American Securities Capital Partners	$8,640.00	US
26	BC Partners	$8,600.99	UK
27	Clayton Dubilier & Rice	$8,539.16	US
28	General Atlantic	$8,510.00	US
29	Cinven	$8,248.70	UK
30	Russian Direct Investment Fund (RDIF)	$8,159.58	Russia
91	Alpinvest	$3,471.73	Netherlands
184	Waterland Private Equity Investments	$1,576.38	Netherlands
258	Gilde Buy Out Partners	$1,063.83	Netherlands

1.5.2 Sustainability themes

Figure 12 Important sustainability themes for private equity firms (N=39; financials n=23; non financials; n=16)

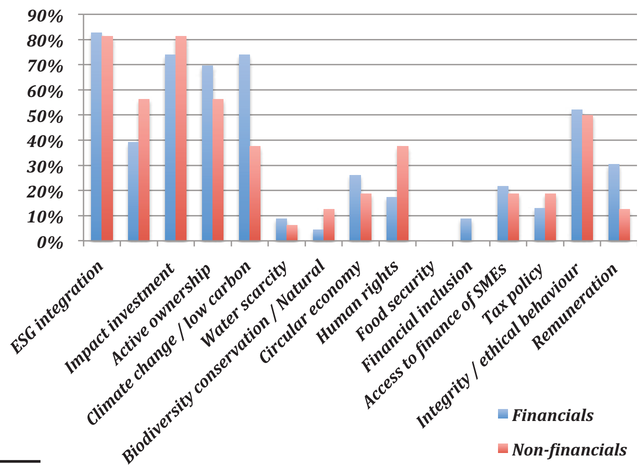


Table 18 Top 5 important sustainability themes for private equity firms

Rank	Financial sector respondents	Percentage	Non-financial sector respondents	Percentage
1.	ESG integration	83%	ESG integration	81%
2.	Impact investment	74%	Impact investment	81%
3.	Climate change/ low carbon	74%	Compliance to international guidelines	57%
4.	Active ownership	70%	Active ownership	57%
5.	Integrity/ ethical behaviour	52%	Integrity/ethical behaviour	50%

ESG integration and impact investment are considered the most relevant benchmark themes. In the public debate on responsible investment in the financial sector, the private equity sector has thus far not received much attention, despite the fact that more than any other financial sector, PE firms have large influence on companies strategies, due to their (majority) shareholder position.

Financial sector respondents also consider active ownership and climate change relevant. It is interesting that climate change scores significantly lower among non-financial sector respondents, who put more emphasis on compliance to international guidelines and human rights.

The private equity sector has received substantial criticism for some of their investment practices. This explains the high score of integrity/ethical behaviour , which is considered important by around 50% of both groups of respondents. An example of the criticized investment practices is the optimization of short term profit through asset stripping, e.g. by selling out of real estate, downsizing of staff and/or wage. A recent example is the sale of the property of the Dutch V&D, which resulted in a short-term profit for the PE firm, but eventually in the bankruptcy of V&D. In addition, private equity firms have also received negative press on the high fees and on the transparency in the reporting on these fees charged to investors.

1.5.3 Drivers of sustainability performance

With a 100% score, all financial sector respondents selected limited partners as one of the three most influential stakeholders in driving the sustainability performance of private equity firms. Non-financial sector responses show a much lower score for limited partners (57%). Other important stakeholders are government, asset managers and competitors.

Figure 13 Most important stakeholders driving the sustainability performance of private equity firms

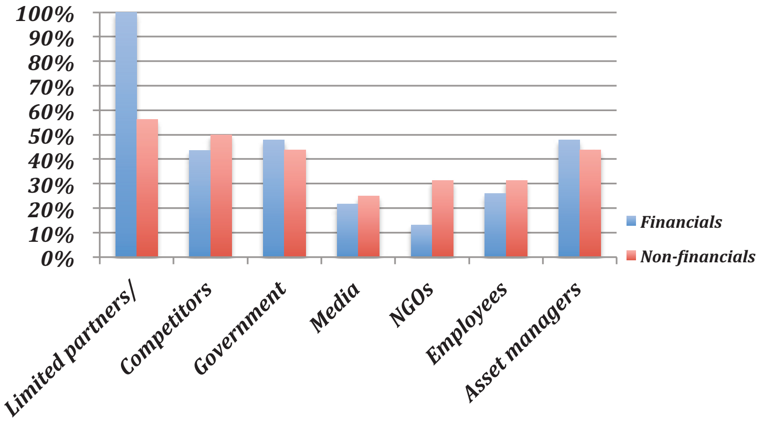


Table 19 Top 3 important stakeholders driving the sustainability performance of private equity firms

Rank	Financial sector respondents	Percentage	Non-financial sector respondents	Percentage
1.	Limited partners	100%	Limited partners	56%
2.	Government	48%	Competitors	50%
3.	Asset managers	48%	Government & Asset managers	44%

1.6 Hedge funds

1.6.1 Hedge fund market

Hedge funds are private investment vehicles that apply a wide range of investment techniques and instruments. They are available only to sophisticated investors, such as institutions and High Net Worth Individuals. While many hedge funds do invest in traditional securities, such as stocks, bonds, commodities and real estate, they are best known for applying more advanced investments and techniques, such as:

- Leverage: investing with borrowed money
- Short selling: the sale of stock, or other financial instruments, that are borrowed from a third party, and bought back at a later date to return it to the third party lender. The hedge fund profits if the stock depreciates in value, but a loss is incurred if the instrument appreciates in value.
- Derivatives such as futures and options.: contracts to buy or sell another security at a specified price.

Hedge Funds are managed by a fund manager that typically receives a 1 to 2% management fee of the total AUM of the fund plus a performance fee of approximately 20% of the profit.

Many hedge funds are established offshore in order to attract international investors and benefit from tax advantages. Additionally, offshore locations enable implementation of complex and flexible investment strategies which regulated onshore funds prevent.

The AUM of hedge funds in Europe is approximately $33 billion (Scordel, 2015). The below table gives and overview of the largest hedge fund companies in the world, of which the majority is based in the US.

Table 20 Top 20 of largest hedge funds in the World
(Institutional Investor, 2015)

Rank	Company	Country	Fund AuM ($Million)
1	Bridgewater Associates	US	89,595
2	J.P. Morgan Asset Mgmt	US	59,300
3	Och-Ziff Capital Mgmt Group	US	46,000
4	AQR Capital Mgmt	US	39,100
5	BlackRock	US	31,812
6	Viking Global Investors	US	31,700
7	Man Group	UK	30,300
8	Lone Pine Capital	US	29,100
9	Baupost Group	US	28,500
10	Adage Capital Mgmt	US	28,471
11	D. E. Shaw & Co.	US	28,415
12	Credit Suisse Asset Mgmt	US	28,100
13	Winton Capital Mgmt	UK	27,770
14	Brevan Howard Asset Mgmt	UK	27,000
15	Renaissance Technologies	US	26,000
16	Millennium Mgmt	US	25,600
17	Elliott Mgmt Corp.	US	25,100
18	Davidson Kempner Capital Mgmt	US	24,850
19	Citadel	US	23,400
20	York Capital Mgmt	US	22,790

1.6.2 Sustainability themes

With 21 respondents, the hedge fund sector had the lowest number of respondents. This low response rate makes is difficult to draw valid conclusions. The results can however serve as an indication. ESG integration has the highest score on average, just like in most other sub-sectors. However, compared to the other sub-sectors, the high score for integrity / ethical behaviour is remarkable. With a score of 83%, financial sector respondents consider this as the most important theme for hedge funds, together with ESG integration, which also has a score of 83%. Non-financial sector respondents consider compliance to international standards as one of the most important themes and also show a high score on integrity / ethical behaviour (67%).

The large difference in the score for human rights between financial and non-financials is noteworthy.

Figure 14 Important sustainability themes for hedge funds
(N=21; Financials n=12; Non-financials n=9)

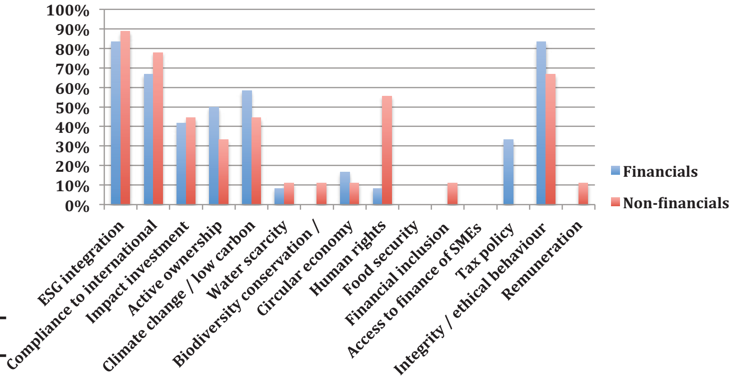


Table 21 Top 5 important sustainability themes for hedge funds

Rank	Financial sector respondents	Percentage	Non-financial sector respondents	Percentage
1.	ESG integration	83%	ESG integration	89%
2.	Integrity / ethical behaviour	83%	Compliance to international guidelines	78%
3.	Compliance to international guidelines	67%	Integrity / ethical behaviour	67%
4.	Climate change / low carbon	58%	Human rights	56%
5.	Active ownership & Remuneration	50%	Impact investment & climate change / low carbon	44%

Generally, public concern regarding hedge funds focus on the governance and the transparency of the funds, as there have been several governance incidents and frauds in recent years. Investors are also questioning the remuneration and incentive mechanisms for hedge fund managers.

ESG integration in the hedge fund industry is still in its infancy. The sector is slowly recognizing that front-runner investors are taking ESG criteria into account into their hedge fund investments. How-ever, as most hedge funds' investment strategies have a short-term horizon compared to the mid to long term focus of most ESG issues, the integration of ESG in hedge fund strategies is challenging. Exceptions are long/short equity or merger and acquisition strategies, that have a longer term focus and are thus better suited to ESG strategies.

Over the last years several Dutch pension funds, including PFZW, one of the largest pension funds, globally announced to divest from hedge funds. While most pension funds cite high costs as the main reason to divest, PFZW said its decision was also due to sustainability and complexity (IPE, 2015).
According to the PRI (2015), investors are applying techniques from traditional listed equity and fixed income strategies in hedge funds, as well as starting to develop hedge fund specific strategies.

1.6.3 Drivers of sustainability performance

Investors and government are indicated as the most important stakeholders that could drive hedge funds to improve their sustainability performance. It is noteworthy that compared to other sub-sectors, the media is given a relatively high score by financial sector respondents and employees by non-financial sector respondents.

Figure 15 Most important stakeholders driving the sustainability performance of hedge funds

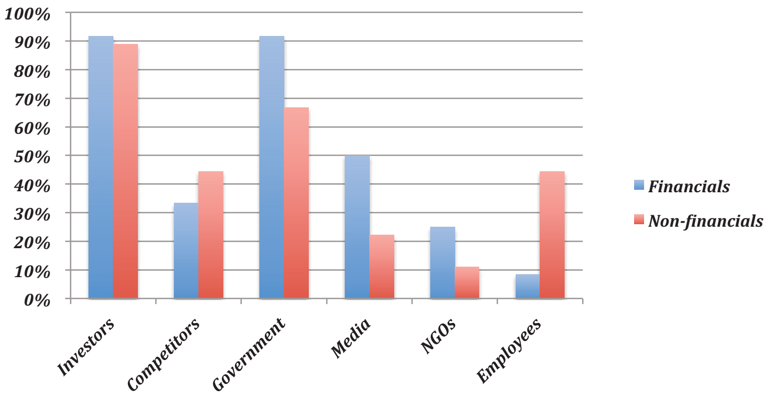


Table 22 Top 3 stakeholders driving the sustainability performance of hedge funds

Rank	Financial sector respondents	Percentage	Non-financial sector respondents	Percentage
1.	Investors	92%	Investors	89%
2.	Government	92%	Government	67%
3.	Media	50%	Competitors / Employees	44%

2 Existing benchmarks in the financial sector

2.1 Indices vs benchmarks

In the financial sector, the term 'index' usually refers to 'stock index' or 'stock market index', which is a measurement of the value of a section of the stock market. It is computed from the prices of selected stocks (typically a weighted average). It is a tool used by investors and financial managers to describe the market, and to compare the return on specific investments.

The financial sector uses the term 'benchmark' for a standard against which the performance of a security or mutual fund can be measured. Generally, broad market stock and bond indexes, such as the S&P 500 and the Dow Jones Industrial Average, are used for this purpose.

There are also ethical investing indices, which include only companies satisfying ecological or social criteria, that serve a benchmark. Most well known are the Dow Jones Sustainability Indices. Other examples are the social indices of The Calvert Group and the FTSE4Good Index. Several of these indices also publish ratings of the best scoring companies within the index.

In this report the term benchmark does not refer to a standard but to a ranking based on a set of criteria.

2.2 VBDO benchmarks

For 10 years VBDO has annually conducted benchmark studies on responsible investment in the Netherlands. These include benchmarks on:

- *Responsible investment by pension funds in the Netherlands*
- *Responsible investment by insurance companies in the Netherlands*
- *Responsible supply chain management*

The pension fund benchmark study involves the 50 largest Dutch pension funds, which have a combined total of 1 Trillion Euros in assets under management. The funds are assessed on the responsible investment process as a whole, including governance, policy, implementation and transparency. The VBDO applies an iterative checking process where both public and internal documentation are used to check the submitted data.

Its response rate has increased throughout the years to up to 100% in 2016. The growth in response rate shows both an increase in the willingness to cooperate and an increasing perception on the importance of public transparency. Several pension funds use the performance on the benchmark as a performance indicator. The gradual increase in average score, despite more stringent scoring by the VBDO over the years, indicates sector progression on responsible investment. Pension funds show an increase in investments covered by RI policy from 20% in 2009 to 79% in 2015. An increase in funds practicing engagement was recorded from 23% in 2009 to 82% last year.

The benchmark on responsible investment by insurance companies is similar to the pension fund benchmark in set up and has been carried out for the seventh time in 2017. Of the 30 large insurance companies operating in the Netherlands 69% responded to the questionnaire, up from 52% in 2010. The benchmarks have measured increases in overall score in most years.

The VBDO Responsible Supply Chain Benchmark already exists for nine years and focuses on 40 Dutch publicly listed companies. Since 2006, companies made progress on all three levels measured in this benchmark: Governance and Strategy, Policy and Management. The benchmark report is based on publicly available information only.

2.3 Dow Jones Sustainability index (DJSI)

The Dow Jones Sustainability Indices (DJSI), launched in 1999, are a family of indices evaluating the sustainability performance of the largest 3,400 companies listed on the Dow Jones Global Total Stock Market Index. They are the longest-running global sustainability benchmarks worldwide and have become the key reference point in sustainability investing for investors and companies.

The DJSI identifies 24 industry groups including, banks, diversified financials, insurance and real estate. The financial sectors account for around 23% of the total asset value of the index. The index identifies the top overall performer as well the outperforming company of each industry group.

The annual analysis, carried out by RobecoSAM, is based on four sources of information: a sector specific questionnaire, company documentation, media and stakeholder analysis, and contact with companies. The response rate of the questionnaires is around 85% (RobecoSAM and S&P Dow Jones Indice, 2015).

The DJSI has also received criticism as the ranking is mainly based on self-reported data. That this doesn't always provide for objective information is shown by the example of BP. In April 2010, an explosion on BP's Deepwater Horizon oil-drilling rig in the Gulf of Mexico, said to be caused by gross negligence, killed 11 crew members. Forty days later, SAM removed BP from the DJSI, thereby starting a global debate regarding the value of rating agencies in assessing a company's corporate sustainability. In October 2015, RobecoSam removed Volkswagen from Dow Jones Sustainability Indexes due to its emissions scandal. VW was the industry group leader in the automobiles and components sector of the DJSI.

In October 2016 S&P Dow Jones Indices acquired Trucost plc, a leader in carbon and environmental data and risk analysis, in order to meet the growing demand for ESG data and indices. The companies already cooperated before in the development of a climate change index series.

2.4 Asset Owner Disclosure Project

The Asset Owners Disclosure Project is an independent not-for-profit global organisation that annually publishes rankings of the world's 1000 largest asset owners on their management of climate change risks and opportunities. The ranking is based on an annual survey.

The ranking is built from data acquired through surveys and from publicly available information. The scoring is based on five main aspects of an asset owner's climate change performance:
1. Transparency
2. Risk Management
3. Low carbon investment
4. Active Ownership
5. Incentive Chain Alignment

The questions address those aspects in detail. For example the survey asks whether the organisation has an emission intensity reduction target, what this target is and what the actual portfolio emissions intensity reduction has been in the previous year.

Their 2013/14 report indicates that the response rate of the survey was only 2 per cent (AODP, 2013/14). More recent reports did not disclose a response rate.

2.5 The CDP Climate Performance Leadership Index

The CDP, an international NGO, publishes the CDP Climate Performance Leadership Index (CPLI). This CDP is in particular known for its climate change program that requests information on climate risks and opportunities from companies on behalf of 822 institutional investors. They represent US$95 trillion, a third of the world's invested capital. Annually around 5000 companies report in accordance with the CDP reporting framework of which 1,971 on request of the investors (CDP, 2015).

The CPLI is based on a scoring of the reported CDP data. The 187 highest scoring businesses have received an A grade for their performance and a position on the CPLI. 37 financial organisations are selected for the Index, including banks, insurance companies and real estate firms (CDP, 2014).

2.6 The Dutch Fair Bank Guide and Insurance Guide

The Dutch Fair Bank Guide (Eerlijke Bankwijzer) was formally launched in 2009. It is an initiative commissioned by Oxfam Novib, Amnesty International Netherlands, Dutch labour union FNV and Friends of the Earth Netherlands, Dutch Society for the Protection of Animals, and PAX. Since 2013 the same group of organisation have also initiated the Dutch Fair Insurance Guide.

The Dutch Fair Bank Guide compares ten banks, including the nine largest Dutch banks and the Triodos bank. The Dutch Fair Insurance Guide, compares the ten largest insurance companies in the Netherlands. The guides, carried out by Profundo, are updated annually and compare the financial institution on their ESG policy on the basis of publicly available policy documents (Profundo, 2015). The guides only rank the financial institutions on the basis of policy. Implementation of these policies is assessed in separate thematic case study reports.

The focus on policy has led to criticism on the Fair Bank Guide. The Triodos Bank published an article on its website stating that the current methodology does not present a realistic view as it is only based on publicly available policy documents and does not take into account the intrinsic values of a bank and the actual choices that it makes (Triodos, 2015).

Oxfam has also initiated the Fair Finance Guide International (FFGI), an international civil society network that is currently active in seven countries: Belgium, Brazil, France, Indonesia, Japan, Netherlands and Sweden. FFGI coalitions often include development and human rights organisations, labour unions, environmental groups, and consumer organisations.

2.7 GRESB (Global Real Estate Sustainability Benchmark)

GRESB was founded in 2009 by investors with the purpose to provide pension funds with data on the sustainability performance of their investments in real estate. Recently GRESB has expanded its product range to the infrastructure sector and to real estate debts. In 2014 GRESB was acquired by the US based Green Building Certification Institute (GBCI).

Currently, on behalf of more than 50 institutional investors, GRESB assesses the real estate portfolios of almost 1,000 property companies (REITs) and private equity real estate funds in 37 countries. The investors use the benchmark to engage with their investees with the aim to improve the sustainability performance of their investment portfolio.

GRESB undertakes an annual survey that is aligned with international reporting frameworks such as the GRI and PRI. Survey submission undergo an extensive validation process including site visits of randomly selected participants. Contrary to the other benchmarks described in the report, the GRESB benchmark results of individual participants are not publicly disclosed but only available to investor members that invest in that fund or organization. Instead, GRESB annually publishes a report on the overall real estate sector performance.

2.8 Transparency benchmark

The Dutch Transparency benchmark is an annual research on the content and quality of corporate social responsibility reports of Dutch companies. Through the Transparency Benchmark the 244 participating companies contend for The Crystal prize, a leading price in the area of social reporting in the Netherlands. 31 banks and insurance companies participated in the benchmark in 2014. (Transparantiebenchmark, 2015).

2.9 Corporate Human Rights Benchmark

The VBDO is currently involved in the development of the Corporate Human Rights Benchmark, which will rank the top 500 globally listed companies on their human rights policy, process and performance. The first benchmark was launched in 2017.

2.10 Morningstar fund rating

Morningstar, an investment research and investment management firm, publishes the sustainability scores of a large proportion of the 200,000 funds it tracks. It aims to facilitate responsible investing by scoring investment funds based on the environmental, social and governance scores of the companies in the funds' portfolios. Sustainability scores from Sustainalytics are combined with fund composition information already at the disposal of Morningstar.

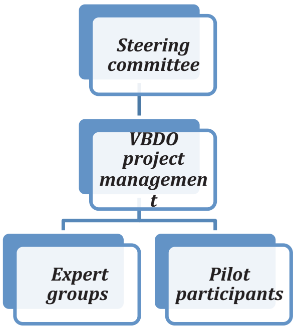
The impact of Morningstar's initiative is significant as many investors use Morningstar's fund ratings, which look at performance or factors such as investment strategy and price, when making investment decisions.

3 Governance and stakeholder involvement

3.1 Governance structure project

The below figure presents the governance structure of the project.

Figure 16 Governance structure



The steering committee was created in order to advise on among others the main design principles of the benchmark methodologies, project communication, funding and the composition of the expert groups. The steering group also gave advice on the conclusions of the project. Steering committee conference calls were held every two months to discuss the progress of the project and ask steering committee members to provide guidance and feedback on the different stages of the feasibility study. An overview of the steering committee members is included in Annex 2.

The VBDO is responsible for the overall project management and for implementing the project in accordance with the timeframe that is agreed with the Ministry of Foreign Affairs. Tasks include:

- *Project management & planning*
- *Analyze and report*
- *Development of benchmark methodologies*
- *Planning and preparing of conference calls and s takeholder meetings*

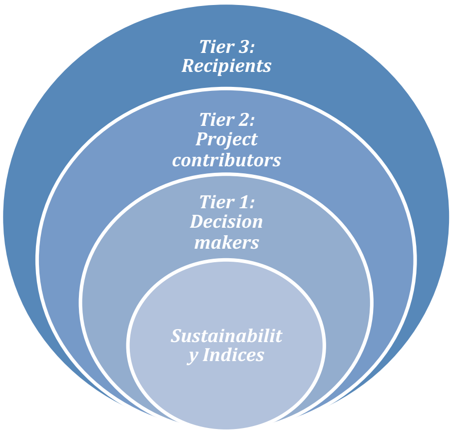
In Phase 2 of the project, three expert groups were created for the three benchmarks that were developed: an expert group for the responsible investment benchmark, an expert group for the module on climate change and an expert group for the benchmark aimed at private equity investors. The members of the expert groups included financial sector representatives, experts and NGOs. A list of members of the expert groups is included in Annex 2.

The role of the expert groups was to provide feedback on the pilot methodologies. The members of the expert groups were given two opportunities to provide feedback on the methodologies at different stages of the development of the benchmark.

The goal of the pilot was to test the draft benchmark methodologies and ask feedback from the insurance companies and pension funds on these methodologies. Achmea, Ageon, PFZW, ABP and NN participated in the pilot.

3.2 Stakeholder involvement

We have categorized the stakeholders for this project as follows:



Tier 1: ***Decision makers*** are the stakeholders who are responsible for funding and providing the material support for this feasibility study. These include the Ministry of Foreign Affairs, other potential funders and potential cooperating partners of the project.

Tier 2: ***Project contributors*** are stakeholders who are responsible for providing input and support for developing the feasibility study. These include:

- Steering committee and expert group members
- Pilot participants
- Stakeholders that are consulted through interviews, the survey and the stakeholder consultation meetings.

These project contributors are described in more detail below.

Tier 3: ***Recipients*** are stakeholders who will use the benchmark results. This group may include consumers, NGOs, employees, scientists, other financial sector actors. Their needs and expectations should be proactively identified and addressed.

3.3 Stakeholder consultation

Stakeholders were consulted on separate occasions during the project. During the first phase of the project an online survey was conducted amongst the member from the financial sectors and stakeholders. 89 respondents from 11 countries participated in the survey of which 57 work in the financial sector.

The VBDO has performed around 32 interviews with key stakeholders (see Annex 1) including other sustainable investment platform, scientists, NGOs and some key financial sector representatives within VBDOs network.

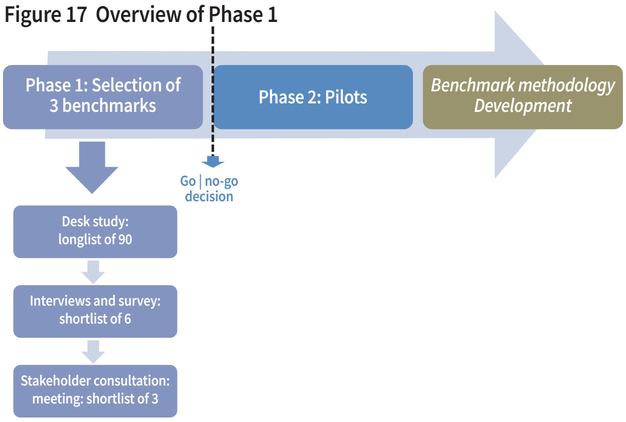
Additionally a stakeholder consultation was held on the 11th of January 2016. Around 20 stakeholders from financial institutions, academia, governments and the civil society were invited to discuss the shortlist of six potential sustainability benchmarks.

During the second phase of the project the VBDO organized a stakeholder consultation during the PRI in Person conference in Singapore on 5 September. Approximately 30 representatives from various NGO's, the financial sector and consultants from around the world attended (see Annex 1). The stakeholders provided feedback on the success factors of the benchmark such as: a clear focus and target audience, reviewed results, a focus on asset owners, transparency and comparability. The stakeholders also advised to harmonise the benchmarks with other reporting initiatives.

4 Phase 1: Selection of three benchmarks

The aim of the first phase of the feasibility study was to identify in which financial sub-sector and on which theme an international benchmark in the financial sector would be most effective in enhancing sustainability performance.

Figure 17 Overview of Phase 1



In this chapter we describe the steps applied in phase 1.

4.1 Long-list of financial subsectors and sustainability themes

We assessed the financial sector landscape and the current developments on sustainability within the financial sector based on existing literature and VBDO's expertise. The aim of the desk study was the construction of a long list of scopes for potential sustainability benchmarks, where scope means the combination of a financial subsector and a sustainability theme.

For this study we selected the six most relevant subsectors: banks, insurance companies, pension funds, asset management firms, private equity firms and hedge funds.

We selected the following 15 sustainability themes that we consider most material for the financial sector, based on the desk research and interviews:

1. ESG integration
2. Compliance to international guidelines
3. Impact investment
4. Active ownership
5. Climate change / low carbon economy
6. Water scarcity
7. Biodiversity conservation / Natural capital
8. Circular economy
9. Human rights
10. Food security
11. Financial inclusion
12. Access to finance of SMEs
13. Tax policy
14. Integrity / ethical behaviour
15. Remuneration, i.e. the pay practice for salary and bonuses.

Six subsectors and 15 sustainability themes result in a long-list of 90 potential sustainability benchmarks.

4.2 Survey results

The VBDO conducted an online survey among stakeholders in the financial sector to get insight into their views on the long list of potential benchmarks and the drivers of sustainability for each of the six financial subsectors. 89 respondents from 11 countries participated in the survey of which 57 work in the financial sector. The full overview of results is described in a separate report 'Survey results - International Sustainability Benchmarks in the financial sector'.

4.2.1 Sustainability topics for financial sector as a whole

In the first survey question we asked respondents for their opinion on the most relevant sustainability topics for the financial sector as whole, as opposed to the sub-sector specific questions in the next questions. Economic development and climate change are considered as the most material sustainability topics for the financial sector as a whole, with respectively 62% and 60% of respondents considering this theme 'most relevant'. Human rights is also considered material with around 47% of respondents selecting this topic as 'most relevant'.

4.2.2 Sustainability benchmark themes per subsector

Respondents were asked to indicate which 5 themes, out of a list of 15 themes they considered most relevant for a benchmark in each of the six subsectors. For most subsectors, ESG integration and climate change were indicated as the most important sustainability themes for a benchmark, as shown in the below table. Regardless of the type of respondents (financial or non-financial sector) these themes were in the top-5 of all sub-sectors, with ESG integration ranking first or second. For the banking and insurance industry integrity and compliance to international guidelines were also considered relevant.

Table 23 Top 5 ranking of benchmark themes per subsector and respondents group

Themes	Banks		Insurance Comps		Pension Funds		Asset Managem.		Private Equity		Hedge Funds	
	Fin	Non-fin	Fin	Non-fin	Fin	Non-fin	Fin	Non-fin	Fin	Non-fin	Fin	Non-fin
ESG integration	2	1	2	1	1	1	1	1	1	1	1	1
Climate Change	1	2	1	2	2	2	3	4	3		4	5
Integrity/ethical behaviour	3		3				5		5	5	2	3
Impact investment					4	3	4	3	2	2		5
Compliance int. guidelines	4	4	4	3		4	5	5		3	3	2
Financial inclusion	5	3										
Access to finance	5											
Human rights		5		4	5							4
Active ownership			5	5	3	5	2	2	4	4	5	
Remuneration											5	

For pension funds and asset management firms, ESG integration was considered the most important benchmark theme. Whereas climate change is considered second most important for pension funds, for asset managers active ownership ranks second.

The private equity sector also shows a high average score for ESG integration with 82% of respondents selecting this theme. Impact investment ranks second with an average score of 77%. This is the highest score for impact investment compared to the other subsectors.

The high score for integrity /ethical behaviour for hedge funds is noteworthy. With a score of 83%, financial sector respondents consider this as the most important theme for hedge funds, together with ESG integration, which also has a score of 83%.

Overall, the answers of financial and non-financial sector respondents are comparable. There are however some notable differences:

- In all six sub-sectors the percentage of respondents selecting integrity / ethical behaviour is higher among financial sector respondents than among non-financials. For example, around 50% of financial sector respondents indicated integrity/ ethical behaviour as an important theme for the banking and for the insurance sectors whereas for non-financial sector respondents this theme did not make it to their top 5 with scores of 41% and 32% respectively.
- Non-financial sector respondents consistently give higher scores for human rights than respondents from the financial sector.

4.2.3 Drivers of the sustainability performance

Overall, investors and the government were considered to be the most influential stakeholders in driving the sustainability performance of financial institutions. The government has high scores in all sectors with the highest average score of 81% observed in the hedge fund sector and the lowest score of 46% in the private equity sector. Investors, or limited partners in the case of private equity firms, are considered important drivers in all sectors apart from, logically, pension funds and asset management firms.

For the banking and insurance sectors investors and the government were considered the most important drivers of sustainability performance and consumers rank third. Participants were chosen as the most influential driver of sustainability performance for the pension fund sector with an average score of 69%. Asset owners were considered most influential for asset managers with competitors ranking second.

We observed the following notable difference between the answers of financial and non-financial sector respondents:

- Although both groups of respondents agree about the relevance of participants and government as drivers for pension funds, there is a difference in the third most relevant driver. 52% of financial sector respondents considers competitors /peers important compared to only 33% of non-financial sector respondent. Instead, this group ranks asset managers third with 50%.
- With a 100% score, all financial sector respondents selected limited partners as influential stakeholders in driving the sustainability performance of private equity firms, whereas non-financial sector responses show a much lower score (57%).

In the below table a summary is given of the level of influence that various stakeholder groups have on financial institutions according to survey respondents.

Table 24 Stakeholder level of influence by sector

	Banks	Insurance Comps	Pension Funds	Asset Managers	Private Equity	Hedge Funds
Investors	++++	++++	NA	NA	++++	++++
Consumers	+++	++++	NA	++	NA	NA
Competitors	++	++	+++	+++	++	++
Government	++++	++++	++++	+++	++	++++
Media	++	++	++	++	+	++
NGOs	++	++	++	+	+	+
Employees	++	+	+	++	+	+
Rating agencies	++	NA	NA	NA	NA	NA
Investees	+	NA	NA	NA	NA	NA
Asset managers	NA	++	+++	NA	++	NA
Participants	NA	NA	++++	NA	NA	NA
Asset owners	NA	NA	NA	++++	NA	NA

The level of influence of stakeholders is an important factor to take into account in the development of a benchmark, and in particular in the marketing and publication of its results. For example for Dutch consumers it is not very relevant to have the Dutch banks, pension funds or insurance companies being compared with their international peers as they cannot choose those companies. Investors and multinational companies, on the other hand, operate in international markets and will therefore be particularly interested in a benchmark with an international scope.

4.3 Selection of longlist of six benchmarks

In addition to the survey the VBDO has performed around 32 interviews (see Annex 1) with key stakeholders including other sustainable investment platform, scientists, NGOs and some key financial sector representatives within VBDOs network.
The results of the survey together with the findings of the interviews and further literature study, led to the selection of a shortlist of six benchmarks out of the long-list of 90:

1. Banking sector: ethical behaviour / integrity
2. Banking sector: fulfilment of their societal role
3. Insurance sector: climate change
4. Pension sector: climate change
5. Asset management: responsible investment
6. Private equity: responsible investment

4.4 Selection of three benchmarks

Below we briefly describe the scope and main developments of each theme. This paragraph has also been sent in advance as a discussion paper to the participants to the multi stakeholder meeting on 11 January 2016.

4.4.1 Banking sector: ethical behaviour / integrity

Ethical behaviour and integrity are partly overlapping concepts that cover a wide range of issues, such as remuneration, bribery and corruption, whistle-blower policy, tax policy, human rights and consumer data protection. Their common denominator is that they relate to the culture and conduct of organizations.

The financial sector respondents to the survey consider ethical behaviour/integrity as third most important theme after climate change and ESG integration with 53% selecting this theme as one of the 5 most important, against 41% of non-financial sector respondents.

According to a report on banking conduct and culture by The Group of 30 (G30, 2015), a top-tier "think tank" of mostly former finance ministers and central bankers: “Poor cultural foundations and significant cultural failures were major drivers of the recent financial crisis, and continue to be factors in the scandals since then, exacerbated by staff with questionable conduct and values who move from bank to bank with impunity. This has caused reputational damage and loss of public trust, and has been financially costly in terms of fines, litigation, and regulatory action and economically costly to society at large.”

The various types of misconduct have occurred despite the fact that most large banks have established a Code of Conduct and/or claim to comply to international standards that address ethical behaviour and integrity issues. The G30 therefore calls for “major improvements in the culture within the banking industry and within individual firms.” Boards should ensure that oversight of embedding values, conduct, and behaviours remains a sustained priority, with the primary responsibility resting with the CEO and Executive team. And, as Christine Lagarde put it: “all good principles and intentions on ethics and culture will only be effective if there is buy-in at the top ”(IMF, 2015).
Several steps have already been taken by the banking industry to deal with ethical behaviours and integrity related issues. For example, in the Netherlands, bank employees must swear an oath - promising they will perform their duties with integrity and that they will "endeavour to maintain confidence in the financial sector". This is part of an effort by the Dutch Banking Association and the Dutch government to restore trust in the sector (NVB, 2014).

While a lot of work has begun in banks there are important gaps in implementation. A benchmark could be a useful instrument to increase transparency on the progress made by banks and incentivize further action.

4.4.2 Banking sector: fulfilment of their societal role

After the financial crisis, the public debate on the societal role of banks has intensified. The financial crisis has led to enormous losses for the banking sector, estimated to trillions of euros. The causes of the crisis are now generally considered to be systematic. They were driven in part by an over-confidence in the ability of the market to assess and manage risk and in part by changes in culture and management in the banking sector.

Governments and financial regulators have responded to the crisis by imposing strict regulations for banks. The financial sector itself has also taken measures. In the Netherlands, banks address this issue in a joint Social Charter (NVB, 2014) that among others states that: “The role of banks is expressed in part in their contribution to society. A healthy and sustainable economic development requires a well-functioning financial sector and vice versa.”

In the UK, Meteos and Leaders’ Quest (2015), have convened a group of senior banking insiders, investors and sector experts to catalyse a process of public consultation on what is needed to rebuild a healthy banking sector. They defined the purpose of banks as to serve the real economy over the long-term, by focusing on among others the following goals:

- Supporting macroeconomic well-being.
- Providing access to finance.
- Allocating capital in ways that supports economic development encourages environmental stewardship and fosters innovation.

- Being a safe and responsible custodian of clients' money.
- Providing reliable and fair payments services to households and businesses.

Research by the Global Alliance for Banking on Values (GABV, 2015) shows that a focus on the real economy does not need to affect banks' returns. They assessed to what extent banks finance the real economy by using lending and deposit information as a proxy for the distinction between the real and the financial economy activities. The indicators developed by the GABV are examples of indicators that can be applied in a benchmark on the societal role of banks:

4.4.3 Climate change & pension funds / insurance companies

In the run-up to the Climate summit in Paris, a large number of financial institutional investors throughout the sector already took initiatives on climate change. After the unexpected success of the summit, in which 196 countries agreed to curb CO2 emissions, also those lagging behind will need to respond, as climate change will be a key topic globally in the coming decades. Not surprisingly, climate change / low carbon economy has also reached high scores as a potential benchmark theme for the pension funds in the online survey. The financial sector respondent even selected it as the most important theme for the insurance sector.

The impact of climate change on investors is twofold. Firstly carbon-intensive stocks face increasing risks of devaluation as more and more countries implement policies and measures to reduce CO_2 emissions. More than 40 national and 20 subnational jurisdictions in both developed and developing countries have already put a price on carbon emissions or are in the process of doing so. This leads to the so-called 'stranded assets' of fossil fuel company assets. Secondly, the increasing societal concern about the effects of climate change lead to a growing pressure on investors to divest from carbon intensive stock.

Investors can take several measures on climate change:

- Divestment from fossil fuel intensive stock, bonds and loans.
- Invest in green assets and bonds, for example from renewable energy companies.
- Engage with companies to reduce their footprint.
- Integrate climate change in conventional risk management.

Globally, institutional investors are involved in several initiatives to reduce their carbon footprint of their portfolio:

- In September 2014 a group of institutional investors announced to reduce the carbon footprint of US$100 billion of institutional investments worldwide by the end of 2015. This Portfolio Decarbonization Coalition (PDC) was co-founded by UNEP and its Finance Initiative (UNEP FI), the fourth national pension fund of Sweden (AP4), Europe's largest asset manager Amundi and CDP. The PDC currently has 25 members who are jointly committed to decarbonize $600 billion.
- A related initiative is the Montreal Carbon Pledge (2015), through which investors commit to measure and publicly disclose the carbon footprint of their investment portfolios on an annual basis. The pledge had 120 signatories in December 2015.

A challenging but important first step for investors to reduce their carbon footprint is the assessment of the greenhouse gas emissions of the investment portfolios. As there is currently no consensus about a methodology, each investor applies its own methodology that is often not disclosed. It is thus not possible to compare portfolio footprints. Ten Dutch financial institutions therefore have launched the Platform Carbon Accounting Financials (PCAF) to jointly develop methods to measure the climate impact of their investment. In the meantime, CalPers, California Public Employees' Retirement System, hired three different firms that will each assess the carbon emissions of its $296.7 billion public equity portfolio.

Governments also recognize the importance of climate disclosure and reporting. France is a frontrunner in this respect. In July 2015, France strengthened mandatory climate disclosure requirements for listed companies and introduced the first mandatory requirements for institutional investors. All French institutional investors are required to disclose the carbon footprint of their portfolios, as well as what parts of their portfolios are contributing to the reduction of greenhouse gas emissions. Additionally, institutional investors are required to set targets of GHG emission reductions and to measure progress.

Another relevant initiative with regard to reporting is the Task Force on Climate-related Financial Disclosures (TCFD), established by the G20's Financial Stability Board (FSB). The aim of the taskforce is to help identify the information needed by investors, lenders, and insurance underwriters to appropriately assess and price climate-related risks and opportunities. The recommendations of the task force are aimed at core elements of the operation of organisations: Governance, strategy, risk management and metrics and targets. While the Task Force's recommendations are not prescriptive or provide for clear guidelines, they provide a foundation to improve investors' and others' ability to appropriately assess and price climate-related risk and opportunities.

An international investor benchmark on climate change already exist: the Asset Owners Disclosure Project. An independent not-for-profit organisation annually publishes rankings of the world's 1000 largest asset owners on their management of climate change risks and opportunities. The ranking is based on an annual survey. However, the response rate of the survey was only 2 percent in 2013/14 and investors have not been involved in the development of the benchmark. Another rating initiative is the CDP Climate Performance Leadership Index (CPLI). This CDP is in particular known for its climate change program that requests information on climate risks and opportunities from companies on behalf of 822 institutional investors.

In addition to the impact of climate change mentioned above, the insurance sector is faced with risks due to climate change related natural disasters such as storms and floods. The Bank of England has required insurance companies to assess the impact of climate change for the 'safety and soundness' of insurance companies and the protection of policy-holders. They state that the UK insurance losses from natural catastrophes have already increased five-fold since the 1980s. Companies such as Allianz and Munich Re are already taking climate change into account when assessing risks stemming from insurance. The Munich Climate Change Initiative focuses on what the insurance sector can do to facilitate adaptation to climate risk.

Key aspects to take into a consideration with a climate change benchmark in the pension or insurance industry are:

- Considering the rapid pace at which investors take up commitments, the lack of a common methodology for assessing portfolio GHG emissions, it is important to define how a benchmark on climate change will bring added value.
- Alignment with other initiatives and international agreements.
- Mitigation as well as adaptation should be addressed.

4.4.4 Asset management: responsible investment (RI)

Survey respondents selected ESG integration as the most important sustainability theme for benchmarks in the asset management industry. We propose to initially use the wider term 'responsible investment' as a potential benchmark theme.

Asset managers need to implement mandates from asset owners but have a large influence on how assets are invested. According to the PRI (2015), asset owners are leading the way in responsible investment, despite the fact that 63% of professionally managed assets are managed by PRI signatory investment managers.

There are several strategies to incorporate RI issues into the investment process:

- *Positive screening /best in class selection*
- *Voting & Engagement*
- *Exclusion or negative screening*
- *Sustainability themed investment;*
- *Norms-based screening;*
- *Integration of ESG factors in financial analysis;*
- *Impact investing*

Globally the share of investments that incorporate RI is growing. In Europe between 2011 and 2013 all of the above mentioned strategies are growing, between 11% and 38% per year on average. Impact investing is outpacing the growth of the other strategies with growth of 52% per year (Eurosif, 2014). In the US, from 2012 to 2014, ESG integration grew nearly eightfold to encompass almost $5 trillion in US-domiciled money manager assets (US SIF, 2015).

According to the PRI, responsible investment activity in listed equity amongst investment managers appears to have reached a saturation point. However, they also observe that systematic integration of issues from across the ESG spectrum into company valuation is rare, and few managers are documenting how ESG considerations have affected decisions.

RI benchmarks in the asset management industry can build on the work by the VBDO on RI benchmarks for the Dutch insurance and pensions sector. Key aspects to take into a consideration with an RI benchmark in the asset management industry are:

- Comparability of AM firms with different investment strategies
- The most suitable categories of asset management firms to focus on

4.4.5 Private equity: responsible investment (RI)

PE firms often directly influence the company's strategy and management in order to improve the performance of the company. A private equity firm therefore can potentially have a large influence on the sustainability performance of the companies in which it invests. An example is Egeria's investment in the Koninklijke Mosa, a Dutch tile producer, which transformed its factories and products towards a cradle-to-cradle business model after Egeria's investment. While ESG integration in PE investment processes is lagging behind those in other asset classes, the scene is changing rapidly. According to a survey among GPs by PwC (2016), more than two- thirds (70%) of respondents to this year's survey have made a public commitment to invest responsibly compared to just over half (57%) of respondents in 2013. The number of PE houses that developed a RI policy has increased from from 55% to 83% in those three years.

Survey respondents consider investors (LPs) as the most influential drivers of the sustainability performance of private equity firms. Investors do this by applying RI criteria in their due diligence process of PE firms. The ESG information is disclosed to investors under strict confidentiality terms. Therefore the transparency of PE firm's ESG performance is poor, and thus also the transparency of the RI performance of the institutional investors that invest in them.

However, the influence of LPs appears to be diminishing due to the current market dynamics. Investments in private equity funds by institutional investors are growing rapidly globally, due to the low interest rates. This has lead to a market place where demand to invest in private equity funds outweighs the supply which reduced the negotiating power of large institutional investors. This means that these investors will also have less influence on the sustainability performance of private equity funds.

Key aspects to take into a consideration with a RI benchmark in private equity firms are:
- Data availability / transparency
- Comparability of PE firms with different investment strategies
- What will drive sustainability of PE firm in an excess demand market

4.5 Stakeholder consultation meeting

On 11 January 2016 around 20 stakeholders from financial institutions, academia, governments and the civil society came together at the Ministry of Foreign Affairs in The Hague, to discuss the pros and cons of the shortlist of potential sustainability benchmarks.

The stakeholders strongly advised to build upon the existing VBDO benchmarks on responsible investment in the pension and the insurance sector. The second outcome of the meeting was to further assess the feasibility of a benchmark (module) on climate change. The stakeholder also proposed a benchmark on the responsible investment practice of investors in private equity firms/funds. The scope of the benchmark would therefore not be private equity as such, but the investors in private equity.

A benchmark on the banking sector was not selected for several reasons:
- During the stakeholder consultation limited support was given for a new benchmark in the banking sector due to the high administrative burden of existing benchmarks and surveys.
- The benchmark that was proposed in the stakeholder meeting, i.e. the societal role of banks, still requires significant work before a benchmark methodology can be developed. As was pointed out by the participants of the meeting, there is currently no (international) consensus on what the societal role of banks should be.

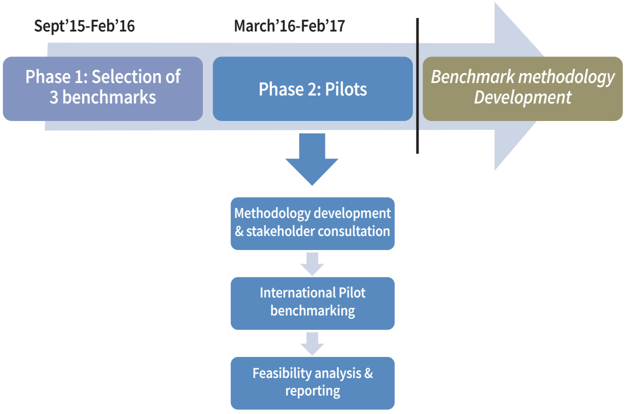
The meeting resulted in the selection of three benchmarks:

A. International benchmarks on responsible investment for the pension fund and insurance sector
B. A climate change benchmark for the pension fund and insurance sector
C. A benchmark on responsible investment by investors in private equity firms.

5 Phase 2: Benchmark methodology development

The second phase of the project involved the development of draft benchmark methodologies and a feasibility analysis of the three benchmarks, as shown in the below figure. This chapter describes the methodology development and the pilots, the next chapter describes the feasibility analysis.

Figure 18 Overview of phases



5.1 Scope of methodology development

An important part of the work for the feasibility study concerned the development of three benchmark methodologies. This served the following purposes:

- Assessing how material responsible investment topics could be translated to actual survey questions and answers.
- Testing the survey questions and answers and the scoring methodology with investors in the pilot.

The three draft benchmark methodologies consist of a list of closed-ended questions and a scoring for each of the questions and answer options.

5.2 Design principles

In the development of the benchmark methodologies we took into account several design principles, as described below.

5.2.1 Alignment with existing initiatives

Asset owners and their asset managers are increasingly faced with requests for information on their investment policies and practices from supervisory institutions and civil society organizations. This leads to substantial administrative burden for investors and a 'questionnaire fatigue'. One of the explicit goals of the proposed international benchmarks therefore is to seek synergy with existing reporting standards or surveys.

The most widely applied reporting on responsible investment among investors globally is the reporting to the PRI, which is required for PRI signatories. We therefore choose to test how the information reported to the PRI can be applied in order to lower the required effort from investors. The alignment was particularly relevant for the responsible investment benchmark and to a smaller extent for the private equity benchmark questions. Logically alignment is particularly relevant for PRI signatories, but not for non-signatories for which alignment has no direct benefits.

5.2.2 Focus on asset owners

The benchmark focuses on the asset owners, as they decide how their assets are invested. We acknowledge that in practice asset management firms and investment consultants do also have significant influence in the investment decision that asset owners make. However, by comparing the asset owners we want to emphasize that the asset owner is responsible for whether or not its ESG issues are taken into account in its investments.

5.2.3 Evidence based

The assurance of data has been a key principle in the Dutch benchmarks on responsible investment that the VBDO started 10 years ago. The VBDO verifies the data and the supporting documentation of all participants and asks for additional evidence if needed. Evidence only needs to be provided when an answer has changed compared to the previous year.

Assurance is of key importance to achieve credible benchmark results. The assurance method applied for the proposed international benchmark involves the following:

- Participants are asked to deliver evidence of all the information they submit
- Data will be verified data based on public and private information.
- An independent party will audit a percentage of the submissions. Based on experience of the audits the exact percentage can be established.
- The PRI does currently not apply assurance of the data ubmitted by signatories to its reporting framework. PRI has done so in the past by applying assurance of a random sample of all signatories but when their number grew, this became too costly. This means that the information derived from the PRI reporting framework also needs to undergo the assurance process.

5.2.4 Closed-ended questions

The purpose of the benchmarks is to allow for the comparison of the investors on certain themes by applying scores to their responsible investment practise. For the development of a benchmark methodology predominantly closed-ended questions are used to which a score has been assigned. This meant that we had to already define all answer options beforehand. In some cases we included the answer option 'other: …', which allows the participant to fill in another option. This requires that the score for this answer option needs to be assessed afterwards.

5.2.5 Non-respondent approach

In case investors that are selected for the benchmark do not submit the information required in the questionnaire, this information will be filled in as far as possible by the organizers of the benchmark through publicly available information. That could mean that activities that are not described in publicly available information is not taken into account and therefore lead to a lower score in comparison to a situation when an investor actively responds and participates.

5.3 Benchmark development process

The below figure describes the process of developing the three benchmarks.

Figure 19 Benchmark development process

The VBDO developed questionnaires for each of the three benchmarks. In July 2016 these were send to the three expert groups to give feedback on the individual survey questions and answers and to respond to the following questions:

- Do these question cover the core of investors' responsible investment practice (regarding climate change / private equity)?
- Are questions suitable/challenging enough for both frontrunners as well as laggards?
- Are there differences between pension funds and insurance companies that should be addressed?
- What is your opinion on our approach towards seeking alignment with the PRI reporting framework? (Applicable to the responsible investment benchmark only)

All experts submitted valuable comments and suggestions for improvement, which were taken into account for the second version of the surveys. In addition, the VBDO added scores to each questions and to each answer options. In the second review round in October 2016, we asked the expert groups to comment on the scoring methodology. No substantial comments were received on the scores.

After the first review round the further development of the private equity benchmark was put on hold as will be explained in the next section. Therefore, no scoring methodology was developed for this benchmark.

5.4 Pilot

In order to test the benchmark methodologies, a pilot study has been conducted for the benchmark on Responsible Investment and the benchmark on Climate Change. Pension funds ABP and PFZW and insurance companies NN, Aegon and Achmea participated in the pilot study. The aim of the pilot study was twofold. Firstly, its aim was to test the benchmark on any internal inconsistencies and errors, and secondly to assess to what extent the relevant data to answer the questions are publicly available. and to what degree the pilot participants are willing to share their private PRI submissions and other relevant documents as evidence.

Based on the pilots and previous steps the main finding can be summarised by the main point:

- All three benchmarks have potential to be effective and successful
- The Responsible Investment benchmark has synergy in relation with the expertise of existing frameworks such as the PRI.
- The climate change benchmark has a topic in which there is a strong materiality and on which there is substantial societal attention. However, it is important to align with existing initiatives on this topic.
- The Private Equity benchmark is addressing a topic that is important, but not on the radar of many investors. Getting asset owners and PE firms supportive of this idea will be important to make it successful.

6 Phase 2: Feasibility analysis

6.1 Success factors

Benchmarking sustainability performance has the primary goal of achieving positive behavioural change of key actors within the sector. In the online survey we held in the first part of the project, we asked what the success factors are to achieve this goal. The following factors were mentioned most frequently:

- *Comparability*
- *Sector support*
- *Credibility*
- *Clear goal & Actionable results*
- *Expected data availability*
- *Added value*
- *Theory of change*

We have elaborated each of these success factors below. If applicable, we have elaborated on the difference between a European and global scope for this success factor.

6.2 Comparability

The aim of the benchmarks is to compare investors internationally on their responsible investment practices. We have assessed several aspects that determine the comparability of peers in the industry:

- *Volume of AuM*
- *Asset Classes*
- *Regional differences in responsible investment*
- *Regional difference in policy and regulation*

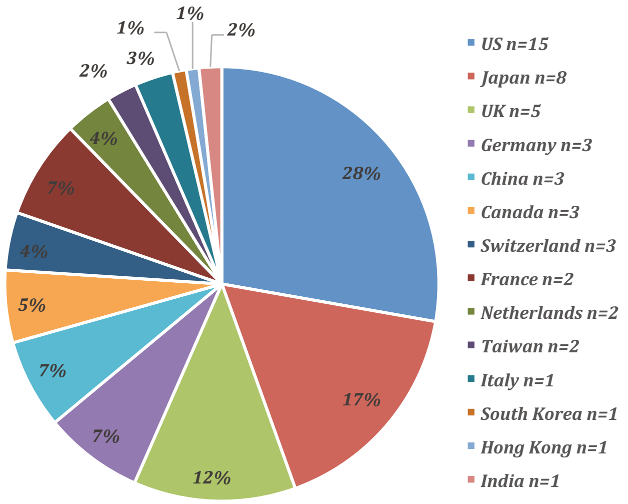
6.2.1 Volume of AuM

Peer recognition is determined by the degree to which the pension funds and insurance companies compare themselves to others in their role as investors. It is important to note that this may result in a different set of peers than if for example an insurance company would look at its direct competitors for their insurance products. For example, the large Dutch pension fund PFZW compares itself to other large pension funds in the world, also if they operate in other regions with a different customer base.

We therefore used size as the key criterion to select the potential participants for the international benchmark. Annex 3 and 4 give an overview of the top 100 pension funds and top 50[3] insurance companies globally and in Europe in terms of AuM.

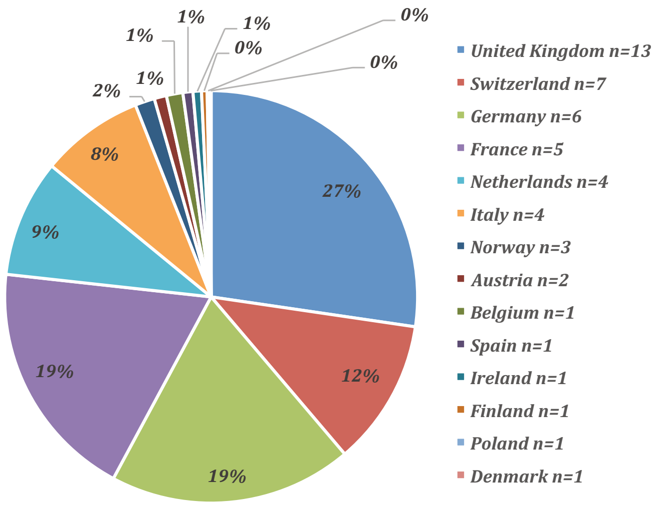
The below figures illustrates how the number of insurance companies and the volume of assets of the top 50 Insurance companies globally and in Europe are distributed by country.

Figure 20 Number and share of AuM of top 50 largest global insurance companies



US insurance companies dominate the global top 50 both in number as well as in AuM, followed by Japan and the UK. Australian and South American insurance companies are not included in the top 50, which implies that these would not be included in a top 50 global benchmark. In total 16 Asian insurance companies are included in the top 50 as well as 16 European companies.

Figure 21 Number and share of AuM of top 50 largest European insurance companies



Of the total of 51 European countries only 14 are included in the top 50 of largest insurance companies, with large countries such as Sweden and Austria missing.

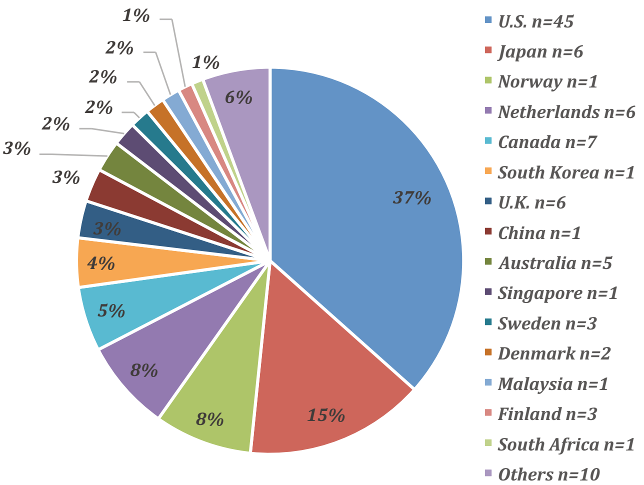
The top 50 of European insurance companies is dominated by the UK with 13 companies that jointly account for 27% of the top 50 AuM.

[3] *It was not possible to determine the top 100 of insurance companies due to a lack of data.*

A high number of large players are also located in Switzerland, Germany and France.

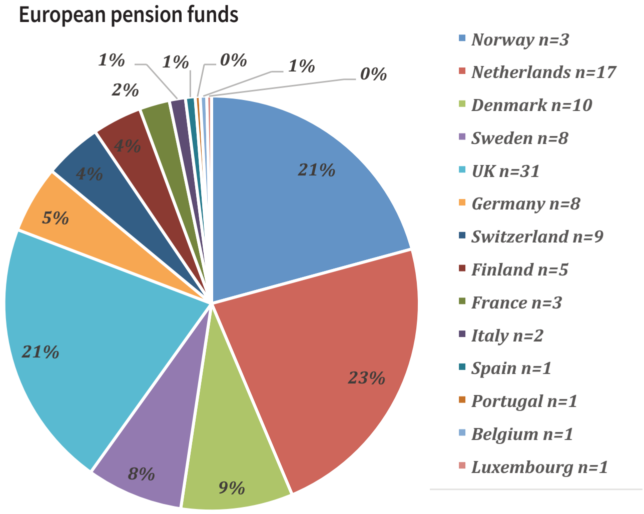
Annex 3 lists the 100 largest pension funds companies globally and in Europe, measured by AuM. The below figures illustrates how the number of pension funds as well of the assets of the top 100 pension funds globally and in Europe are distributed by country.

Figure 22 Number and share of AuM of 100 largest pension funds



US pension funds dominate the global top 100 both in number as well as in AuM. The 6 largest Japanese pension funds jointly have 15% of the top 100 AuM and the Norwegian Government Pension Fund alone accounts for 8% of AuM of the global top 100.

Figure 23 Number and share of AuM of 100 largest European pension funds



The top 100 largest pension funds in Europe is dominated by the Norway Government Pension Fund with over € 800 billion of AuM. This amounts to almost a fifth of the total assets of the top 100 of € 4270 billion. Other very large pension funds are the Dutch ABP and PFZW and the Danish ATP, with AuM of respectively €380, €185 and €107 billion AuM. The 50th largest fund has AuM of €24 billion and the 100th largest funds of €12 billion.

The UK and the Netherlands have the largest number of funds in the top 100 of European pension funds. In terms of AuM funds from Norway, UK and the Netherlands are the most relevant countries.

6.2.2 Regional differences in responsible investment

Global responsible investment practices differ from region to region. According to the GSIA (2014), 63.7% of all assets that are invested responsibly in 2014 are being held in Europe, and 30.8% in the United States. The below table shows the percentage of RI assets compared to the total assets in a country or region for the years 2012 and 2014.

Table 25: RI assets held in a country or region as a percentage of total assets in the period 2012-2014 (GSIA, 2014)

	2012	2014
Europe	49.0%	58.8%
Canada	20.2%	31.8%
United States	11.2%	17.9%
Australia	12.5%	16.6%
Asia	0.6%	0.8%

While responsible investment practises have increased in all regions/countries between 2012 and 2014, the differences between the regions/countries are significant. More than half of all invested assets in Europe are considered RI assets compared to 30% in Canada, barely 18% in the United States and less than 1% in Asia.

A globally implemented benchmark on responsible investment would thus yield considerably more positive results for European institutional investors compared to investors from other regions. Especially Asian investor's scores would most likely be low. Significantly higher scores for a single region could be discouraging for investors from other countries/regions, since it could be discouraging to participate in the benchmark when the result will be that the investor is ranked in the lower scale of the benchmark. This can possibly be overcome by introducing regional rankings and regional best-practices to reward investors in all the regions for their efforts.

6.2.3 Regional difference in policy and regulation

PRI has conducted research into the existence of hard law, soft law and market initiatives on responsible investment of the world's 50 largest economies. It states that a significant section of the growth in responsible investment has resulted from voluntary initiatives by investors, but this voluntary practice is adopted solely by a certain segment of the market (PRI, 2016). This shows that the global differences in the share of responsible investment practice cannot be solely explained by differences in regulations.

PRI has also published a database of all regulation relating to responsible investment for the 50 largest economies of the world. The VBDO has analysed the database in order to assess whether there are significant regional differences in regulation on responsible investment for institutional investors.

The key finding is that European countries have more legally binding policy initiatives that stimulate responsible investment by institutional investors than other regions, although this applies in particular to pension funds. The regulation involves disclosure of ESG related issues by companies, as well as incorporating ESG criteria by pension funds. The most influential initiative is the recently adopted IORP II directive [4] by the European Union that requires pension funds to consider ESG criteria and to disclose how they take risks into consideration. This directive needs to be transposed into national law within 24 months after approval.

Countries in other regions in the world also have a number of policy initiatives, but the majority of these initiatives are not legally binding. Notable exceptions are Canada and Australia, which both have pension fund legislation relating to incorporating ESG criteria, a stewardship code for asset managers and obligatory ESG reporting for listed companies.

The lack of legally binding policy can also influence how responsible investment is considered in relation to fiduciary duty. Fiduciary duty refers to the obligation of those who manage the capital of other people to act in the interests of the beneficiaries rather than serving their own interests. Some investors considered the fiduciary duty to be a barrier to ESG integration due to the presumed trade-off between financial performance and the integration of ESG criteria into the investment management (PRI, 2015b). Especially in the United States the view is commonly held that responsible investment contradicts national investment standards and that it is contrary to the fiduciary duty (PRI, 2015b). However, increasing evidence shows that there is no negative relation between ESG and financial performance. A report from the Deutsche Asset and Wealth Management analyses more than 2,000 studies which have been conducted to study the relation between ESG and Corporate Financial Performance (CFP) concludes that 'only 10% of the studies display a negative ESG-CFP relationship with an overwhelming share of positive results' (Deutsche, 2015).

The scope of this feasibility study didn't allow for an in-depth assessment of the policy initiatives and its impact. However based on our assessment we conclude that there are notable differences in responsible investment legislation between regions. The implication for an international responsible investment benchmark is that there is no full level playing field between investors from different regions.

6.3 Sector support

Support from the sector that is benchmarked increases the benchmarks' effectiveness. The sector will be more likely to use the results as a tool to work with. In the selection of the three benchmark themes, we have involved the sector and other stakeholder as much as possible, as elaborated in chapter 3. However, overall, there is reluctance within the industry to a new benchmark as it is perceived as causing significant administrative burden for the participants. Secondly, a potentially low score is considered as a reputational risk.

Sector support can improve over time by the following factors:

- *Involvement in benchmark methodology development*
  The involvement of the sector in the development of the benchmark methodology enhances the ownership of the sector. In involving the sector, it is crucial to remain independent and avoid green washing (see 'credibility'). In this project we have involved the sector by the establishment of an expert group for each of the three benchmarks
- *Multiple years benchmark*
  In order to be effective, the benchmark should be used to assess progress over time. A benchmark study should therefore be held for several years. This also enables a benchmark to 'grow' in a sector by building up awareness and acceptance by the sector and consolidating credibility throughout the years.
- *Address best practices*
  Sector support will be stimulated when best practices within the sector are shared in the benchmark reporting.

6.4 Credibility of benchmark

Credibility is the foundation upon which a benchmark needs to rest. In our view a credible benchmark is one that addresses issues that are relevant for the sector, leads to real improvements in sustainability performance, has a transparent methodology, is carried out by an independent organisation and is transparent about the funding.
It is important to also be aware of the risk that participants focus on high benchmark scores as a goal in itself. Therefore, the assurance of the submissions is of key importance.

[4] *EU Directive on Institutions for Occupational Retirement Provision (IORP II)*

6.5 Clear goal & actionable results

A benchmark is an instrument and not a goal in itself. The purpose of the benchmark should therefore be clear. The goal of the three benchmarks in this study is to stimulate responsible investment. The benchmarks can be regarded as successful when it stimulates action and creates a 'race to the top'. This means that the various participants in the benchmark are actively seeking to outperform their peers within the parameters set by the benchmark. This would signal that buy-in of the sector is present and that the benchmark has 'thought leadership' in setting the goals for the sector. In order to stimulate action, it is important that the respondents see their own stage of responsible investment practise reflected in the answer options. The answer options thus need reflect the practices of the leaders but also of the laggards.

In order to generate the intended change, the participants in the benchmark should have the opportunity to adapt their policies and practices. The publication of the benchmark results should therefore as much as possible be aligned with those moments in the year in which the financial institutions formulate and adapt their policies.

Whether benchmark lead to action therefore also depends on:

- As most financial institutions have appointed their CSR or ESG departments to fill in questionnaires and provide data requests. The level of influence of these departments in the wider organisations, and how benchmarks results are put to the attention of decision makers within the financial institution are of importance.
- The uptake of the outcomes by media, civil society, clients and other stakeholders
- The use of the outcomes by sector organisations
- The use of the outcomes by governmental and regulatory agencies.

6.6 Added value

Many stakeholders commented that there are already many initiatives that focus on improvement of sustainability among investors. They stressed that the proposed benchmark should bring added value and should seek alignment with existing initiatives. This is also important with regard to overlapping data requests. 'Questionnaire fatigue' is commonly reported amongst financial institutions. It is argued that both supervisory institutions and civil society organizations increasingly send out surveys and other data requests that require substantial effort. Seeking for synergy with other initiatives and using already existing data and research can reduce the required effort.

6.7 Theory of change

The theory of change explains how the benchmark leads to improvements in responsible investment, and as a result, has an impact on the real economy and the SDGs. In the Netherlands benchmarking has proven to be an effective instrument in driving sustainability in the financial sector. It creates a race to the top by providing comparative insight into which financial institutions and sustainability topics are lagging behind. Focusing on the largest investors strengthens the theory of change, as it will impact a larger volume of AuM.

An indication of how a benchmark leads to change can also be provided by assessing what the drivers of sustainability are for the investors. Respondents to the survey that we held in Phase 1 of the project (see chapter 1), considered investors, government and consumers as most important drivers of sustainability performance of insurance companies. Respondents working in the financial sector selected the government as most important stakeholder and non-financial sector respondents consider consumers as most important.

For pension funds, survey respondents considered participants and the government as the two most influential stakeholders in driving the sustainability performance. This is interesting as in many countries pension fund beneficiaries cannot choose their own pension funds. In the Netherlands, the VBDO considers the reputational risk of pension funds and the insurance companies as the main driver of change. However, it is also recognized that awareness of consumers /participants on the sustainability of their pensions is increasing. This can put the topic higher on the pension fund board agenda.

Another factor that leads to change is the process of benchmarking itself. In the experience of the VBDO, filling in the survey questions already enhances the awareness of investors on the topics on which they can improve their performance.

7 International Responsible Investment Benchmark

7.1 Responsible investment

The aim of the benchmark is to accelerate the growth of responsible investment among pension funds and insurance companies. Responsible investment is a long-term oriented investment approach, which integrates environmental, social and governance (ESG) factors in investment decisions. There are several responsible investment strategies:

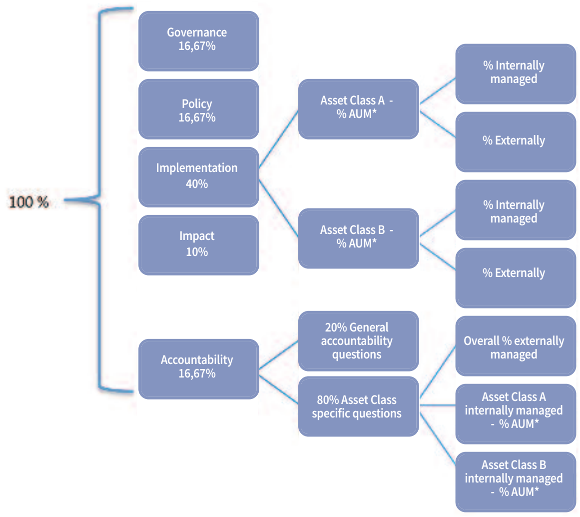
- Positive screening /best in class selection
- Voting & Engagement
- Exclusion or negative screening
- Sustainability themed investment;
- Norms-based screening;
- Integration of ESG factors in financial analysis;
- Impact investing

Globally the share of investments that incorporate responsible investment is growing. In Europe between 2013 and 2015 all of the above-mentioned strategies are growing, between 14% and 57% per year. Impact investing, in absolute figures the smallest strategy, is outpacing the growth of the other strategies with growth of 120% per year (Eurosif, 2016). In the US, from 2012 to 2014, ESG integration grew nearly eightfold to encompass almost $5 trillion in US-domiciled money manager assets (US SIF, 2015). Benchmark methodology
The benchmark questions are divided in five categories: Governance, Policy, Implementation, Impact and Accountability. A summary of the topics addressed in each of the categories is described below and a full overview of the benchmark questions is included in Annex 6.

7.2 Benchmark methodology

The responsible investment benchmark focuses on the responsible investment process as a whole. The scoring of the categories is arranged in the following manner: Governance, Policy and Accountability score 16,7% each, impact scores 10% and Implementation 40%. In this manner implementation and impact have a higher weight than the process related questions.

Figure 24 Proposed scoring method



7.2.1 Governance

Governance involves the organizational structures necessary for responsible investment to be effectively implemented. The questions focus on the extent to which sustainability is internalised in the governance structures of the asset owners. Questions address issues such as whether there is oversight on responsible investment at board level, whether there are training programmes in place in the organisation on responsible investment and whether responsible investment is part of performance indicators of different departments. The section also addresses the involvement of stakeholders and the participation in responsible investment initiatives.

7.2.2 Policy

An investment policy formalises a financial institution's asset management objectives and guidelines. This may include objectives on the incorporation of ESG factors into investments. The policy section assesses to what extent responsible investment is incorporated in the overall policy and to assess to what extent all assets under management are covered by the responsible investment policy. Furthermore, the participants are asked to indicate the underlying norms on which the responsible investment policy is based.

7.2.3 Implementation

This section assesses how and to what extent the responsible investment policy is implemented. This is assessed separately for each of the following asset classes: listed equity, fixed income, property, private equity and impact investments. Participants should report on the categories that account for more than 10% of their total AuM. For internally managed assets, participants are asked to elaborate on the application of ESG strategies and on their voting, engagement, exclusion and company monitoring activities. For their externally managed portfolios, participants are asked to elaborate specifically on ESG incorporation in their manager selection, appointment and monitoring activities.

The structure of the PRI reporting framework has largely determined the structure of the implementation section in the pilot. This is explained in more detail in section 7.3.

7.2.4 Impact

The impact section assesses to what extent the impact of investments on environmental, social and governance issues is measured. This is done by asking questions on the measurement of different types of impact and whether KPIs are developed on the impact of investments. Additionally, participants are asked to what degree they expect companies in their portfolio to measure their impact.

7.2.5 Accountability

Accountability refers to the disclosure of investment practices and the communication on responsible investment to relevant stakeholders. The accountability section focuses on transparency and accountability and includes questions about public disclosure of various responsible investment strategies and active ownership activities. For listed equity, fixed income, property and private equity a few specific questions are asked about the public disclosure of responsible investment practices for these asset classes.

7.3 PRI alignment

As explained in section 5.2.1 we tried to align as much as possible with the PRI reporting framework in order to test whether the information submitted by investors to the PRI could serve as a basis for benchmarking. However, it is important to stress that the benchmark(s) will focus on non-PRI signatories as well as PRI-signatories.

The PRI is an organisation promoting responsible investment with an international network of over 1.600 investor signatories. PRI signatories are required to publicly report on their responsible investment activities through PRI's reporting framework. The key objectives of the reporting framework are firstly to be an accountability tool for the PRI and its signatories; secondly, to provide a standardised transparency tool for signatories' own reporting and thirdly, to provide feedback to signatories on their progress in responsible investment, facilitating learning and development. An explanation of the structure of the PRI reporting framework is included in Annex 5.

The synergy with the PRI reporting only applies for those pension funds and insurance companies that are PRI signatory. Globally 327 asset owners are signatory to PRI of which 187 are European. The following table demonstrates the percentage of PRI signatories in the top 50 insurance companies and pension funds, for Europe and for the world.

Table 26: Percentage of PRI signatories of the largest asset owners in Europe and in the world

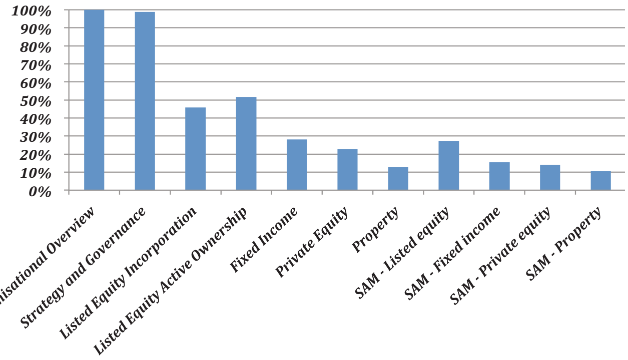
Top 50	Percentage PRI signatory
Top 50 pension funds of Europe	60%
Top 50 insurance companies of Europe	36%
Top 50 pension funds of the world	36%
Top 50 insurance companies of the world	34%

The table demonstrates that for pension funds PRI alignment leads to the most synergy when the benchmark is conducted within Europe as 60% of the top 50 pension fund are PRI signatory. The number of signatories among the top 50 insurance companies is much lower, in Europe as well as globally. It is important to note that the number of signatories to the PRI is increasing every year.

In case a benchmark would focus on the top 50 largest pension funds in Europe, this implies that 40% have not filled in the PRI reporting framework, and will thus not benefit from synergy. It will therefore most likely also be challenging to convince those investors to fill in the survey. In that case the benchmarking organisation would need to fill in the survey for these participants based on publicly available information. Another option is to initially only include the investors that are PRI signatory.

The PRI asset class modules only need to be completed if they account for 10% or more of AuM. The below graph shows the share of PRI signatories that has completed a certain module. The SAM modules refer to the manager Selection, Appointment and Monitoring of the externally managed assets.

Figure 25: Percentage of all PRI signatories with a public transparency report which have completed PRI modules (Source: PRI)



The figure shows that there is a large variety in the modules that PRI signatories have completed. It also shows that only a small percentage of signatories has filled in the private equity and property modules. The below overview gives an overview of how we dealt with the characteristics of the PRI reporting framework.

PRI reporting framework characteristic	Approach in RI benchmark survey
Investors that have all their assets managed externally only have to fill in the PRI modules on the asset manager selection process and do not need to submit information on the application of the responsible investment instruments for specific asset classes.	*In the 'Implementation' section, each asset class section is therefore divided in a subsection on internally managed assets and one on externally managed assets, in line with the PRI questions.*
Asset class modules only have to be completed if they account for 10% or more of AuM.	*The survey applies the same approach.*
Around 30% of the questions are voluntary.	*We mainly used the mandatory questions in order to maximize the reporting synergy.*
The PRI reporting framework focuses more on processes than on implementation.	*We added some additional questions on implementation.*

PRI reporting framework characteristic	Approach in RI benchmark survey
The PRI modules are extensive and not all questions are suitable to include in a benchmark survey	*We selected the most relevant questions and in some cases we only applied parts of a question.*
The scoring methodology is not transparent.	*We did not apply the scoring method of the PRI but developed a new scoring method*
Not all information that is submitted to the PRI is mandatory to disclose in the Transparency Report, but signatories can choose to include some information only in a private version of the report.	*Investors who have not disclosed all relevant information, will need to be asked to submit their private report.*

7.4 Results pilot

7.4.1 Availability of data and evidence

The majority of the questions in the Responsible Investment benchmark are based on the PRI reporting framework. To answer those questions the VBDO used the publicly available 'RI transparency reports' that are available on the PRI website[5]. However, not all PRI questions could be filled in as signatories choose to not disclose all answers in these transparency reports. We therefore asked the pilot participants to send us their private PRI report. We found that some pilot participants consider their private PRI report as sensitive data and are cautious in sharing it with third parties. However, eventually most participants shared their private PRI documents with the VBDO after it was agree in writing to treat all information as confidential.

For the questions that were not based on the PRI reports, other publicly available data were consulted such as publicly available annual reports, voting and engagements documents.

As the PRI does not apply assurance on the transparency reports, the VBDO tried to find evidence for the information submitted to the PRI. This additional evidence was mostly found in publicly available annual reports, and voting and engagement documents. For questions in the implementation section, it was more difficult to find corresponding evidence. These questions require for example, specific minutes and manager contracts as evidence, which are not publically available.

7.4.2 Involvement of participants

The pilot participants were asked to answer the questions that could not be answered with the private PRI report and publicly available data. We also asked if they could indicate whether evidence would be available for those answers were the VBDO had not found supporting documentation. The participants were able to answer most of the remaining questions. In contrast to the private PRI report, the participants did not consider the supporting documents as sensitive data. However, some participants considered the process of collecting data as rather time consuming.

7.4.3 Review Questions and scoring

Based on the lesson's learned of filling in the survey and the feedback from the pilot participants, some question have been adjusted. For example, to some questions extra answer options were added and some questions were rephrased. In addition, some questions were reconsidered and left out of the benchmark. The VBDO reviewed the scoring as well during the pilot process, but this has not lead to any notable adjustments.

[5] *https://www.unpri.org/signatory-directory/*

8 Climate change benchmark

8.1 Climate change

The impact of climate change on investors is twofold. Firstly, carbon-intensive stocks face increasing risks of devaluation as more and more countries implement policies and measures to reduce CO_2 emissions. More than 40 national and 20 sub-national jurisdictions in both developed and developing countries have already put a price on carbon emissions or are in the process of doing so. This leads to the so-called 'stranded assets' of fossil fuel company assets. Secondly, the increasing society concern about the effects of climate change lead to a growing pressure on investors to divest from carbon intensive stock. Investors can take several measures on climate change:

- *Divestment from fossil fuel intensive stock, bonds and loans.*
- *Invest in green assets and bonds, for example from renewable energy companies*
- *Engage with companies to reduce their footprint*
- *Integrate climate change in conventional risk management*

Several initiatives have already been taken on climate change, such as the Portfolio Decarbonization Coalition; a group of 25 institutional investors committed to reduce the carbon footprint of US$600 billion of investments worldwide by the end of 2015. Another example is the Montreal Carbon Pledge where 120 investors commit to measure and publicly disclose the carbon footprint of their investment portfolios.

The added value of a benchmark is that it will provide transparency on what the actual performance is of the participants in these initiatives in terms of asset allocation and disclosure. A first step in the development of the benchmark methodology is to assess which initiatives are relevant for cooperation and alignment.

8.2 Benchmark focus

The benchmark on climate change can be added as a module to the responsible investment benchmarks, but could also be launched as a separate benchmark. If the benchmark were to be executed separately, some questions would need to be added from the responsible investment benchmark in order to fully capture all responsible investment practices.

The benchmark consists of 4 different sections: governance, policy, implementation and accountability. The focus of each of these difference sections is briefly clarified in the following sections. A full overview of the benchmark questions is included in Annex 6.

8.2.1 Governance

The governance section of the climate change modules addresses whether the organisation has collaborated with others specifically related to climate change and whether the organisation educated itself on the relevance of climate change for its investments.

8.2.2 Policy

The policy section asks whether the investor has a specific policy on climate change. In addition, questions are included on whether targets are set on climate change related investments and on carbon emission reduction. The section also addresses the relation between climate change and strategic asset allocation.

8.2.3 Implementation

The implementation section of the climate change module is not divided into different asset classes in contrast to the responsible investment benchmark. Questions are asked about active ownership strategies in relation to climate change and about topics such as:

- Risk mitigation
- Investing in climate change adaptation and mitigation
- Climate change integration in the interaction with external asset managers
- Carbon footprint measurement

8.2.4 Accountability

The accountability section considers the public availability of climate change policy and public disclosure on investments in relation to climate change and the active ownership activities in relation to climate change.

8.3 Results pilot

We found that not every participant reports specifically on climate change and therefore not all questions could be answered.

9 Private equity investments

9.1 Benchmark focus

Institutional investors are increasingly shifting out of traditional equity investments and into alternative asset classes such as private equity (PE) in order to increase returns. Investors in private equity firms (so-called Limited Partners or LPs) can play an important role in further incentivizing ESG integration within PE firms (General partner or GP). Respondents to the survey (see chapter 1.5) consider investors (LPs) the most influential drivers of the sustainability performance of private equity firms.

However, responsible investment practices for investments in private equity are significantly less developed than for listed equity. To the extent that LPs are applying responsible investment, this is mostly restricted to the pre-investment stage, i.e. at the due diligence process. Monitoring of ESG issues during the investment cycle is only applied by a minority of LPs. With regard to the transparency of LPs on their PE investments, it is important to note that GPs often disclose their ESG information under strict confidentiality terms. This therefore hampers the transparency of the RI performance of the institutional investors that invest in them.

The aim of this benchmark is to compare investors on how they apply responsible investment principles into their investments in PE firms. This will stimulate responsible investments by investors in PE firms, which will subsequently also stimulate ESG practices by the PE firms.

This benchmark's scope involves an in-depth focus on investments in PE firms by institutional investors. The private equity benchmark was developed following the same structure as the responsible investment benchmark and the module on climate change. A full overview of benchmark questions is included in Annex 6.

9.1.1 Governance

The governance section constitutes questions regarding training on responsible investment, whether the organisation contributes to private equity responsible investment standards and finally whether external stakeholders are consulted in the development of the private equity strategy or other private equity related topics.

9.1.2 Policy

The section on policy of the private equity module asks whether private equity is incorporated in investment guidelines and what share of the private equity investments are covered by this policy.

9.1.3 Implementation

The implementation section is divided in two sections: a section concerning the private equity investments of which the asset management is outsourced to a third party and the implementation of the policy for internally managed private equity investments. The first section involves the manager selection, appointment and monitoring procedures. Some additional questions are added regarding responsible investment activities such as exclusion and engagement practices. The second section includes the following topics:

- Due diligence of PE firms
- ESG incorporation in the monitoring of the PE investments
- Exclusion criteria for PE firms
- Feedback to funds/portfolio companies.

9.1.4 Accountability

Accountability refers to the disclosure of private equity investment practices and the communication on responsible investment to relevant stakeholders. Topics that are inquired about include:

- Disclosure of investment
- Frequency of disclosure
- Disclosure of ESG incidents

9.2 Feasibility private equity benchmark

In consultation with the steering committee, after the first review round the further development of the private equity benchmark was put on hold for several reasons. Firstly, the private equity asset class is relatively small compared to the other asset classes. None of the world's 20 largest insurance companies report the private equity module with PRI and of the world's 20 largest pension funds only 1 fund reports this module. Another. The second reason for halting the development is that the steering committee, the private equity expert group and the stakeholder consultation in Singapore consistently yielded as feedback that it would be sufficient to add private equity as an asset class to the responsible investment benchmark. After receiving this feedback and considering the small size of the asset class, some questions from the developed private equity benchmark were used to incorporate private equity into the responsible investment benchmark.

10 Conclusion and recommendation for steps towards implementation

10.1 Benchmark implementation options

In the 10 years that the VBDO has benchmarked institutional investors in the Netherlands, benchmarking has proven to be a useful instrument in driving responsible investment. As the largest pension funds and insurers consider other large global players as their peers, we have assessed whether it would be feasible to develop an international benchmark for pensions funds and/or insurance companies on the following themes:

A. International benchmarks on responsible investment for the pension fund and insurance sector
B. A climate change benchmark investment for the pension fund and insurance sector
C. A benchmark on responsible investment by investors in private equity firms

The feasibility of these options is assessed in chapter 6 and is summarized in the below table:

Table 27 Pros and cons of benchmarking options

Benchmark theme	Pros	Cons
Responsible investment	* Addresses fundamentals of RI * Synergy with reporting frameworks such as the PRI reporting * Broad experience of VBDO with RI benchmarking	* Possible overlap with other benchmarks
Climate change	* High materiality across industries * High societal pressure	* Many initiatives
Investing in private equity	* Growing asset class * Large influence of PE firms in RI of investee companies * Benchmark can increase transparency	* Limited sector support * Small share of AuM for many investors

We concluded that a benchmark on responsible investment and/or a benchmark on climate change would both be feasible options. A benchmark on private equity was considered less suitable, mainly due to a lack of sector support.

The next step is the realization and implementation of one or more of the selected benchmarks. There are several options for the development of the benchmark:

- Theme: the benchmark can focus on responsible investment, climate change or a combination of those themes.
- Sector: the benchmark can be implemented in the pension fund sector, the insurance sector or in both sectors.
- Geographical scope: the benchmark can cover a global or European scope or apply a gradual expansion of countries.

These options are described in more detail below. The final choices will also be determined by partners and funders of the benchmarks. An overview of potential partners and funders is provided in this chapter, as well as a funding proposal for the next phase.

10.2 Benchmark theme and sector

10.2.1 Responsible investment

One of the key outcomes of the stakeholder consultations was that the VBDO's benchmarks on responsible investment are considered valuable and that the VBDO is in an excellent position to use their experience for the development of an international benchmark. It has however also been stressed that the administrative burden of benchmarking is high and that therefore alignment should be sought by existing initiatives.

The VBDO has acknowledged these comments and tested a benchmark methodology that is largely based on PRI questions in order to test the feasibility of a PRI based benchmark. We found that synergy can be achieved in the pension fund sector due to the high share of PRI signatories among the largest pension funds. However, due to the fact that the PRI askes different question to asset owners that manage their assets internally than to those that have outsourced their asset management, full comparability of all pension funds or insurance companies is not possible if only PRI information is used.

If the responsible benchmark would be aligned with the PRI questionnaire cooperation with PRI is logically very important. Preferably on a strategic level, intended to provide effective RI benchmark data with minimal burden for the sector. However, also other options have come forward to reduce the administrative burden such as filling in the questionnaires beforehand based on publicly available responsible investment reports or other reporting frameworks.

10.2.2 Climate change

After the Paris agreement of November 2016, climate change has become one of the most material topics within the responsible investment policies of institutional investors. This has lead to an excellent window of opportunity for the development of an international benchmark on climate change. However, it also has lead to an increase in other initiatives that monitor the climate change practices of investors. Therefore, if a climate change benchmark would be implemented, this should be done in the next year in order to have added value. It is recommended to seek cooperation with others that have developed initiatives in this field, in order to avoid doubling and to be more effective.

The climate change benchmark is relevant for the pension fund as well as for the insurance sector, while it has additional relevance for the insurance sector due to the increasing climate risks.

10.2.3 Private equity

In consultation with the steering committee, after the first review round the further development of the private equity benchmark was put on hold for several reasons. Firstly, the private equity asset class is relatively small compared to the other asset classes. Secondly, the steering committee, the private equity expert group as well as the stakeholder consultation in Singapore advised to add private equity as an asset class to the responsible investment benchmark instead of developing a separate benchmark.

10.3 Geographical scope

As indicated above they main choice that needs to be made is the (initial) geographical scope of the benchmarks. We have defined several options:

- A global scope
- A European scope
- Gradual expansion

Table 28 Options for benchmark implementation

Geographical scope	Pros	Cons
Global	* Influences the international investment market * High added value	* Difficult to involve international partners and funders * Regional difference regarding RI practice and regulation * Challenging data availability
European	* More manageable scale * More sector support * Benefit from lessons learned from EU and Australian benchmark before global scope	* Delay in implementation global benchmark
Gradual expansion with IFs	* Can be implemented by existing partnerships with SIFs * Potentially high participation rate in SIF countries * Lower initial costs * Benefit from lessons learned on small scale	* Long timeframe to global benchmark. * Increased capacity and funding needed to implement the bench-marks at participating organisations. * Norway and Denmark are not participating but are important countries

10.3.1 Global scope

A global scope of the benchmark(s), targeting largest insurance companies and/or pension funds, will drive the international investment market towards more sustainable investment. During the feasibility we found that there currently is limited support among investors for international benchmarking, mainly due to the perceived differences in the level of responsible investment and regulation. A way forward could be to create an international benchmark that acknowledges the differences between regions, for example by including different rankings.

In case this option would be pursued, its effectively implementation requires the VBDO to cooperate with partners that have a strong brand globally and in particular in the US as this is the biggest market for the pension fund as well as the insurance sector.

10.3.2 European scope

A European scope for the benchmark appears to be more feasible on the short term than a global benchmark. On the longer term the scope can be expanded to other regions or the whole world. Recently the RIAA has launched a pension fund benchmark in Australia that has partly used the same methodology as the one developed for this project. The lessons learned in Australia and Europe could than be the basis for the development of an international benchmark.

In order to develop the European benchmark, the VBDO needs partners with a other strong brands in Europe and on a global level. In Annex 3 and 4 we give an overview of the largest pension funds and insurance companies in Europe that can be included in the benchmark. It should however be noted that some countries do no appear in these lists and that some countries only have one pension fund or insurance company. One of the comments we received in our consultations was that there would be more support in a certain country if several investors participate in the benchmark.

10.3.3 Gradual expansion

A gradual expansion of geographical scope implies that the bench-mark will initially be implemented in a limited amount of countries and be expanded over time. The advantage is that a start can be made in countries where the VBDO already has partnership with organisations that can implement the benchmark in these countries. The European network of Sustainable Investment Forums (SIF) (further explanation under section 9.3), coordinated by Eurosif, could provides these partnerships for France, Italy, Spain, UK, Austria, Germany, Switzerland and the Netherlands. In case these SIFS would all participate, this would mean that for the insurance sector 42 of the top 50 insurance companies would be included in the benchmark scope. Of the top 100 pension funds 71 are located in a country with a SIF. Over time the benchmark could be expanded to the other relevant EU countries.

Starting with a small number of countries will reduce the initial costs of the project. The small scale will also make it easier to optimize the benchmark methodology before expanding it to more countries.
A disadvantage is that it may take years before an international scope has been achieved. In a gradual expansion it is important that all the participating SIFs will have sufficient resources and funding at their disposal.

10.4 Potential partners

The VBDO needs to liaise with one or more international partners that have a good reputation among investors to successfully develop the international responsible investment benchmark. Therefore, the VBDO will need to cooperate with international organisations that meet the following criteria:

- Strong and positive brand recognition among investors internationally
- Partners should preferably be based in countries that have a high representation in terms of number of investors in the top 50 or 100 (see chapter 6). In case of a global scope a coalition needs to include at least a US partner. A European scope would preferably include participation of a UK and a Norwegian partners.
- Its position towards investors should be one of engagement and cooperation instead of a more confrontational approach.

We have identified three most relevant categories of partners: SIFs NGOs and consulting firms. The advantage and disadvantages of each of these are summarized in the below table. Naturally, there are also combinations possible of several types of partners.

Table 29 Assessment of potential partners

Partner type	Pros	Cons
SIFs	* Existing partnership * Strong ties with large investors in their countries.	* Do not all relevant countries such as Norway and Denmark
NGOs	* Strengthens credibility	* Limited financial resources
Consulting firms	* More effective fundraising * Professional support	* Potential conflict of interest

In case the focus would initially be on the European Union or a gradual expansion would be applied, one of the options would to develop a benchmark for pension funds and/or insurance companies through a cooperation of others Sustainable Investment Forums (SIFs) in Europe:

- Eurosif – European Sustainable Investment Forum
- UKSIF– UK Sustainable Investment and Finance Association
- FNG - The German, Austrian, Liechtenstein and Swiss Sustainable Investment Forum
- FIR – French Social Investment Forum
- Spainsif – Spanish Social Investment Forum
- Forum per la Finanza Sostenibile (Italy)

As the SIFs have close relationships with the large investors in their countries, their involvement could lead to a high participation rate. However, to date there is no SIF representation in Denmark and Norway, which is especially relevant for the pension fund benchmark as one of the largest European pension funds are from Norway and Denmark.

VBDO has a broad network of other NGO that could be interested to participate in implementation of the benchmarks. VBDO also participates in the European Responsible Investment Network (ERIN) that has been established in 2016. Members include WWF and Share-Action. The VBDO has ongoing discussion about potential cooperation with these parties. A strong coalition of partners NGOs could also result in more effective fund raising.

Another option is to seek cooperation with consulting firms such as PwC and KPMG. The VBDO has broad experience with cooperation with these large consultancy firms. These firms can offer professional support in the various aspects of benchmark implementation, including IT and legal issues. As many consulting firms also supply commercial services to pension funds and insurance companies, it is important to be transparent about this potential conflict of interest in order to guarantee the credibility of the benchmarks.

10.5 Funding options

For the funding of the implementation of one or more of the selected benchmarks, we have explored several options:

- Third party funding
- Funding by participating investors
- In-kind contributions

10.5.1 Third party funding

Third party funders include governmental bodies, multilateral institutions and NGOs and industry bodies. An overview of potential funders is included in the below table

Table 30 Overview potential funders

Potential funders	Examples
Governmental bodies	• National governments • European Union • Other government bodies, such as the UK Department for International Development
Multilateral institutions	• Worldbank • EIB
Trade unions	• FNV (Dutch Federation of Trade Unions) • ITUC (International Trade Union Confederation)
NGOs	
Industry bodies	

National governments are likely funders as they have a clear interest in the enhancement of responsible investment. The results of the survey, carried out in phase 1 showed that government are one of the key drivers of responsible investment. Funding of a benchmark would strengthen this role.

The European Union (EU) would be a potential funder for a European benchmark. The European Union is currently in the process of developing voluntary non-financial disclosure guidelines for companies, indicating the value that the EU attaches to non-financial disclosure.

Trade unions have a clear interest in enhancing responsible investment of pension funds due to their focus on long-term worker's rights. The Dutch Federations of Trade Unions (FNV) has been a funder of the Dutch pension fund benchmark for many years. The VBDO has on-going discussion with FNV.

In the past years, the interest of NGOS in the financial sector has increased significantly. With several NGOs developing programs focusing the financial sector, the funding of a benchmark program could fall within their scopes. In the past Oxfam Novib has funded the Dutch responsible investment benchmark for pension funds as well as insurers.

Industries bodies that aim to enhance responsible investment among their members could potentially also be interested in a benchmarking program.

10.5.2 Funding by the participating investors

Benchmarking can provide valuable information for investors on how they perform in comparison to their peers and how they can improve their responsible investment performance. This is illustrated by the fact that in the Netherlands investors regularly assign the VBDO to advise them on how they can improve their performance in the Dutch benchmark. A similar fee-based model could also be applied for the international benchmark. However, in order to ensure the credibility of the benchmark, it is recommended to remain independent from investors that participate in the benchmark. Funding by branch organisations or other investor bodies would be possible, as described above.

10.5.3 In-kind contributions

Funding can also be (partly) achieved through in-kind funding, i.e. by project partners that supply experts to the project for a certain amount of time. VBDO has broad experience in this type of cooperation, for example with consulting firms such as PwC and Accenture. This type of funding does however not account for the funding of the VBDO or other non-profit organisation that participate in the project. Additional funding will thus be needed.

10.6 Financial proposal

The total budget for implementing the benchmark is estimated to be between Euro 240-500.000 per year, depending of the number of investors that are targeted.

The following recommendations are made for the financial proposal:

- A higher budget should be assumed for the first year due to finalizing the methodology and capacity building activities.
- The benchmarks should be held multiple times in a row, either annually of bi-annually, in order to be effective.
- The submissions will be reviewed and analysed and respondents will be asked to provide additional evidence if required.
- The performance of non-respondents will be assessed though desk research of publicly available information.
- The average time needed to either review a submission or perform desk research is estimated to be 1,5 day per investor.
- We propose to apply an assurance of the reviews by an external party of 10% of the submission.

10.7 Benchmarking organisation

Once a coalition of partners and funders has been established, the coalition needs to decide about the most effective way to be organized and set up a joint governance structure.

Sources

ABP, press release: https://www.abp.nl/over-abp/actueel/nieuws/abp-presenteert-nieuw-beleid-verantwoord-beleggen.aspx , 2015

AODP, Asset Owner Disclosure Project, 2013/14 [Online]. Available: http://www.aodproject.net.

Appelbaum and Batt, Private Equity at Work: When Wall Street Manages Main Street, Russel Sage Foundation, 2014

Barret, J., The role of insurance in society, 2014 [Online]
Available: http://www.iefpedia.com/english/wp-content/uploads/2009/10/THE-ROLE-OF-INSURANCE-IN-SOCIETY.doc

BCG, Global Asset Management 2014, Steering the Course to Growth, BCG, 2014

Bernardo J.V.,Private Equity at Work. When Wall Street Manages Main Street, Review of Policital Economy, 27:1, 94-96, 2015

CDP, Climate change program, CDP, 2015 [Online] Available: https://www.cdp.net/en-US/Programmes/Pages/CDP-Investors.aspx

CDP, The A List, The CDP Climate Performance Leadership Index 2014, CDP, United Kingdom, 2014.

CDP, The A List, The CDP Climate Performance Leadership Index 2014, United Kingdom, 2014.

Deutsche Asset & Wealth Management ESG & Corporate Financial Performance: Mapping the Global Landscape, 2015

EVCA, 2015, 2014 European Private Equity Activity, European Private Equity and Venture Capital Association, May 2015

Efama, Asset Management in Europe, 8th Annual Review, Facts and figures, An overview of the Asset, Management industry
with a special focus on Capital Markets Union, Efama, 2015.

Efama, Asset Management in Europe: Facts and Figures 7th annual review, EFEMA, 2014.

EuroSIF, European SRI Study 2014, 2014

Forbes, The World's Biggest Public Companies, Forbes, 2015 [Online]
Available http://www.forbes.com/sites/liyanchen/2015/05/06/the-worlds-largest-companies.

FSB TFCB, Recommendations of the Task Force on Climate-related Financial Disclosures, December 2016

GSIA, Global Sustainable Investment Alliance, Global sustainable investment review, 2014

InsuranceEurope, European Insurance — Key Facts, August 2016

IPE, Hedging bets: Dutch pension funds re-think hedge fund allocation, March 2015 [Online]
http://www.ipe.com/pensions/pensions-in/netherlands/hedging-bets-dutch-pension-funds-re-think-hedge-fund-allocation/10006884.fullarticle

IPE, Investment & Pensions Europe, IPE Top 1000, 2016

Jong de, Roosenboom, Verbeek, Verwijmeren, Hedgefondsen en Private Equity in Nederland, Erasmus University, Rotterdam, 2007.

Linthorst, W and Meindertsma W., ASN Bank Carbon Profit and Loss Methodology version 2.0, ASN, Utrecht, 2015.

Montreal pledge, 2014 [Online] Available: http://montrealpledge.org.

Novethic, Climate: investors take action, update of Climate report, November 2015.

NVB, Future-oriented Banking, Social Charter Banking Code Rules of Conduct, 2014.

NVP (2015) Nederlandse Vereniging van Participatiemaatschappijen [Online] Available: http://www.nvp.nl/pagina/maatschappelijk_belang.

NVP, De Nederlandse Private Equite en Venture Capital Markt in 2014, Ondernemend Vermogen,
Nederlandse Vereniging van Participatiemaatschappijen, 2015.

NVP, Duurzaamheid in Private Equity: waarde creatie door ESG, Nederlandse Vereniging van Participatiemaatschappijen, 2011.

OECD, Pension Markets in Focus, 2016

OFR, Asset Management and Financial Stability, Office of Financial Research, September 2013

PEI, PEI 300 2015, Showcasing the world's 300 largest private equity groups, Private Equity International, 2015.

Preqin, Nederlandse Private Equity Fund Managers, 2012 [Online]
Available: https://www.preqin.com/blog/0/5376/netherlands-pe-fund-managers.

PRI, Report on progress 2015, 2015a

PRI, UNEP Inquiry, UNEP FI and UN Global compact, PRI fiduciary duty in the 21st century, 2015b

PRI, Global guide to investment regulation, 2016

PwC, Are we nearly there yet? Private equity and the responsible investment journey, 2016

Profundo, Eerlijke Bankwijzer14e update, Een onderzoeksrapport voor, Amnesty International, Dierenbescherming, FNV, Milieudefensie, Oxfam Novib en Pax, Amsterdam, 2014.

Relbanks, Top Insurance Companies, Relbanks, 2015 [Online] Available: www.relbanks.com/top-insurance-companies/world.

RobecoSAM, Sustainability Yearbook 2015, RobecoSAM, 2015.

SOMO, Mobilising the financial sector for a sustainable future, Mapping existing approaches to promote social and environmental sustainability goals in the financial sector, October 2015

The Geneva Association, The Four Pillars, Geneva Association, 1987.

The Banker, Top 150 banks worldwide ranked by Asset Size, The Banker, 2013

TheCityUK (2015), UK Fund Management 2015: An attractive proposition for international funds. [Online]
Available: http://www.thecityuk.com/research/our-work/reports-list/uk-fund-management-an-attractive-proposition-for-international-funds/.

Towers Watson, Global Pension Assets Study 2016, Towers Watson, 2016.

Towers Watson, The worlds 300 largest pension funds year end 2014, Towers Watson, 2015.

Transparantiebenchmark, Transparantiebenchmark 2014: De Kristal 2014, Ministerie van Economische Zaken, Den Haag, 2014.

Triodos Bank, Nieuwe presentatievorm Eerlijke Bankwijzer ongeloofwaardig, Triodos Bank, 20 april 2015 [Online]
Available: https://www.triodos.nl/nl/over-triodos bank/nieuws/actueel/ presentatievorm-eerlijke-bankwijzer.

UNEP, Insurance 2030, Harnessing Insurance for Sustainable Development, 2015a

UNEP, The financial system we need, aligning the financial system with sustainable development, the UNEP Inquiry Report, October 2015b

US SIF, Unlocking ESG Integration, The Forum for Sustainable and Responsible Investment, September 2015.

VBDO, Benchmark Responsible Investment by Insurance Companies in the Netherlands 2015, VBDO, Utrecht, 2015a.

VBDO, Responsible Investment by Pension Funds in the Netherlands 2015, VBDO, Utrecht, 2015b.

VBDO, Tax Transparency Benchmark 2015, A comparative study of 64 Dutch listed companies, Utrecht, 2015c.

Verbond van Verzekeraars, Verzekerd van Cijfers, 2016

Winston, A. The Most Powerful Green NGO You've Never Heard Of, Harvard Business Review, October 2010.

World Bank, Averting the Old Age Crisis, World Bank, Washington D.C., 1994

Annex 1 Participants stakeholder consultation

Table 31 Attendants Stakeholder consultation, the Hague, 11th January 2016

Name	Role	Organisation	Country
Karen Arnon	Advisor to the Ambassador for Sustainable Development	Ministry of Foreign Affairs	Netherlands
Ron Batten	Senior policy adviser	Dutch Fund and Asset Management Association (DUFAS)	Netherlands
Maarten Biermans	Associate Principal	Spring Associates	Netherlands
Malou Brantjes	Intern International CSR	Ministry of Foreign Affairs	Netherlands
Matt Christensen	Global Head of Responsible Investment	AXA Investment Management	France
Babs Dijkshoorn	Manager Sustainability	NN Group	Netherlands
Sharon van Ede	Sustainability & CSR Advisor	Dutch Banking Association (NVB)	Netherlands
Petra Hamers	Project Lead Transparent and Alternative Finance	Oxfam Novib	Netherlands
Seada van den Herik	former CEO	former Zwitserleven	Netherlands
Marleen Janssen Groesbeek	Lector Sustainable Finance & Accounting	Expertise centre Sustainable Business | Avans Hogeschool	Netherlands
David Korslund	Senior Advisor	Global Alliance for Banking on Values (GABV)	Netherlands
Benoît Lallemand	Head of Strategic Development and Operations	Finance Watch	Belgium
Johan Melse	Ethicist / moderator	Johan Melse	
Flavia Micilotta	CEO	Eurosif	Belgium
Fred van Raaij	Professor Economic Psychology	Tilburg University	Netherlands
Kees Rade	Director Climate, Water, Food Security, Energy and Natural Resources/ Amb. Sustainable Development	Ministry of Foreign Affairs	Netherlands
Camillla de Ste Croix	Senior Policy Officer	Share Action	United Kingdom
Gert-Jan Sikking	Senior Advisor Responsible Investment	PGGM	Netherlands
Myriam Van der Stichele	Senior Researcher	Somo	Netherlands
Tessel van Westen	Sr Policy Officer International CSR Unit	Ministry of Foreign Affairs	Netherlands
Tomas Wijffels	Policy advisor	Federation of Dutch Pension Funds	Netherlands
Rikjan van Zalingen	Sustainability Issue Manager	ING Bank	Netherlands
Masja Zandbergen	Head Analysts, Global Equity team	Robeco	Netherlands

Table 32 Attendants Stakeholder consultation
Singapore 5 September 2016

Name	Role	Organisation	Country
Luciane Moessa	Attorney	Brazilian Central Bank	Brazil
Nicole Bradford	Investment manager ESG	Cbus Super	Australia
Kristian Fok	Executive Manager - Investment Strategy	Cbus Super	Australia
Marianne Oomkes	Senior Account Manager	TKP Investments	Nederland
Mike Clark	Founder Director	Ario Advisory	U.K.
Coralie Ponsinet	Assistant Manager Sustainable Finance	WWF International	Singapore
Daniel Brooksbank	Editor	Responsible Investor	U.K.
Robbin Mulder	Regional Business Developer	Dutch Embassy Singapore	Netherlands
Maximilian Horster	Partner	South Pole Group	Switzerland
Elina Rolfe	Senior Manager, Reporting and Assessment	PRI	U.K.
Omar Salah	Senior Associate	De Brauw Blackstone Westbroek	Singapore
Hein Oomen	Area Manager South East Asia	Solairedirect (ENGIE)	Singapore
David Bennell	Program Director, Food & Capital Markets Initiative	Ceres	U.S.
Aaron Bernstein	Editor	Global Proxy Watch	U.S.
Rachel Melsom	U.K. Director	Tobacco Free Portfolios	U.K.
Bronwyn King	CEO	Tobacco Free Portfolios	Australia
Clare Payne	COO	Tobacco Free Portfolios	
Herre Roelevink		Manifera Software Development	Singapore
Andrew Mason		Standard Life Investments Group	
Kiran Vasantham	Director-Investor Engagement	Morrow Sodali	U.K.
Xander den Uyl	Board member ABP & Board member of PRI	ABP, PRI	Netherlands
Louise Dudley	Portfolio Manager	Hermes Investment Management	U.K.
Ghislaine Nadaud	Senior Advisor Environmental & Social Risk	ABN Amro	Netherlands
Jonathan Morgan	Director Sales	STOXX	Australia
Jalal	Sustainability Specialist	TuK Indonesia	Indonesia
Stephen Hine	London director	Vigeo Eiris	U.K.
Don Gerritsen	Senior Manager	PRI	U.K.
Duncan Paterson	Chief Executive Officer	CAER corporate analysis,	Australia
		enhanced responsibility	U.S.
Francis G. Coleman	Executive Vice President	CBIS	Denmark
Asger Garnak	Chief Advisor Centre for Global Cooperation		
Emily Chew	Managing Director, Global head of	Danish Energy Agency	Hong Kong
Colin Walton	Environmental, Social and Governance	Manulife Asset Management	U.K.
	research and integration	Vigeo Eiris	
Nicole Neghaiwi	Regional Sales Director, UK, Ireland, Middle East, Asia and Oceania	South Pole Group	Switzerland
	Key Account Manager Financial Industry		

Annex 2 Participants steering committee & expert groups

Table 33 Participants steering committee

Name	Function	Organisation	Country
Kees Rade	Director climate, water, rood security, energy and natural resources	Ministry of Foreign affairs	The Netherlands
Angelique Lazkewitz	Executive director	VBDO	The Netherlands
Matt Christensen	Global head of responsible investment	AXA	France
Flavia Micilotta	Executive director	Eurosif	Belgium
Jan Willem v. Oostveen	Manager investments and financial affairs	PFZW	The Netherlands
Kris Douma	Director investment practice	PRI	UK
Seada van den Herik	Former CEO	Zwitserleven	The Netherlands
Simon O'Connor	Executive director	RIAA	Australia
Rob Lake	Independent responsible investment advisor		UK

Table 34 Participants expert groups

Name	Function	Country
Expert group responsible investment benchmark		
Camille de stCroix	Shareaction	UK
Nathalie van Toren	NN	The Netherlands
Stefan Fritz	Novethic	France
Dominique Blanc	Actiam	The Netherlands
Maxime Molenaar	PGGM	The Netherlands
Pleuni de Kind		
Expert group climate change benchmark		
Stan Dupre	2° investing initiative	USA
Heleen Groenenberg	Ecofys	The Netherlands
Giel Linthorst		
Stefan Fritz	Novethic	
Dominique Blanc		France
Maxime Molenaar	Actiam	The Netherlands
Expert group private equity benchmark		
Maarten Biermans	Spring Associates	The Netherlands
Silva Dezelan	RobecoSam	The Netherlands

Annex 3 Top 100 lists of pension funds

Table 35 Top 100 global pension funds by AuM (IPE, 2016)

Rank	Pension fund	Country	AuM 2016 billion €	PRI signatory
1	Norway Government Pension Fund	Norway	814,055	Yes
2	Stichting Pensioenfonds ABP	Netherlands	380,386	Yes
3	Pensioenfonds Zorg en Welzijn (PFZW)	Netherlands	184,521	Yes
4	Arbejdsmarkedets Tillaegspension (ATP)	Denmark	107,549	No
5	Alecta Pensionsförsäkring	Sweden	80,318	Yes
6	Universities Superannuation Scheme Ltd.	UK	68,457	Yes
7	Pensioenfonds Metaal en Techniek (PMT)	Netherlands	67,999	Yes
8	Lloyds Banking Group	UK	67,487	Yes
9	Bayerische Versorgungskammer (BVK)	Germany	65,578	Yes
10	BT Group plc	UK	62,803	Yes
11	AMF	Sweden	60,019	Yes
12	PFA Pension	Denmark	58,171	No
13	Danica Pension	Denmark	55,354	No
14	Pension Protection Fund (PPF)	UK	53,980	Yes
15	BPF Bouwnijverheid (bpfBOUW)	Netherlands	52,467	Yes
16	Kommunal Landspensjonskasse (KLP)	Norway	51,870	Yes
17	Electricity Supply Pension Scheme (ESPS)	UK	48,346	No
18	Keva	Finland	46,140	Yes
19	Bpifrance Financement	France	44,628	No
20	Varma Mutual Pension Insurance Co.	Finland	43,082	Yes
21	Pensioenfonds van de Metalektro (PME)	Netherlands	42,431	Yes
22	Royal Bank of Scotland Group (RBS)	UK	41,690	No
23	HSBC Bank (UK) Ltd.	UK	38,867	No
24	Istituto Nazionale Previdenza Sociale	Italy	38,077	No
25	Ilmarinen	Finland	36,550	Yes
26	Barclays Bank plc	UK	36,429	Yes
27	Fonds de Réserve pour les Retraites (FRR)	France	36,300	Yes
28	Tredje AP-fonden (AP3)	Sweden	36,260	Yes
29	Deutsche Rentenversicherung Bund	Germany	34,052	No
30	Fjärde AP-fonden (AP4)	Sweden	33,947	Yes
31	Swiss Federal Social Security Funds	Switzerland	33,721	No
32	PUBLICA	Switzerland	33,530	No
33	BVV	Germany	33,109	No
34	Sampension	Denmark	32,825	No
35	Andra AP-fonden (AP2)	Sweden	32,721	Yes
36	Fondo de Reserva de la Seguridad Social	Spain	32,481	No
37	Första AP-fonden (AP1)	Sweden	32,318	Yes
38	British Airways plc	UK	31,642	No
39	Sjunde AP-fonden (AP7)	Sweden	31,104	Yes
40	Railways Pension Trustee Company Ltd.	UK	31,057	Yes
41	Pensionskassernes Administration (PKA)	Denmark	30,858	No
42	BP plc	UK	29,404	Yes
43	ING Groep NV	Netherlands	29,245	Yes
44	Coal Pension Trustees Ltd.	UK	28,128	No
45	BAE Systems plc	UK	27,441	No
46	ABN AMRO Bank NV	Netherlands	27,154	Yes

47	Kanton Zürich	Switzerland	26,197	Yes
48	Shell Nederland	Netherlands	26,036	Yes
49	National Grid plc	UK	24,515	No
50	Co-operative Group Ltd.	UK	24,411	No
51	VBL	Germany	24,384	No
52	Greater Manchester Pension Fund (LGPS)	UK	24,277	Yes
53	PensionDanmark A/S	Denmark	24,274	No
54	Rabobank Nederland	Netherlands	23,654	Yes
55	Pensioenfonds PGB	Netherlands	23,621	No
56	UBS AG	Switzerland	21,997	No
57	Aviva plc	UK	21,713	Yes
58	Strathclyde Pension Fund (LGPS)	UK	21,570	No
59	Zilverfonds	Belgium	21,529	No
60	Pensioenfonds Vervoer	Netherlands	21,443	Yes
61	Folketrygdfondet	Norway	20,642	Yes
62	Elo	Finland	20,514	Yes
63	Shell UK	UK	20,342	Yes
64	Industriens Pension	Denmark	19,601	No
65	Koninklijke Philips Electronics NV	Netherlands	19,527	Yes
66	ERAFP	France	19,504	Yes
67	Diageo plc	UK	19,116	No
68	Migros	Switzerland	19,076	No
69	Pensioenfonds Detailhandel	Netherlands	18,757	No
70	KZVK	Germany	18,731	No
71	Tata Steel UK Ltd.	UK	18,236	No
72	Valtion Eläkerahasto (VER)	Finland	17,900	Yes
73	KLM Royal Dutch Airlines	Netherlands	17,831	Yes
74	British Broadcasting Corporation (BBC)	UK	17,793	Yes
75	Daimler AG	Germany	17,306	No
76	PenSam	Denmark	17,079	No
77	IGFSS, IP	Portugal	16,515	No
78	AkzoNobel UK Ltd.	UK	16,485	No
79	West Midlands Pension Fund (LGPS)	UK	16,444	Yes
80	Rolls-Royce Group plc	UK	16,236	No
81	GlaxoSmithKline plc	UK	16,124	No
82	Siemens AG	Germany	15,907	No
83	FDC	Luxembourg	15,812	No
84	Fondazione ENPAM	Italy	15,504	No
85	West Yorkshire Pension Fund (LGPS)	UK	15,437	No
86	Stichting Spoorwegpensioenfonds	Netherlands	15,114	Yes
87	Schweizerische Bundesbahnen (SBB)	Switzerland	14,913	No
88	Swiss Post	Switzerland	14,415	No
89	BPF Landbouw (BPL)	Netherlands	14,320	Yes
90	Credit Suisse Group AG	Switzerland	14,226	Yes
91	Stadt Zürich	Switzerland	14,209	Yes
92	KPA Pensionsförsäkring AB	Sweden	14,203	No
93	BASF SE	Germany	14,154	No
94	Tesco plc	UK	13,662	No
95	RSA Insurance Group plc	UK	13,533	No
96	IBM UK Holdings Ltd.	UK	13,529	No
97	Ford Motor Company Ltd.	UK	13,516	No
98	AP Pension Livsforsikringsaktieselskab	Denmark	13,515	No
99	Pensionskassen Magistre & Psykologer	Denmark	13,129	No
100	SPW	Netherlands	12,997	No
		Total	**4270,029**	

Table 36 Top 100 global pension funds by AuM (OECD, 2016)

Rank	Pension Fund	Country	Total Assets in US$ billion	PRI signatory
1	Government Pension Investment	Japan	1163,203	No
2	Government Pension Fund	Norway	865,943	Yes
3	Federal Retirement Thrift	U.S.	443,328	No
4	National Pension	South Korea	435,405	No
5	ABP	Netherlands	384,271	Yes
6	National Social Security	China	294,939	No
7	California Public Employees	U.S.	285,774	Yes
8	Central Provident Fund	Singapore	211,373	No
9	Canada Pension	Canada	201,871	Yes
10	PFZW	Netherlands	186,471	Yes
11	California State Teachers	U.S.	181,875	Yes
12	Local Government Officials	Japan	176,160	No
13	New York State Common	U.S.	173,541	Yes
14	Employees Provident Fund	Malaysia	161,707	No
15	New York City Retirement	U.S.	155,120	Yes
16	Florida State Board	U.S.	147,819	No
17	Texas Teachers	U.S.	125,327	No
18	Ontario Teachers	Canada	123,985	Yes
19	ATP	Denmark	106,640	No
20	GEPF	South Africa	103,147	Yes
21	Boeing	U.S.	101,931	No
22	New York State Teachers	U.S.	101,828	No
23	Pension Fund Association	Japan	97,757	No
24	IBM	U.S.	96,382	No
25	Wisconsin Investment Board	U.S.	94,794	No
26	North Carolina	U.S.	94,228	No
27	Employees' Provident	India	93,743	No
28	Alecta	Sweden	86,806	Yes
29	Future Fund	Australia	86,314	No
30	Ohio Public Employees	U.S.	86,259	No
31	Washington State Board	U.S.	85,269	No
32	AT&T	U.S.	83,414	No
33	General Motors	U.S.	82,427	No
34	New Jersey	U.S.	76,389	No
35	Universities Superannuation	U.K.	72,197	Yes
36	National Wealth Fund	Russia	71,717	No
37	Bayerische Versorgungskammer	Germany	71,281	Yes
38	California University	U.S.	70,818	Yes
39	General Electric	U.S.	70,566	No
40	Oregon Public Employees	U.S.	69,726	No
41	Ohio State Teachers	U.S.	69,574	No
42	AustralianSuper	Australia	69,547	Yes
43	Royal Dutch Shell	Netherlands	68,439	Yes
44	Virginia Retirement	U.S.	67,804	No
45	Minnesota State Board	U.S.	67,758	No
46	Labor Pension Fund	Taiwan	67,244	No
47	Metaal/tech. Bedrijven	Netherlands	66,025	Yes
48	Michigan Retirement	U.S.	65,794	No
49	National Public Service	Japan	65,444	No

50	BT Group	U.K.	64,782	Yes
51	Lockheed Martin	U.S.	63,370	No
52	PFA Pension	Denmark	62,548	No
53	Georgia Teachers	U.S.	62,529	No
54	Public Institute for Social Security	Kuwait	60,986	No
55	Public Service Pension Plan	Canada	58,842	No
56	Massachusetts PRIM	U.S.	58,840	No
57	Bouwnijverheid	Netherlands	57,011	No
58	Ontario Municipal Employees	Canada	55,864	No
59	Lloyds Banking Group	U.K.	55,457	Yes
60	Ford Motor	U.S.	55,344	No
61	Royal Bank of Scotland Group	U.K.	51,139	No
62	Bank of America	U.S.	51,000	No
63	AMF Pension	Sweden	50,838	Yes
64	United Nations Joint Staff	U.S.	50,417	No
65	Pennsylvania School Empl.	U.S.	47,569	No
66	Electricity Supply Pension	U.K.	46,943	No
67	Tennessee Consolidated	U.S.	46,544	No
68	United Parcel Service	U.S.	46,443	No
69	Organization for Workers	Japan	46,369	No
70	Healthcare of Ontario	Canada	46,230	Yes
71	Los Angeles County Empl.	U.S.	45,891	Yes
72	Public School Employees	Japan	45,699	No
73	Colorado Employees	U.S.	45,306	No
74	Varma	Finland	44,869	Yes
75	QSuper	Australia	44,615	Yes
76	Keva	Finland	44,539	Yes
77	PME	Netherlands	43,982	Yes
78	Maryland State Retirement	U.S.	43,691	Yes
79	Quebec Government & Public	Canada	43,517	No
80	Illinois Teachers	U.S.	43,450	No
81	Northrop Grumman	U.S.	43,387	No
82	Verizon	U.S.	42,985	No
83	United Technologies	U.S.	42,706	No
84	AFP Provida	Chile	42,293	No
85	Wells Fargo	U.S.	41,552	No
86	Quebec Pension	Canada	41,542	No
87	AFP Habitat	Chile	40,174	No
88	Barclays Bank U.K.	U.K.	39,530	No
89	First State Super	Australia	39,512	Yes
90	FRR	France	39,444	Yes
91	Kaiser	U.S.	39,358	No
92	Ilmarinen	Finland	38,945	Yes
93	Previ	Brazil	38,819	Yes
94	Alcatel-Lucent	U.S.	38,255	No
95	AP Fonden 3	Sweden	37,609	Yes
96	Afore XXI Banorte	Mexico	37,072	No
97	Teamsters. Western Conf.	U.S.	36,914	No
98	Missouri Schools & Education	U.S.	36,741	No
99	UniSuper	Australia	36,523	Yes
100	Bundes Pensionskasse	Switzerland	36,471	No
		Total	**10603,830**	

Annex 4
Top 50 List of insurance companies

Table 37 Top 50 European Insurance companies by AuM (Relbanks, 2015)

Rank	Insurance Company	Country	Assets US$b	PRI signatory
1	AXA	France	969,953	Yes
2	Allianz	Germany	928,232	Yes
3	Legal & General	United Kingdom	588,025	Yes
4	Aviva	United Kingdom	574,799	Yes
5	Prudential Plc	United Kingdom	573,481	No
6	Assicurazioni Generali	Italy	547,299	Yes
7	Aegon	Netherlands	456,482	Yes
8	CNP Assurances	France	430,506	Yes
9	Zurich Insurance Group	Switzerland	381,972	Yes
10	Munich Re	Germany	302,364	Yes
11	Standard Life	United Kingdom	261,888	Yes
12	Swiss RE	Switzerland	196,135	Yes
13	Old Mutual	United Kingdom	197,908	Yes
14	Swiss Life Holding	Switzerland	191,551	No
15	ERGO Group AG (1)	Germany	190,356	No
16	NN Group NV	Netherlands	177,297	Yes
17	Talanx AG	Germany	167,028	No
18	Groupama	France	117,316	Yes
19	Ageas	Belgium	114,245	No
20	Covea Mutual Insurance	France	112,668	No
21	Chubb Ltd	Switzerland	102,366	No
22	Achmea	Netherlands	101,595	Yes
23	Phoenix Group	United Kingdom	97,986	No
24	Unipol Gruppo Finanziario	Italy	95,605	No
25	Delta Lloyd	Netherlands	80,330	Yes
26	Baloise	Switzerland	77,286	No
27	Mapfre	Spain	69,419	No
28	Hannover Re	Germany	69,119	No
29	KLP Group	Norway	61,895	Yes
30	Storebrand	Norway	59,362	Yes
31	XL Group	Ireland	58,683	No
32	Helvetia Holding	Switzerland	54,803	No
33	Vienna Insurance	Austria	49,028	No
34	Mediolanum	Italy	48,500	No
35	Score SE	France	45,491	No
36	Samp Oyj	Finland	38,968	No
37	Uniqa Insurance Group	Austria	36,167	No
38	Nuernberger Beteiligungs	Germany	33,207	No
39	RSA Insurance Group	United Kingdom	30,544	No
40	Societe Cattolica di Assicurazioni	Italy	25,108	No
41	NFU Mutal	United Kingdom	22,949	No
42	Liverpool Victoria (LV=)	United Kingdom	21,546	No
43	AIG Europe Limited	United Kingdom	20,605	No
44	PZU SA	Poland	17,346	No
45	Direct Line Insurance Group	United Kingdom	14,756	No
46	Gjensidige Forsikring	Norway	14,719	No
47	Allied World Assurance Company	Switzerland	13,512	No
48	Amlin (2)	United Kingdom	10,385	No
49	Topdanmark A/S	Denmark	9,917	No
50	Chesnara	United Kingdom	8,075	No
		Total	**8868,777**	**18**

Table 38 Top 50 global insurance companies by AuM (Relbanks, 2015)

Global Rank	Company	Country	AUM US$b	PRI signatory
1	AXA	France	969,953	Yes
2	Allianz	Germany	928,232	Yes
3	Metlife	US	877,933	No
4	Prudential Financial	US	757,388	No
5	Ping An Insurance	China	735,388	No
6	Japan Post Insurance	Japan	735,228	No
7	Legal & General	UK	686,450	Yes
8	Nippon Life Insurance Company	Japan	588,025	Yes
9	Aviva	UK	586,201	Yes
10	Prudential plc	UK	574,799	No
11	Berkshire Hathaway	US	573,481	No
12	Assicurazioni Generali	Italy	552,257	No
13	Manulife Financial	Canada	547,299	Yes
14	American International Group	US	507,961	No
15	Aegon	Netherlands	496,943	Yes
16	Zenkyoren	Japan	456,482	No
17	CNP Assurances	France	450,847	Yes
18	Dai-Ichi Life Insurance	Japan	430,506	No
19	Zurich Insurance Group	Switzerland	416,188	Yes
20	China Life Insurance	China	381,972	No
21	Meiji Yasuda Life insurance Company	Japan	377,756	No
22	Life Insurance Corporation of India	India	325,149	No
23	Munich RE	Germany	322,002	Yes
24	Power Financial Corp	Canada	302,346	No
25	New York Life	US	301,060	No
26	TIAA	US	271,668	Yes
27	Sumito Life Insurance	Japan	270,094	Yes
28	Standard Life	UK	263,986	Yes
29	Lincoln National	US	261,888	No
30	State Farm	US	251,937	No
31	Northwestern Mutual	US	241,183	Yes
32	Cathay Financial Holding	Taiwan	238,472	No
33	Hartford Financial Services	US	236,619	No
34	Massachusetts Mutual	US	228,348	No
35	Principal Financial	US	236,619	No
36	Voya Financial	US	228,348	No
37	Old Mutual	UK	222,197	No
38	Nation Mutual Insurance	US	218,686	No
39	Swiss RE	Switzerland	218,250	No
40	Samsung Life Insurance	South Korea	197,908	No
41	Swiss Life holding	Switzerland	197,130	Yes
42	Fubon Financial	Taiwan	196,135	No
43	Tokio Marine Holdings	Japan	195,680	Yes
44	Sun Life Financial	Canada	191,551	No
45	NN Group NV	Netherlands	187,179	Yes
46	AIA Group	Hong Kong	182,083	No
47	Talanx AG	Germany	177,951	No
48	MS&AD Insurance Group	Japan	177,297	No
49	Ameriprise Financial	US	169,758	No
50	China Pacific Insurance Group	China	167,028	No
		Total	**19.309,841**	**17 Yes**

Annex 5
Structure PRI reporting framework

The Reporting Framework is split into four main sections. All signatories have to report on sections 1, 2 and 4 which contain 1 module each. In the third section, signatories have to report on the modules relevant to their portfolios.

o **Section 1: Organisational Overview**
This module requests basic information about the reporting organisation and is mandatory to complete. For example, this module requests information about assets mix. If functions as a filter, with responses determining which indicators will be completed in later parts of the Framework.

o **Section 2: Strategy and Governance**
This module looks at an organisations' overall approach to responsible investment. For example, about governance, responsible investment policy, objectives and targets, resources allocated to responsible investment and approach to collaboration on responsible investment and public policy-related issues and the incorporation of ESG issues into asset allocation.

o **Section 3: Relevant modules only**
Signatories have to report on modules which are relevant to their organisation only. The following modules are included in section 3:

- Direct - listed equity (LE)
  - o Direct Listed Equity Incorporation (LEI)
  - o Direct Listed Equity Active Ownership (LEA)
- Direct - Private Equity (PE)
- Indirect - Manager selection, appointment and monitoring (SAM)
- Direct - Listed equity (LE)
- Direct – Property (PR)
- Indirect - Inclusive Finance (IFI)
- Direct – Inclusive Finance (IFD)
- Direct - Fixed Income (FI)
- Direct – Infrastructure
- Direct - Inclusive Finance

In section 3, the signatories are asked to report on the following topics for each module:

- Overview of responsible investment approach
- Implementation processes used
- Breakdown of different implementation processes
- Outputs and Outcomes
- Communication

o **Section 4: Closing module**
This module contains a feedback section to report any missing information to UNPRI and to help improve the reporting and assessment process. This section is not of any further relevance for the benchmark.

Annex 6
Benchmark methodologies

The methodologies are available on request.

Annex 7
Finance proposal

Available on request.

Annex 7
Abbreviations used

ABP	Algemeen Burgerlijk Pensioenfonds
AODP	Asset Owners Disclosure Project
AuM	Asset under Management
CDP	Carbon Disclosure Project
DJSI	Dow Jones Sustainability Index
ESG	Environmental, Social and Governance
Eurosif	Umbrelle Organisation for European Sustainable Investment Fora
FFGI	Fair Finance Guide International
FFS	Forum per la Finanza Sostenibile / Forum For Sustainable Finance
FSB	Financial Stability Board
GP	General Partner in Private Equity Firm
GRESB	Global Real Estate Sustainability Benchmark
GSIA	Global Sustainable Investing Alliance
IPE	Investment & Pensions Europe
KPI	Key Performance Indicator
NGO	Non Governmental Organisation
NN	Group National Nederlanden
NVB	Nederlandse Vereniging van Banken / Dutch Banking Association
PDC	Portfolio Decarbonisation Coalition
PE	Private Equity
PFZW	Pensioenfonds Zorg en Welzijn
PRI	Principles for Responsible Investing
SIF	Sustainable Investing Forum
TCFD	Task Force on Climate-related Financial Disclosures
UNEP	United Nations Environmental Program
VBDO	Vereniging van Beleggers voor Duurzame Ontwikkeling/ Dutch Association of Investors for Sustainable Development

VBDO

Dutch Association of Investors for Sustainable Development (VBDO)

Pieterstraat 11, 3512 JT Utrecht, the Netherlands
T +31 (0) 30 234 00 31, info@vbdo.nl
www.vbdo.nl